

Retail Services

A research report comparing service provider strengths, challenges and competitive differentiators

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Modernizing the technology stack propels retailers' growth

Omnichannel retail is the new normal

Some of the pandemic-induced consumer behavior changes, such as the upsurge in e-commerce, social commerce, voice commerce, buy-online-pickup-in-store (BOPIS) and buy-online-return-in-store (BORIS), are becoming mainstream, while consumers are returning to brick-and-mortar stores for their usual shopping needs.

Retailers are now looking beyond their own infrastructure and are open to sharing their infrastructure for store-in-a-store concepts, partnering with third-party delivery service providers and leveraging

mom-and-pop stores for faster fulfillment and delivery.

ISG observed that the consumers in the U.S. are seeking faster product discovery, smooth transition from one channel to another, better loyalty programs, faster checkout and delivery and increased digital payment options, especially buy-now-pay-later.

Service providers are seeing increased investment by retailers in technology modernization across business functions such as e-commerce websites, mobile apps, customer management, contact centers and supply chains.

To ensure a smooth, seamless and consistent unified experience, service providers are providing integrations across retail systems to enable the real-time, free flow of information, achieve end-to-end visibility, improve demand

Digital transformation in retail is being undertaken at an unprecedented pace.



planning and raise customer satisfaction across channels.

Service providers are also helping retail store associates digitally transform their roles by automating mundane store operation tasks, and by providing more bandwidth to them to assist consumers with buying decisions.

ISG analysts saw a consensus among service providers that the U.S.-based retailers are spearheading technology adoption and modernization.

Intelligent supply chain is imperative

Retailers have realized that **resilient supply chain is crucial for successful digital transformation and creating unified experience for consumers.**

Retailers are partnering with service providers for continuous improvement programs to achieve high productivity and

cost efficiencies through store, warehouse and distribution center automation. Certain niche platform providers enable faster realization of such automation benefits and focus on expanding and enhancing their portfolios. They also help retailers leverage stores as mini-fulfillment centers to expand digital business and manage returns effectively.

Service providers are creating a digital twin and control tower for supply chain management by leveraging advanced technologies such as AI, automation, IoT and blockchain. This enables retailers to assess various scenarios for faster fulfillment and ensure optimum inventory levels across locations with the right cost mix.

Among the next-gen themes, sustainability is gaining importance in the discussions between clients and service providers. Retailers observe

increased interest among consumers toward health and sustainable products that are responsibly sourced, produced and transported, being aware of their impact on health. The consumers are ready to pay a premium price for sustainable and healthy products for their merit, and not as a markup for retailer.

Retailers are seeking strategic partners to envision sustainability in business operations and educate consumers proactively.

Reimagining brick-and-mortar stores

The brick-and-mortar store must be reimagined for CX. In the U.S., store locations and footfalls continue to drop from their peaks, in light of the COVID-19 pandemic. However, consumers are now willing to visit brick-and-mortar stores for their usual purchasing. They demand a touchless and frictionless

experience. To cater to this, retailers are partnering with service providers to enable digital payment, endless aisles, checkout anywhere and computer vision applications to automatically detect hand hygiene.

Earlier, there were obituaries written for brick-and-mortar stores. Retailers are now reimagining this concept as experience centers through gamification, showrooming and embedding technology in fixtures such as mirrors, displays and mannequins to offer an immersive experience.

In certain industries such as cosmetics and beauty, apparel and footwear, and furniture, retailers are increasingly adopting augmented reality (AR) and virtual reality (VR) within the store, along with mobile apps, to offer an immersive experience to customers.



Mining data to hyper-personalize CX

U.S.-based retailers have sufficient data regarding customers' shopping behavior; the volume of data is increasing rapidly.

Customers, despite all the privacy concerns, are now more open to sharing data with retailers, realizing the benefits of a personalized experience.

At the same time, retailers and providers handling information have become more transparent in sharing the purpose of data collected and the security measures taken to limit the access.

Services providers use analytics and big data solutions to help retailers gain articulated insights in real time and act upon them through effective marketing campaigns that are highly personalized.

Service providers help retailers envision and execute a customer data platform

(CDP) to capture customer behavior data beyond the 360-degree profile, generated from varied digital sources in one instance.

The main goal of implementing a CDP is to enable hyper-local and personalized experience for consumers through marketing and promotional campaigns.

Cloud migration and transformation are the essence of digital business

ISG estimates that by the end of 2022, more than 70 percent retailers will leverage cloud and would need a strategic partner to manage the complex cloud environment and accelerate cloud-native transformation.

Cloud migration helps retailers enhance channel operations, personalize customer service, simplify their IT landscape and improve business performance through

enhanced agility and scalability of the business model.

Service providers highlighted that pure-play migration of code, databases and applications to cloud services is commoditized. Cloud-native transformation is crucial for retailers at present and in the future.

To create differentiation in the market, service providers partner with hyperscalers such as Azure, AWS and GCP and product vendors (including SAP, Oracle, Salesforce and ServiceNow) that are aligned with the industry to ensure swift migration to the cloud and successful cloud-native transformation for faster go-to-market.

Strategic partnerships on the rise

As technology becomes the core of business strategy and a catalyst for growth, retailers must spend heavily to

maintain the IT landscape and focus on core business activities. At the same time, continuous investments are required for building technology skills and the IT talent pool.

Retailers are strengthening their existing relationship with service providers and are focusing on more strategic partnerships to maintain a balanced cost profile without compromising on service quality and innovation.

