

Leading Providers of SAP Services in Germany 2022

SITSI® | Vendor Analysis | PAC RADAR

MANAGEMENT SUMMARY



SAP Consulting & Systems Integration

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PAC RADAR GRAPH



Fig. 1: PAC RADAR graph

INTRODUCTION

Germany is one of the world's most mature SAP markets. Many medium-sized and large companies use SAP solutions to manage a substantial proportion of their core processes. This also means that these companies are very experienced in using and operating SAP applications. Moreover, German organizations are among the most loyal SAP customers. They typically evaluate every new product innovation coming from the German software manufacturer, and many of the innovations are then adopted and operated. This explains why almost all German customers with SAP legacy applications are basically willing to migrate to SAP S/4HANA. According to our annual CxO Survey, only 4% plan to switch to a different platform.

What is the current status of the S/4HANA migration in your company/organization?



(Single selection)

Breakdown of responses from organizations in Germany which have SAP in use, in % (n=121)

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SAP S/4HANA migrations are driving the SAP services market

The challenge for SAP customers and their integration and implementation partners will be to handle the plethora of upcoming SAP S/4HANA migrations in the coming years, given that, according to our CxO Survey, less than 10% of companies have already completed their migration. The main bottleneck in the foreseeable future will be skilled resources, and the situation is likely to worsen as we get closer to 2027, when SAP will discontinue regular maintenance for older ERP versions (extended maintenance runs until 2030).

There are several initiatives by SAP and by some service providers to accelerate the transition. RISE with SAP, for example, is a sales and support program launched by SAP that gives customers reduced-fee access to SAP resources such as the Business Technology Platform (BTP) integration platform and SAP's process mining tools (from the acquisition of Signavio by SAP) and engages with partners for migration and integration.

SAP's goal is also to create an environment for customers with a core that is as clean as possible, and extensions to connect horizontal and vertical functions to the core via APIs or the BTP. The main functional, horizontal extensions that SAP itself offers to clients include solutions for analytics, human capital management (SuccessFactors), and digital customer experience (CX). The latter consists of individual components such as SAP Commerce Cloud, SAP Marketing Cloud, and SAP Sales Cloud. SAP has worked over the past year to integrate these solutions with its SAP One Domain Model, a unified domain model for business objects distributed throughout different SAP applications, enabling those systems to speak the same language during data exchange.

Cloud computing is becoming commonplace

All new SAP solutions and platforms are cloud-based or offer at least the option to be used in the cloud. Cloud computing is becoming relevant for core ERP as well. PAC expects more and more companies to start using public cloud environments such as Microsoft Azure or Amazon Web Services to host SAP ECC or SAP S/4HANA solutions. However, not all customers are happy with SAP's cloud-first approach, for example because they do not want to or are not able to move to the cloud, and thus fear being cut off from the fast innovation cycle. This is where service partners have to step in to build bridges between the SAP Cloud world and customers' ERP world, e.g. with the help of platform capabilities to implement and

integrate hybrid cloud solutions with on-premises applications.

IT services for a broader SAP portfolio

Due to the broader SAP portfolio, service providers need to extend their expertise to cover more than one product. They also need to provide much more consulting in terms of the SAP roadmap, application architecture, future-proof deployment methods, vertical and horizontal expansion, and agile and resilient process design. Given the increasing migration pressure from SAP S/4HANA installations, service providers are also asked to offer tools and templates for accelerated application and data migration. Their own IP in areas such as methods and processes will become critical success factors for SAP partners.

KEY FINDINGS

The service providers evaluated in this PAC RADAR account for almost 50% of market volume for SAP C&SI services in Germany, and they are part of a very heterogeneous provider landscape. Providers range from internationally established service providers with several 10,000 certified SAP consultants worldwide and enormous offshore and nearshore capacities to Germany-focused providers with a few hundred, mainly domestic, SAP experts.

Heterogeneous provider landscape

The PAC RADAR analysis clearly illustrates that providers with substantial nearshore/offshore resources make extensive use of these resources. In typical projects carried out by internationally positioned providers, more than two-thirds of the resources used are sourced from abroad. However, as customers' need for local or international support varies widely, depending on project requirements, capacity was not a heavily weighted criterion in our PAC RADAR evaluation.

