

NEAT EVALUATION FOR INFOSYS:

SAP Cloud Migration

Market Segments: Overall, SAP Cloud Migration Capability,
S/4HANA Transformation Capability

Introduction

This is a custom report for Infosys presenting the findings of the NelsonHall NEAT vendor evaluation for *SAP Cloud Migration Services* in all three market segments: *Overall*, *SAP Cloud Migration Capability*, and *S/4HANA Transformation Capability*. It contains the NEAT graphs of vendor performance, a summary vendor analysis of Infosys for SAP cloud migration services, and the latest market analysis summary.

This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering SAP cloud migration services. The NEAT tool allows strategic sourcing managers to assess the capability of vendors across a range of criteria and business situations and identify the best performing vendors overall, and with specific capability in SAP cloud migration and in S/4HANA transformation.

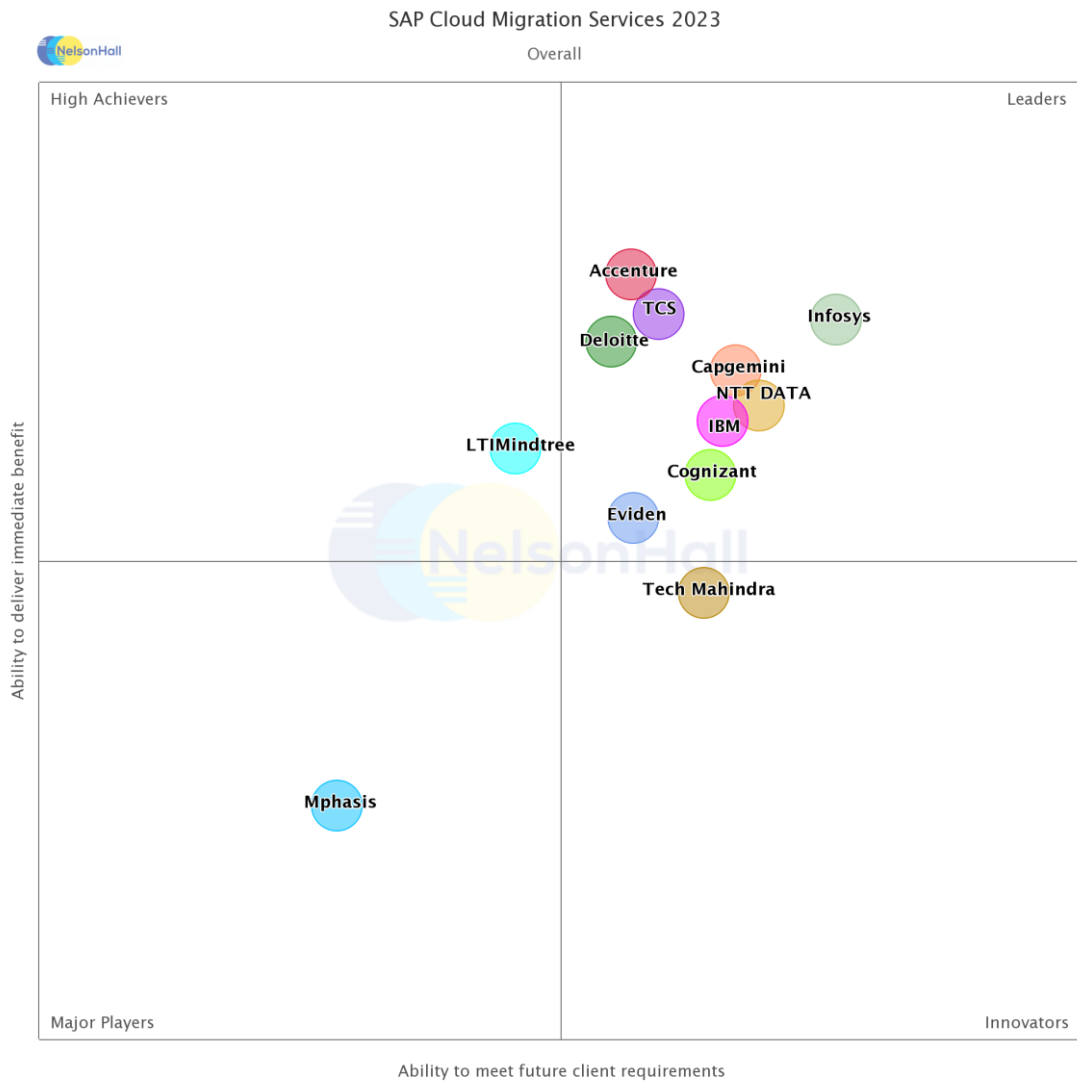
Evaluating vendors on both their ‘ability to deliver immediate benefit’ and their ‘ability to meet client future requirements’, vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are: Accenture, Capgemini, Cognizant, Deloitte Consulting, Eviden (part of Atos), IBM, Infosys, LTIMindtree, Mphasis, NTT DATA, TCS, and Tech Mahindra.