E-commerce, finance and operations, supply chain and logistics and IT operations continue to be the key areas for managed services.

Service providers are investing in and leveraging AI-led operation capabilities, accelerators and DevSecOps to perform extreme automation and modernize IT with in-built security while keeping the cost low.



Executive Summary

Service providers are seeing a rise in midsize deals, ranging from \$25 million to \$50 million, running over a three-year period, and increased demand for skill and technology competency-based pricing.

Metaverse: An imminent future of retail

Metaverse, an amalgamation of the real world with the virtual one, is already seeing interest from retailers as well as service providers. Certain retail enterprises in the U.S., particularly in the fashion and apparel segment, have already launched their products in metaverse worlds and are seeing encouraging response from end consumers.

The metaverse gives retailers a powerful opportunity to merge the physical and digital worlds for extended CX that they weren't looking for until now.

ISG expects that majority of the retailers will foray into metaverse in the next 12-24 months.

At the same time, all the service providers, not just leaders but also other, nimble enterprises, are conversing with their retail clients on metaverse use-cases and execution.

For the retail industry, metaverse is surely an imminent reality that looks promising for the future.

Retailers are seeking strategic partners to reimagine their business operations.



Provider Positioning

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	CX Transformation Services	Platform Migration Services	Managed Services
Accenture	Leader	Leader	Leader
Aspire Systems	Contender	Contender	Contender
Atos	Market Challenger	Market Challenger	Market Challenger
Capgemini	Leader	Leader	Leader
Cigniti	Not In	Not In	Contender
Cognizant	Leader	Leader	Leader
CSS Corp	Contender	Not In	Contender
Fujitsu	Market Challenger	Contender	Contender
Genpact	Market Challenger	Contender	Market Challenger
Happiest Minds Technologies	Contender	Contender	Not In
HCL	Leader	Leader	Leader
Hexaware	Product Challenger	Not In	Not In



Provider Positioning

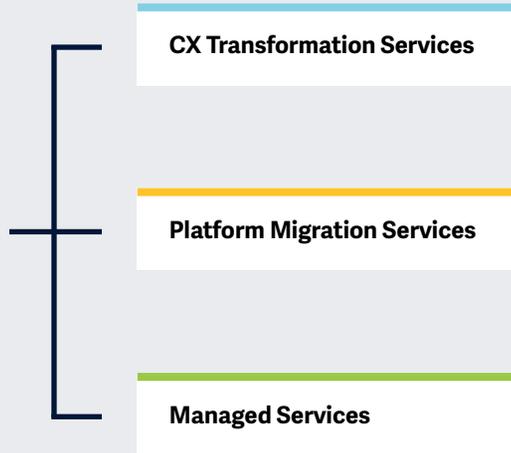
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	CX Transformation Services	Platform Migration Services	Managed Services
Infosys	Leader	Leader	Leader
Logic Info	Product Challenger	Not In	Contender
Mindtree	Rising Star ★	Product Challenger	Product Challenger
Softtek	Contender	Contender	Contender
Sutherland	Contender	Not In	Not In
TCS	Leader	Leader	Leader
Tech Mahindra	Product Challenger	Product Challenger	Product Challenger
ThoughtWorks	Contender	Not In	Not In
UST	Product Challenger	Product Challenger	Product Challenger
Virtusa	Contender	Not In	Not In
Wipro	Leader	Leader	Leader
Zensar	Product Challenger	Product Challenger	Product Challenger



This study focuses on what ISG perceives as most critical in 2022 for **Retail Services**.

Simplified Illustration Source: ISG 2022



Definition

COVID-19 acted as a much-needed catalyst for retailers to quickly evolve and adapt to changing consumer behavior by expanding e-commerce and embracing newer touchpoints like click-n-collect [buy online, pickup in-store (BOPIS), curbside pickup and other mandates] while also adhering to government guidelines on social distancing and sanitization, among other requirements. Many retailers around the world have successfully navigated the pandemic crisis through temporary digital fixes and are now looking to make some of the changes permanent as part of a full-fledged transformation program. They are leveraging advanced technologies such as AI and automation, IoT, robotics, and blockchain to provide consumers with a unified and connected experience.

Unlike in the past, when both customers and retailers were slow to adopt digital technology, the pandemic has compelled consumers to use new channels and retailers to envision a phygital experience that unifies both physical and digital channels. This is driving businesses to make changes not only for their customers, but also for themselves, to benefit from the changing shopping landscape.

IT service providers are liberating the retailers by helping them in all areas where there is a surge in demand, such as CX transformation for a unified experience, platform migration (primarily toward cloud) and managed services.



The ISG Provider Lens™ study offers the following to IT decision-makers:

- Transparency on the strengths and weaknesses of relevant providers
- A differentiated positioning of providers by segments
- A perspective on key markets, which include the U.S. and Europe (including the U.K.)

Our study serves as an important decision-making basis for positioning, key relationships, and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their current vendor relationships and potential new engagements.



Scope of the Report

In this ISG Provider Lens™ quadrant study, ISG includes the following three quadrants: CX Transformation, Platform Migration and Managed Services.

This ISG Provider Lens™ study offers IT-decision makers:

- Transparency on the strengths and weaknesses of relevant service providers
- A differentiated positioning of providers by segments
- Focus on regional market

Our study serves as the basis for important decision-making in terms of positioning, key relationships and go-to-market considerations. ISG advisors and enterprise clients also use information

from these reports to evaluate their existing vendor relationships and potential engagements.