The vertical distribution of SAP consultants at national and international levels reveals some differences between the vertical distribution at global and German levels. Globally, three main industries play a prominent part in terms of availability of industry experts: manufacturing (discrete and process manufacturing), retail, and utilities. These three industries account for nearly 80% of available consultants. All other verticals play a minor role. The situation is slightly different

in Germany, where the public sector is another important focus industry for SAP consultants in addition to the three verticals mentioned above. Internationally, this is not the case in terms of available resources.

Services for a broader SAP portfolio

All service providers evaluated in this PAC RADAR have a very broad portfolio of consulting and systems integration services, covering almost the entire C&SI service value chain. Only a few gaps can be spotted in some providers' portfolios, for example in solution assessment, in business process design, and in the support of education, training, and certification. The completeness of a provider's portfolio does not depend on its size. Providers that are active both at local and international levels usually have a broad portfolio.

That said, the majority of consultants focus on ERP, both legacy applications (ECC, R3) and new, partly cloud-based SAP solutions (S/4HANA). There is no doubt that services related to SAP's legacy world will become less relevant in providers' C&SI service portfolios. For the time being, however, C&SI-related support for SAP's legacy applications is still in high demand as most clients' business processes still rely on these applications and therefore require integration, functional enhancements, and regulatory adjustments. This is reflected by the information supplied by the providers: right now, they all support ECC optimization, but about half of them say that this service will be of less importance in the future.

OBJECTIVE OF THE PAC RADAR

What is the PAC RADAR?

The PAC RADAR is an effective tool for the holistic evaluation and visual positioning of software and ICT service providers on local markets. Numerous ICT and business decision-makers in user companies of all industries and company sizes rely on the PAC RADAR when selecting their partners and developing their sourcing strategies.

With the help of predefined criteria, PAC evaluates and compares providers' strategies, development, and market position, in addition to their performance and competencies within specific market segments. Each PAC RADAR focuses on a specific IT market segment. Up to 20 leading providers are evaluated per segment. Participation in the PAC RADAR is free of charge.

All providers are evaluated using PAC's proven methodology, which is based on personal face-to-face interviews and a detailed self-disclosure from each provider.

PAC reserves to also evaluate and position relevant providers in the PAC RADAR that do not participate in the self-disclosure process and do not submit any customer assessments.

After the evaluation of the predefined criteria, each supplier's position is plotted in

the PAC RADAR. The criteria are classified by clusters and can all be attributed to the "Competence" and "Market Strength" main clusters.

The provider evaluation, including a market description, is published as a report.

PAC RADAR graph

The PAC RADAR graph is a visual presentation of the results of the provider evaluation with regard to their market strength (horizontal axis) and competence (vertical axis) in the respective analyzed market segment.

The closer a company is to the center, the closer they are to meeting customers' requirements.

