

NEAT EVALUATION FOR CAPGEMINI:

# Learning Services

Market Segments: Overall, Digital Learning Transformation Journey

## Introduction

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This is a custom report for Capgemini presenting the findings of the NelsonHall NEAT vendor evaluation for *Learning Services* in the *Overall* and *Digital Learning Transformation Journey* market segments. It contains the NEAT graphs of vendor performance, a summary vendor analysis of Capgemini for learning services, and the latest market analysis summary.

This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering learning services. The NEAT tool allows strategic sourcing managers to assess the capability of vendors across a range of criteria and business situations and identify the best performing vendors overall, and with a specific focus on learner experience, service innovation, technology innovation, geographic footprint & scalability, and digital learning transformation.

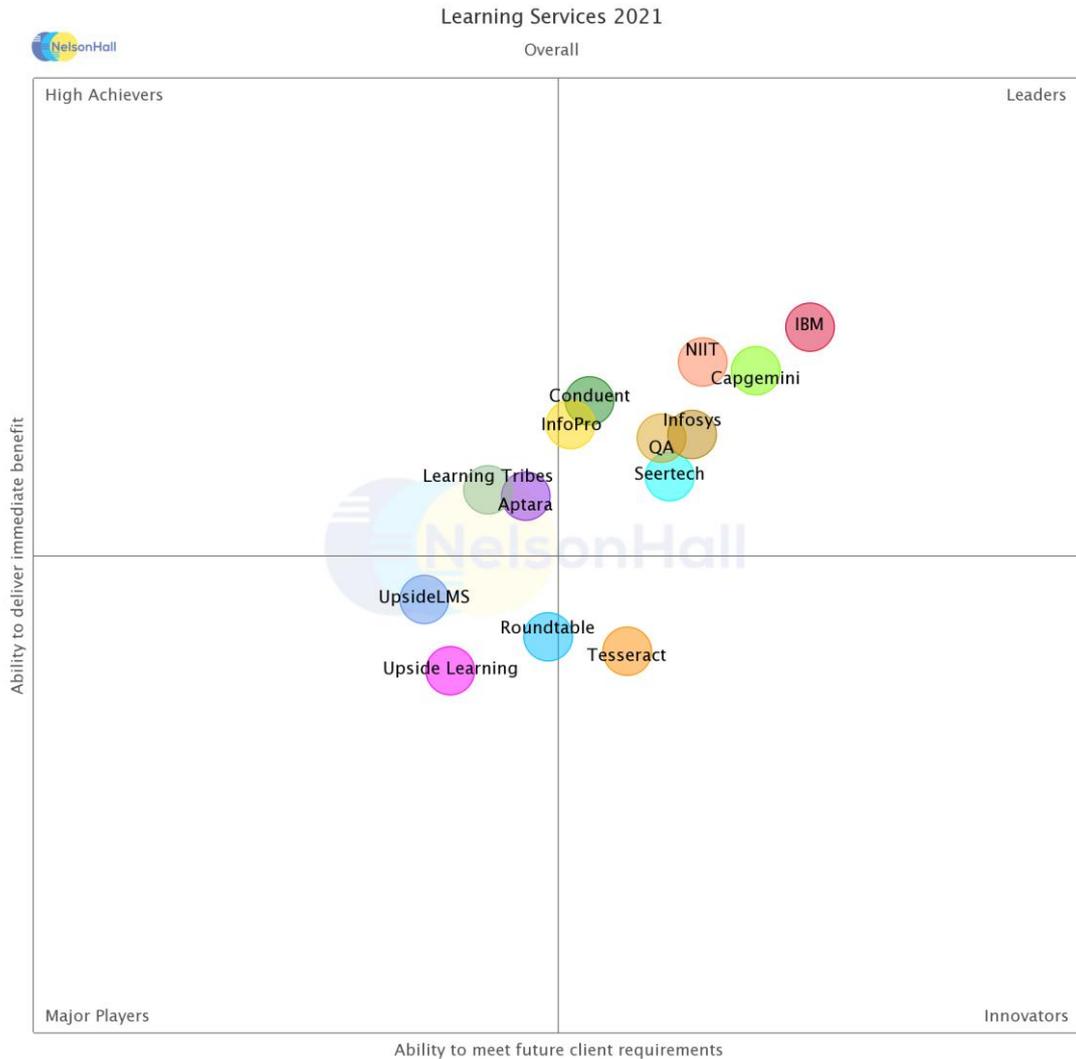
Evaluating vendors on both their ‘ability to deliver immediate benefit’ and their ‘ability to meet client future requirements’, vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are: Aptara, Capgemini, Conduent, IBM, InfoPro Learning, Infosys, Learning Tribes, NIIT, QA, Roundtable Learning, Seertech, Tesseract Learning, Upside Learning, and UpsideLMS.

