

# Magic Quadrant for ERP Service Providers, Europe

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**The Magic Quadrant for ERP service providers in Europe presents the vendor landscape at this point in time for 21 companies considered for ERP initiatives.**

## WHAT YOU NEED TO KNOW

The Magic Quadrant for ERP service providers in Europe analyzes the market for ERP solution implementation services. The relative positioning of vendors in this Magic Quadrant is based on factors determined by Gartner as relevant to this market. We analyze consulting and system integration projects that may require a blend of business, industry, technology, program and project management skills that must align with your objectives, institutional and business culture, and employees. When considering service providers for an RFP or request for information, do not simply select service providers in the Leaders quadrant. All selection processes are enterprise-specific; consequently, vendors in the Challengers, Visionaries or Niche Players quadrants may prove to be more appropriate for your engagement. This analysis is for the consulting and system integration services required for discrete project work only and excludes multiyear contractual engagements typical of outsourcing agreements.

This Magic Quadrant is a point-in-time analysis, and the view covers key competitors with the breadth and scale of offerings across a large array of criteria. An IT services provider may appear in a specific quadrant given its strategy as compared with the full market criteria set in this evaluation. As a result, in any given deal, provider selection is best decided by a client's needs; therefore, IT services providers should not underestimate any potential competitor because the inclusion criteria in the Magic Quadrant result in the analysis of the most-established providers in the ERP service market. Other IT services providers not evaluated in this Magic Quadrant may present alternatives for your business requirements.

## MAGIC QUADRANT

### Market Overview

In 2008, net new ERP software license sales to customers in Europe continued to grow. In the mature countries, the system integration opportunity continued to evolve into services oriented toward optimization of existing investments, consolidation of application instances and supporting infrastructure, integration of ERP systems with other product-based and legacy applications, and business process redesign. In the less mature ERP countries (particularly the oil-rich ones), the past year has seen a continuing wave of deployment, which has been a welcome boon for system integrators.

The European market for consulting and system integration services experienced a 6.76% increase in revenue for 2007 compared with 2006. However, in consequence of the 2009 economic crisis, financial distress for ERP technology and service buyers in industries such as automotive, banking and investment is high. ERP investment decision making is further

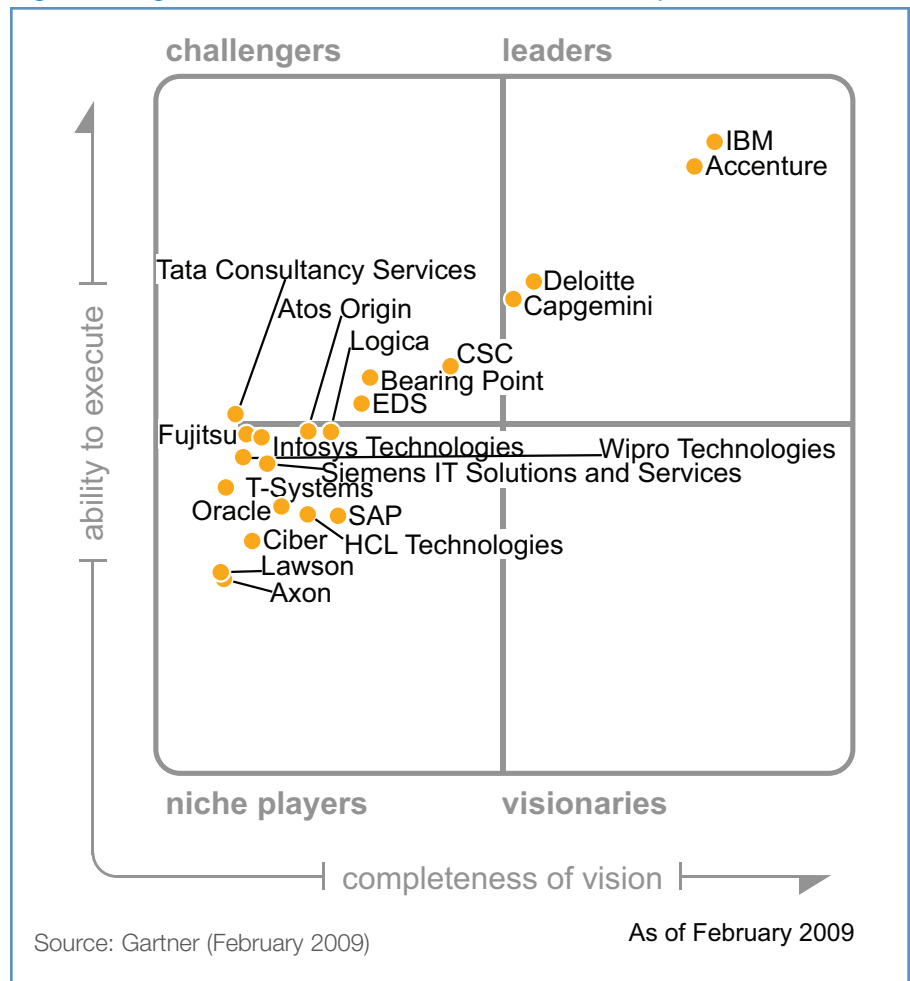
complicated for enterprises seeking to frequently refinance their operations from credit, procured from the open credit market at an increasing cost. Financing of ERP solution spending requires strong business cases to justify 2009 IT investments. ERP solution buyers are increasingly faced with high-priority business requirements in Europe, such as to reduce costs by increasing business process efficiencies, to innovate products and services faster, or to retain critical clients. The implication is that discrete ERP consulting and system integration IT services buyers feel not fully confident in deciding which ERP solution investments to make for 2009. Predicting 2009 is complicated; however, the market situation implies that demand for ERP project-based solutions despite the economic uncertainties will remain a preferred investment across the European region.