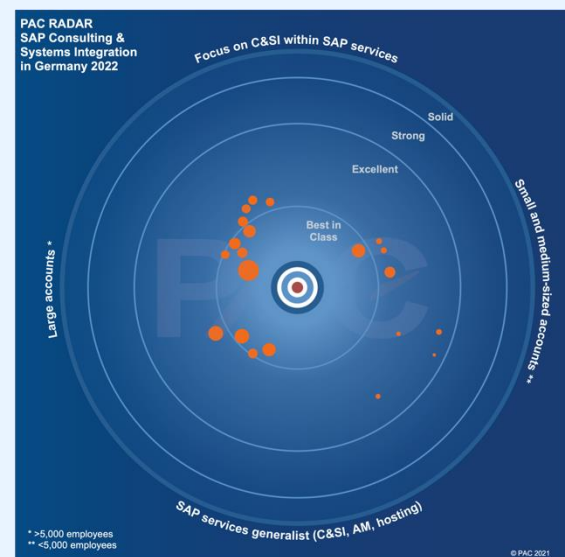


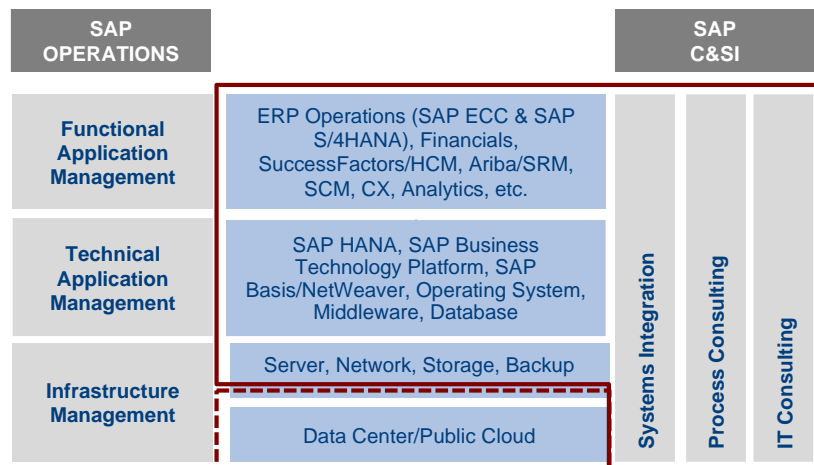
Fig. 2: PAC RADAR graph (exemplary presentation)

SCOPE & DEFINITIONS

SAP Consulting & Systems Integration

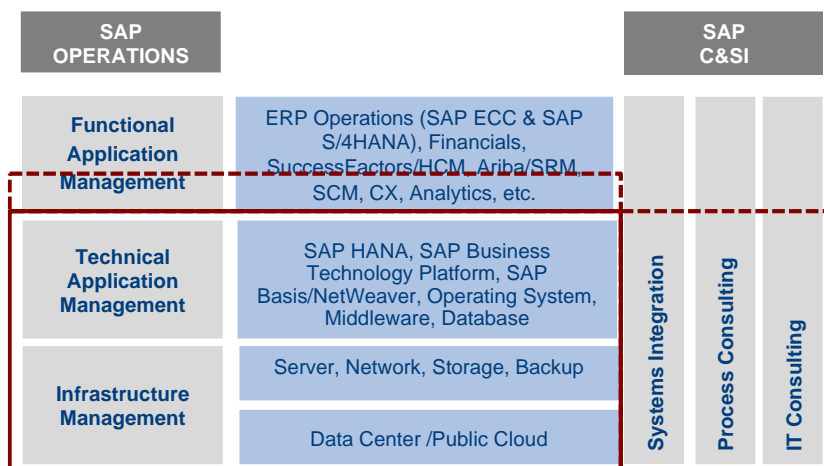
SAP C&SI includes SAP-related IT consulting services (planning, specification, and design of SAP systems or the SAP-related part of systems), IT-related process consulting within the framework of SAP-related projects (which beside purely IT-related services such as the audit of SAP system environments, technological/architectural design, and the selection of technologies and solutions around SAP

also includes business process reengineering (BPR) and change management around SAP projects), as well as SAP systems integration (SAP-related software development, implementation services around SAP, integration of SAP solutions in the infrastructure, and SAP-related infrastructure services).