Provider Classifications

The provider position reflects the suitability of IT service providers for a defined market segment (quadrant). Without further additions, the position always applies to all company sizes classes and industries. In case the IT service requirements from enterprise customers differ and the spectrum of IT providers operating in the local market is sufficiently wide, a further differentiation of the IT providers by performance is made according to the target group for products and services. In doing so, ISG either considers the industry requirements or the number of employees, as well as the corporate structures of customers and positions IT providers according to their

focus area. As a result, ISG differentiates them, if necessary, into two client target groups that are defined as follows:

- **Midmarket:** Companies with 100 to 4,999 employees or revenues between US\$20 million and US\$999 million with central headquarters in the respective country, usually privately owned.
- **Large Accounts:** Multinational companies with more than 5,000 employees or revenue above US\$1 billion, with activities worldwide and globally distributed decision-making structures.

The ISG Provider Lens™ quadrants are created using an evaluation matrix containing four segments (Leader, Product Challenger, Market Challenger and Contender), and the providers are positioned accordingly. Each ISG Provider Lens quadrant may include a service provider(s) which ISG believes has

strong potential to move into the Leader quadrant. This type of provider can be classified as a Rising Star.

Number of providers in each quadrant: ISG rates and positions the most relevant providers according to the scope of the report for each quadrant and limits the maximum of providers per quadrant to 25 (exceptions are possible).



 **Provider Classifications: Quadrant Key**

Product Challengers offer a product and service portfolio that reflect excellent service and technology stacks. These providers and vendors deliver an unmatched broad and deep range of capabilities. They show evidence of investing to enhance their market presence and competitive strengths.

Leaders have a comprehensive product and service offering, a strong market presence and established competitive position. The product portfolios and competitive strategies of Leaders are strongly positioned to win business in the markets covered by the study. The Leaders also represent innovative strength and competitive stability.

Contenders offer services and products meeting the evaluation criteria that qualifies them to be included in the IPL quadrant. These promising service providers or vendors show evidence of rapidly investing in products/services and a follow sensible market approach with a goal of becoming a Product or Market Challenger within 12 to 18 months.

Market Challengers have a strong presence in the market and offer a significant edge over other vendors and providers based on competitive strength. Often, Market Challengers are the established and well-known vendors in the regions or vertical markets covered in the study.

★ **Rising Stars** have promising portfolios or the market experience to become a Leader, including the required roadmap and adequate focus on key market trends and customer requirements. Rising Stars also have excellent management and understanding of the local market in the studied region. These vendors and service providers give evidence of significant progress toward their goals in the last 12 months. ISG expects Rising Stars to reach the Leader quadrant within the next 12 to 24 months if they continue their delivery of above-average market impact and strength of innovation.

Not in means the service provider or vendor was not included in this quadrant. Among the possible reasons for this designation: ISG could not obtain enough information to position the company; the company does not provide the relevant service or solution as defined for each quadrant of a study; or the company did not meet the eligibility criteria for the study quadrant. Omission from the quadrant does not imply that the service provider or vendor does not offer or plan to offer this service or solution.





CX Transformation Services

Who Should Read This

This report is relevant to retail enterprises in the U.S. that are evaluating providers of customer experience (CX) transformation services.

In this quadrant report, ISG highlights the current market positioning of providers offering CX transformation services to retail players in the U.S. and how each one addresses the key challenges faced in the region.

CX transformation has been in discussion for quite some time in the U.S. However, very few retailers actioned upon it to bring about consistency in their customer journeys across different channels. As some of the changed customer behavior from the pandemic becomes mainstream, the majority of retailers are undertaking digital transformation programs to realign their business models and customer frontends.

ISG observes that consumers in the U.S. now expect a phygital experience giving them a seamless, consistent and unified experience across different physical and digital channels.

At the same time, consumers are returning to brick-and-mortar stores just as before the pandemic but their expectations have drastically changed. Shoppers now expect a digitally enabled, frictionless and immersive experience.

Development in advanced technologies such as AR/VR, IoT, AI, automation and blockchain is enabling retailers to improve their experience in-store as well as online.

Some of the giants in retail industry across sub-segments have also started a journey in metaverse and are seeing encouraging traction among consumers.



Retail technology leaders from service providers should read this report to understand their competitors and peers in the retail market in terms of their differentiated offerings, innovations, talent and portfolios.



Retail enterprise CIOs should read this report to understand the relative positioning and capabilities of providers. It can help them effectively plan and select the right-fit service provider.



Digital transformation and IT professionals should read this report to understand how providers of CX transformation services for the retail industry can aid them in with their initiatives, and how these providers compare with one another.



Sourcing, procurement and vendor management professionals should read this report to have a better understanding of the current landscape of CX transformation service providers in the U.S.





This quadrant assesses service providers that offer CX transformation services, from **consulting and planning and continuous innovation to execution and support.**

Prateek Samtani



Definition

Consumer behavior has been altered permanently. Offerings such as online commerce, BOPIS and lockers, which were still getting tested pre-pandemic, are starting to become a part of mainstream business. The overall interaction with stores has changed, wherein social distancing, frequent sanitization and minimal requirement for contact have become norms, leading to digital payments, endless aisles and contactless checkout. Furthermore, the changes that retailers brought about to navigate through the pandemic in 2020-2021 need a strategic fit into their business model across geographies.