European organizations ask ERP service providers what strategic business cases for IT investments can be made in response to internal priorities. Clearly an expected answer is rapid return from IT investments made, an even-more-critical decision criterion in 2009. Some organizations, challenged by their financial performance, are seeking ERP technology providers as trusted advisors to navigate the technology and strategic choices that must be made under difficult economic conditions.

Buyers' choices in Europe differentiate suppliers by their relative ERP vision, thought leadership, offered value promises, solid technology implementation references throughout the region and deep ERP-based industry and business process skills. We believe that integrated ERP strategy and implementation skills are requested by some buyers frequently in 2009 because the time to implement is shortening, expressed in generally shorter project durations and accelerated by quicker economic returns from such ERP solution implementations.

Global Indian ERP service providers – HCL Technologies, Infosys Technologies, Tata Consultancy Services and Wipro Technologies – continue to grow ERP service revenue in Europe, dominated by Western Europe, at revenue growth rates that exceed the market average. As a group, they consistently continue to be challenged to deepen their business relationship network and brand awareness beyond the U.K. market.

Figure 1. Magic Quadrant for ERP Service Providers, Europe



Leading service providers – Accenture, Capgemini, Deloitte and IBM – are consistently and continuously criticized by prospective and existing customers that their pricing is comparatively higher than customers' market expectations. Customers have continued, since 2006, criticizing high rates. Nonetheless, these service providers continue to have the most complete IT services offerings with the breadth and depth of European ERP services evaluated in this research.

In summary, some European providers of ERP solution services had significant growth above market average, for example, in business and IT consulting, while other providers failed to take advantage of the growing ERP solution market. Some providers grew as a result of their buyers' IT business requirements for

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increased abilities to execute on large and complex global ERP rollouts. In Europe, 51% of clients participating in this Magic Quadrant invested more than \$2 million in services with their providers; projects were a mixture of 50% strategic and 50% process-focused, and the majority of participating organizations held annual revenues exceeding \$1 billion.

## Methodology and Process

Gartner's Magic Quadrant research process involves primary research with direct customer references supplied by ERP service providers and each service provider's representation of its organization. Additional insight and context are provided by the ongoing, direct discussions Gartner analysts have with enterprise buyers and service provider clients throughout the year. All sources of information are carefully analyzed, with a heavy emphasis on client feedback. Gartner considers customer feedback to be one of the most critical measures of a service provider's success.

Gartner evaluates service providers on their ability to execute and their completeness of vision. When the two sets of criteria are evaluated together, the resulting analysis provides a view of how well the provider performs a spectrum of services relative to its peers and how well it is positioned for the future. This evaluation is a snapshot in time. The competitive nature of the ERP service provider market over time affects the relative position of evaluated companies.

## Market Definition/Description

This Magic Quadrant focuses on the markets for ERP project-based services (consulting, system integration and implementation) in Europe. We evaluated the comprehensive set of offerings for ERP programs, which include:

- Ability to provide advisory and consulting services on ERP decisions
- Ability to provide consulting services for ERP environments
- Ability to provide a comprehensive set of system integration and implementation services across the ERP domains, products and technologies
- Ability to service multiple industries

To further illustrate this market, consider the following:

- Consulting and system integration – Consulting services are advisory services designed to help companies analyze and improve the effectiveness of business operations and technology strategies. Gartner divides consulting into two subsegments: business consulting and IT consulting. For Gartner, the term “system integration” is roughly synonymous with development and integration services. Development and integration services include application development, deployment and integration services. These are the service areas of focus for project-based ERP service delivery.
- ERP – ERP was defined by Gartner in 1990 as an integration of many best-in-class solutions that served different parts of an enterprise. Before ERP, users acquired disparate packaged solutions from different vendors to serve financial, distribution and manufacturing needs. ERP emerged as vendors began to converge these three types of solutions and integrated the functionality, processes and data between them. Gartner

defines ERP as a business strategy in which the outcomes optimize productivity in processes that include the ERP domains of financial management, human capital management, order management, manufacturing and operations, and enterprise asset management.

- ERP suites – The organizing principle of ERP suites is to adequately plan for the use of enterprise resources to meet customer demand and report financial results to constituents. ERP suites encompassed manufacturing resource planning functionality when they emerged in 1990 because the packaged application market was largely focused on meeting the needs of product-centric industries (distribution and manufacturing). The systems of record managed by ERP suites are the financial record and the inventory record. Because people are also enterprise resources, the employee may be included as an ERP suites system of record. As the concept of ERP suites spread to service-centric industries, the system of record for ERP suites was limited to enterprise resources for those types of enterprises (financial transactions and people). The user target for ERP suites is often the CFO (or anyone in the financial department) or the head of HR. Operations departments that manage inventory or fulfill demand can also be targets extending to the COO. ERP suites are associated with tightly integrated functionality – meaning that the vendor has eliminated the need for IT to integrate multiple pieces of functionality within the suite; therefore, an additional target for ERP suites is the CIO.
- Business value of IT – To find the strongest arguments in support of an IT initiative, it is necessary to break out financial and operational performance metrics into categories that can be more clearly monitored and managed. The guiding principle of IT is always measured in improved business performance.