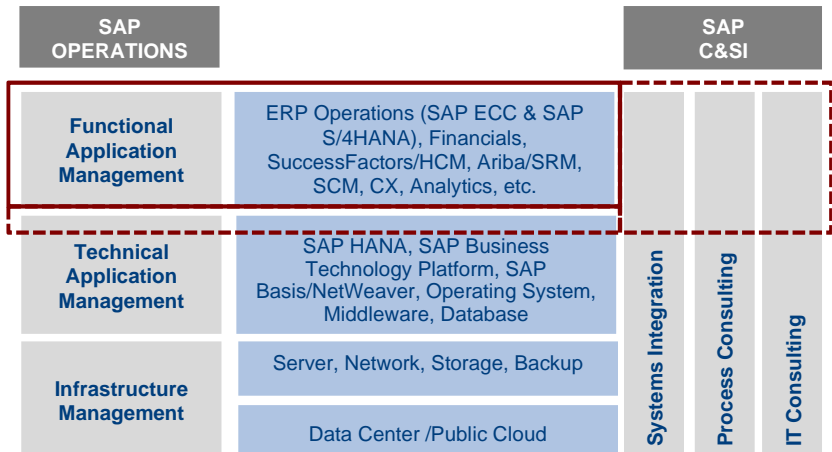
SAP Hosting

SAP hosting refers to the operation and management of an SAP application from a technical perspective, including the operation and management of the hardware infrastructure (server, memory, network) and technical application management (including the management of the SAP basis/NetWeaver, databases, operating systems, and middleware), on the provider's premises (possibly including partnerships with co-location providers) or on public cloud infrastructure. This PAC RADAR covers both cloud-based and “traditional” hosting models.



SAP Application Management

SAP application management (AM) refers to the maintenance and enhancement of existing SAP applications under a long-term (multi-year) contract, with a commitment to fulfilling predefined service level agreements (SLAs). This PAC RADAR covers both stand-alone application management and embedded application management (e.g. as part of complete or business process outsourcing).



In addition, we have created PAC RADARs that cover the IT services defined above for the following specific topics:

SAP S/4HANA-related Services

SAP SuccessFactors-related Services

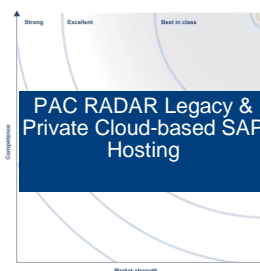
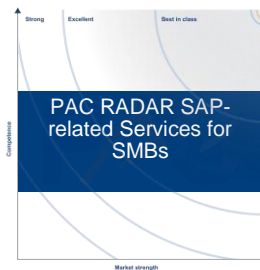
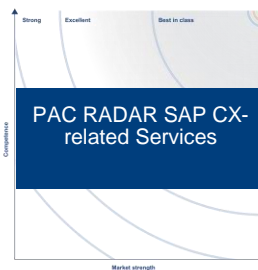
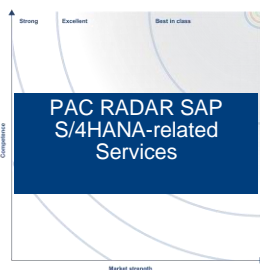
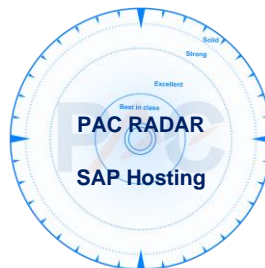
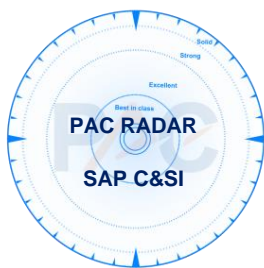
SAP CX-related Services

SAP-related Services for SMBs

SAP-related Services for Large Accounts

Public Cloud-based SAP Hosting

Legacy & Private Cloud-based SAP Hosting



PAC RADAR EVALUATION METHOD

Provider selection & participation

Which providers are positioned in the PAC RADAR?

Providers are selected and invited according to the following criteria:

- **Size of revenues** in the segment to be analyzed in the specified region.
- **“Relevance”**: Even providers that do not belong to the top-selling providers in the segment to be analyzed are considered if PAC classifies them as relevant for potential customers, for instance due to an innovative offering, strong growth, or a focus on a specific customer group (e.g. SMBs).

There is no differentiation as to whether the providers are customers of PAC – neither in the selection of the providers to be positioned, nor in the actual evaluation.

What do providers have to do in order to be considered in a PAC RADAR analysis?

The decision as to which providers are considered in the PAC RADAR analysis is entirely up to PAC. Providers do not have any direct influence on this decision.

However, in the run-up to a PAC RADAR analysis, providers can make sure in an indirect way that PAC can adequately evaluate their offerings and positioning – and

thus their relevance – e.g. by means of regular analyst briefings, etc.

Why should providers accept the invitation to actively participate?