Further explanation of the NEAT methodology is included at the end of the report.



NEAT Evaluation: SAP Cloud Migration Services (Overall)



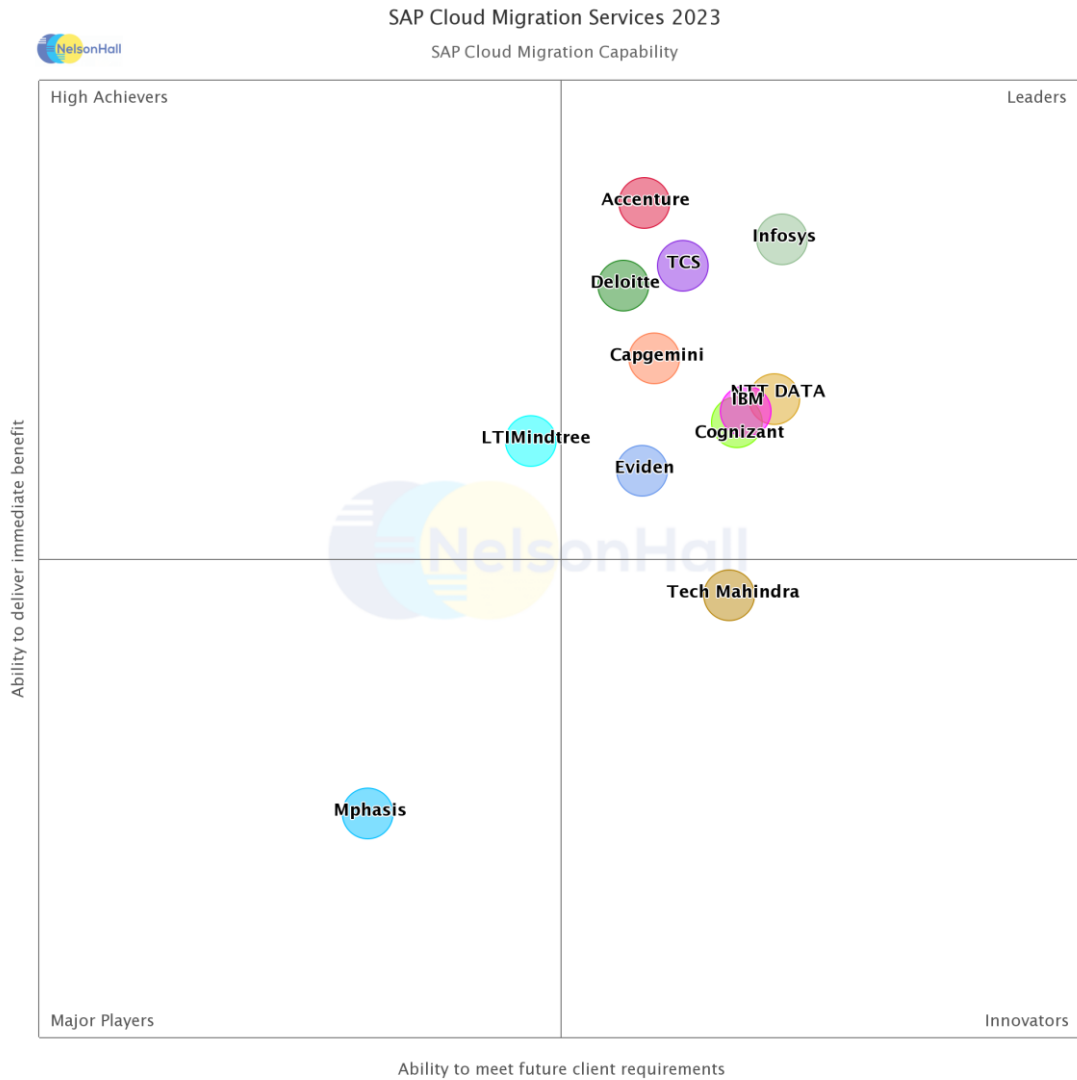
NelsonHall has identified Infosys as a Leader in the *Overall* market segment, as shown in the NEAT graph. This market segment reflects Infosys’ overall ability to meet future client requirements as well as delivering immediate benefits to its clients.

