

Magic Quadrant for ERP Service Providers, North America

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The Magic Quadrant for ERP service providers in North America presents the vendor landscape at this point in time for 23 companies considered for ERP initiatives.

WHAT YOU NEED TO KNOW

The Magic Quadrant for ERP service providers in North America 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 a request for information or request for proposal, 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 for 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.

Market Overview

In 2008, net new ERP software license sales to customers in regions with high IT penetration, such as the U.S., U.K., Western Europe and Japan, continued to grow. Other regions, such as China, India and the Middle East, continued to produce new implementation-based opportunities for system integrators as IT penetration grew. 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.

Specifically for North America in 2009, we expect the emphasis on optimizing existing investments and improving IT operational effectiveness to continue. And the need to bring in customer and supplier issues is beginning to erode the definition of ERP as purely the management of enterprise resources.

The market is also beginning to feel the effects of underlying technological change and change in users' deployment preferences. Software as a service and the cloud-based model are still to a degree peripheral to "core" ERP, but their presence is being felt, if only in prompting clients to ask their professional services partners about the emergence of an alternative to traditional approaches. A flat-out denial of the relevance of these new models is an increasingly inappropriate response, and thus the need to provide a "road map" of the likely migration toward these new management models is becoming more and more apparent. If nothing else, the emergence of alternative models is producing a catalyst for buyers and sellers alike to look again at the benefits of existing investments and question their relevance. As industries transform in a dynamic macroeconomic environment, the opportunity for large-scale change will be present.

Consulting and system integration companies are addressing these market changes and helping clients prioritize the issues in making smart choices in their ERP projects. The companies evaluated here have established solid processes for their own businesses for consultant "resourcing" and training, for implementation methodologies, and for service delivery.

Methodology and Process

Gartner's Magic Quadrant research process involves primary research with direct client references supplied by ERP service providers, as well as each service provider's representation of its own 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 client 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.

Figure 1. Magic Quadrant for ERP Service Providers, North America



Market Definition/Description

This Magic Quadrant focuses on the ERP solution services market (consulting, system integration and implementation) for North America. 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

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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 is: “The business value of IT is always, always, 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 clients in North America (U.S. and Canada)

- A minimum of \$70 million (estimated for fiscal year 2008) in enterprisewide ERP service revenue (excluding outsourcing and managed-service revenue) in North America

Qualitative Criteria

- Overall market interest in and visibility of the provider, determined by serious consideration for selection from enterprise clients
- Gartner analysts’ interactions with enterprise buyers, 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 North American 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, North America contains one vendor that was not included in the last Magic Quadrant in the series: EDS.

Dropped

Satyam has been dropped from the Magic Quadrant for ERP Service Providers, North America because of material concerns about its business. Gartner has not seen any evidence that the quality of IT service delivery from Satyam has suffered; however, we recommend added due diligence when evaluating and selecting the company for ERP service projects. See Gartner’s evaluation in “Satyam Issues Degrade Client and Industry Confidence,” “Prepare for Aftereffects of Satyam Accounting Scandal” and “What the Satyam Debacle Means for the Indian IT Industry.”

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 compete in and serve the defined market. This category includes current service capabilities, quality, feature sets and skills. 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 and 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 the service provider’s practice area profile (for example, financials, resources, utilization and attrition) and analysis of strategy and organization.

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	

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

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	standard
Innovation	standard
Geographic Strategy	standard
Source: Gartner	

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 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 industry segments, including subvertical 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.

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. Attributes of a leader include its ability to provide a market-leading vision and applied innovation that lead clients to economically viable competitive advantages with differentiated business value.

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, client 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 make it a niche market player.

Vendor Strengths and Cautions

Accenture

Accenture is ranked sixth in market share revenue by Gartner for North America consulting and system integration services in 2007, with \$4,492 million. This reflects revenue growth of 9.47% for 2007 over 2006. ERP services are a component of this market.

Strengths

- The quality, quantity and longevity of Accenture’s industry, functional and technical skills, allied to its matrix management model, continue to make it a leading candidate for large, complex projects for highly demanding customers.
- Accenture’s emphasis on creating and maintaining thought leadership regarding the intersection of technology and business continues to differentiate it from most of its competition.
- Accenture operates its subsidiary Avanade to service clients with ERP needs that rely on the Microsoft product set.
- Accenture continues to invest heavily and maintain strong positioning in two critical areas: global delivery models (use of “nearshore” and offshore resources) and strong partnering relationships with the leading technology vendors.

