

IDC MarketScape

IDC MarketScape: Asia/Pacific SAP Implementation Services 2024 Vendor Assessment

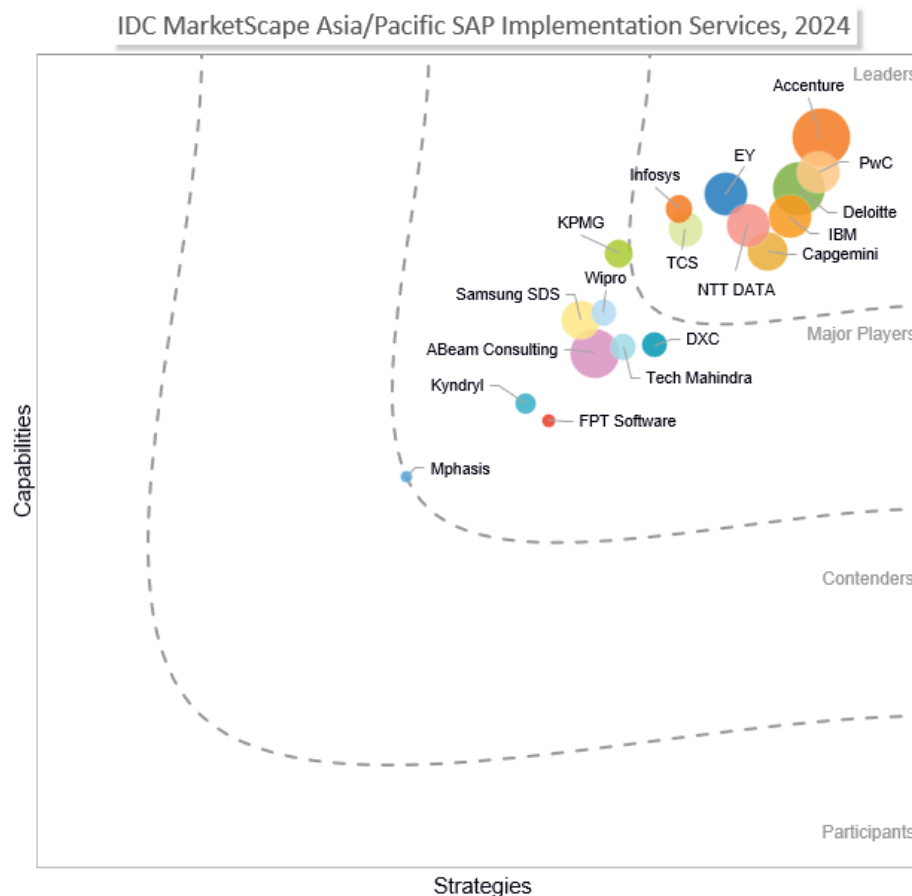
Rijo George Thomas

THIS IDC MARKETSCAPE EXCERPT FEATURES PWC

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Asia/Pacific SAP Implementation Services, 2024



Source: IDC, 2024

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

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Asia/Pacific SAP Implementation Services 2024 Vendor Assessment (Doc # AP51467624). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

SAP has a strong client base in Asia/Pacific, with 78% of enterprises surveyed by IDC as part of the *Asia/Pacific Enterprise Services Sourcing Survey, 2024* indicating they use SAP applications for line-of-business (LOB)/corporate functions (enterprise resource planning [ERP], finance, HR, supply chain management [SCM], operations, and so forth).

By 2027, SAP will stop mainstream support of its previous ERP versions, including ERP Central Component (ECC), R/3, and so forth, and will only support SAP S/4HANA, its next-generation ERP suite. A strategic focus for SAP in the coming years is migrating its existing customer base to the new SAP S/4HANA solution. According to IDC *Asia/Pacific Enterprise Services Sourcing Survey, 2024*, 94% of current SAP enterprise customers were on board with SAP's vision of creating an Intelligent Enterprise with SAP S/4HANA (will move to SAP S/4HANA or have already moved) indicating the significant progress made by SAP and its partner ecosystem in communicating the benefits of SAP S/4HANA. Beyond just pure-play technology implementation, SAP's service partner ecosystem plays a pivotal role in helping enterprise customers reduce the complexity of implementing and migrating to next-generation SAP solutions by creating comprehensive road maps for implementation, streamlining new internal business processes, managing the internal and external stakeholder experience, crafting new strategies to minimize disruption to critical business operations, and ensuring the SAP implementation stays within budget and time.