Leaders are vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements. Overall Leaders exhibit a deep understanding of SAP cloud migration services and related technologies, as well as the ability to stay up-to-date with new developments and trends in the field. Overall Leaders also have strong project management skills and a customer-centric approach to service delivery.

Buy-side organizations can access the *SAP Cloud Migration Services* NEAT tool (*Overall*) [here](#).



NEAT Evaluation: SAP Cloud Migration Services (SAP Cloud Migration Capability)



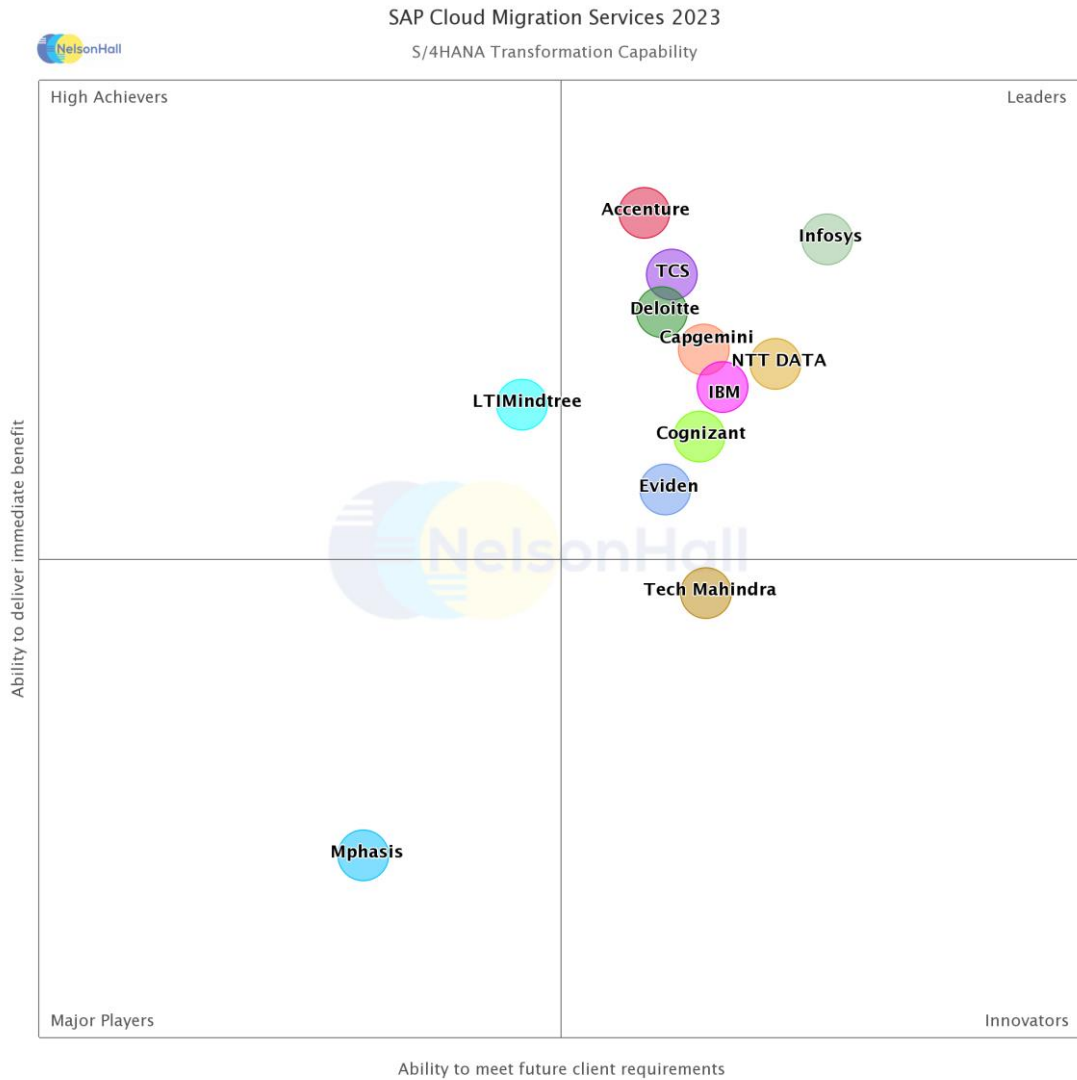
NelsonHall has identified Infosys as a Leader in the *SAP Cloud Migration Capability* market segment, as shown in the NEAT graph. This market segment reflects Infosys’ ability to meet future client requirements as well as delivering immediate benefits to its clients with specific capability in SAP migration.