## Inclusion and Exclusion Criteria

This Magic Quadrant evaluates the suppliers on their project-based ERP consulting and solution implementation services only. It does not evaluate them on their managed-service or outsourcing capabilities. The criteria for inclusion of service providers in this Magic Quadrant are a combination of qualitative and quantitative measures.

### Quantitative Criteria

- External service providers whose consulting and system integration service revenue is primarily derived from customers in Europe.
- A minimum of €50 million (estimated for fiscal year 2008) in enterprisewide ERP service revenue (excluding outsourcing and managed-service revenue) in Europe. Providers report their revenues according to their financial standard, for example in dollars and/or other currencies. Furthermore, a provider's fiscal year may differ from the calendar year. Gartner normalizes providers' reported revenue with the average exchange rate – for example, dollars to euros – for a full calendar year. Therefore, Gartner's normalized figures can differ from a provider's reported figures and can be recalculated by use of the exchange rate applied at the time of the published report.
- Evidence of operations and direct presence in a minimum of three countries in Europe.

## Qualitative Criteria

- Overall market interest in and visibility of the provider, determined by serious consideration for selection from enterprise clients
- Gartner analysts' interactions with enterprises, which reveal interest in specific ERP service providers

Gartner evaluates service providers on their ability to execute and their completeness of vision – as per the definitions below. When the two sets of criteria are evaluated together, the resulting European analysis provides a view of how well the provider performs a spectrum of services compared with its peers and how well it is positioned for the future.

### Added

The present Magic Quadrant for ERP Service Providers, Europe contains vendors that were not included in the last Magic Quadrant in the series: Axon, EDS and HCL.

### Dropped

Satyam has been dropped from the Magic Quadrant for ERP service providers in Europe because of material concerns about its business. Gartner has not seen any evidence that the quality of IT services delivery from Satyam has suffered; however, we recommend added due diligence when evaluating and selecting the company for ERP service projects.

## Evaluation Criteria

### Ability to Execute

Gartner analysts evaluate service providers on the quality and efficacy of the processes, systems, methods or procedures that enable IT provider performance to be competitive, efficient and effective, and to positively impact revenue, retention and reputation. Ultimately, service providers are judged on their ability and success in capitalizing on their vision.

**Product/Service** – Core services offered by the provider that competes in and serves the defined market. This category includes current service capabilities, quality, feature sets, skills, and so on. Subcategories include assessment of specific services in the key ERP areas of financials, HR, order management, enterprise asset management knowledge and skills, as well as project management, delivery processes and methodologies; and assessment of knowledge and resourcing of major ERP products, including those from Lawson, Microsoft, Oracle and SAP.

**Overall Viability (Business Unit, Financial, Strategy, Organization)** – Financial viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood of the individual business unit to continue to invest in the service and continue to offer the service, advancing the state of the art within the organization's portfolio of services. Subcategories include assessment of service provider's practice area profile (for example, financials, resources, utilization and attrition) and analysis of strategy and organization.

**Sales Execution/Pricing** – The service provider's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

**Market Responsiveness and Track Record** – Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the provider's history of responsiveness. Subcategories include specific client feedback and demonstrated ability to adjust to market conditions.

**Market Execution** – The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase service awareness, and establish a positive identification in buyers' minds regarding the organization.

**Customer Experience** – In professional services, customer experience is indicative of all factors in both execution and vision. Therefore, customer experience is not specifically evaluated; rather, it is factored into the complete services experience that customers receive.

**Operations** – The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis. Subcategories include organization and business model, and global delivery model (downstream capabilities).

### Completeness of Vision

Gartner analysts evaluate service providers on their ability to articulate logical statements about current and future market direction, innovation, customer needs and competitive forces, and how well they map to the Gartner position. Ultimately, service providers are rated on their understanding of how market forces can be exploited to create opportunity for the provider.

**Market Understanding** – Ability of the provider to understand buyers' needs and translate these needs into products and services. Vendors that show the highest degree of vision listen and understand buyers' wants and needs, and can shape or enhance those wants with their added vision. Subcategories include service providers' knowledge and articulation of key

**Table 1. Ability to Execute Evaluation Criteria**

Evaluation Criteria	Weighting
Product/Service	Standard
Overall Viability (Business Unit, Financial, Strategy, Organization)	Standard
Sales Execution/Pricing	Standard
Market Responsiveness and Track Record	High
Marketing Execution	Low
Customer Experience	High
Operations	High
Source: Gartner	

market direction and trends, and the analysis of the service providers' executive leadership (including thought leadership, continuity and operational capabilities).

**Market Strategy** – A clear, differentiated set of messages that are consistently communicated throughout the organization and are externalized via the communication, advertising, customer programs and positioning statements.

**Sales Strategy** – The strategy for selling services, which uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base. Subcategories include service providers' strategies for partnerships and alliances, and vision for creating new or additional ERP business.

**Offering (Product) Strategy** – A service provider's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature set as they map to current and future requirements.

**Business Model** – The ability of a service provider to integrate operations, organization (business unit, financial, strategy and organization), service offerings, vertical/industry strategies, geographic strategies and other specific components to address the necessary issues to operate effectively.

**Vertical/Industry Strategy** – The service provider's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

**Innovation** – Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, or defensive or pre-emptive purposes.

**Geographic Strategy** – The service provider's strategy to direct resources, skills and offerings to meet the specific needs of regions outside the "home" or native region, either directly or through partners, channels and subsidiaries, as appropriate for that region and market.