Whether or not a provider participates in the RADAR process does not actually affect their inclusion and positioning in the PAC RADAR, nor their assessment. However, there are a whole host of benefits associated with active participation:

- Participation ensures that PAC has access to the largest possible range of specific and up-to-date data as a basis for the assessment.
- Participating providers can set out their specific competencies, strengths, and weaknesses as well as their strategies and visions.
- The review process guarantees the accuracy of the assessed factors.
- Submitting customer assessments can have a positive impact on the overall score.
- The provider gets a neutral, comprehensive, and detailed view of their strengths and weaknesses as compared to the direct competition – related to a specific service in a local market.
- A positioning in the PAC RADAR gives the provider prominence amongst a broad readership as one of the leading players in the segment under consideration.

Considered providers by segment

SAP Consulting & Systems Integration	SAP Hosting	SAP Application Management
Accenture	Accenture	Accenture
All for One Group	All for One Group	All for One Group
Arvato Systems	Arvato Systems	Arvato Systems
Atos	Atos	Atos
BTC	BTC	BTC
Capgemini	Capgemini	Capgemini
Cognizant	Cognizant	Cognizant
Datagroup	Datagroup	Datagroup
Deloitte	DXC Technology	DXC Technology
DXC Technology	Fujitsu	Fujitsu
Fujitsu	Infosys	IBM
IBM	Kyndryl	Infosys
Infosys	NTT DATA	NTT DATA
NTT DATA	q.beyond	q.beyond
q.beyond	Syntax Systems	Sopra Steria
Sopra Steria	T-Systems	T-Systems
Syntax Systems	TCS	TCS
Reply		Wipro
T-Systems		
TCS		
Wipro		

SAP S/4HANA-related Services	SAP SuccessFactors-related Services	SAP CX-related Services
Accenture All for One Group Arvato Systems Atos BTC Capgemini Cognizant Datagroup Deloitte DXC Technology Fujitsu IBM Infosys NTT DATA q.beyond Sopra Steria Syntax Systems Reply T-Systems TCS Wipro	Accenture All for One Group Atos Cognizant Deloitte IBM Infosys NTT DATA Sopra Steria T-Systems TCS Wipro	Accenture All for One Group Arvato Systems Atos Capgemini Cognizant Deloitte DXC Technology IBM Infosys NTT DATA Reply T-Systems TCS Wipro

SAP-related Services for SMBs	SAP-related Services for Large Accounts	Public Cloud-based SAP Hosting	Legacy & Private Cloud-based SAP Hosting
All for One Group Arvato Systems Atos BTC Datagroup Fujitsu NTT DATA q.beyond Reply Syntax Systems T-Systems	Accenture Atos Capgemini Cognizant Deloitte DXC Technology IBM Infosys NTT DATA Reply Sopra Steria T-Systems TCS Wipro	Accenture All for One Group Arvato Systems Atos BTC Capgemini Cognizant Datagroup DXC Technology Fujitsu Infosys Kyndryl NTT DATA q.beyond Syntax Systems T-Systems TCS	All for One Group Arvato Systems Atos BTC Datagroup DXC Technology Fujitsu Infosys Kyndryl NTT DATA q.beyond Syntax Systems T-Systems TCS

The concept

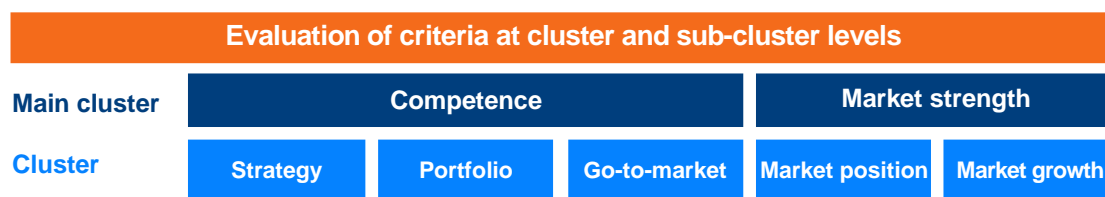


Fig. 3: PAC RADAR – evaluation method

PAC uses **predefined criteria** to assess and compare the providers within given service segments.