Service providers typically offer services under the big “T” and small “t” transformation initiatives in areas such as in-store engagement, website UI/UX enhancements, inventory and warehouse automation, omnichannel point of sale (POS), e-commerce and hyper-personalization using analytics for an effective marketing push. This ensures a seamless and consistent omnichannel experience across all touchpoints of retailers.

Eligibility Criteria

1. CX transformation services offering:

- * Vision, strategy and service offerings – unified commerce, in-store transformation, store operations, back-end operations, hyper-personalization, and omnichannel POS
- * Revenue, year-on-year growth and customer base
- * Partnerships and alliances
- * Investment and innovation
- * Proprietary framework and solution assessment by leveraging digital technologies

- * Commercial models
 - * Regional presence and support
 - * Success stories
- #### 2. Advanced technology implementation:
- * AR/VR
 - * Blockchain
 - * IoT
 - * AI and automation
 - * Voice commerce
 - * Big data and analytics
 - * Robotics
 - * Metaverse



Observations

The retail industry in the post-pandemic scenario is set for quick transformation at scale. With the change in customers' shopping behavior in the light of the pandemic, retailers are now mainly focusing on improving CX across all touchpoints. It is crucial for retailers to offer a phygital experience, by combining physical and digital channels, to exceed customer expectations.

Retail is not just limited to typical retailers anymore. Other industries such as telecom, automotive and banking are converging. They have now started focusing on transforming their retail segments.

Service providers are developing innovation centers that can deliver viable use cases for retail transformation, using emerging technologies such as AR and VR, IoT, blockchain and QR Code.

Leaders in the CX space are looking beyond the front-end customer-facing interfaces such as e-commerce websites and mobile apps. They are addressing back-end challenges associated with supply chain, contact centers, store operations and store associates through unique solutions that help retailers smooth the CX.

Customer facing interfaces are equally getting reimaged for the future, with metaverse becoming an important topic of discussion between retailers and service providers. Some providers have already started with the initial implementation steps for a few retailers.

From 23 companies shortlisted and evaluated for this study, seven companies have qualified as Leaders and one as a Rising Star.

accenture

Accenture is a global service provider specializing in IT services and consulting. It follows a design-led consulting approach to drive digital transformation of its retail clients. It has a wide range of CX transformation capabilities to drive online and in-store transformation.

Capgemini

Capgemini is a global service provider with more than 309,300 employees across over 300 global offices. It has extensive experience and strong consulting capabilities in the CX domain. Capgemini is continuously investing in unified e-commerce capabilities, enabling the company to drive physical and digital transformation.

cognizant

Cognizant offers a wide range of CX offerings, which include in-store transformation, hyper-personalization, supply chain management and contact centers, across the retail segment. It has continuously invested in its innovation capabilities and has nine innovation labs globally. The company has also created a co-development innovation program, namely theMarkt.

HCL

HCL offers a wide variety of solutions and services that leverage its Mode 1-2-3 strategy across the retail vertical. It has invested in various retail technology startups such as GumGum (a visual intelligence ad platform for brands) and Influential (a social influencer AI platform for brands) to help retailers in CX transformation.



CX Transformation Services



Infosys has strong experience in delivering end-to-end service offerings and platforms within the retail industry. It offers a rich portfolio of services and solutions plus proprietary tools to help retailers with CX transformation.



TCS provides IT services and solutions globally. It has more than 528,700 employees across over 280 global offices. The company has strong expertise in CX transformation services in the retail sector. TCS's AI-based Algo Retail framework and platforms help it to derive business value, using data and algorithms.



Wipro offers strategy, business and IT consulting services across the retail segment. It has in-depth experience and a robust partner ecosystem to help midsize and large retailers in digital transformation. Wipro builds innovative solutions based on its seamless e-commerce, human-centric, intelligence, future-ready and trust (SHIFT) principle to help retailers in CX transformation.



Mindtree (Rising Star) offers services such as advisory and strategy, consulting, design, marketing and e-commerce to help retailers enhance CX. Through its innovation labs, Mindtree has developed CX tools and accelerators such as Digital Pumpkin, Immersive Aurora, NXT Lab and Gladius.





“Capgemini has deep domain knowledge and strong consulting capabilities for CX transformation.”

Prateek Samtani

Capgemini

Overview

Capgemini is headquartered in Paris and operates in 50 countries. As a service provider, it has more than 309,300 employees across over 300 global offices. In FY20, the company generated \$19.4 billion in revenue (+12.2 percent YoY), with applications and technology as its largest segment. Capgemini’s consumer products, retail and distribution vertical accounts for 14 percent of its total revenue, with 20,000 FTEs.

Strengths

In-depth domain knowledge:

Capgemini leverages its strong expertise in the retail sector and rich domain knowledge at sub-segment levels to meet clients’ demands for faster go-to-market.

Focus on data and analytics :

Capgemini has a dedicated global practice for data and analytics in the retail sector, with a catalog of use cases across three domains, CX, e-commerce and supply chain.

Agile Store framework: It is a robust, turnkey solution that allows retailers to quickly implement in-store features

and technologies integrated across all channels, while ensuring reliability to maintain business as usual. It drives store channel performance and enables the next store of the future.

Effective supply chain: Capgemini leverages advanced technologies such as AI, IoT, mobile and cloud to help retailers build a smart supply chain that is customer focused throughout the value chain.