Further explanation of the NEAT methodology is included at the end of the report.



## NEAT Evaluation: Learning Services (Overall)



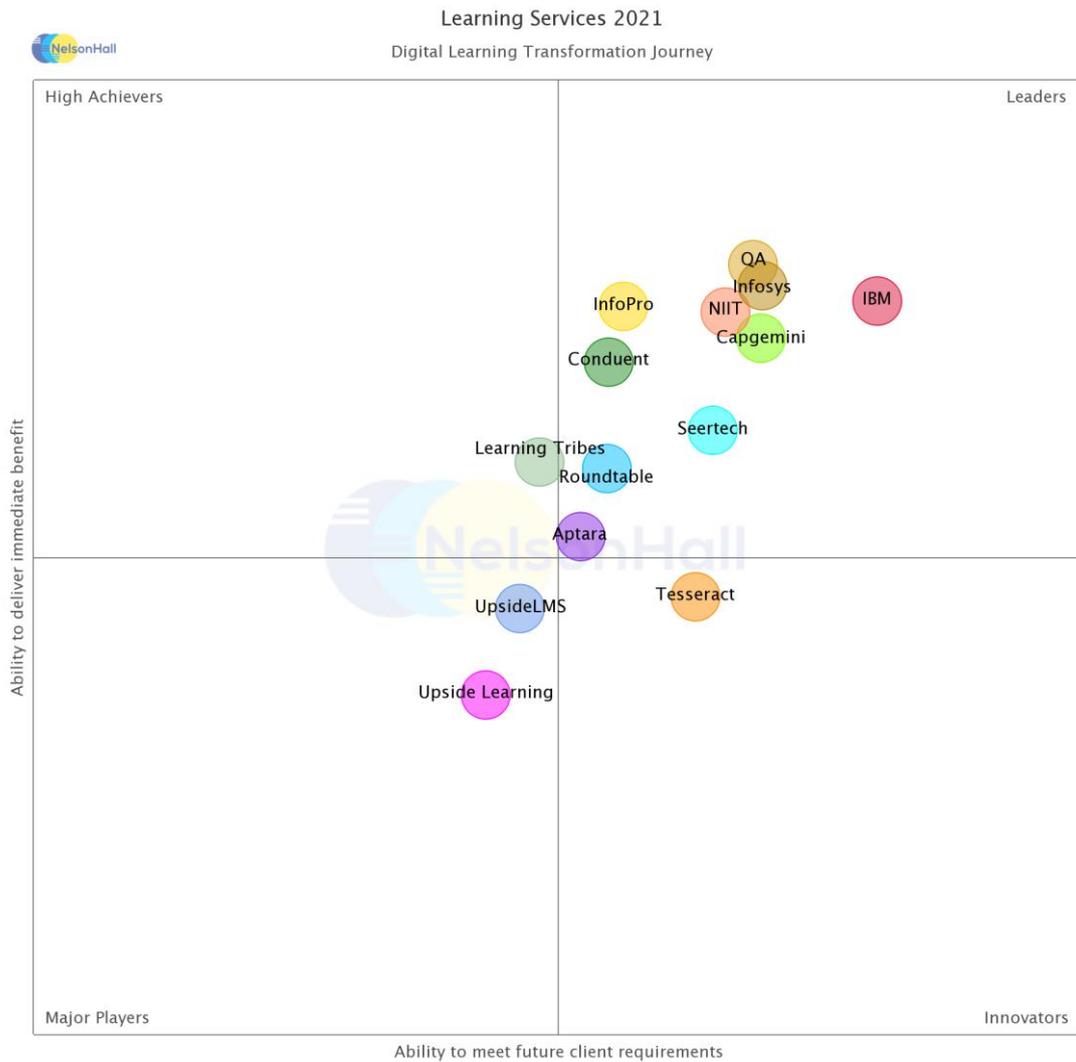
NelsonHall has identified Capgemini as a Leader in the *Overall* market segment, as shown in the NEAT graph. This market segment reflects Capgemini’s overall ability to meet future client requirements as well as delivering immediate benefits to its learning services clients.