Cautions

- Accenture’s interest in maintaining its differentiated business value positioning means customers looking for cost-driven ERP deployments need to be more explicit with their needs.
- Accenture clients in some instances cite the desire to achieve more cost reductions through higher penetration of global delivery capabilities for specific tasks and resources that are priced at a premium compared with the market for their subject matter expertise.
- Accenture has launched targeted sales programs, as well as prescriptive approaches tailored to the nontraditional Accenture client base. Midmarket clients (defined by Gartner as below \$1 billion in revenue) need to apply additional due diligence because solutions oriented at this segment are still a “work in progress” for Accenture.

BearingPoint

BearingPoint is ranked 10th in market share revenue by Gartner for North America consulting and system integration services in 2007, with \$1,688 million. This reflects a 3.78% contraction in revenue for 2007 compared with 2006. ERP services are a component of this market.

Strengths

- BearingPoint has a brand that endures and reflects the business consulting strength of its offerings for ERP as a firm that offers project management and organizational change management for ERP implementations.
- BearingPoint continues to have a presence in public-sector contracts that require ERP services and invests in its government practice to develop solutions for this client base.

Cautions

- BearingPoint clients will find limited capabilities across the breadth of commercial and financial services industries that have been significant areas of business for the company. Outside of the public sector, BearingPoint presence and capabilities are limited to defined segments chosen by the company.
- BearingPoint limits its investments in service delivery options for the growing breadth of services that clients desire and continues to have gaps in offshore capabilities and the global delivery model.
- BearingPoint continues to experience turnover that is a concern for prospective clients because it may present staffing challenges for larger ERP projects.

Capgemini

Capgemini is ranked 12th in market share revenue by Gartner for North America consulting and system integration services in 2007, with \$1,477 million. This reflects revenue growth of 20.36% for 2007 over 2006. ERP services are a component of this market.

Strengths

- Capgemini’s industry penetration in the markets in which it competes, its interest in and commitment toward leading-edge technology, and its existing client relationships provide a continuing foundation for consulting service success in ERP, particularly Oracle and SAP.

- Capgemini clients cite the ERP methodology as complementary to consensus building, which highlights the often overlooked “soft” skills of consultants in cultural adaptability, partnering and commitment toward the project.
- Capgemini clients cite satisfaction with project management, staff reliability and technology capabilities, which indicates a focus on consistent delivery.

Cautions

- Capgemini’s relationship with the software vendors as partners is not the differentiator it has been for the ERP practices for solution innovation.
- Capgemini clients sometimes cite challenges in staffing when they desire high levels of subject matter expertise and occasionally results in mismatched expectations.

CedarCrestone

CedarCrestone is a privately held boutique professional services firm focusing predominantly on the PeopleSoft portfolio from Oracle. It generated approximately \$100 million of consulting and system integration service revenue in 2007. ERP services are a major component of CedarCrestone offerings.

Strengths

- CedarCrestone has a strategy focused on being a specialized supplier of skills related to PeopleSoft applications for the healthcare, higher education, public-sector and commercial segments. This positioning combined with a solid track record has seen it carve out a defined area of expertise.
- CedarCrestone strategy allows it to have scale in terms of resources, technology capability and client references to be a credible provider although its absolute size is smaller than other top-tier providers.
- CedarCrestone clients cite a strength in the seasoned consultants the company develops in areas such as business acumen and product knowledge.

Cautions

- CedarCrestone clients sometimes cite integration across process areas, as well as the use of subcontractors, as challenges in projects.
- CedarCrestone’s global delivery offerings for commercial clients are a limiting factor in its scale for projects that could benefit from the cost structure or standardization of delivery that global strategy provides.
- Although CedarCrestone acquired E2E Consulting in 2008 to increase service-oriented architecture solutions, it must continue to build critical mass and depth in resources to service new client segments for additional industries or greater geographic coverage as necessary.

CGI

CGI is ranked 13th in market share revenue by Gartner for North America consulting and system integration services in 2007, with \$1,351 million. This reflects revenue growth of 12.21% for 2007 over 2006. ERP services are a component of this market.