Capgemini Consumer Experience Center (CEC):

CEC comprises a team of solution experts across industries, including retail. It focuses on opportunities and develops a 30-60-90 plan.

Caution

Capgemini needs to double down on design capabilities: Capgemini has a firm footing in the U.S. and needs to leverage its strength and recently acquired experience design capabilities to grow market share in the digital transformation segment.





Platform Migration Services

Who Should Read This

This report is relevant to retail enterprises in the U.S. for evaluating platform migration services providers.

In this quadrant report, ISG highlights the current market positioning of providers offering platform migration services to retail players in the U.S. and how each provider addresses the key challenges faced in the region.

The U.S. has been a leading market when it comes to technology modernization, particularly for migrating to cloud. Retailers are now looking at not just business-critical functions or applications but also customer frontend systems and other backend applications for migration to cloud in a time-bound manner and to transform natively over the cloud.

ISG observes cloud adoption across different retail enterprises is happening at a much faster rate than before. In fact, migration to cloud is becoming a heavily commoditized market and service providers are now helping in cloud-native transformation.

To future-proof their IT landscape, retailers are looking for three crucial components when upgrading their cloud infrastructure: cloud-native, microservices and API enabled. Service providers with strong experience with one or more hyperscalers (AWS, Azure and GCP) can tremendously benefit retailers that are looking to accelerate transformation over cloud.



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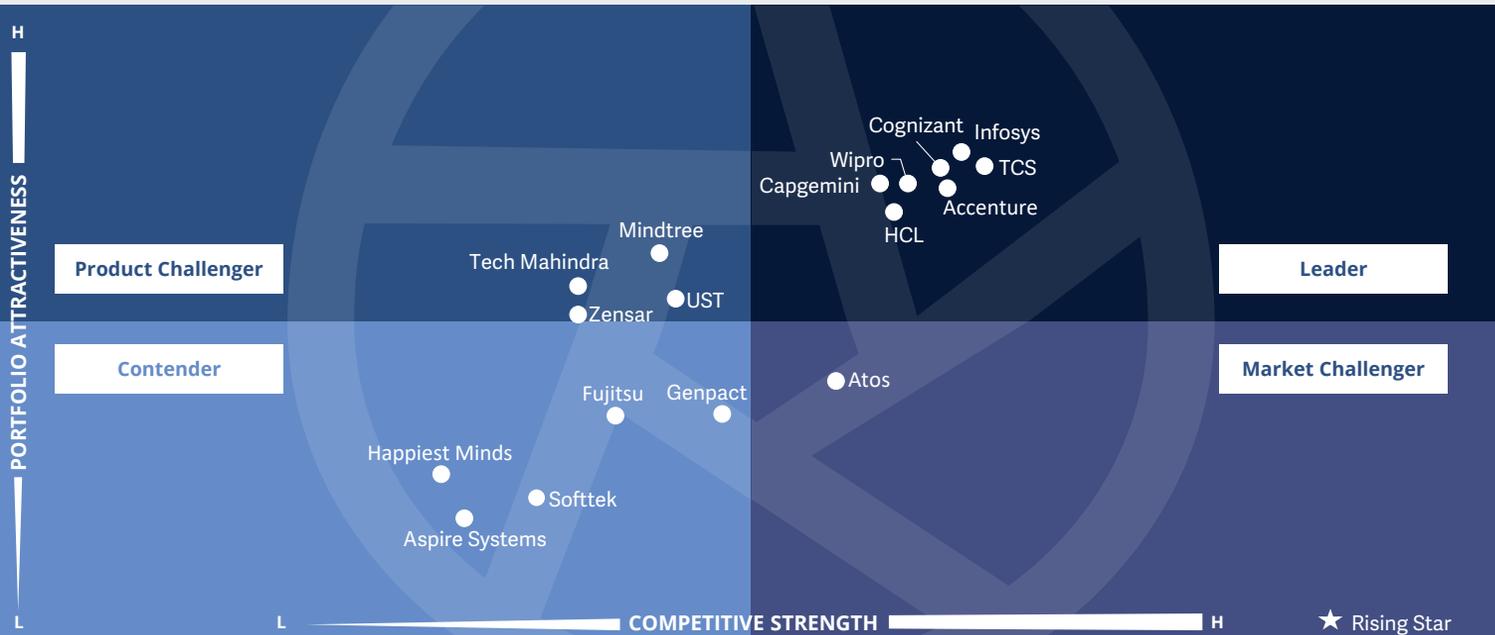


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Sourcing, procurement and vendor management professionals should read this report to have a better understanding of the current landscape of platform migration service providers in the U.S.





This quadrant assesses service providers that offer **legacy transformation** through **modernization** by **strategic assessment and implement** the best-of-breed solutions. Retailers **are increasingly adopting cloud** for modernization in an **agile, scalable and future-proof-driven framework.**

Prateek Samtani



Definition

With the growing need for availability and uptime and the integration among business functions and various touchpoints for customers, retailers are re-platforming and modernizing their IT landscape, with cloud playing a critical role. Retailers are focusing on keeping their landscape agile, while modernizing critical business applications and remaining platform agnostic to reduce IT run costs through the platform-as-a-service model. They want to ensure that applications or platforms are API and microservices driven and cloud native so information can be accessed anywhere in real time across business functions.