**Table 2. Completeness of Vision Evaluation Criteria**

Evaluation Criteria	Weighting
Market Understanding	High
Marketing Strategy	Low
Sales Strategy	Standard
Offering (Product) Strategy	High
Business Model	Low
Vertical/Industry Strategy	High
Innovation	High
Geographic Strategy	Standard
Source: Gartner	

## Leaders

Leaders are performing well today, have a clear vision of market direction and are actively building competencies to sustain their leadership position in the market. Leaders can clearly demonstrate and communicate the business value that is added to enterprise client projects. A leader's ability to provide a market-leading vision and applied innovation that lead clients to economically viable competitive advantages with differentiated business value are attributes.

## Challengers

Challengers execute well today for the portfolio of work selected, but they have a less-defined view of market direction. Consequently, these service providers may be the "up and comers" of the future, or they may not be aggressive and proactive enough in preparing for the future. Challengers appear systematically and often compete head-to-head with established brands for deals, but they approach the ERP market differently and also apply innovation, therefore challenging established thinking.

## Visionaries

Visionaries articulate important market trends and direction. However, they may not be in a position to fully deliver and consistently execute. They may need to improve their optimization of service delivery.

## Niche Players

Niche players focus on a particular segment of the market as defined by such characteristics as functional-area vertical industry, customer size or project complexity. Their ability to execute is limited to those focus areas and, therefore, is assessed accordingly. Their ability to innovate may be affected by this narrow focus. A niche player has invested in more-defined ERP technology skills. It also has vertical-market expertise confirmed by clients, a solid local market share position or a differentiating element in its operational business, which makes it a niche market player.

## Vendor Strengths and Cautions

### Accenture

Accenture is ranked third in market share revenue by Gartner for European consulting and system integration services in 2007, with €3,892 million. ERP services are a component of this market. Accenture grew its consulting and system integration service revenue by 18.35% in 2007 over 2006.

### Strengths

- Accenture's European clients cited their prior experience or their previous relationship with Accenture as the strongest factor in their decision to choose this service provider.
- Clients cite on-time, in-scope project delivery as an Accenture strength.
- Accenture's name recognition across Europe and its brand promise continuously lead to extensive inclusion on ERP IT services investment shortlists.

### Cautions

- Accenture's ERP engagements in Europe are dominated by fixed-price-style agreements. Business-outcome-based, gain share agreements (with all fees based on benefits) represent a style the provider has not yet been signing with many of its European ERP clients.
- Buyers cited lack of program management capabilities as the most frequent reason for disqualifying Accenture in competitive bids, and some Accenture clients reported project budget overrun as an issue.
- Due to the maturity of the ERP market, some Accenture ERP clients in Europe found Accenture to be undifferentiated in ERP thought leadership, ERP vision and project strategy.

### Atos Origin

Atos Origin is ranked fifth in market share revenue by Gartner for European consulting and system integration services in 2007, with €1,795 million. ERP services are a component of this market. Atos Origin grew its consulting and system integration service revenue by 1.36% in 2007 over 2006.

### Strengths

- Atos Origin is known for its strong presence in SAP manufacturing.
- Atos Origin's geographical presence extends across a number of major markets in Europe, including France, the Netherlands and the U.K. This is a benefit to clients seeking a provider capable of handling multicountry rollouts.
- Atos Origin's strength is its brand name recognition as an IT services provider assisted by its partnership with the Olympic Committee and its ERP IT services market share position among the top 10 providers in major European markets.

### Cautions

- Atos Origin was most frequently disqualified in Europe from competitive ERP IT services bids for its lack in methodologies.
- Atos Origin's ability to directly manage global rollouts of large scale and complex ERP projects is somewhat limited by the size and scalability of its global delivery resource pool.
- Atos Origin's competencies in ERP are SAP-dominated; this fact occasionally disqualifies Atos Origin from some multiplatform ERP projects in Europe.

### Axon

Axon has consulting and system integration revenue in Europe, the Middle East and Africa of approximately \$200 million with more than two-thirds of its IT services revenue from the U.K. alone. Axon was acquired by HCL Technologies on 15 December 2008 and will be merged with HCL's global SAP practice; this change is not reflected in this European Magic Quadrant.

### Strengths

- Axon has a presence in the business and IT consulting market, dominantly in the U.K.
- Axon has deep SAP competencies in several industries, such as utilities; aerospace and defense; travel and logistics; public sector; oil and gas; retail; life sciences; and consumer packaged goods.

- Axon can rely on a strong partnership with SAP for business development assistance.

### Cautions

- Axon's local presence in European countries other than the U.K. is limited to Germany, Poland and Switzerland. This fact positions the provider at the lower end in its ability to execute Europe-wide consulting and system integration work through its local bench.
- Axon's number of Pan-European ERP practice clients based in Europe is small; this may limit Axon in its understanding of local business requirements and country-specific regulatory compliance issues.
- Axon's strong SAP focus limits its ERP capabilities for other platforms popular in the region.

### BearingPoint

BearingPoint is ranked 27th in market share revenue by Gartner for European consulting and system integration services in 2007, with €458 million. ERP services are a component of this market. BearingPoint grew its consulting and system integration service revenue by 3.04% in 2007 over 2006.

### Strengths

- BearingPoint's European clients cited their prior experience or previous relationship with BearingPoint as the strongest factor in the buyer organization's decision to choose this service provider. European clients were generally satisfied with the provider. Clients found BearingPoint's client references positive.
- European customers cited BearingPoint's strength in knowledge transfer and its project strategy.
- BearingPoint has continued strong vertical-industry expertise in Europe, including manufacturing and transportation industries.