Leaders are vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements.

Buy-side organizations can access the *Learning Services* NEAT tool (*Overall*) [here](#).



## NEAT Evaluation: Learning Services (Digital Learning Transformation Journey)



NelsonHall has identified Captero as a Leader in the *Digital Learning Transformation Journey* market segment, as shown in the NEAT graph. This market segment reflects Captero’s ability to meet future client requirements as well as delivering immediate benefits to its learning services clients, with specific capability in assisting clients on their transformation to digital learning.

Buy-side organizations can access the *Learning Services* NEAT tool (*Digital Learning Transformation Journey*) [here](#).



## Vendor Analysis Summary for Capgemini

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### Overview

Capgemini, founded in 1967 and headquartered in Paris, France, is a provider of IT consulting, outsourcing, and professional services. Capgemini entered the BPS market in 2003 and began providing HR BPS services in 2006. Capgemini's Digital Employee Operations (DEO) business, comprising end-to-end support for HR operations from hire to retire (including contact center support, Digital Learning Operations (DLO), process automation, and analytics) falls within one of its nine essential business offerings.

Capgemini provides content (design and build), delivery, administration (operations), tech, consulting, and knowledge management (KM) services. It leverages its Global Process Model (for learning design, build, and delivery) along with four frameworks, to help its clients with learning solutions or learning transformation, with geo-specific versions adapted for geographies and industries based on compliance requirements.

Capgemini introduced its KM service in 2020, with focus on KM design, technical writing services, and analytics and reporting. It also introduced its Workforce Transformation service, which focuses on upskilling and reskilling employees based on future needs and, conversely, deskilling employees (where skillsets will be augmented or replaced by automation).

In 2020, Capgemini brought its first academy (AI Academy) to the market. In 2021, it will consider other academies to introduce, aligned to the broader Capgemini offering.

Capgemini also introduced its Learning Platforms-as-a-Service (PaaS) offering, with its enhanced, next-generation Academy and Next platforms.

The Next digital enterprise-wide personalized learning platform offers a digital-first entry point into learning. It aims to enable organizations to move to 80% digital and virtual learning delivery. Capgemini's Academy platform is used for structured onboarding, change management, and upskilling of new/existing employees/partners. Both platforms have a roadmap of new features to be released in 2021.

Capgemini continues to see traction in its established industries such as banking, utilities, pharmaceuticals, and technology.

### Financials

NelsonHall estimates Capgemini's 2020 Digital Learning Operations revenue to be ~\$38.6m.

### Strengths

- Global footprint (U.S., U.K., Europe, APAC, LATAM)
- Focus on the digital transformation of learning, as part of Capgemini's broader organizational drive to enable its clients to transform digitally – notably, with its new services of Workforce Transformation, Learning Platforms-as-a-Service, and Knowledge Management
- Range of courses (plus its first academy) dedicated to IT skills training/certification programs
- Capgemini's content design factory



- Capgemini University (for training delivery and training research)
- Capgemini's Rightshore® approach to global delivery
- The 2020-launched Next platform designed for a digital-first approach to learning (with an ongoing roadmap of developments for 2021)

## Challenges

- Having previously had a lack of brand awareness in the marketplace, 2021 requires significantly more marketing effort to sell to an existing/new client base who have COVID-19-impacted budgets
- With vendors targeting their home-grown market (which are similar markets across multiple vendors), Capgemini must actively promote its USPs to stand out in a busy crowd.

## Strategic Direction

Capgemini has the following strategic priorities:

- To promote its new services introduced in 2020:
  - Workforce Transformation services
  - Platform-as-a-Service offering, with its Next and Academy platforms
  - Knowledge Management services (design, technical writing, analytics)
- Driving personalized learning (focused on the learning experience and environment), with a further uptick in the use of VR and AR
- To create further digital academies, based on the success of AI Academy
- To continue to consult on the future of work
- Further investment in its tech roadmap (Next and Academy).