Strengths

- CGI is a major full-service IT services provider in Canada and has a growing presence in the U.S. It is increasingly expanding its project-based ERP service offerings, which complement its heritage as an infrastructure and custom application service provider, and this has created offerings with a good balance of technology and process capability.
- CGI has a strong presence in the financial services, telecom and utility industries, in addition to its key public-sector presence; knowledge of this market still provides the foundation for its ERP practice. CGI provides its own ERP products (AMS Advantage and Momentum) and its proprietary software solutions as a differentiator.
- CGI has established itself as a strategic partner with a range of large long-standing clients, demonstrating accountability for solution success.

Cautions

- CGI is a relatively small provider of SAP and Oracle professional services, given its overall size in IT professional services with basic capabilities for these products.
- CGI has background in public-sector ERP, which relies less on global delivery; therefore, some client might consider it is less able to support commercial customers looking to take advantage of global labor rate differentials.
- CGI clients in some instances cite resourcing inconsistencies in staff domain skills and in availability of staff in technology or project management positions.

Ciber

Ciber is ranked 33rd in market share revenue by Gartner for North America consulting and system integration services in 2007, with \$560 million. This reflects revenue growth of 3.76% for 2007 over 2006. ERP services are a component of this market.

Strengths

- Ciber has been growing with its national practice capabilities in Lawson, Oracle and SAP service with growing market demand focusing on the technology and integration necessary to deliver client value from the applications.
- Ciber has a model that provides a footprint in many cities establishing local presence with the technology capabilities necessary to service large and midmarket clients.
- Ciber’s expertise is evident in education and state and local government, providing differentiation in these vertical-market segments with an understanding of the processes and challenges required in implementing an ERP system.

Cautions

- Ciber has user training services but is limited in business consulting and organizational change management offerings required of complex ERP engagements.
- Ciber clients sometimes cite limits in the ability of the company to resource effectively in an engagement because of staff turnover, inconsistency in staff knowledge or more-limited capability in consultative areas.
- Ciber’s investment in next generation ERP services is limited, resulting in global delivery offerings focused on application management and limited in capabilities for new ERP products.

Cognizant

Cognizant is ranked 18th in market share revenue by Gartner for North America consulting and system integration services in 2007, with \$1,009 million. This reflects revenue growth of 46.98% for 2007 over 2006. ERP services are a component of this market.

Strengths

- Cognizant's commitment to ERP software products results in investments for greater mastery in the implementation of SAP and Oracle for key accounts and selected industry sectors.
- Cognizant has a delivery model that provides strong price/performance through a methodology that continues to improve, demonstrating results that make the company a competitive provider for technical services in ERP engagements.
- Cognizant has a number of active engagements for joint product development and testing with SAP in India. This serves as an opportunity for insight into new product introductions.

Cautions

- Cognizant has limited differentiation in ERP process domains and has yet to be a recognized provider distinctively called on for the broad capabilities demanded across all types of ERP projects.
- Cognizant clients indicate that in some instances it can experience challenges in resourcing on engagements when the complexity of the skill set stretches its bench or when requirements for local presence go beyond its existing presence for ERP.
- Cognizant clients sometimes cite struggles with project management and business acumen when a high proportion of global delivery is used in ERP engagements.

CSC

CSC is ranked fifth in market share revenue by Gartner for North America consulting and system integration services in 2007, with \$5,464 million. This reflects revenue growth of 4.87% for 2007 over 2006. ERP services are a component of this market.

Strengths

- CSC is a broad, global, full-service, IT professional services supplier that brings experience to the core technology areas of ERP and a long history of supporting a wide variety of technology for customers.
- CSC is a conservative, pragmatic culture, in part reflecting its heritage in working with many federal and public-sector organizations, which presents a good match with organizations comfortable with this approach.
- CSC clients indicate that CSC's senior consultants are well-rounded and knowledgeable, understand the business issues clients face, and have strong project management skills.

Cautions

- CSC is continuing its revitalization project to refresh its brand, its skill sets, and its go-to-market approaches. CSC is moving to become a more-global provider to support customers' requirements and is still a collection of more-independent, single-country or regionally focused businesses.
- CSC is investing, out of competitive necessity, in making its ERP offerings more industry-focused; historically it has had industry knowledge in some parts of its portfolio but not others.

Prospective customers that require a supplier to have in-depth knowledge of ERP solutions for their particular industries should undertake careful due diligence to ascertain if CSC is a good fit in this context.