### Cautions

- BearingPoint's ERP engagements in Europe are dominated by fixed-price agreements. BearingPoint has not yet proved its contractual flexibility by having a large number of clients accepting BearingPoint's offering of cost-plus (fixed price plus some share of benefits) or gain share (all fees based on benefits) agreements.
- BearingPoint was frequently disqualified for European ERP projects because of BearingPoint's perceived lack of methodological knowledge and industry experience.
- Some of BearingPoint's European ERP projects were delivered three months or more later than the original plan. Some European clients cited quality assurance as an area of improvement for BearingPoint.

### Capgemini

Capgemini is ranked second in market share revenue by Gartner for European consulting and system integration services in 2007, with €4,259 million. ERP services are a component of this market. Capgemini grew its consulting and system integration service revenue by 8.66% in 2007 over 2006.

## Strengths

- Capgemini has a loyal client base in Europe, and its clients generally find more benefit in staying with Capgemini than in switching to another ERP IT services provider.
- Clients cite Capgemini's European capabilities in service-oriented architecture as a key strength.
- Capgemini's European clients cited team members proposed by Capgemini for ERP projects and Capgemini's ERP software package knowledge as most important when choosing the provider.

## Cautions

- Some clients cited lack of local resources in some countries most frequently as a criterion for disqualifying Capgemini from ERP projects in Europe in a competitive bid.
- In some instances, clients of Capgemini ERP IT services in Europe indicated that they were not satisfied with the services delivered.
- Some clients in Europe cited Capgemini's lack of ERP thought leadership, vision and strategy as an issue, and in some cases, this lack of thought leadership was seen as compromising the overall value obtained in the project.

## Ciber

Ciber is ranked 65th in market share revenue by Gartner for European consulting and system integration services in 2007, with €165 million. ERP services are a component of this market. Ciber grew its consulting and system integration service revenue by 19.08% in 2007 over 2006.

## Strengths

- Ciber's European strengths are its strong technical resources, being a valuable team member in ERP IT services projects and its in-depth vertical industry skills.
- Clients were generally satisfied with Ciber and particularly rated its cultural fit and its expertise in order management, system integration and software packages highly.
- Its ERP customers in Europe were generally satisfied with Ciber's quality of ERP IT services delivery, and they continue to cite Ciber's strength in SAP.

## Cautions

- Ciber has some limitations in its ability to manage Pan-European ERP IT services contracts and also has little experience in large, complex deals exceeding \$5 million in Europe.
- European ERP IT services customers cited Ciber as performing less well in delivering projects on time and in budget, and in resource mobility across the region.
- Customer feedback for Ciber suggests a lower influence with the European ERP buyers' internal senior management.

## CSC

CSC is ranked 15th in market share revenue by Gartner for European consulting and system integration services in 2007, with €1,005 million. ERP services are a component of this market. CSC grew its consulting and system integration service revenue by 1.33% in 2007 over 2006.

## Strengths

- CSC has demonstrated its flexibility in signing cost-plus-style agreements (that is, fixed price plus some share of benefits) also for European transformation programs.
- Customer feedback indicated CSC's strong team members and good understanding of customers' business culture rate highly as criteria for the service provider's performance.
- CSC clients have leveraged the provider's full set of ERP competencies, especially for its target sectors in Europe, including automotive and retail, from 100% business strategy or process redesign with 0% technical or software implementation to the reverse mixture.

## Cautions

- CSC needs to extend its ERP presence across Europe, specifically in the Oracle "ecosystem."
- While CSC was frequently evaluated by buyers, it was also frequently not selected for ERP IT services projects because some clients saw CSC as not demonstrating understanding of their business needs.
- CSC must improve its communication to effectively demonstrate its innovation and ERP vision to its European clients, eventually contributing to a perceived lower influence with buyers' internal senior management.

## Deloitte

Deloitte is ranked 12th in market share revenue by Gartner for European consulting and system integration services in 2007, with €1,260 million. ERP services are a component of this market. Deloitte grew its consulting and system integration service revenue by 9.63% in 2007 over 2006.

## Strengths

- Clients rated Deloitte highly on European industry expertise (including its use of vertical-industry templates) and its overall ERP project quality.
- Deloitte's European clients considered business unit ERP strategy as a strength when choosing Deloitte for discrete projects.
- Deloitte's European ERP clients cited its implementation methodology as a strength when choosing Deloitte.

## Cautions

- In some ERP projects in Europe, Deloitte clients were dissatisfied and cited, in particular, time quoted to complete the project and total cost performance.
- Some European clients rated Deloitte below average as representing the ideal service provider when considering Deloitte for similar ERP engagements.
- Some European Deloitte ERP IT services clients question value for money because of Deloitte's relatively higher pricing for ERP projects.

## EDS

EDS is ranked ninth in market share revenue by Gartner for European consulting and system integration services in 2007, with €1,447 million. ERP services are a component of this market.

EDS's consulting and system integration service revenue declined 3.08% in 2007 compared with 2006. EDS was acquired by HP in August 2008. EDS revenue figures do not include HP's consulting and system integration service revenue of €941 million in 2007.

### Strengths

- European ERP IT services clients were satisfied when taking into account the fees charged by EDS for implementing the ERP project or program.
- EDS's ERP IT services clients in Europe cited its industry expertise as a particular strength.
- EDS's ERP IT services clients in Europe rated its technical architecture expertise as the most important selection criterion when choosing.