Leaders in *SAP Cloud Migration Capability* exhibit strong capabilities in: assessing the current landscape, business processes, and business objectives; developing a cloud adoption strategy and roadmap; conducting technical conversions; delivering phased cloud migration; delivering hybrid migration of application components to the cloud; and delivering ongoing operations and upgrades.

Buy-side organizations can access the *SAP Cloud Migration Services* NEAT tool (*SAP Cloud Migration Capability*) [here](#).



NEAT Evaluation: SAP Cloud Migration Services (S/4HANA Transformation Capability)



NelsonHall has identified Infosys as a Leader in the *S/4HANA Transformation Capability* market segment, as shown in the NEAT graph. This market segment reflects Infosys' ability to meet future client requirements as well as delivering immediate benefits to its clients with specific capability in *S/4HANA* transformation services.

Leaders in *S/4HANA Transformation Capability* exhibit strong capabilities in: assessing the landscape and identifying changes required to align with *S/4HANA*; developing a transformation roadmap; leveraging automated migration toolsets to deliver migration; and delivering ongoing operations and upgrades.

Buy-side organizations can access the *SAP Cloud Migration Services* NEAT tool (*S/4HANA Transformation Capability*) [here](#).



Vendor Analysis Summary for Infosys

Overview

Infosys has had a relationship with SAP since 1997, and became a Global Services Partner in 2008. Infosys views SAP cloud migration as a means to address transformation within the larger enterprise enabled by cloud adoption and the enhancements it can bring.

Infosys invests in the cloud, e.g., for data center consolidation, application and modernization, mainframe transformation, API integration, data monetization and analytics, custom experience, and industry 4.0. All of this is delivered by Infosys through an ecosystem of delivery partners. This includes practitioners across Infosys as well as startups.

Infosys positions its SAP cloud migration capabilities as a key driver of its clients' broader digital transformation. It builds offerings encapsulating all components, including infrastructure, application licenses, support services, and business process management.

Infosys places Cobalt at the core of its SAP cloud migration approach. It was initially launched as a set of services, solutions, and platforms to help accelerate clients' journeys to the cloud.

Infosys has identified three main client scenarios:

- Technology-led offerings — organizations migrate from data centers to the cloud and modernize legacy infrastructure and applications, mostly around mainframes and AS/400
- Industry-focused — Infosys uses specific industry use cases, e.g., expanding into new markets, building new products and solutions, and enhancing UX
- Business-led innovation — Infosys is co-creating vertical or functional solutions with clients.

In addressing its clients' requirements for migration to the cloud and in a run state, Infosys has built individual offerings for specific activities at different phases of the SAP cloud adoption lifecycle.

As of September 2022, Infosys had a total of ~345k employees globally, of which ~21k are SAP-certified professionals, and ~15.7k SAP S/4HANA professionals deliver SAP services. In parallel, ~84k employees are trained or have received certifications in cloud capabilities. Infosys and NelsonHall estimate that ~8.2k of Infosys employees are SAP cloud migration personnel.

Infosys conveyed that it has delivered SAP projects across ~600 clients, primarily with Fortune 2000 clients, and ~560 HANA and S/4HANA projects. It also estimates it has ~150 active clients for services related to SAP hosted in public cloud environments. Infosys' SAP on Cloud clients span hyperscaler partners, including Azure, GCP, AWS, IBM, SAP HEC, DXC, HPE, and Virtustream.

Infosys' key verticals are financial services, retail, and manufacturing, but it also has SAP S/4HANA Cloud solutions for clients in the CPG and professional services industries and others.