Deloitte

Deloitte is ranked seventh in market share revenue by Gartner for North America consulting and system integration services in 2007, with \$2,911 million. This reflects revenue growth of 14.36% for 2007 over 2006. ERP services are a component of this market.

Strengths

- Deloitte has established a recognized brand in business consulting that results from credible business process understanding for complex ERP engagements.
- Deloitte clients indicate high satisfaction with its ERP services for offerings designed to address management concerns in finance and accounting or human capital for issues requiring re-engineering of these business processes and remark that these offerings differentiate the company.
- Deloitte established early-mover position in maintaining business consulting, technology capabilities and advisory services that address a client's concerns for financial risk or operational risk related to existing ERP systems.

Cautions

- Deloitte clients and prospects can find barriers to working with the firm when there is an existing audit relationship as mandated by restrictions on the audit/attest industry.
- Deloitte clients indicate that value can sometimes be difficult to realize when projects are premised on technology challenges exclusively and the consulting services offered by the company are not leveraged.
- Deloitte has been slow to add leadership in emerging technologies to its consulting breadth, limiting its offerings in emerging areas compared with its peers in the ERP services market.

EDS

EDS is ranked eighth in market share revenue by Gartner for North America consulting and system integration services in 2007, with \$2,765 million. This reflects revenue growth of 1.15% for 2007 over 2006. ERP services are a component of this market. EDS was acquired by HP in 2008, and the component of HP that has merged into EDS is not included here.

Strengths

- EDS has re-entered the ERP services market with a recognized brand, making it a strong competitor that has grown a practice with scale and scope, quickly recruiting primarily from an existing resource base, as well as recruiting in the marketplace for the appropriate experts in Oracle and SAP core services.
- EDS's practice for ERP is based on services for technology rationalization, consolidation and updating of core ERP process areas across a broad set of industries, primarily with clients with which the company has an existing relationship, including for managed application services.

- EDS support from its software vendor partners is unique in the market, particularly the commitment from SAP to ensure that the company has methodologies and tools to deliver SAP projects reliably.

Cautions

- EDS is evolving into a consulting-driven organization, requiring changes from the culture, structure and process of an outsourcing resource base to those of a consulting resource pool. The transition can present challenges in ensuring consistent delivery excellence.
- EDS systems for managing a consulting organization are in a development stage and can present challenges in effectively balancing key operational metrics to execute effective project management.

Fujitsu

Fujitsu is ranked 30th in market share revenue by Gartner for North America consulting and system integration services in 2007, with \$607 million. This reflects revenue growth of 0.26% for 2007 over 2006. ERP services are a component of this market.

Strengths

- Fujitsu has established core ERP offerings for Oracle and SAP products and is focused on servicing midmarket clients that are expanding and optimizing their enterprise application systems.
- Fujitsu has ERP practices that has achieved scale and includes global delivery and standardized methodology that leverages a complementary portfolio of business consulting and business intelligence appropriate for its target clients.
- Fujitsu has a consulting services group that benefits from a recognized technology brand and an association with the greater Fujitsu that is growing its solution capabilities for business process services.

Cautions

- Fujitsu experiences staff attrition affecting bench depth particularly as the company moves to include higher proportions of global delivery in its projects.
- Fujitsu investments by the consulting services group in innovation for clients are limited, relying on developments from software partners and other Fujitsu segments, making the ERP practice a follower in next-generation solutions.

HCL Technologies

HCL Technologies is ranked 37th in market share revenue by Gartner for North America consulting and system integration services in 2007, with \$466 million. This reflects revenue growth of 33.58% for 2007 over 2006. ERP services are a component of this market. In December 2008, HCL acquired Axon Global, which will be operated as the subsidiary HCL Axon to strengthen capabilities in SAP consulting and system integration services.

Strengths

- HCL continues to invest in growing both its Oracle capabilities and its SAP capabilities for offerings that rationalize, consolidate and upgrade a client's ERP systems.
- HCL Axon is the subsidiary created from a recent acquisition that marks an aggressive move to add scale in its SAP business consulting and technology services.

- HCL has established early-mover positioning in offerings that optimize both ERP applications and infrastructure as part of a client's enterprisewide strategy to run its systems more effectively.
- HCL continues to industrialize its ERP practice, resulting in cost benefits through the use of offshore resources and selective technical skills.