### Cautions

- EDS's European clients were generally less satisfied with the provider.
- EDS was disqualified from some ERP projects because of its poor response to the RFP and its presentation of capabilities. Clients also cited lack of price competitiveness as a reason for disqualifying EDS.
- Customer feedback for EDS suggests some issues demonstrating its overall ERP thought leadership to its European clients as well as its lack of innovation.

### Fujitsu

Fujitsu is ranked 16th in market share revenue by Gartner for European consulting and system integration services in 2007, with €995 million. ERP services are a component of this market. Fujitsu's consulting and system integration service revenue declined 0.69% in 2007 compared with 2006. In November 2008, Fujitsu announced its intention to acquire Siemens' remaining 50% stake in their joint venture, Fujitsu Siemens Computer; the intended acquisition is not reflected in this Magic Quadrant.

### Strengths

- Fujitsu demonstrates competencies in its ERP IT services initiatives on Microsoft, Oracle and SAP; the ERP practice grew by a third year over year. European clients were generally satisfied with Fujitsu.
- Fujitsu has strong name recognition and significant ERP IT services business in the U.K., Germany and Finland. It is therefore a viable ERP service provider option for buyers in these countries.
- Customer feedback indicated Fujitsu's strong ERP IT services capabilities in piloting and program and project management, as well as for service-oriented architecture.

### Cautions

- Fujitsu's ERP engagements in Europe are dominated by fixed-price-style agreements. Business-outcome-based gain share agreements (all fees based on benefits) represent a style that Fujitsu has not yet been signing with many of its European ERP clients.
- Some European clients rated Fujitsu below average as representing the ideal service provider when considering Fujitsu for similar ERP engagements.

- Fujitsu has not been effective at demonstrating its innovation, ERP vision and ERP thought leadership to its European clients, eventually contributing to a perceived lower reputation for service quality among its clients.

### HCL Technologies

HCL Technologies (HCL) is ranked 77th in market share revenue by Gartner for European consulting and system integration services in 2007, with €128 million. ERP services are a component of this market. HCL grew its consulting and system integration service revenue by 42.03% in 2007 over 2006.

In December 2008 HCL acquired Axon Global, which will strengthen capabilities in SAP consulting and system integration services. The acquisition is not reflected in this Magic Quadrant.

### Strengths

- HCL continues to invest in growing its technology and consulting and system integration competencies and capabilities (including its head count) in European industries, such as financial services, as well as for SAP in the utilities industry, including consolidation and upgrading of a client's ERP system.
- HCL has established early-mover positioning in Europe with its technology-led service offerings to optimize both ERP applications and infrastructure as part of a client's enterprisewide strategy. It is making an aggressive move in this direction through the acquisition of Axon Global to add scale in its SAP business.
- HCL continues to industrialize its ERP practice, resulting in cost reduction through the use of its "nearshore" facilities (Poland and Northern Ireland), offshore resources and selective technical skills.

### Cautions

- HCL's European value proposition continues to be price-driven, limiting the alignment of its offerings between demands of the business and IT needs.
- HCL's scale in Europe and its resourcing issues result in sometimes limited availability for projects requiring business consulting expertise or functional process depth beyond the packaged-application specifications.
- HCL has some gaps in its service delivery local presence across the European region. According to Gartner estimates, 82% of its European consulting and integration service revenue comes from the U.K.

### IBM

IBM is ranked first in market share revenue by Gartner for European consulting and system integration services in 2007, with €5,269 million. ERP services are a component of this market. IBM grew its consulting and system integration service revenue by 6.85% in 2007 over 2006.

### Strengths

- European clients cited IBM's ability to serve clients in multiple regions and its technical-architecture expertise as particular strengths.
- IBM's visibility and its brand recognition as an ERP full-service provider contribute to its frequent "long listing" by buyers of ERP IT services in Europe.

- IBM's European ERP strength and its clients' willingness to rehire the provider are contributing to IBM's strong brand reputation in the region.

#### Cautions

- IBM's ERP engagements in Europe are frequently fixed-price-style agreements. Business-outcome-based gain share agreements (all fees based on benefits) represent a style IBM has not yet been signing with many of its European ERP clients.
- Potential buyers of IBM ERP services in Europe must occasionally convince other internal decision makers and stakeholders to select IBM, because it is mostly eliminated from ERP bids in Europe as a result of internal political reasons within the buyers' organizations.
- For some European IBM ERP IT services clients, IBM's lack of product independence was cited as an issue.

#### Infosys Technologies

Infosys Technologies is ranked 34th in market share revenue by Gartner for European consulting and system integration services in 2007, with €359 million. ERP services are a component of this market. Infosys grew its consulting and system integration service revenue by 33.05% in 2007 over 2006.

#### Strengths

- Infosys European ERP clients have taken benefit from the provider's outcome-based pricing (that is, cost plus: a fixed price plus some share of benefits) approach to contracts; its ERP customers in Europe were satisfied with the quality of ERP service delivered.
- European ERP IT services clients cited total cost of services as a particular strength for Infosys.
- Infosys is a viable option for customers looking for an ERP IT services provider in several countries in the region, notably, the U.K., France, Switzerland and Germany.

#### Cautions

- Infosys was disqualified from some competitive ERP IT services bids in Europe because some of its team members did not meet expectations or did not appear to be the right fit for the buyers' organizations.
- Infosys has not been effective at articulating its innovation to its European clients.
- Some of Infosys' European ERP IT services customers continue to mention cultural fit and lack of industry expertise as occasional challenges when dealing with Infosys.