The assessment is based on the report-card score within the peer group of the positioned providers.

This is based on:

- The provider's detailed self-disclosure about resources, distribution, delivery, portfolio, contract design, pricing, customer structure, customer references, investments, partnerships, certifications, etc.;
- An assessment of the provider by reference customers (to be obtained by the provider);
- If applicable, a poll among customers by PAC;
- The analysis of existing PAC databases;
- Secondary research;
- Dedicated face-to-face interviews as relevant.

The provider data is verified by PAC and any omissions are rectified based on estimates.

If the provider does not participate, the assessment is performed using the proven PAC methodology, mainly based on:

- Information obtained from face-to-face interviews with the provider's representatives, analyst briefings, etc.;
- An assessment of company presentations, company reports, etc.;
- An assessment of PAC databases;
- An assessment of earlier PAC RADARs in which the provider participated;
- A poll among the provider's customers (as required) on their experiences and satisfaction.

What if no customer assessments, or fewer than required, are submitted?

The overall assessment has to include the number of customer assessments requested in the invitation. Any missing customer assessments are scored as "satisfied", i.e. they do not negatively affect the score. This produces an average score for criteria based on customer assessments

Reissue of published RADARs

The scores in the PAC RADAR represent an assessment of the providers within the given peer group in the year in which the respective PAC RADAR was published.

The evaluations may not be directly comparable with those of any previous version due to subsequent content modifications. In particular, they do not depict a development of individual providers over time.

Methodological and/or organizational modifications may be made due to changing market conditions and trends, and may include:

- A different peer group in the focus of the analysis;
- Modification of individual criteria within clusters and sub-clusters;
- Increased or altered expectations by user companies;
- Adjustment of the weighting of individual criteria.



Evaluation criteria

General criteria (selection)

General criteria (considered to varying degrees for several of the service segments covered)	
Competence	Market Strength
<ul style="list-style-type: none"> Portfolio: coverage of SAP C&SI service value chain Portfolio: Cloud migration of SAP applications towards IaaS/PaaS Portfolio: custom solution development and support SAP S/4HANA-related resources in Germany (on-site) SAP S/4HANA-related resources for Germany (incl. global delivery) SAP technology (HANA, BTP, etc.) resources for Germany (incl. global delivery) Functional mix of SAP services consultants (process consulting, implementation, development, architecture) Portfolio: business transformation services Portfolio: coverage of SAP SaaS C&SI service value chain Portfolio: development of add-ons to SAP SaaS solutions Portfolio: development of add-ons to SAP S/4HANA SAP services-related R&D commitment and investments Commitment to fixed-price and success-oriented pricing models – SAP C&SI Project experience – SAP S/4HANA History – SAP C&SI services in Germany Coverage of different industries – related to the number of SAP consultants – Germany Strength and balance of SAP-related global delivery for Germany SAP-related public cloud competencies for Germany (incl. coverage of the major platforms [AWS, MS Azure, Google Cloud]) Portfolio: implementation and optimization of support and operations Strength of SAP-based, industry-specific offerings 	<ul style="list-style-type: none"> Employee resources for SAP services – Germany Initiatives for sustainability and environmental protection Longevity of customer relationships in SAP services Employee resources for SAP services – worldwide Utilization rate in SAP C&SI SAP services: focus on medium-sized and small accounts SAP services: focus on large accounts SAP C&SI market share of the provider in Germany SAP C&SI – recent development of local market share Focus on the German market Corporate transparency Provider stability in terms of business model, customer mix, size, etc. Evaluation by reference customers: evaluation of the quotation phase – across SAP services Evaluation by reference customers: evaluation of account management – across SAP services Recognition by the competition: “classic” SAP C&SI (R/3, ECC) Recognition by the competition: C&SI for S/4HANA Recognition by the competition: innovation with SAP Cloud Platform, SAP Leonardo, and SAP HANA – Germany Recognition by the competition: C&SI for SAP SuccessFactors Recognition by the competition: SAP services for large enterprises Recognition by the competition: SAP services for SMBs

General PAC research method

The following overview describes PAC's research method for market analysis and key differentiation features.