Service providers in this area help retailers to not just migrate from one platform to another or to cloud. They also envisage their vision toward an agile IT ecosystem with certain IP-based, tailor-made accelerators and tools across the vendor ecosystems that include companies such as SAP, Oracle, Salesforce and ServiceNow for faster migration.

Eligibility Criteria

1. Provide a solution consulting or solution assessment approach
2. Experience across vendor ecosystems such as SAP, Oracle and Salesforce
3. Experience with hyperscalers
4. Cloud migration experience
5. New software implementation and re-platforming capabilities
6. Implement microservice-based architectures
7. Understand cost dynamics, process changes and third-party integrations
8. Data migration competence and experience
9. Partnerships (vendor partnerships)
10. Technical expertise (certifications and average employee experience)
11. Revenue, growth and customer base
12. Practice maturity
13. Accelerators built for popular platforms
14. Regional presence and support
15. Success stories



Platform Migration Services

Observations

Retailers have faced challenges in modernizing and upgrading their IT landscapes, while maintaining business continuity due to the COVID-19 pandemic. However, in early 2022, retailers examined their entire IT landscape, with technology debt, modernization requirements and rationalization three important components as pre-requisites to evolve, along with cloud-native, microservices-enabled and API-driven solutions.

Retailers modernize the IT landscape to ensure a free flow of information in real time, which will enable faster decision-making on the go and provide a better EX and CX.

Leaders in the platform migration space have moved beyond simple cloud migration. Instead, they are now enabling

retailers to be cloud native when it comes to bringing new applications or custom interfaces in cloud-native languages.

Significant increase seen in cloud migration and transformation projects, in line with the growth of major hyperscalers such as AWS, Azure and GCP. At the same time, product vendors, especially the ones offering SaaS-based solutions, are now open to leveraging hyperscalers for better integration and security aspects.

From 18 companies assessed for this study, seven have qualified as Leaders.

accenture

Accenture offers clients across the retail segment a wide range of platform migration services, from strategy to execution. It mainly focuses on cloud migration and has invested in a strong set of cloud tools, accelerators and frameworks across all migration models.

Capgemini

Capgemini offers robust platform migration solutions and services. It has successfully executed migration projects for several retail clients. Its cloud-first strategy and array of cloud services and accelerators have helped the company in cloud modernization within the retail segment.

cognizant

Cognizant offers a wide range of platform migration services such as consulting, application development and modernization and cloud migration and transformation. The company mainly focuses on cloud services and has strong partnerships with major cloud hyperscalers.

HCL

HCL offers end-to-end retail services and solutions such as cloud-native application development, containerization and migration of application workloads, leveraging its Mode 1-2-3 strategy. With its strong expertise in cloud and proprietary tools and frameworks in this space, the company can help retailers achieve better business outcomes and agility.

Infosys

Infosys offers a comprehensive platform migration offering and has experience in working with marquee retail clients. Its strong cloud ecosystem for cloud engineering and its partnerships with hyperscalers help the company differentiate from its competitors in this space.



Platform Migration Services



TCS has a comprehensive platform migration offering and has extensive experience in working with large retailers. With its strong partnerships with more than 150 business software providers, including SAP, Oracle, Salesforce, Adobe, IBM and niche technology firms, the company can expand its platform migration offering.



Wipro offers services such as legacy modernization, lift and shift, re-platforming, cloud migration and deployment to retailers worldwide. Its Cloud Studio is an industrialized as-a-service model, which leverages its experienced talent and tools to accelerate the cloud migration process.





“Capgemini’s cloud-first strategy and extensive partner ecosystem help retailers in transformation.”

Prateek Samtani

Capgemini

Overview

Capgemini is headquartered in Paris and operates in 50 countries. As a service provider, it has more than 309,300 employees across over 300 global offices. In FY20, the company generated \$19.4 billion in revenue (+12.2 percent YoY), with applications and technology as its largest segment. Capgemini’s consumer products, retail and distribution verticals account for 14 percent of its total revenue and have 20,000 FTEs.

Strengths

Migration expertise: Capgemini has strong expertise in migration services. It leverages its partnerships with hyperscalers and platform vendors to provide IaaS, PaaS and SaaS solutions to help retailers in the U.S. modernize their entire landscape with a focus on sustainability.

Cloud-first strategy: Capgemini has a cloud-first strategy for replacing or complementing existing IT systems, while enabling clients to develop innovative solutions directly in the cloud.

Capgemini Cloud Platform: Capgemini’s CCP is a portfolio of cloud services and accelerators in a single platform. It brings together the right technology, processes and culture to help retailers of every size leverage the efficiency and agility of cloud.

Array of accelerators: Capgemini offers a range of accelerators such as economic Application Portfolio Management (eAPM) analysis, Capgemini Cloud Reference Architecture that supports multicloud platform, Retail Foundry, a domain-differentiated and outcome-based value add model, and Digital Cloud Platform that accelerates cloud-native development by 30 to 50 percent.

Caution

Integration accelerators: Building on the current accelerators, Capgemini should further augment building integration accelerators to mitigate the risk of disruption in a multi-cloud environment.





Managed Services

Who Should Read This

This report is relevant to retail enterprises in the U.S., for evaluating managed services providers.

In this quadrant report, ISG highlights the current market positioning of providers offering managed services to retail players in the U.S. and how each one addresses the key challenges faced in the region.