#### Lawson

Lawson is ranked 79th in market share revenue by Gartner for European consulting and system integration services in 2007, with €118 million. ERP services are a component of this market. Lawson grew its consulting and system integration service revenue by 1.14% in 2007 over 2006.

#### Strengths

- Customers in Europe rated highly Lawson's implementation and system integration skills and its total cost of contracted services.
- Because Lawson has ERP consulting and system integration resources concentrated in various Western European countries, the vendor remains a viable option as an ERP service provider, particularly for customers in the Nordic region.
- Relatively few system integrators in Europe have skills related to Lawson ERP solutions. As a result, Lawson is in a strong position to gain ERP service engagements for implementation, optimization and upgrades for Lawson solutions in Europe.

#### Cautions

- Lawson was disqualified from some ERP bids in Europe because of its lack of technical ability, and some clients were less satisfied with the provider. Some clients cited issues with Lawson's expertise in enterprise asset management, its product independence, its partnerships with alliance partners, its change management skills and its service-oriented architecture design expertise.
- Lawson continues to focus exclusively on deploying Lawson ERP software. As a result, European customers sometimes struggle to incorporate Lawson as part of a wider portfolio of best-of-breed IT services needed to deliver a multivendor ERP software and IT environment.
- Some Lawson clients in Europe cited challenges for Lawson to deliver its ERP projects on time and on budget.

#### Logica

Logica is ranked fourth in market share revenue by Gartner for European consulting and system integration services in 2007, with €2,748 million. ERP services are a component of this market. Logica grew its consulting and system integration service revenue by 2.39% in 2007 over 2006.

#### Strengths

- Logica's ERP IT services clients in Europe were generally satisfied with the provider, and Logica has a loyal client base.
- Logica customers express a high degree of cultural fit and alignment, owing in part to solid local presence built through integrated acquisitions (for example, Unilog in France and WM-data in the Nordic countries) creating local presence.
- European Logica clients cite project management skills in particular as a strength.

#### Cautions

- Logica's ERP engagements in Europe are dominated by fixed-price-style agreements. Business-outcome-based, gain share agreements, such as all fees based on client benefits, represent a contracting/pricing style that the provider offers but has not yet been signing with many of its European ERP clients.
- Perceived lack of methodology was the most frequently named reason why Logica was disqualified in some competitive-bid situations for ERP IT services in Europe.
- Some European Logica clients cite lack of industry expertise and limited change management skills as particular weaknesses of Logica.

## Oracle

Oracle Consulting is ranked 18th in market share revenue by Gartner for European consulting and system integration services in 2007, with €786 million. ERP services are a component of this market. Oracle grew its consulting and system integration service revenue by 11.90% in 2007 over 2006.

### Strengths

- Oracle Consulting's extensive functional and technical capabilities naturally establish Oracle as a leader in upgrade and implementation methodology for Oracle products.
- Oracle Consulting's strength is assisting Oracle software clients in the transformation of business and eventually maximizing economic benefits from the use of Oracle software solutions.
- Oracle Consulting is a critical element of Oracle's solution, and some Oracle Consulting customers continue to cite the company's strong focused technical skills, change management and focused business consulting resources as a strength.

### Cautions

- Some buyers cited lack of methodology knowledge and lack of program management capabilities as factors in disqualifying Oracle in some of its ERP bids in Europe.
- Oracle Consulting's focus is singularly on deployment and ongoing use of all the products in the Oracle ecosystem. Consequently, some European clients sometimes struggle to incorporate Oracle Consulting as part of a wider portfolio of best-of-breed IT services choices for all IT consulting and system integration needs required in their IT environment.
- Oracle Consulting's challenges are its lack of some process knowledge (embedded in applications), its limited capabilities to manage complex, large multivendor ERP projects and its continued limited country presence in Europe.

## SAP

SAP is ranked eighth in market share revenue by Gartner for European consulting and system integration services in 2007, with €1,459 million. ERP services are a component of this market. SAP Consulting grew its professional services revenue by 3.90% in 2007 over 2006.

### Strengths

- SAP's business and IT consulting strength is assisting its software clients in the transformation of business and maximizing economic benefits from the use of SAP software solutions.
- SAP Consulting's name recognition across Europe in ERP software and its IT services business continue to position SAP Consulting as a viable option for inclusion on longlists for SAP ERP consulting and integration deals in the region.
- SAP skills are in high demand and low supply in Europe, which positions SAP-branded consulting initially high in buyers' competency perception, and SAP continues to operate its Business Consulting division in Europe, enabling the software vendor to offer business consulting and implementation services, including for its own ERP solutions.

### Cautions

- In some ERP bids in Europe, SAP Consulting was disqualified for its lack of industry experience and poor response to the RFP and presentation of its capabilities.
- SAP Consulting continues to have some gaps in its service delivery across the region. According to Gartner estimates, more than 60% of SAP's European consulting and integration service revenue comes from Germany, Switzerland and Austria. For customers looking for ERP services outside of these countries, SAP is still not necessarily a strong contender.
- SAP Consulting's focus is singularly on deployment and ongoing use of all the products in the SAP ecosystem. Consequently, some European clients sometimes struggle to incorporate SAP Consulting as part of a wider portfolio of best-of-breed IT services choices for all IT consulting and system integration needs required in their IT environment.

## Siemens IT Solutions and Services

Siemens IT Solutions and Services (SIS) is ranked 11th in market share revenue by Gartner for European consulting and system integration services in 2007, with €1,328 million. ERP services are a component of this market. SIS grew its consulting and system integration service revenue by 1.97% in 2007 over 2006.