Strengths

- Focusing on partnerships to help provide solutions that aid and add to its portfolio of assets and accelerators. The utilization of partners has provided migration and workload deployment automation tools and methodologies to reduce migration and go-to-market times. It looks to continue innovations with the hyperscalers and bring those to its client base
- An organization-wide cloud focus through Cobalt—a series of solutions that begin with consulting and progress to migration and have industry-specific blueprints for running in various industries
- A willingness to assist companies in transitioning from CapEx to OpEx and provide a wide range of pricing models such as fixed price, pay-as-you-go, and transaction-based pricing opens up options for its clients. It expands Infosys' ability to provide cloud migration services.

Challenges

- SAP workforce is weighted towards India; while providing a low-cost basis, Infosys has opportunities to tap other markets through staff augmentation to deliver locally. As it addresses resources outside of India, it will see its cost base grow. With the recent expansions in the European market, both through local hires and overseas transfers (e.g., Germany, Romania, Turkey), this gap is likely to be bridged quickly
- Knowledge transfer tends to suffer with high attrition rates. Like others in the market, the 'great resignation' has also impacted Infosys, whereby there has been an increase in its attrition rates, even as recently as its latest quarter-on-quarter rise. With continuous efforts on the retention front, this is being addressed.

Strategic Direction

To evolve and improve its SAP cloud migration business, Infosys is focusing on the following strategic initiatives over the next 12 to 24 months:

- Expanding cloud offerings: Infosys is building a broader portfolio of cloud-based offerings; this includes tailored, specific offerings for each of its hyperscaler partners as part of the growth and evolution of its Cobalt offering and continued focus on business outcomes. It is looking to expand its vertical support areas: life sciences, utilities, professional services, CPG, and manufacturing. In addition, it is looking to expand programs like Azure Intelligent Creation, Next Gen CX with MS, and the Google Cloud Cortex Framework
- Looking to address all aspects of the enterprise, not just the technology layer, but expanding into the applications and the business layer to address all departments of a business entity. Infosys is looking at the BTP platform to help the business layers co-create solutions, for example, Helix, which is an AI patient portal to process claims
- Expanding industry offerings: Infosys has developed a full life sciences industry cloud offering and is now looking at other industries to expand this to, including utilities, CPG, and automotive



- Transforming delivery approach: Infosys is looking to improve its delivery through the following areas:
 - Expanding its toolset of accelerators across assessment and migration, focusing on increased automation for cost and efficiency
 - The continuous development of certified SAP HANA tools and those co-developed between SAP and Infosys, and expanding the hyperscaler partnerships for RISE with SAP
 - Evolving ways of working, including adopting DevSecOps capabilities and improving remote working capabilities
 - Creating and developing more use cases for 5G, IoT, metaverse, and cybersecurity
 - Focusing on talent is essential to its future strategy; it will look to retain, attract, and nurture resources, including through incentives.

Outlook

Infosys is positioning its SAP cloud migration capabilities in the broader context of digital transformation; this allows its clients to look more strategically at making a significant investment in migrating or transforming their core and expanding the business value that can be realized. Expanding its consulting capabilities to help guide clients on these up-front planning and roadmapping decisions is one area where it can continue to grow.

In parallel, Infosys is investing in building its Cobalt assets and accelerators, enabling clients to realize the required business case. Proprietary functional assets expand the functionality of core SAP capabilities while tools accelerate and de-risk the migration to the cloud. Additionally, Infosys will continue to leverage its close partnerships with hyperscalers to build its go-to-market portfolio and unique offerings. Working with various partners also positions Infosys to deliver cloud migration for clients, regardless of the type of migration, value sought, and target cloud architecture.

Infosys has its RISE with SAP advisory services to provide independent consulting on SAP BOM, Cloud BOM, consumption spend optimization, and integrated security services for the SAP ecosystem. We expect Infosys will continue to invest in the growing RISE market and utilize its advisory relationships to expand in this space.

SAP Cloud Migration Services Market Summary

Overview

One of the most common approaches to migrating SAP to the cloud has been the migration of legacy landscapes with minimal transformation. In some cases, the transformation involved migrating the database to HANA or the operating system. However, in recent years, there has been an increasing adoption of SAP S/4HANA, contributing to a larger proportion of SAP cloud adoptions. This adoption can occur through migrating legacy environments or implementing new SAP instances directly on the cloud. However, the exact percentage of SAP cloud migrations represented by S/4HANA is not readily available.