In the pandemic aftermath, retailers realized the perils of carrying technology debt, and time-bound modernization for agility and scalability. The typical functional areas that retailers partner with managed services providers are e-commerce, finance and operations, supply chain and logistics and IT operations. The focus is shifting towards integrated managed services where providers can help retailers not just

modernize and reduce costs, but also focus on enhancing customer and employee experience across the globe.

Service providers have increased their investment in AIOps capabilities, which helps in ensuring IT landscape uptime to self-heal incidents by leveraging automation and AI. Increased digital presence is also putting data at greater risk, and therefore retailers are demanding cybersecurity services on a continuous basis within managed services engagements to safeguard their data.

Retailers in the U.S. are getting more comfortable in executing strategic partnerships with managed services providers in offshore regions with key talent in nearshore locations.

MSPs continue to see good growth in their portfolios after a record year in 2021.



Retail technology leaders from service providers should read this report to understand their competitors and peers in the retail market in terms of their differentiated offerings, innovations, talent and portfolios.



Retail enterprise CIOs should read this report to understand the relative positioning and capabilities of providers. It can help them effectively plan and select the right-fit service provider.



Digital transformation and IT professionals should read this report to understand how providers of managed services for the retail industry can aid them in with their initiatives and how these providers compare with one another.



Sourcing, procurement and vendor management professionals should read this report to have a better understanding of the current landscape of managed service providers in the U.S.





The quadrant assesses service providers that offer managed services through **AIOps-driven operations** to accelerate **IT landscape transformation** and promote **cost-effective innovation**. Retailers seek partners that offer them **integrated services** to improve **efficiency** and **reduce cost**.

Prateek Samtani



Definition

Managed service providers typically take over the entire IT-run landscape that includes application development and maintenance, infrastructure and service desk to help companies focus on their core, save on costs and manage IT complexities.

Today, the approach of service providers is driven by AIOps that enable significant automation and predictive healing for achieving extreme efficiencies through the application of automation and AI. Managed services providers are also expected to innovate solutions that address business challenges using disruptive emerging technologies in the market. It is pertinent for them to prove their agility in terms of reacting quickly and managing the ever-changing requirements for software, network, infrastructure and hardware in as-you-go model.

Eligibility Criteria

1. Experience in fixed-capacity multiyear managed services engagements
2. Transition methodology
3. Consulting and industry sector competency (retail-specific IP)
4. Assessment of application management frameworks
5. Assessment of application modernization capabilities
6. AIOps implementation experience
7. Cross-tooling experience
8. ERP, CRM and business process management (BPM) competency
9. Regional coverage and scale of operations
10. Cloud vision and as-a-service offerings
11. Technology partnerships (center of excellence, level of partnership and accelerators developed)
12. Success stories
13. Integration capabilities
14. Delivery model (onshore/nearshore/offshore capabilities)
15. Innovation and continuous improvement
16. Storage management, managed security, workspace collaboration and application support services
17. Offer commercial models such as fixed price, time and material (T&M), outcome-based, and revenue sharing



Observations

With rapid transformation and increased dependency on IT, it is becoming difficult for retailers to cost effectively manage their IT landscape across apps, infrastructure, cloud, data centers and service desk to ensure high quality of service through in-house IT teams or incongruent vendors.

Retailers seek service providers that can help **manage their entire IT landscape and third-party vendors** that can ensure top-class service levels.

To deliver core competence, service providers are focusing on **faster go-to-market, scaled operations and higher satisfaction levels through modernization, technology debt reduction, cybersecurity and cost optimization** by leveraging automation and AI.

Service providers have developed a wide range of accelerators and AIOps capabilities in the last two years.

These help in predicting and focusing on prescriptive insights for faster decision-making with minimum human interventions.

To strengthen the partnership, **service providers are expanding their talent pool** to gain domain knowledge. At the same time, they are upgrading their DevSecOps frameworks to ensure that the security component is integrated into the development from the start.

From 21 companies shortlisted and evaluated for this study, seven companies have qualified as Leaders.

accenture

Accenture provides a range of managed services for applications, infrastructure and cloud. With strong focus on inorganic growth, it is continuously investing in technology innovation startups across the retail segment. It recently acquired HRC Retail Advisory, a retail-focused strategy consultancy with critical in-demand skills and solutions that help clients across the value chain.

Capgemini

Capgemini has comprehensive capabilities across application management, omnichannel CX and supply chain. It has a dedicated managed service offering for supply chain, called ONEOPS, that create frictionless supply chain interactions, enabling clients to focus on growth initiatives.

cognizant

Cognizant has a strong portfolio of managed services offering, which include strategy and roadmap development, vendor/package selection, application portfolio rationalization, application transformation, program management, enterprise architecture program enablement and IT operating model development. It also has a gamut of tools and accelerators such as Intellipeak to enhance its managed service offerings.

HCL

HCL offers managed services such as IT operations monitoring, digital experience monitoring, IT service management and DevOps and application lifecycle management. It has strong partnerships with Oracle, Blue Yonder (JDA), Microsoft, IBM, Manhattan Associates and SAP, which helps the company deliver an array of managed services to its retail clients.



Managed Services



Infosys has a comprehensive service offering that leverages automation and AI. The company has gained extensive experience in the managed services domain. It has helped 10 out of top 15 global retailers in enhancing their strategies and lowering their costs.



TCS offers end-to-end IT managed services across enterprise applications, consulting, analytics and insights, automation, AI, blockchain, cloud, cognitive business operations, cybersecurity, IoT and digital engineering. Its Machine First Delivery Model framework helps retailers achieve operational efficiency through automation and AI.