## Outlook

NelsonHall expects that in 2021, Capgemini will address its strategic priorities, as detailed above.

Based on its own research findings on closing the digital talent skills gap and upskilling the workforce in the machine age, Capgemini will focus on upskilling and reskilling employees based on future needs, and deskilling employees where skillsets will be augmented or replaced by automation. It will leverage a range of intelligent technologies, including:

- Using algorithms to predict skills augmentation/replacement
- Cognitive, social, and emotional aptitudes to determine upskilling suitability
- Tools to roadmap skills development.

Capgemini's tech team has grown with the development and expansion of its suite of technologies/tools. It has been adding team members with Zendesk and ServiceNow skillsets, and is expanding further with hiring people from the broader talent tech space too (with a more expansive understanding of talent platforms). 2021 plans for the Next platform include:



- An events tools, like Social 27
- A collaboration tool (such as Klaxoon).

Capgemini focuses on large and medium enterprises, and continues to target its multi-process clients too. It remains focused on Europe and the U.S. for growth, with demand for consulting services (via Capgemini Invent) strengthening in the U.S.



## Learning Services Market Summary

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### Overview

Organizations acknowledge that the shift to digital learning must be a mid-to-long-term strategic goal for their businesses, as 2021 dawns with the realization that the pandemic effects will loom long into the decade. Yet, social and technological change continues apace as the workforce becomes more multigenerational (each with their own learning needs) and the accessibility, mobility, and sophistication of learning tech increases.

Learning vendors have opportunities to adapt their businesses further as they seek to guide their clients on the future of learning in the new era of work. Learning services/solutions will be learner-centric, tech-enabled, and future skills-focused, determining how the specific learning areas of content, delivery, admin, tech, and consultancy evolve. Content will be created (where tailoring is required) or curated. Delivery will be mostly digital, with pockets of in-person learning to demonstrate skills/knowledge. Admin will be mostly automated, digital, or specialty (supplier management), and tech services will extend beyond learning tech, deployment, integration, and security. Consulting will expand to encompass all learning areas and be more strategic in focus.

As learning services mature, there is likely to be more market segmentation, as learning vendors choose to specialize in learning strength areas, mirroring trends in other areas of talent outsourcing.

### Buy-Side Dynamics

Buyers of learning services want to normalize blended learning/eLearning, invest in impactful modalities, and make learning more accessible and engaging for their learners. Organizations recognize the future workplace/workforce will be heavily tech-enabled. Yet, learning services buyers want those services at the best possible price. Hence, buy-side organizations expect their chosen learning vendor to roadmap change for their learning function and offer innovative pricing and commercial terms to ride the economic uncertainties that may prevail for the next few years.

Reskilling and upskilling workers are essential considerations for buy-side organizations (to retain talent by giving them opportunities to advance their careers). Still, the priority given to enhancing skills is somewhat determined by the mix of external factors at play for an individual organization level (and the urgency to reskill/upskill).

The need for data/analytics is currently ranked a low priority for buyers of learning services. As organizations embrace digital/eLearning and are exposed to insights about their learners, the demand for detailed learner-specific data and analytics will take off.

There is recognition from the buy-side community that their organizations do not have the know-how internally to advance their learning function to the level it needs to be. 87% of organizations are seeking third-party support (through a learning services vendor or other third-party specialty provider) to support them on their digital learning transformation journey.



## Market Size & Growth

The size of the global learning services market in 2021 is estimated at ~\$3.8bn and it will grow at 4.5% per annum to reach ~\$4.5bn in 2025. In the period 2021-2025, the most buoyant sectors will be banking, financial services, healthcare, and pharmaceuticals. Over the same period, new industries will emerge (e.g. digital healthcare), or existing industries will evolve (e.g. renewable energy and advanced manufacturing).

A very lucrative area for 2021 and beyond is consultancy around learning tech, as more organizations seek advice on how to use their own tech ecosystems more effectively, seek plug-in tools to enhance those ecosystems, or need to leverage a cloud-based solution. The demand for specialty platforms (microlearning, VR, for example) to augment existing platforms will increase as learners seek engaging, short, at-the-point-of-need learning solutions.