In 2021, SAP introduced its managed business transformation as a service offering named RISE with SAP by bundling a range of SAP products and services designed to ease the friction of migration to SAP S/4HANA and transform business processes. IDC research also shows that the awareness of RISE with SAP is very high among SAP's customer base in the Asia/Pacific region and predicts a growing momentum of adoption among existing and new customer bases. Since SAP has started to leave perpetual models off the table, opting only to give RISE proposals to customers, IDC expects implementation partner relationships to help drive greater adoption of RISE

with SAP. Additionally, there are several elements of the RISE model that need to be ironed out before customers at different points of their cloud and ERP transformation journey can adopt it. Consequently, SAP will rely on its partner ecosystem to fill the gaps in RISE with SAP, opening new avenues of growth for service providers.

This IDC study assesses 18 SAP implementation vendors in the Asia/Pacific region on both the strength of their current SAP implementation service capabilities and how well placed they are to grow the adoption of SAP solutions with their respective sound growth strategies. Some of the findings include:

- **Strong range of services to support SAP implementations.** This evaluation finds that SAP implementation vendors performed well in terms of capabilities, suggesting that most had mature SAP practices and provided a broad range of services. We found that vendors emphasized strongly on value selling and expanding innovation post implementation more so than in the past, consequently accelerating the deployment of local resources and delivery centers in the Asia/Pacific region close to the customer to resolve problems/issues.
- **Business AI momentum.** SAP has set an ambitious target of becoming one of the largest business AI companies in the world, as such it has accelerated its plans to integrate AI capabilities into its portfolio of cloud business solutions. SAP's AI innovation is also positioned as a hook to persuade its legacy customer base to move to its latest cloud solutions, and IDC analysis shows varying maturity among service providers embracing SAP's business AI use cases. Some vendors excelled in creating an approach for customers to prepare for the AI era by shifting the focus to data readiness with SAP's data management solutions and cleaning the core for efficiencies with its business process transformation solutions, such as Signavio. Additionally, some vendors excelled at the functional competency to identify business use cases that could be augmented with SAP's and internal proprietary AI solutions.
- **Value selling with SAP Business Technology Platform (BTP).** Service providers continue to invest in SAP's platform solutions, especially industry-specific ones showcasing how BTP can extend innovation of existing SAP investments and standardize processes across LOBs. Some service providers excelled in selling the value of BTP platform rather than its features. As SAP now looks to BTP as a foundation for its innovation offerings, the value-selling model is critical for service providers to be successful in building holistic solutions for SAP's legacy

enterprise customers struggling to create a business case to modernize to its new cloud offerings.

- **RISE with SAP is a natural fit for some vendors.** Although most vendors assessed in this study have aligned their offerings to support RISE with SAP, IDC's analysis also found that vendor capabilities varied significantly in positioning RISE with SAP to existing SAP customers. Currently, a few of SAP's partners have achieved the RISE validated status and have complementing solutions/engagement models to boost the value delivery from SAP's new commercial constructs. Some vendors did well in showcasing the transformation benefits of the RISE construct through an integrated solution-building approach with SAP's technology stack. Additionally, few vendors have invested in capabilities to deliver SAP S/4HANA public cloud edition and hence varied in their competencies to deliver GROW with SAP.
- **Supporting the different approaches of SAP S/4HANA modernization.** IDC's analysis found that the current vendor capabilities were skewed to support greenfield implementations of SAP S/4HANA. Although a clean slate approach ticks additional boxes in terms of benefits, as customers prioritize flexibly for upgrades, scrutinize IT budgets, and show hesitancy for business disruptions, a brownfield system conversion or selective data conversion will present as a viable alternative to green field implementations. Vendors varied in their ability to support these different migration approaches to SAP S/4HANA.
- **Other solution areas.** Most vendors had a broad breadth of expertise across SAP's product portfolio. Among the vendors analyzed, the largest practices after core ERP solutions were in SuccessFactors, followed by supply chain and spend management solutions. Vendor capabilities were notably varied across technology platform solutions (BTP), data solutions, and other application solutions, such as finance, CX, and business process transformation solutions (Signavio).
- **Talent availability across market units.** Among the vendors evaluated by IDC, India held the largest talent pool for SAP resources in Asia/Pacific, followed by Japan, Southeast Asia, Australia/New Zealand (ANZ), and China. All the vendors emphasized the strong commitment to growing internal talent readiness to support the evolving SAP technologies across solution areas, especially SAP S/4HANA, BTP, and so forth. Currently, the certified talent base for vendors in new SAP solution areas varies in the different geographies they operate.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

