IDC MarketScape: Worldwide Software Engineering Services 2023 Vendor Assessment
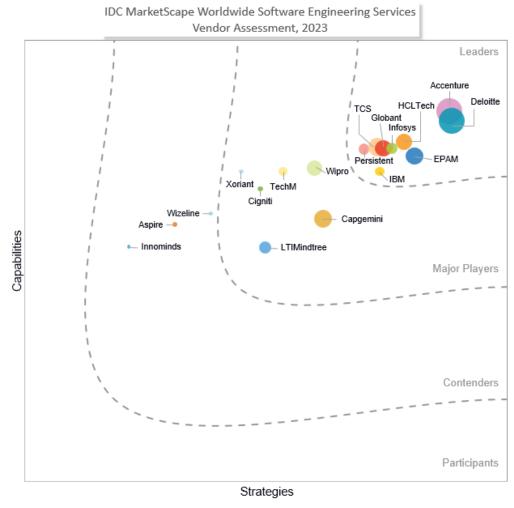
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THIS MARKETSCAPE EXCERPT FEATURES: INFOSYS

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Software Engineering Services Vendor Assessment

Source: IDC, 2023

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Software Engineering Services 2023 Vendor Assessment (Doc #US51330523e). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Advice for Technology Buyers, Featured Vendor Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

This IDC study represents a vendor assessment of the 2023 software engineering services market through the IDC MarketScape model. IDC research has shown that enterprises are increasingly partnering with software engineering services providers as software continues to permeate every aspect of product and operations transformation. Providers that offer software engineering services continue to collaborate with their customers for creating new or modernizing existing software products and creating new, industry- or domain-specific software platforms.

Every stage of the software product or platform development life cycle is being modernized by leveraging cloud, generative AI/ML (machine learning), analytics, and new software methodologies such as Agile, microservices, continuous integration/continuous delivery (CI/CD), docker, Kubernetes, and containerization. To their credit, the providers are also investing heavily in scalable talent, labs, intellectual property (IP), technology partnerships, and new tools to meet the business and technology aspirations of their customers.

In this assessment, IDC evaluated software engineering services vendors across 39 scored criteria and collected feedback from 87 customers on their experience and perception of the key characteristics, capabilities, and strategy of these vendors. Key findings include:

- The top 3 characteristics that customers looked for in a software engineering services partner included:
  - Current quality of skills and knowledge of software engineering,
  - Software engineering technical insights and competency.
  - The partner's ability to achieve desired KPIs and business priorities.
- Cloud, analytics, and AI/ML categories were most likely to be included in any contract.
- The top 5 objectives that drove the customers' ongoing or new software engineering services engagement included:
  - Shorten product/service development cycles and time to market.
  - Increase work output without the need to hire additional employees.
  - Improve operational efficiency.
  - Reduce costs.
  - Drive higher revenue growth and gain market share.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

This research includes an analysis of software engineering services providers with portfolios spanning IDC's research coverage and on a global scale. This assessment is designed to evaluate the characteristics of each firm – as opposed to its size or the breadth of its services. In determining the group of vendors for analysis in this IDC MarketScape, IDC considered the following set of inclusion criteria:

- Worldwide software engineering services revenue of at least $50 million over the past calendar year, with revenue generated in each major geographic region (i.e., Americas, EMEA, and Asia/Pacific)
- Worldwide software engineering services practice size of at least 1,000 resources with geographic delivery capabilities across the Americas, EMEA, and Asia/Pacific regions.
- Offerings spanning the full life cycle of software engineering services across the following three segments:
  - Independent software vendors (ISVs)
  - Software platforms
  - Custom software product development