Learning administration services may see growth up to 10%. Organizations seek to outsource basic administrative tasks, giving vendors scope to offer Supplier Management services, (Digital) Learning Admin as a Service, and data/analytics services.

Contract durations are shrinking (standard three-year contracts in 2021 will likely shrink further). Organizations will increasingly seek flexible commercial terms, including transactional pricing, based on specific work completed at different stages throughout the contract duration.

Vendors prefer to target large organizations as they offer the most lucrative contracts, with higher numbers of employees to train and larger budgets to spend. Vendors also target mid-sized organizations, notably for learning tech sales.

## Challenges & Success Factors

There are several challenges that learning services vendors face. There is concern that a 100% digital strategy potentially impacts the ability to maintain high service delivery standards, as the pandemic's social restrictions prevent high-touch, in-person, and highly interactive learning services. Success requires a compromise level in challenging times, but it presents the opportunity to showcase the high level of engagement afforded through digital studios/platforms. Vendors can support clients with alternative ILT strategies (deployed in socially-distanced formats) and increase communication frequency with clients to compensate for non-in-person contact.

It is challenging to offer cost-effective learning solutions for clients while economic uncertainty prevails, as some organizations' budgets are cut, and other organizations want more for less. Success can be demonstrated through small snippets of appropriate advice or quick fixes (such as supplementing existing tech with a few extra tools) that will make an impact. It is about educating organizations on what is right for them to take small but impactful steps. Organizations can sometimes struggle to look long-term (beyond the immediate quarterly business cycle). While budgets are constrained, vendors help organizations plan and act for the long-term. A focus on future skills needs is a sure key to success.

Offering ongoing flexibility and agility in learning services can be a challenge. There is an opportunity to target specific solutions, expand portfolios, increase knowledge in broader learning/tech segments, and foray into other talent-related streams. Vendors can consider planning and trialing new methods/approaches and introducing flexible contracts and pricing. Quick-deploy solutions aid flexibility/agility. Multiskilling employees to move between learning streams alleviates peaks and troughs in demand.

Despite the leap forward in embracing digital learning, barriers to digital learning transformation prevail. With the continued drive for expensive HCM deployments in



organizations, basic learning modules leave organizations frustrated at their lack of functionality. Vendors can demonstrate success by educating stakeholders and showcasing tools that can augment the features/functionality of those HCM modules. Successful vendors undertake an audit of organizations' current learning set-up (including tech stack), understand what they want to achieve through learning, and propose solutions based on augmenting their legacy technology with additional tech/tools. Vendors must work with CTOs from initial engagement to address tech/tools security concerns, as distributed workers may become the new norm.

## Outlook

The outlook for learning services is positive, with vendors building on their strengths and either expanding or specializing their offerings. The demand for learning administration services, learning tech services, and learning consultancy will remain buoyant. Specialty learning content will continue to be in demand, but the curated content route will be the preference for generic skills content. Learning delivery will be predominantly digital.

Learning is becoming more tech-enabled, such that learning vendors will need to have a digital- and learner-centric approach to their learner services. Learners will increasingly strive for anytime, anywhere, any device learning access, preferring bite-sized learning chunks at the right time (increasingly in the flow of work). So, vendors will have to solutionize by embracing engaging modalities to motivate learners to learn, pulling tailored content of interest and relevance. Simultaneously, learning vendors will have to advise organizations on the right balance of existing and new proprietary and third-party tech that will deliver the learning experience they crave for their workforce.

The use of VR and AR will grow significantly over the next 3-5 years, as the technology (and the peripherals) become less expensive, the cost being an initial stumbling block, despite the interest in using VR. With the future workforce likely to be more remote than in the pre-pandemic era, organizations will be keen to give remote employees a sense of the real office through VR, rather than missing out altogether. The use of alternate reality will grow as it combines the newer VR and simulation modalities, allowing learners to practice skills in a safe, alternate reality space. Other modalities will continue to be used, as using multiple modalities helps to engage learners on an ongoing basis.