Wipro offers a portfolio of next-generation application management services, leveraging DevSecOps, SRE operations, intelligent automation and AIOps. With its Service NXT framework, it provides integrated service offering and platforms for managing next-generation applications, infrastructure, cloud and security operations.





“Capgemini has expertise in application management, driving business excellence for top retailers.”

Prateek Samtani

Capgemini

Overview

Capgemini is headquartered in Paris and operates in 50 countries. As a service provider, it has more than 309,300 employees across over 300 global offices. In FY20, the company generated \$19.4 billion in revenue (+12.2 percent YoY), with applications and technology as its largest segment. Capgemini’s consumer products, retail, and distribution verticals account for 14 percent of the total revenue and have 20,000 FTEs.

Strengths

End-to-end managed services:

Capgemini offers an expansive set of managed services, ranging from IT operations, business transformation and cloud management to digital assurance, change management and focused sustainability services.

Dedicated focus on supply chain:

Capgemini has created ONEOPS, a dedicated managed service offering to facilitate frictionless supply chain interactions, enabling clients to focus on growth initiatives.

Zero-touch AIOps: Capgemini offers zero-touch monitoring to not only reduce the cost of services but also to

drive a step-change in the quality of monitoring services.

Differentiated accelerators and tools:

Capgemini Minerva for apps and ADMnext, specifically, are the comprehensive tools for managed services that enable automation-enabled services, aimed at delivering uninterrupted business excellence.

Flexible pricing models: Capgemini engages with its clients on various commercial models such as application-based pricing, SLA-based pricing, and outcome and transaction-based pricing, ensuring maximum value for its clients.

Caution

Partnership with niche vendors:

Capgemini should continue to cultivate partnerships with niche vendors to continually expand its managed services scope.





Appendix

The ISG Provider Lens 2022 – Retail Services analyzes the relevant software vendors/service providers in the U.S. market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research methodology.

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The research and analysis presented in this report includes research from the ISG Provider Lens program, ongoing ISG Research programs, interviews with ISG advisors, briefings with services providers and analysis of publicly available market information from multiple sources. The data collected for this report represents information that ISG believes to be current as of May 2022, for providers who actively participated as well as for providers who did not. ISG recognizes that many mergers and acquisitions have taken place since that time, but those changes are not reflected in this report.

All revenue references are in U.S. dollars (\$US) unless noted.

The study was divided into the following steps:

1. Definition of Retail Services market
2. Use of questionnaire-based surveys of service providers/vendor across all trend topics
3. Interactive discussions with service providers/vendors on capabilities & use cases
4. Leverage ISG's internal databases & advisor knowledge & experience (wherever applicable)
5. Use of Star of Excellence CX-Data
6. Detailed analysis & evaluation of services & service documentation based on the facts & figures received from providers & other sources.
7. Use of the following key evaluation criteria:
 - * Strategy & vision
 - * Tech Innovation
 - * Brand awareness and presence in the market
 - * Sales and partner landscape
 - * Breadth and depth of portfolio of services offered
 - * CX and Recommendation



Author & Editor Biographies

Lead Author



Prateek Samtani
Senior Lead Analyst – Retail & Consumer Goods

Prateek Samtani is a senior lead analyst and the lead author of ISG Provider Lens studies for Retail and Consumer Packaged Goods (CPG) industries. He brings more than 11 years of retail and CPG industry experience across research and consulting that includes business strategy, financial analysis, competitive assessment, IT roadmap and budgeting, point-of-views and executive insights. Prateek has a strong

focus on how next-gen technologies such as intelligent automation, AI, AR/VR, blockchain, IoT and metaverse are transforming the retail and CPG industry. He has a strong connection with service providers for understanding, assessing and effectively communicating the industry view to help them stay relevant in the market.

Global Overview and Enterprise Context Analyst



Riya Munjal
Research Analyst

Riya Munjal is a senior research analyst at ISG and is responsible for supporting and co-authoring Provider Lens™ studies on retail and consumer packaged goods industries. She supports the lead analysts in the research process and co-authors the global summary report with market trends and insights. Riya also develops content from an enterprise perspective.

Riya has helmed this role since 2021. Prior to this role, she worked in market and industry research on go-to-market strategies, account intelligence and benchmarking studies. Her areas of expertise include AI, AR/VR and analytics.





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Mr. Aase brings extensive experience in the implementation and research of service integration and management of both IT and business processes. With over 35 years of experience, he is highly skilled at analyzing vendor governance trends and methodologies, identifying inefficiencies in current processes, and advising the industry. Jan Erik has experience on all four

sides of the sourcing and vendor governance lifecycle - as a client, an industry analyst, a service provider and an advisor. Now as a research director, principal analyst and global head of ISG Provider Lens™, he is very well positioned to assess and report on the state of the industry and make recommendations for both enterprises and service provider clients.



*ISG Provider Lens™

The ISG Provider Lens™ Quadrant research series is the only service provider evaluation of its kind to combine empirical, data-driven research and market analysis with the real-world experience and observations of ISG's global advisory team. Enterprises will find a wealth of detailed data and market analysis to help guide their selection of appropriate sourcing partners, while ISG advisors use the reports to validate their own market knowledge and make recommendations to ISG's enterprise clients. The research currently covers providers offering their services across multiple geographies globally.

For more information about ISG Provider Lens research, please visit this [webpage](#).

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*ISG

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