ADVICE FOR TECHNOLOGY BUYERS

- **Implement a discovery process.** Whether you are looking to modernize your software product, implement a new software platform, or write software code for a specific business or technology need, evaluate where you are in your software engineering journey. Identify areas where you need accelerated deployment in the context of your business challenges or aspirations and envision an execution plan to identify where you need the support of a technology company and a software engineering services provider.
- **Prepare to leverage an ecosystem of partners.** Ensure that you have the buy-in and budgets from required stakeholders. Some of these software engineering providers can help with ROI tools required to convince your stakeholders.
- **Assemble a strategic team.** Build a team to investigate your software engineering talent, infrastructure, and technology needs. Define the talent and infrastructure required to implement your software engineering needs. Identify the gaps and the investment and effort required to fill them. Based on budgets and the complexity of the hiring process, understand how much new talent is needed and the hiring costs; determine how much automation can be infused into the process; and leverage IT and engineering services partners for their global infrastructure, experience, expertise, technology partnerships, and talent to accelerate the transformation journey.
- **Note that other technology is required.** Identify other technologies such as cloud, (Gen)AI/ML, and security that will be required along with software engineering needs.
- **Use a services partnerships and ecosystem approach.** Identify prospective global technology and services partners with the required experience related to software engineering. Short-list two or three IT or engineering services providers that meet the organization's needs and finalize with one partner depending on your needs. Clearly define a partnership role expectation and deployment/outcome road map for partners and for the company and monitor performance. Start small and scale rapidly.

FEATURED VENDOR PROFILE

This section briefly explains IDC's key observations resulting in Infosys' position in the IDC MarketScape. The description here provides a summary of the vendor's strengths and challenges.

Infosys

According to IDC analysis and buyer perception, Infosys is positioned in the Leaders category in this 2023 IDC MarketScape for worldwide software engineering services.

Infosys' Software Product & Platform Engineering (SPPE) enables its customers across independent service vendors, new-age internet companies (digital natives), and large enterprises to design and develop new platforms and products, transform their products and platforms, and sustain their products, thereby influencing their competitive advantage, customer experience, operational efficiencies, quality, go to market, revenue, and cost. Infosys partners with customers to address their challenges such as reducing product time to market, reuse of business services across business units, and declining user adoption of product in end-of-life stage. The company delivers these software engineering services through its advisory, consulting, product and platform development, platform and product transformation, and product quality engineering services leveraging its partner ecosystem. According to Infosys, product conceptualization is key, and it provides these services along with ideation, design, and prototyping services.

Infosys has invested in developing in-house DevOps and agile tools and frameworks. Infosys is partnering with popular software companies and developing joint solutions in the areas of cloud, DevOps, AI, and analytics. Infosys Center for Emerging Technology Solutions (iCETS) focuses on incubation of NextGen services and offerings by identifying and building technology capabilities to accelerate innovation. Infosys is investing in start-ups through the Infosys Innovation Network (IIN) through direct investment in emerging areas (AI, automation, analytics, cloud, machine learning, etc.). In addition, Infosys is focusing on talent re-skilling at scale, partnering with the likes of Udacity on emerging technology skill ramp-up. Infosys Cobalt is a set of services, solutions, and platforms that acts as an exponential multiplier for cloud-powered enterprise transformation. Infosys Cobalt helps businesses redesign the enterprise, from the core, and build new cloud-first capabilities to create seamless experiences in public, private, and hybrid cloud, across PaaS, SaaS, and IaaS landscapes. Infosys helps customers develop and select use cases with a systematic approach that considers the organization's strategic goals, current pain points, and available resources.

Strengths

Infosys customers appreciated the vendor's ability to innovate and its overall ability to deliver the full life cycle of software engineering services, from business consulting to running operations. IDC rated the company highly for its marketing and messaging strategy, and both IDC and Infosys customers recognized its strategy to go beyond the delivery of a project and assist clients with ROI tools to secure additional budgets and providing a clear road map to reduce costs.

Challenges

Infosys must focus on increasing investment in automation, AI, and cloud for software engineering services to positively impact revenue. The company must also increase focus on strategy to keep building/evolving its services across each of ISV, software platform, and customer product development services categories. The company should also increase focus on its ability to map its software engineering services offerings with the customers' future business priorities.