Consultancy around technology will be vital, such that learning vendors must understand their clients' existing tech/learning tech landscape before advising how to move forward. While organizations may be keen to use newer modalities (which can be bandwidth-sapping) to engage learners, organizations must have the required infrastructure before deploying specialty platforms to deliver those modalities. Learning platforms (including broader tech on which to deliver learning) will continue to evolve, with the use of AI, ML, and automation being essential to driving a personalized digital learning experience. More organizations will demand data/analytics on their learners and use the resulting insights to improve their learning offering, so learning vendors will need data-savvy teams to help articulate their client organizations' findings. There will be a greater drive for using outcome-based metrics to measure learning programs' success because of the uptake in monitoring learner data/analytics.

Vendors will increasingly deliver learning digitally. The use of in-person simulations to enable learners to demo their skills at the end of a predominantly digital learning (online) experience will continue unless offerings in the alternate reality space advance to a level that they replace in-person simulations. However, ILT is unlikely to disappear completely, as organizations are likely to want in-person learning to take place as an occasional alternative to the digital norm.



Service delivery will continue to be a mix of high-touch, self-service, and automated, although the relative proportions may change according to each vendor's clients' preferences. Both low-cost and higher-cost locations will be used on an as-needed basis, along with elements of working-from-home, remote support.

Learning services vendors will expand in regions such as the Middle East and LATAM, building upon the small footprints that some vendors have in these regions. The cautionary approach to geographical expansion taken in 2021 will subside as vendors ensure their growth plans get back on track. There will be more traction in the mid-market space, a hotbed of opportunity for learning tech sales (in the absence of large HCM suites), which will offer opportunities for other learning services later.

Some learning vendors will grow their portfolios to become a one-stop-shop for all learning services and technology, and others may choose to narrow their focus on a few learning areas. Some will continue along a specialist route. The learning services space will likely follow the same path as recruitment outsourcing (RPO and CWS/MSP) as the learning services market matures. For buy-side organizations, that means greater choice in sourcing a learning services vendor and determining which vendor is right at a particular time for a specific learning need.



## NEAT Methodology for Learning Services

NelsonHall's (vendor) Evaluation & Assessment Tool (NEAT) is a method by which strategic sourcing managers can evaluate outsourcing vendors and is part of NelsonHall's *Speed-to-Source* initiative. The NEAT tool sits at the front-end of the vendor screening process and consists of a two-axis model: assessing vendors against their 'ability to deliver immediate benefit' to buy-side organizations and their 'ability to meet client future requirements'. The latter axis is a pragmatic assessment of the vendor's ability to take clients on an innovation journey over the lifetime of their next contract.

The 'ability to deliver immediate benefit' assessment is based on the criteria shown in Exhibit 1, typically reflecting the current maturity of the vendor's offerings, delivery capability, benefits achievement on behalf of clients, and customer presence.

The 'ability to meet client future requirements' assessment is based on the criteria shown in Exhibit 2, and provides a measure of the extent to which the supplier is well-positioned to support the customer journey over the life of a contract. This includes criteria such as the level of partnership established with clients, the mechanisms in place to drive innovation, the level of investment in the service, and the financial stability of the vendor.

The vendors covered in NelsonHall NEAT projects are typically the leaders in their fields. However, within this context, the categorization of vendors within NelsonHall NEAT projects is as follows:

- **Leaders:** vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements
- **High Achievers:** vendors that exhibit a high capability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet future client requirements
- **Innovators:** vendors that exhibit a high capability relative to their peers to meet future client requirements but have scope to enhance their ability to deliver immediate benefit
- **Major Players:** other significant vendors for this service type.

The scoring of the vendors is based on a combination of analyst assessment, principally around measurements of the ability to deliver immediate benefit; and feedback from interviewing of vendor clients, principally in support of measurements of levels of partnership and ability to meet future client requirements.

Note that, to ensure maximum value to buy-side users (typically strategic sourcing managers), vendor participation in NelsonHall NEAT evaluations is free of charge and all key vendors are invited to participate at the outset of the project.