Clients who have migrated or adopted SAP landscapes in cloud environments commonly realize value through reduced IT and costs. By shifting from on-premises infrastructure to a cloud landscape, clients can take advantage of the scalability and flexibility offered by the cloud, enabling them to scale resources up and down to meet demand.

To meet clients' evolving needs, vendors are expanding their portfolio of cloud adoption offerings. While a technical 'lift and shift' of a legacy SAP environment has traditionally been the starting point for cloud adoption, leading vendors now provide bundled offerings that offer an industrialized migration to a new landscape pre-configured to address specific industry or functional requirements.

IT service vendors heavily invest in their SAP cloud migration capabilities to deliver these services effectively. These investments typically focus on four main areas:

- Transforming the skillsets of their teams to ensure they have the necessary expertise in SAP cloud migration
- Offerings that are more cloud-focused, aligning with the latest SAP cloud solutions and best practices
- Mature assets and tools, including automation and migration frameworks, to streamline the migration process and improve efficiency
- Expanded portfolio of industry-focused offerings, providing tailored solutions for specific verticals or business requirements.

Buy-Side Dynamics

SAP cloud migration services can be categorized into two client segments: organizations interested in SAP legacy migration and those focused on S/4HANA transformation. The two segments represent different strategies and approaches to migrating SAP systems to the cloud, each with its own characteristics and considerations:

SAP Legacy Migration

SAP legacy migration moves existing SAP systems to the cloud, typically based on older versions like ECC. This approach focuses on moving the existing landscape to a cloud infrastructure without significantly changing the system's architecture or functionality. Within legacy migration, two common subcategories are 'lift and shift' and the brownfield approach.



SAP S/4HANA Transformation

S/4HANA transformation focuses on migrating to the latest generation of SAP systems, which is SAP S/4HANA. This involves a more comprehensive migration and transformation effort, as S/4HANA introduces significant changes in data models, user interfaces, and underlying technologies compared to legacy SAP systems.

Market Size & Growth

The SAP cloud migration services market is worth ~\$33.7bn in 2023 and will grow at 16% CAGR from 2023 to 2027, reaching ~\$70bn by 2027.

Success Factors

The capabilities that are key success factors for SAP legacy migration services include:

- *Cloud migration frameworks*
- *Infrastructure provisioning tools*: tools that automate the provisioning of cloud infrastructure components, such as virtual machines, storage, and network configurations
- *Data migration accelerators*: pre-built scripts, templates, and methodologies that can help expedite the data migration process, ensuring efficient and accurate transfer of data from on-premises systems to the cloud
- *Conversion methodology and tools*: designed for executing system conversions from the existing SAP landscape to S/4HANA; they can automate conversion steps, minimize manual effort, and ensure consistency
- *Custom code analyzer*: that can identify areas of impact during the conversion and recommend necessary adaptations
- *Process mining and analysis*: frameworks or IP for process mining and analysis to identify inefficiencies in clients' existing business processes and optimize processes during the transformation.

The capabilities that are key success factors for SAP S/4HANA transformation services include:

- *Business process analysis and redesign*: assessing and optimizing clients' existing business processes, identifying gaps, and proposing redesigned processes aligned with S/4HANA's best practices and capabilities
- *Data migration and conversion*: knowledge of SAP's data migration tools
- *Functional and technical consulting*: well-versed resources in S/4HANA
- *Custom code adaptation*: adapting custom code, enhancements, and modifications to ensure compatibility with S/4HANA's simplified data model
- *System integration and landscape architecture*: knowledge of system integration patterns, integration technologies, and designing the overall landscape architecture for integration with other systems.



Outlook

Successful vendors will evolve their service portfolio to:

- Adapt to SAP's new products (e.g., BTP) and new cloud strategies (e.g., focusing on cloud infrastructure interoperability and integration)
- Bring efficiencies, e.g., using AI and RPA, for implementation and maintenance & support
- Expand and deepen their industry-specific templates
- Increase security and compliance. They will further incorporate security controls, data encryption, access management, and monitoring mechanisms to protect sensitive data in the cloud.