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

Software products or platform engineering services include a range of services across the entire software development life cycle. For the purposes of this assessment, IDC classifies these engineering services as supporting the following three categories:

▪ **Independent software vendors.** With end customer and market pressure to roll out new products and get them to market faster or to modernize existing products, an in-house customer software product engineering team at an ISV may not be equipped to timely manage multiproduct rollouts, integrations, or upgrades. The lack of talent and budget issues often lead to partnerships with product engineering services providers. Also, new technology business consumption models that entail cloud, data analytics, and consumption attributes are supported by software engineering services providers. New software methodologies and approaches such as containers, APIs, and microservices enable building and running scalable software products in public, private, and hybrid clouds. Automation also helps with the ability to provide updates. These applications provide DevOps teams with the ability to deliver new functionality in a relatively short time frame. As customer requirements change, cloud-native products can be customized and reconfigured quickly.

- **Software platforms.** Software platforms are defined as unique, new software code that is written to create a user interface that integrates with other ecosystem elements. It is built to satisfy a specific business and/or technology requirement. These software platforms provide value from their own inherent features as well as from the platform's ability to connect with other external stakeholders and their data, processes, and people. Software platforms are replacing the traditional approach of buying different tools to accomplish business functions. Instead, a platform is the foundation that offers very specific business functionality with the option to add tools for specific functions. It helps avoid the conflict of different tools not integrating easily. It provides "single version of the truth" data that is available to every ecosystem player. And a platform increases the availability of the solution. Providers can bring their technology and domain/industry knowledge, combined with their software engineering capabilities, to build such platforms. For these ISV and software platform categories, engineering services providers can also provide services related to web development. Web development is the process of creating web applications and websites that are accessed through an internet browser. These are built using JavaScript, HTML, Python, and other technologies. Often, developers use standard off-the-shelf templates to build web applications. Mobile apps are often built for certain platforms, the most standard ones being iOS and Android. They run on devices such as an iPhone or Samsung device. Since these are two major platforms for mobile app development, both Apple and Samsung provide software development kits (SDKs) that can be used by developers to build native mobile apps.
- **Custom product development.** Custom product development includes new and unique one-to-one software code that leverages APIs that are written to connect disparate systems. For example, a new warehousing solution will require custom code to connect to legacy back-end infrastructure.

LEARN MORE

Related Research

- *Market Analysis Perspective: Worldwide Digital Engineering and OT Services, 2023* (IDC #US51171123, August 2023)
- *Worldwide Product Engineering and Operational Technology Services Forecast, 2023-2027* (IDC #US49343223, July 2023)
- *Partnering with Engineering Services Providers to Navigate Disruption and Build Adaptive Operating Models* (IDC #US49714422, October 2022)

Synopsis

This IDC study represents a vendor assessment of the 2023 software engineering services market through the IDC MarketScape model. This assessment discusses both quantitative and qualitative characteristics that explain success in the software engineering services market. This IDC MarketScape covers a variety of vendors participating in the software engineering services market. The evaluation is based on a comprehensive and rigorous framework that assesses vendors relative to the criteria and to one another and highlights the factors expected to be the most influential for success in the market in both the short term and the long term.

"Software has become an integral part of every business. As customers leverage software to differentiate their products and operations and roll out strategies to maintain or achieve a leadership position in their business, they will need to envision and execute an ecosystem strategy, and they will initiate or increase investments with IT and engineering services firms that offer software engineering

services," says Mukesh Dialani, VP, Digital Engineering and Operational Technology Services at IDC. "Those providers that have a successful track record to back their future strategy and investments will succeed in the software engineering services business."

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. With more than 1,300 analysts worldwide, IDC offers global, regional, and local expertise on technology, IT benchmarking and sourcing, and industry opportunities and trends in over 110 countries. IDC's analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives. Founded in 1964, IDC is a wholly owned subsidiary of International Data Group (IDG, Inc.).

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