Exhibit 1

**‘Ability to deliver immediate benefit’: Assessment criteria**

| Assessment Category | Assessment Criteria  |
|---------------------|--|
| Offering            | <ul style="list-style-type: none"> <li>Learning content creation/development services</li> <li>Learning content curation services</li> <li>Content Digitalization/ Transformation</li> <li>Range of modalities</li> <li>Learning administrative services (range, sophistication, pivot)</li> <li>LMS/LXP (+ other learning tech) services</li> <li>Other broader tech/tools services</li> <li>Learning consultancy services (core)</li> <li>Strategic Learning consultancy services (learning roadmap strategy, future skills, insights, data/analytics, etc.)</li> <li>Specialist services (Sourcing Talent as a Service, etc.)</li> <li>New Services (includes broader talent)</li> <li>Reskill Upskill</li> </ul>   |
| Delivery            | <ul style="list-style-type: none"> <li>Global</li> <li>North America</li> <li>U.K.</li> <li>Continental Europe</li> <li>Middle East/Africa</li> <li>APAC</li> <li>LATAM</li> <li>Traditional learning facilities</li> <li>Digital learning facilities</li> <li>Range of suitable/adapted learning modalities (delivery)</li> <li>Provision of skilled instructors, etc. for learning (reskilled/upskilled)</li> <li>Delivery support mix (onshore, nearshore, offshore, etc.)</li> <li>Application of service automation</li> <li>Flexibility, scalability, agility in service delivery</li> <li>Range/sophistication of LMS, LXP, + other learning platforms (XR, curated content)</li> <li>Use/sophistication of advanced analytics, RPA, AI, ML, VR, AR, etc.</li> <li>Learner experience (personalized, mobile, self-service)</li> <li>Next Gen Services Innovation</li> <li>Next Gen Tech Innovation</li> </ul> |
| Presence            | <ul style="list-style-type: none"> <li>Size Mix</li> <li>Large Organizations</li> <li>Mid-size Organizations</li> <li>Small Organizations</li> <li>North America</li> </ul>  |

Continued...



|                   |   |
|-------------------|---|
|                   | <p>U.K.</p> <p>Continental Europe</p> <p>Middle East/Africa</p> <p>APAC</p> <p>LATAM</p> <p>Single Country</p> <p>Multi-country (One Region)</p> <p>Multi-region</p> <p>Global</p>  |
| Benefits Achieved | <p>Cost savings</p> <p>Accelerated time to learner competence</p> <p>Improved (digital) learning content (for COVID-19 pandemic)</p> <p>Improved delivery agility/flexibility/ scalability</p> <p>Improved learner satisfaction/ engagement</p> <p>Improved adoption rate/usage of training (notably during the COVID-19 era)</p> <p>Improved compliance</p> <p>Using latest learning technology</p> <p>Perceived ROI/value for money</p> <p>Improved overall learning outcomes</p> |



Exhibit 2

**‘Ability to meet client future requirements’: Assessment criteria**

| Assessment Category                     | Assessment Criteria  |
|---|--|
| Specific Learning Services Capabilities | Ability to Reimagine Service Offerings (aligned to market/global trends)<br>Vendor Knowledge and Expertise<br>Best Caliber Personnel (includes proactiveness)<br>Strength of Partnership<br>Flexibility of Approach<br>Ability to Scale/Pivot at Speed (Agility)<br>Digitalization/Transformation Capability<br>Continuous Improvement Mindset<br>Recommendation   |
| Ongoing Offerings Development           | Overall future learning needs<br>Future-fit content (created or curated) services for reskilling/upskilling<br>Future-fit learning admin services (digital, data, analytics)<br>Future-fit learning delivery (digital, blended, eLearning, modalities)<br>Future-fit learning consultancy (future of work learning, tech)<br>Future-fit tech services (Learning platforms, tools, for new era of learning)<br>Advanced learner data/analytics for Informed Insights<br>Deployment of intelligent tech/tools to enhance learning (RPA, AI, ML, etc.)<br>Future-fit service delivery<br>Mechanisms in place to drive innovation in services<br>Mechanisms in place to drive innovation in tech/tools<br>Mechanisms in place to drive personalized learning experiences<br>Mechanisms in place to support on the future of learning (emerging trends)<br>Mechanisms in place to drive service delivery/ operational excellence<br>Mechanisms in place to drive the journey to future learning transformation<br>Roadmap in place to evolve appropriate tech/tools strategy<br>Future holistic talent journey (strategizing for future workplace/workforce skills needs) |



For more information on other NelsonHall NEAT evaluations, please contact the NelsonHall relationship manager listed below.



[research.nelson-hall.com](https://research.nelson-hall.com)

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Guy Saunders at [guy.saunders@nelson-hall.com](mailto:guy.saunders@nelson-hall.com)

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