### Strengths

- SIS clients cited the provider as flexible and willing to quickly adopt changing client requirements for contractual terms, scope and project timelines.
- SIS can rely on a well-known brand name in Europe and resides in a large-enterprise structure with the financial strength and business network of the Siemens group. This makes SIS a viable ERP IT services provider in Europe for projects with a requirement of a strong local-business acumen.
- Siemens is considered an innovative company in industry, healthcare and energy domains and among the leaders in patent filing in Europe. Therefore, SIS clients can leverage the SIS strength in ERP IT services in such focused industry domains.

### Cautions

- SIS is not considered to be a leading provider of business consulting capabilities relating to ERP in Europe.
- SIS captive business with the Siemens group represents 29% of SIS's revenue and occasionally lets SIS appear as less focused on non-Siemens clients.
- SIS had demonstrated investments to further standardize and industrialize its ERP IT services delivery, which kept the provider busy managing internal change.

## T-Systems

T-Systems is ranked seventh in market share revenue by Gartner for European consulting and system integration services in 2007, with €1,677 million. ERP services are a component of this market. T-Systems grew its consulting and system integration service revenue by 2.84% in 2007 over 2006. T-Systems announced in

November 2008 the reallocation of its small and midsize customer base and associated revenue to Deutsche Telekom, its parent company (T-Home business unit). This change in strategy is not reflected in this Magic Quadrant.

### Strengths

- T-Systems continues to be the leading information and communication technology service provider in terms of revenue in Germany as estimated by Gartner and relies on strong name recognition. Therefore, T-Systems is a frequently evaluated and selected provider in Germany. Its strong heritage in network connectivity services also benefits the company.
- T-Systems is strong in the automotive industry in Germany and relies on its long-standing relationships with automotive customers, enabling the provider to bring innovative solutions to this customer set.
- T-Systems has strong SAP skills and operates SAP's on-demand platform for its global clients. This makes T-Systems a viable option for SAP services, specifically in Germany.

### Cautions

- Some clients disqualified T-Systems from ERP deals in Europe because of its poor response to RFPs or its presentation of capabilities.
- Clients' feedback on "ideal ERP partner" for T-Systems was below average.
- T-Systems has limited ERP IT services delivery capabilities to source from outside of Austria, Germany, France, Switzerland and Spain. T-Systems therefore relies on partnerships (Cognizant) to deal with complex international ERP IT services deals, for example, in North America or in the Asia/Pacific region.

## Tata Consultancy Services

Tata Consultancy Services (TCS) is ranked 22nd in market share revenue by Gartner for European consulting and system integration services in 2007, with €659 million. ERP services are a component of this market. TCS grew its consulting and system integration service revenue by 30.02% in 2007 over 2006.

### Strengths

- TCS European clients cited their prior experience or previous relationship with TCS as the strongest factor in their decision to choose TCS. Customers were generally satisfied with the provider.
- ERP IT services clients cited vendor partnerships (especially SAP) and total cost of service as positives for TCS.
- TCS customers continuously expressed a high degree of loyalty to TCS.

### Cautions

- TCS's European ERP clients suggest that TCS needs to improve its perception as a strategic partner to be qualified in some key competitive bids.
- Feedback from some European ERP IT services customers suggests that TCS needs to improve, particularly its change management skills.
- TCS needs to accelerate its thought leadership in ERP and acquire critical functional skills, such as business process consulting to drive consulting and execution.

## Wipro Technologies

Wipro is ranked 35th in market share revenue by Gartner for European consulting and system integration services in 2007, with €356 million. ERP services are a component of this market. Wipro grew its consulting and system integration service revenue by 36.22% in 2007 over 2006.

### Strengths

- Wipro's European ERP IT services clients cited their prior experience or previous relationship with Wipro as the strongest factor in the decision to choose Wipro; clients were generally satisfied with the provider.
- Wipro has a strong presence of its European ERP service business in the U.K.; this makes Wipro a viable ERP service provider option in this country.
- Wipro's strength in Europe is its in-depth vertical-industry skills in the utilities industry.

### Cautions

- Wipro's ERP IT services engagements in Europe are frequently fixed-price-style agreements. Business-outcome-based gain share agreements (all fees based on benefits) represent a small portion of Wipro's ERP contract signings in Europe.
- Wipro was disqualified from some competitive ERP IT services bids in Europe because the ERP project team members put forth did not meet expectations or did not appear to be the right fit for the buyers' organizations.
- Some European clients rated Wipro below average as representing the ideal service provider when considering Wipro for similar ERP engagements.

## Vendors Added or Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor appearing in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. This may be a reflection of a change in the market and, therefore, changed evaluation criteria, or a change of focus by a vendor.

## Evaluation Criteria Definitions

### Ability to Execute

**Product/Service:** Core goods and services offered by the vendor that compete in/serve the defined market. This includes current product/service capabilities, quality, feature sets and skills, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

**Overall Viability (Business Unit, Financial, Strategy, Organization):** Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

**Sales Execution/Pricing:** The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

**Market Responsiveness and Track Record:** Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

**Marketing Execution:** The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word-of-mouth and sales activities.

**Customer Experience:** Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

**Operations:** The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

### Completeness of Vision

**Market Understanding:** Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

**Marketing Strategy:** A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the Web site, advertising, customer programs and positioning statements.

**Sales Strategy:** The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services, and the customer base.

**Offering (Product) Strategy:** The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

**Business Model:** The soundness and logic of the vendor's underlying business proposition.

**Vertical/Industry Strategy:** The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

**Innovation:** Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

**Geographic Strategy:** The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.