This evaluation does not offer an exhaustive list of all the players in the Asia/Pacific SAP implementation services partner ecosystem. IDC narrowed down the field of players based on the following criteria and subsequently collected and analyzed data on these 18 implementation services partners for this IDC MarketScape.

- Revenue: Each service provider is required to have CY23 total revenue (from SAP services) that exceeds US\$20 million from the Asia/Pacific region.
- Talent pool: The vendors analyzed in the study should have a talent base of more than 200 associates dedicated for SAP services.
- Geographic presence: Each vendor was required to have service delivery capability/in-country presence in at least three subregions:
 - ANZ
 - The Greater China Region (GCR) (China, Hong Kong, Taiwan)
 - South Korea
 - Southeast Asia (Singapore, Malaysia, Indonesia, Thailand, Vietnam, Philippines)
 - India
 - Japan
- Service capabilities: The vendor should have demonstrated end-to-end service capabilities around SAP implementation. This includes design/consulting, customizations, migrations, and systems integration (SI) services.
- Products and services covered: The service provider should provide implementation services around a minimum three of the following application categories of SAP:
 - ERP solutions (SAP S/4HANA Cloud Private Edition, SAP S/4HANA Cloud Public Edition) (*mandatory)
 - Financial management solutions
 - Human capital management (HCM) solutions
 - Customer relationship management (CRM) and customer experience (CX) solutions
 - Spend management solutions
 - SCM solutions
 - BTP solutions

- Transformation offerings — RISE with SAP, GROW with SAP (*not a mandate)
- Business transformation solutions — Signavio, LeanIX

ADVICE FOR TECHNOLOGY BUYERS

This IDC study represents a vendor analysis and assessment of the 2024 Asia/Pacific SAP implementation services market through the IDC MarketScape model. This research explains vendors' success in the SAP implementation services marketplace and how well placed they are to grow in the Asia/Pacific region.

Based on this study, IDC recommends that buyers consider the following pieces of advice before starting new SAP implementations or while embarking on a transformation journey:

- **Evaluate and modernize at your own pace.** Enterprises planning to modernize from legacy SAP solutions (ECC, R/3, and so forth) need to review the business case for moving to SAP's newer cloud solutions in detail. There will be pressure from peers and the vendor ecosystem to do so but the decision to modernize should be business driven. Look for alternative support partners if you plan to delay the modernization beyond 2025.
- **Commit to the project.** Once the decision to modernize has been finalized, commit to the implementation and ensure key leadership buy-in and active involvement from LOBs to make the transition smooth. Set the IT and business expectations with service providers, extending full support to make the transition as easy as possible.
- **Engage with the service provider ecosystem before implementation.** Invest in phase 0 services from service providers if there is a lack of clarity on the transformation road map, alignment with business outcomes, and difficulty estimating the overall efforts required for successful modernizations.
- **Pragmatic approach to modernization, greenfield, brownfield, or hybrid conversions.** Choosing the right pathway to SAP S/4HANA modernization is an important decision, although building an ERP landscape from scratch using the greenfield approach may be beneficial in the long run, the upfront effort, risks, and budget are high for this approach. An enterprise with a mature cloud and ERP strategy can opt for a brownfield conversion to quickly realize the benefits of moving to a new system and focus more on extending innovation of the ERP landscape post-implementation. Evaluate the service provider's

capabilities to support the different approaches to SAP S/4HANA modernization.