Cautions

- HCL's value proposition can be price-driven in some instances, limiting the alignment of its offerings between demands of the business and IT needs.
- HCL clients in some instances view it as a tactical provider of specific technical skills for core ERP products focused on functional process depth for packaged applications, particularly in Oracle.

Hexaware

Hexaware is ranked 83rd in market share revenue by Gartner for North America consulting and system integration services in 2007, with \$97 million. This reflects revenue growth of 29.78% for 2007 over 2006. ERP services are a component of this market.

Strengths

- Hexaware is focused on human capital management processes and the appropriate technologies necessary to assemble these solutions.
- Hexaware is developing automated testing offerings that complement its ERP practice with a particular focus on the implementation and management of Oracle-PeopleSoft products.

Cautions

- Hexaware has limited local presence stemming from a delivery model that focuses on India-based resources, which means clients have few options for business consulting and re-engineering skill sets in more-complex ERP engagements.
- Hexaware has limited resources to grow its capabilities to address a larger number of core ERP domains.
- Hexaware is more a staffing provider for technology projects which results in less risk to the company for more-critical ERP engagements.

Hitachi Consulting

Hitachi Consulting is ranked 42nd in market share revenue by Gartner for North America consulting and system integration services in 2007, with \$332 million. This reflects revenue growth of 29.78% for 2007 over 2006. ERP services are a component of this market.

Strengths

- Hitachi Consulting acts as a boutique company and has developed delivery capabilities to serve a spectrum of projects in both the midmarket and large-company market segments focusing on enhancing core ERP functionality through specific process solutions.
- Hitachi Consulting clients indicate the company has a working style that allows for greater flexibility to respond to changes in client priorities.

- Hitachi Consulting solutions focus on value-added components of a process and contribute to extending the breadth of ERP software, including Microsoft, Oracle and SAP, focusing its capabilities on project services for supplier management and customer management.

Cautions

- Hitachi Consulting has limited scale for core ERP projects requiring significant labor-intensive initiatives, both in terms of national practice and for staffing low-cost resources (from offshore locations).
- Hitachi Consulting has limited business consulting skills depth for core ERP functions, such as financial management and human capital management.
- Hitachi Consulting has limited breadth of IT service offerings, resulting in few bundled offerings across the spectrum of IT services.

IBM

IBM is ranked second in market share revenue by Gartner for North America consulting and system integration services in 2007, with \$7,019 million. This reflects growth of 5.68% for 2007 over 2006. ERP services are a component of this market.

Strengths

- Of all providers profiled in this Magic Quadrant, IBM has the most extensive combination of technical and process skills across a large number of industries. As such, IBM is a viable candidate for the largest array of ERP projects.
- IBM clients consistently cited its abilities to develop a partnering relationship and to provide effective project management as some of its major strengths.
- IBM has continued to make significant investments in intellectual property to improve the “time to outcome” in its ERP deployments. It has also invested heavily in developing global delivery capabilities to address the continued high demand for optimization of ERP engagements in global sourcing mode.

Cautions

- IBM clients often cite variability in resourcing of projects (getting the right skills at the right time), which has led to struggles in meeting client expectations including knowledge transfer.
- IBM’s extensive organization, with the potential for a client to leverage several different practice areas (including ERP), is often one reason that clients seek out IBM. However, client feedback indicates that IBM’s ability to demonstrate the benefits of the total breadth of the company is sometimes lacking.
- IBM’s investments in accelerators and industry templates have been substantial; however, traction with clients has not yet been proved, and examples of significant reductions in the time to market of solutions are limited.

Infosys Technologies

Infosys is ranked 17th in market share revenue by Gartner for North America consulting and system integration services in 2007, with \$1,082 million. This reflects revenue growth of 32.44% for 2007 over 2006. ERP services are a component of this market.

Strengths

- Infosys has continued to push into the ERP services market quite successfully, and clients cite the company’s ability to present a breadth of options across the IT services spectrum as an important selection factor.
- Infosys has a blend of implementations that include large complex engagements, which strengthens its enterprise application portfolio expertise, vertical-market experience and organizational knowledge in ERP.
- Infosys has successfully identified and acted on the continuing market shift toward “architected” solutions involving packages, composite application options, integration and various hybrid solutions.