NEAT Methodology for SAP Cloud Migration Services

NelsonHall's (vendor) Evaluation & Assessment Tool (NEAT) is a method by which strategic sourcing managers can evaluate outsourcing vendors and is part of NelsonHall's *Speed-to-Source* initiative. The NEAT tool sits at the front-end of the vendor screening process and consists of a two-axis model: assessing vendors against their 'ability to deliver immediate benefit' to buy-side organizations and their 'ability to meet client future requirements'. The latter axis is a pragmatic assessment of the vendor's ability to take clients on an innovation journey over the lifetime of their next contract.

The 'ability to deliver immediate benefit' assessment is based on the criteria shown in Exhibit 1, typically reflecting the current maturity of the vendor's offerings, delivery capability, benefits achievement on behalf of clients, and customer presence.

The 'ability to meet client future requirements' assessment is based on the criteria shown in Exhibit 2, and provides a measure of the extent to which the supplier is well-positioned to support the customer journey over the life of a contract. This includes criteria such as the level of partnership established with clients, the mechanisms in place to drive innovation, the level of investment in the service, and the financial stability of the vendor.

The vendors covered in NelsonHall NEAT projects are typically the leaders in their fields. However, within this context, the categorization of vendors within NelsonHall NEAT projects is as follows:

- **Leaders:** vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements
- **High Achievers:** vendors that exhibit a high capability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet future client requirements
- **Innovators:** vendors that exhibit a high capability relative to their peers to meet future client requirements but have scope to enhance their ability to deliver immediate benefit
- **Major Players:** other significant vendors for this service type.

The scoring of the vendors is based on a combination of analyst assessment, principally around measurements of the ability to deliver immediate benefit; and feedback from interviewing of vendor clients, principally in support of measurements of levels of partnership and ability to meet future client requirements.

Note that, to ensure maximum value to buy-side users (typically strategic sourcing managers), vendor participation in NelsonHall NEAT evaluations is free of charge and all key vendors are invited to participate at the outset of the project.



Exhibit 1

‘Ability to deliver immediate benefit’: Assessment criteria

Assessment Category	Assessment Criteria
Offering	<ul style="list-style-type: none"> Overall SAP Cloud Migration capability Cloud Migration Strategy Dev and Planning Cloud data migration services Legacy ERP Cloud Migration Services Proprietary functional extensions Bundled Cloud Migration Offerings S/4HANA Cloud Migration Services
Delivery	<ul style="list-style-type: none"> Onshore migration consulting capability Offshore Cloud Migration Factory Migration Delivery Automation in Assessment and Planning Automation in Use of automation and tools to implement or migrate HANA or S/4HANA in a cloud environment(Legacy Cloud Migration) Automation in S/4HANA Transformation Industry Templates
Presence	<ul style="list-style-type: none"> Scale of operations: Overall Scale of operations: Legacy ERP migration to cloud Scale of operations: S/4HANA Cloud Transformation Scale of operations: NA presence Scale of operations: EMEA presence Scale of operations: APAC
Benefits Achieved	<ul style="list-style-type: none"> Value For Money Timeliness of Implementation Access Range of Tech Expertise Correlation of Vendor Fees to Objectives Cost Savings



Exhibit 2

‘Ability to meet client future requirements’: Assessment criteria

Assessment Category	Assessment Criteria
Overall Future Commitment to SAP Cloud Migration Services	Commitment to SAP Cloud Migration Commitment to service innovation Commitment to S/4HANA Migration
Investments in SAP Cloud Migration Services	Investment in cloud migration consulting Investment in Scaling SAP cloud migration capabilities Investment in targeted capabilities (geo or industry) Investment in automation & tools
Ability to Partner and Evolve Services	Perceived suitability as key partner Perceived impact of innovation mechanisms and ability to evolve services to meet future requirements

For more information on other NelsonHall NEAT evaluations, please contact the NelsonHall relationship manager listed below.



research.nelson-hall.com

Sales Inquiries

NelsonHall will be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager:
 Darrin Grove at darrin.grove@nelson-hall.com

Important Notice

Copyright © 2023 by NelsonHall. All rights reserved. NelsonHall exercises its best efforts in preparation of the information provided in this report and believes the information contained herein to be accurate. However, NelsonHall shall have no liability for any loss or expense that may result from incompleteness or inaccuracy of the information provided.