- **Cultivate a technical base internally.** Although service providers can supply the enterprise with a certified talent base for SAP implementations, it is beneficial to internally cultivate a team of certified professionals who can oversee the complexities of the implementation at each phase and extend SAP-led innovations in the long run. Ensure the service provider has ample technical talent to support the implementation, especially across new SAP solution areas.
- **Preparing an AI strategy.** To capitalize on the opportunities from AI, organizations must focus on IT architecture readiness and effective change management. Evaluate the vendor's capabilities to build an architecture to support AI use cases. Additionally, look past the vendor's marketing claims to understand its approach to unearthing business value from AI with SAP's or proprietary AI offerings or both.
- **RISE with SAP will add new complexities.** With perpetual models off the table, customers moving to SAP S/4HANA will now need to consider the cost benefits, changes in service agreements, roles, and governance plans of their SAP S/4HANA environment on the RISE construct. Additionally, the enterprise needs to work with service providers to streamline its processes, external tooling, customizations, cloud, and ERP strategy before moving to RISE with SAP as there could be restrictions on what can be carried forward.
- **Be mindful of common apprehensions.** Customers interviewed by IDC highlighted several apprehensions before embarking on an SAP implementation. The top areas highlighted include integration compatibility with legacy systems, data migration challenges, standardizing processes, managing change, customizations including local integrations, and managing talent internally to run the new systems.
- **In-country/regional presence.** Many implementation SPs with a significant customer base in the West have a limited presence in Asia/Pacific. Considering the partner's local presence, ability to deliver support with local consultants, and plans to scale in the region will be a good measure to assess the vendor's long-term commitment to the relationship and ability to provide scalable talent
- **Competitive evaluation.** Use this IDC MarketScape in contract negotiations and as a tool to not only short-list vendors for SAP implementation projects but also evaluate a vendor's proposals and oral presentations. Make sure you understand where these players are truly differentiated and take advantage of their expertise (technical, industry based, or otherwise).

VENDOR SUMMARY PROFILE

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and opportunities.

PwC

According to IDC analysis and buyer perception, PricewaterhouseCoopers (PwC) is positioned in the Leaders category in the IDC MarketScape for Asia/Pacific SAP implementation services 2024.

PwC is a global professional service firm and provides end-to-end business and technology transformation services across the Asia/Pacific region. PwC's global strategy, called The New Equation, aims to bring together its trust and consulting solutions to help clients grappling with the urgency to successfully respond to change and build trust in an uncertain business environment. Currently, PwC provides the full life cycle of SAP implementation services (IT consulting, design, SI, migration, and so forth) across a spectrum of SAP application and technology platform products in the Asia/Pacific region.

PwC pursues its SAP implementation projects with a focus on enabling IT-enabled business model reinventions. To facilitate this, PwC takes an industry and function-aligned solutions approach, supplementing it with a strong breadth of SAP technical service capabilities. PwC's Asia/Pacific SAP practice further builds on this strategy with locally driven teams and integrated offerings for digital, ESG, tax, cyber, risk, regulatory, and deals helping them make strong business-level connections with client organizations. PwC also emphasized on its focus on driving long-term value for clients through its new Business Model Reinvention vision, an approach that can work with a technology partner, such as SAP, to create, deliver, and capture value for any client's reinvention journey.

PwC further showcased strong alignment with SAP's vision for growth in the region, especially in driving RISE with SAP. "Transend with PwC" is a structured approach that blends DX with next-generation ERP transformation to help clients in their shift to the cloud with RISE with SAP.

At the time of this study, the largest verticals in PwC's SAP services are the industrial manufacturing and automotive, consumer markets and retail, pharma, followed by energy, utilities, and resources sectors. PwC has local delivery capabilities and resources in key market units in Asia/Pacific with a higher distribution of SAP skilled resources in India, followed by Japan, the GCR, ANZ, and Southeast Asia.

Strengths

- **Business case building for SAP S/4HANA and other SAP products and platforms:** PwC has deep expertise in working with clients to build a business case for moving to SAP S/4HANA. Its SAP S/4HANA case for change approach is designed to cover important leadership questions around cost, benefit analysis, technical dependencies, extent of transformation, change management, and so on.
- **Asset-led delivery for transformational programs:** PwC leverages a host of integrated solutions to deliver cloud and industry transformation for clients. This approach has helped clients standardize processes and enabled faster outcomes.
- **Balanced midmarket and large enterprise focus:** A key differentiator in PwC's service GTM is its tailor-made approach to catering to clients of different sizes and at different technology maturity in the Asia/Pacific region. This has helped PwC position itself as a partner with strong competencies for both RISE with SAP and GROW with SAP among customers operating locally in Asia/Pacific across the value chain from the front office, middle office, to back office of the enterprise.