Cautions

- Infosys’ powerful marketing and business development activity and accompanying high growth has faced some challenges with regard to appropriate staffing of personnel (including lag times, inexperienced personnel and project-based attrition).
- Infosys clients sometimes say that price points for specific skills are relatively higher than expectations when resourcing mismatches occur due to just-in-time staffing challenges.
- Although Infosys continues to expand aggressively, some clients still cite gaps in critical mass and depth with regard to functional and process skills knowledge.

Intelligentgroup

Intelligentgroup is a publicly traded company and boutique professional services firm focused on major enterprise application packages of SAP and Oracle software. It generated \$145 million of consulting and system integration services in 2007. ERP services are a major component of Intelligentgroup’s offerings.

Strengths

- Intelligentgroup is a boutique provider of staffing and project services with a focus on technology services for ERP deployment of packaged applications, maintenance and specific complementary service areas (such as testing or infrastructure optimization for ERP environments).
- Intelligentgroup has a history of investment in tools (for optimization, upgrades and acceleration of implementation), which serves as the cornerstone of its ERP offerings strategy and is often the reason clients in life sciences, high technology and manufacturing hire the firm.
- Intelligentgroup focuses on resource development that complements packaged application technical skills with a mastery of its methodology, which relies on its tools to provide consistent delivery and allows competitive rates.

Cautions

- Intelligentgroup clients express the need for more business consulting skills for advice beyond more-technical areas of ERP implementations that are focused on efficiency-based improvements in their ERP environments.
- Issues common to delivery from an offshore model continue with Intelligentgroup, including communication challenges with assigned staff and resourcing issues related to attrition.

- Intelligroup is moving up the experience curve to bring together the benefits of its extensive experience, its knowledge of client issues, its internal assets (for example, tools and intellectual property), and its global delivery capabilities to create the scale necessary for larger, complex ERP projects.

L&T Infotech

L&T Infotech is ranked 74th in market share revenue by Gartner for North America consulting and system integration services in 2007, with \$121 million. This reflects revenue growth of 175.16% for 2007 over 2006. ERP services are a component of this market.

Strengths

- L&T Infotech is expanding its established presence in the suite of Oracle and SAP products through a price-competitive strategy coupled with a commitment to quality and client service.
- L&T Infotech provides core ERP services for technology-centric requirements to rationalize and manage technology more effectively and simplify clients' cost of ownership through a value-engineering approach.

Cautions

- L&T Infotech clients indicate in some instances the desire for more local presence to supplement its global delivery model to enhance staffing on ERP project work.
- L&T Infotech needs to expand its project services beyond cost-competitive offerings and balance its application outsourcing capabilities, which are highly price-driven.

Lawson

Lawson is ranked 62nd in market share revenue by Gartner for North America consulting and system integration services in 2007, with \$185 million. This reflects revenue growth of 9.93% for 2007 over 2006. ERP services are a component of this market.

Strengths

- Lawson provides high-quality implementation and deployment services focused on its products. Clients comment favorably on its initial business process assessments, deployment methodology and preconfigured industry solution accelerators.
- Lawson Consulting clients have cited positive feedback in the company's ability to demonstrate a high level of accountability for project success.
- Lawson has well-developed relationships with a range of technology providers and other service providers to be able to serve customers (as a prime contractor or subcontractor) looking for assistance with solutions broader than Lawson products.

Cautions

- Lawson Consulting is a boutique provider in the market, which limits the scale of resource strength, and clients sometimes cite challenges in resourcing for subject matter experts on their ERP projects.
- Lawson will be challenged to sustain investment with regard to the growth of its consulting practice, given that this investment will be tied to its success in software application markets.

- Lawson is challenged to support customers with complex heterogeneous application environments; Lawson Consulting clients express a desire for greater depth of resource skills and experience and say that the company is challenged to support large complex, multinational environments.

Oracle

Oracle Consulting is ranked ninth in market share revenue by Gartner for North America consulting and system integration services in 2007, with \$1,808 million. This reflects revenue growth of 11.49% for 2007 over 2006. ERP services are a component of this market.

Strengths

- Oracle has strengthened its ability over the last two to three years to provide professional services related to its own expanded Oracle product set.
- Oracle Consulting's clients continue to provide positive feedback in the areas of technical skills, experience level of personnel on projects, professionalism and commitment. They say that Oracle Consulting has significant bench strength that can deal with multiple ERP challenges.
- Oracle has increased its service capabilities in industry-specific business process knowledge and increasingly leads with a business solution approach rather than simply the implementation of technology and applications.