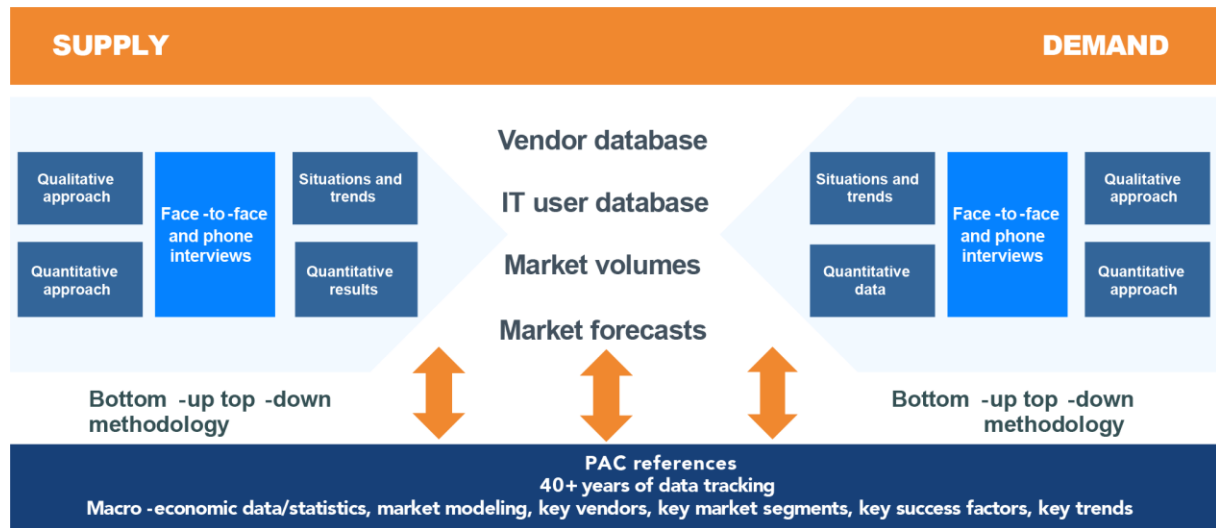


Fig. 4: Description of the PAC methodology

Local research and face-to-face communication are two core elements of PAC's methodology. In our market studies, we can draw on more than 40 years of experience in Europe.

Positioning within the PAC RADAR

Based on the scores in competence and market strength, the overall score is calculated (calculation: competence score plus market strength score, divided by two). From the resulting overall score, each provider receives their characteristic positioning within the PAC RADAR. Here, the following applies: The closer a company is to the center, the closer they are to meeting customers' requirements.

The classification of providers is based on the overall score:

"Best in Class"	1.0 – 1.9
"Excellent"	2.0 – 2.9
"Strong"	3.0 – 3.9
"Solid"	4.0 – 4.9

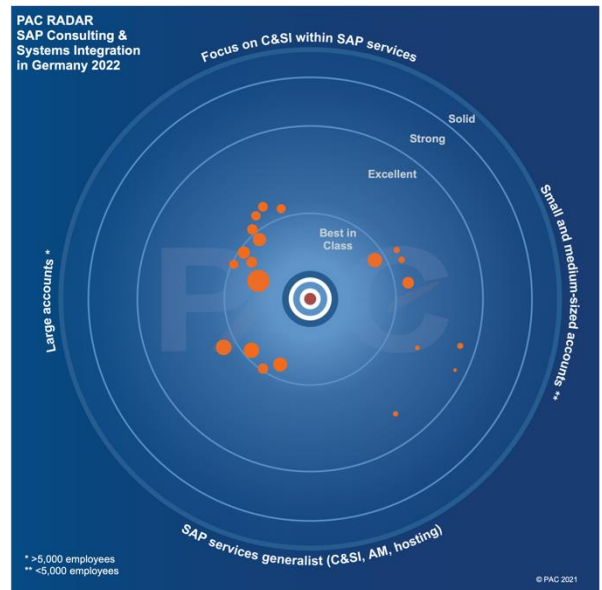


Fig. 5: Classification of providers in the PAC RADAR graph (example)



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