Challenges

- PwC needs to strengthen its certified talent base, especially in new SAP solution areas.
- PwC may not be appropriate for clients looking for pure technical conversion of their SAP landscapes with very limited transformation scopes in their engagement.

Consider PwC When

PwC is a good fit for enterprises in Asia/Pacific looking for a transformation partner with deep industry and business transformation experience with SAP as the technology core. Additionally, the approach followed by PwC will resonate well with clients looking to build a business case for digital core modernization, extend innovations post-implementation, and establish new standards for core business processes from back office to front office.

APPENDIX

Reading an IDC MarketScape Graph

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

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

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

The size of the individual vendor markets in the IDC MarketScape is a visual representation of the relative market shares of each individual vendor within the specific market segment being assessed but should not be taken to represent proportionate absolute market shares.

IDC MarketScape Methodology

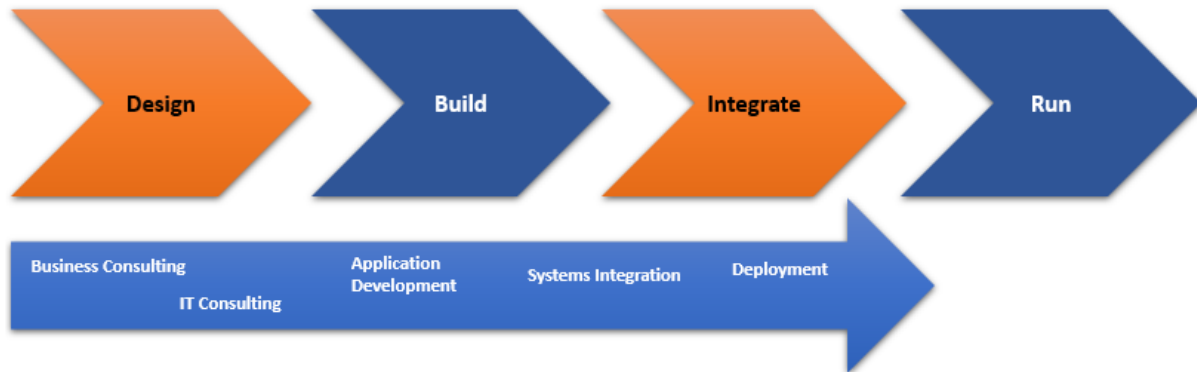
IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders,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

Market Definition

The SAP implementation services market covers the design, build, and integrate functions of the design–build–run function chain (see Figure 2). The design phase includes both IT and business consulting. For a detailed definition of the services markets illustrated in Figure 2, see *IDC's Worldwide Services Taxonomy, 2019* (IDC #US47769222, March 2019).

FIGURE 2

IDC's Design-Build-Run Function Chain



Source: IDC, 2024

LEARN MORE

Related Research

- *Enterprise Expectations in Asia/Pacific from IT SPs for Generative AI* (IDC #AP51593224, June 2024)
- *C2G: Asia/Pacific (Excluding Japan) Systems Integration Services Market Share, 2023: IDC's Top 10 Vendors* (IDC #AP50957824, May 2024)
- *Asia/Pacific (Excluding Japan) Managed Cloud Services Forecast, 2024–2027* (IDC #AP50957324, May 2024)
- *Asia/Pacific Cloud Adoption Trends and Preferences Around Cloud Professional Services* (IDC #AP50957224, March 2024)

Synopsis

This IDC study uses the IDC MarketScape model to provide an assessment of service providers participating in the SAP implementation services market with specific offerings and capabilities in the segment. It discusses both the quantitative and qualitative characteristics that lead to success in the ecosystem. The evaluation is based on a comprehensive and rigorous framework that assesses vendors relative to one another and the criteria and highlights the factors expected to be the most influential for success in the market in both the short term and the long term.

ABOUT IDC

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

IDC Asia/Pacific Headquarters (Singapore)

168 Robinson Road
Capital Tower, Level 20
Singapore 068912
65.6226.0330
Twitter: @IDC
blogs.idc.com
www.idc.com

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