Cautions

- Oracle Consulting has a continuing challenge to more fully and completely update tools, accelerators and methodologies to assist clients deploying new products that become available because of Oracle's application acquisition strategy. Gartner expects continued investment in integration activities will incrementally help clients derive the full value of the acquisition strategy.
- Despite Oracle Consulting's various investments, enterprise clients considering Oracle Consulting indicate they are primarily concerned with the company's ability to demonstrate depth in project management and change management.
- Oracle Consulting's clients cite cost structures, turnover and higher price points as issues. The increasing use of global delivery resources helps it to offer alternatives to team composition that clients do not yet fully see.

SAP

SAP Consulting is ranked 14th in market share revenue by Gartner for North America consulting and system integration services in 2007, with \$1,207 million. This reflects revenue growth of 12.63% for 2007 over 2006. ERP services are a component of this market.

Strengths

- SAP Consulting continues to be a sought-after technical resource for SAP products and participates in some of the most strategic efforts that are put out to bid in the market.
- SAP Consulting clients often choose to employ a best-of-breed service provider model to ensure SAP Consulting is an integral part of the implementation in concert with its "ecosystem" partners.

- SAP Consulting is developing industry expertise in its targeted industries. In these industries, SAP is developing process-oriented capabilities that align with its products, which enable the consulting group to have a more strategic relationship with its customers, particularly for new product introductions.

Cautions

- SAP Consulting is driven by the company's product strategy with respect to functionality and road map, limiting its breadth of expert areas in the entire ERP market, as cited by some clients.
- SAP Consulting clients indicate that in some instances, the company has a difficult time navigating the complexities of next-generation strategies; rather, clients indicate that they relegate the use of SAP Consulting to augmenting resources for deployment after critical decisions have been made and strategy has been determined.
- SAP Consulting clients sometimes cite inflexibility with regard to contracting and pricing for ERP services.

Tata Consultancy Services

Tata Consultancy Services (TCS) is ranked 11th in market share revenue by Gartner for North America consulting and system integration services in 2007, with \$1,554 million. This reflects revenue growth of 26.27% for 2007 over 2006. ERP services are a component of this market.

Strengths

- TCS has continued to make significant progress in developing a strong and capable ERP practice, and clients indicate satisfaction with commitment to the project as important to its success.
- TCS has parlayed its positioning as the largest offshore pure-play provider in a broad range of IT and business process services to strengthen its alliance strategy and channel leverage with the technology vendors.
- TCS has increased parity in its relationship with both Oracle and SAP relative to other leading service providers in terms of access to technology road maps, joint development teams, and relationships with senior executives.

Cautions

- Some clients suggest TCS should exercise more flexibility in change control structure while engaged in fixed-price projects.
- TCS's large diversity of projects — including size, scope, client profile and technology — combined with its growth rate, leads some clients to express concern with TCS's responsiveness in addressing skill mismatch in a project while managing its growth opportunity.
- TCS leads its business predominantly from a technology vision. While the company continues to grow its industry capabilities, it will have to infuse more industry expertise in its work with clients to ensure TCS is known for both technology and industry prowess.

Wipro Technologies

Wipro is ranked 16th in market share revenue by Gartner for North America consulting and system integration services in 2007, with \$1,121 million. This reflects revenue growth of 46.67% for 2007 over 2006. ERP services are a component of this market.

Strengths

- Wipro has grown market share of its ERP practice successfully and has a broad and deep range of relevant technical skills and, increasingly, industry-specific skills.
- Wipro continues to make significant investments in selected industry templates and accelerators, working closely with the software vendors. These investments, combined with a steady increase in widening its portfolio of services within ERP, continue to fuel growth.
- Wipro clients in some instances indicate that the company has an effective operational structure for integrating its industry professionals with its technical resources. Clients cite this as a differentiator in comparison with other offshore pure-play companies.

Cautions

- Wipro has achieved high growth and continues to expand; it needs, though, to achieve more critical mass and depth to effectively advance to the next level of growth and service for clients and avoid the risk of being unable to fulfill demand with appropriately high-quality service levels.
- Clients sometimes indicate that Wipro has variability with regard to on-site resources, specifically in "soft" skills (including business acumen, facilitation, presentation skills, and communicating clear expectations).
- Wipro has a very proactive, ambitious, and at times overly assertive business development approach, which jars with some clients.

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.