NEAT EVALUATION FOR NTT DATA:

# Salesforce Services

## Market Segment: Overall

## Introduction

This is a custom report for NTT DATA presenting the findings of the 2024 NelsonHall NEAT vendor evaluation for *Salesforce Services* in the *Overall* market segment. It contains the NEAT graph of vendor performance, a summary vendor analysis of NTT DATA for Salesforce services, and the latest market analysis summary.

This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering Salesforce 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 specific capability in Experience Cloud Services, Field Services, Commerce Cloud Services, Marketing Cloud Services, Revenue Cloud Services, MuleSoft Services, and Vlocity Services.

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: Accenture, Apexon, Capgemini, CGI, Coforge, Cognizant, Deloitte Consulting, EPAM Systems, Grazitti Interactive, IBM, Infosys, LTIMindtree, Mastek, NTT DATA, TCS, Tech Mahindra, and Wipro.

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

# NEAT Evaluation: Salesforce Services (Overall)
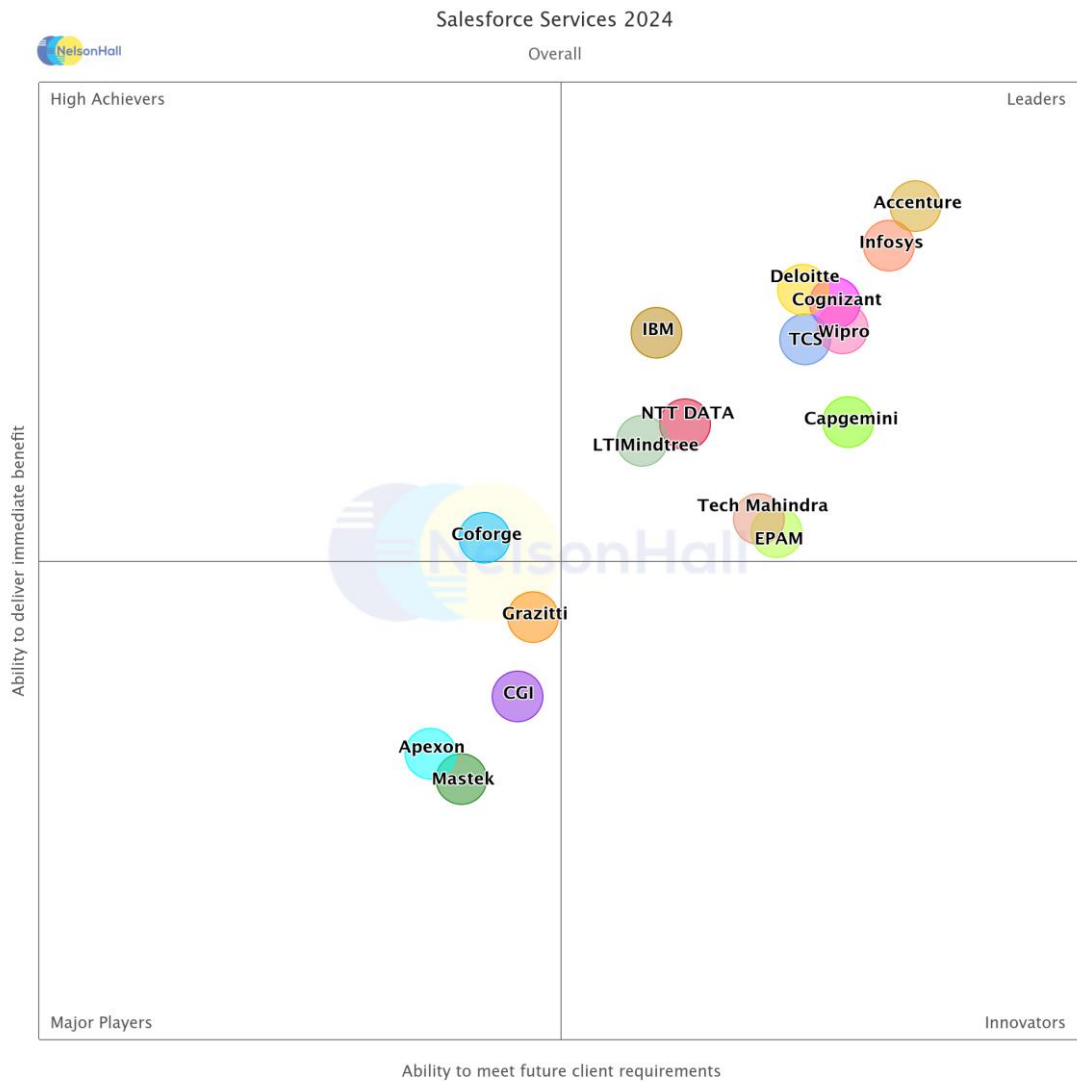


NelsonHall has identified NTT DATA as a Leader in the *Overall* market segment, as shown in the NEAT graph. This market segment reflects NTT DATA's overall ability to meet future client requirements as well as delivering immediate benefits to its Salesforce services clients.

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 *Salesforce Services* NEAT tool (*Overall*) here.

# Vendor Analysis Summary for NTT DATA

## Overview

Japan-headquartered NTT DATA is a 54.2% subsidiary of the NTT Group and provides a broad range of consulting, systems integration, applications, infrastructure, and BPO services. In FY23 (for the period ending March 31, 2023) NTT DATA had total revenues of ¥3.49tn (~$24.6bn), and guidance for FY24 revenues is ¥4.1tn (~$30.3bn).

NTT DATA has grown by acquisitions in its international operations very rapidly. The company's decentralized business model relies on its geographic units' entrepreneurship. NTT DATA launched its Global One initiatives in the early 2010s to bring consistency and re-usability across its geographic divisions. Currently, NTT DATA has several global strategic programs, including:

- *Industry*: banking, insurance, healthcare, life sciences, automotive, and media

- *Technology*: data and intelligence, cloud, cybersecurity, and ADM

- *Enterprise applications*: SAP, ServiceNow, and Salesforce.

NTT DATA has ~5.8k Salesforce-certified practitioners across 30 countries, with a total of ~6.6k certifications.

The company has structured its Salesforce capabilities by region, i.e., North America, Europe/LATAM, and Japan/APAC/China. Each area has its own Salesforce practice with its own P&L and responsibility for sales & marketing, offerings, delivery and consulting, and alliances. The local Salesforce practices are then verticalized across banking, insurance, telecom, utilities and energy, and the public sector.

To complement its local Salesforce practices, NTT DATA relies on a series of COEs, e.g., MuleSoft, Tableau, and Vlocity.

In broad terms, NTT DATA has capabilities around Salesforce's core Sales and Service Clouds and is expanding to Commerce and Marketing. NTT DATA is driving this effort primarily through recruitment and training.

NTT DATA is pushing CPQ within the Sales Cloud, working with Salesforce and Vlocity.

The company has made three acquisitions that expand its Salesforce services capabilities:

- Centerstance (2012, U.S.) – a Portland, OR-based Salesforce consulting partner in North America had a headcount of 140 at the time of the acquisition

- Nefos (2016, Switzerland) – a Zurich-based Salesforce partner founded in 2007 served German-speaking markets in DACH. It also had a nearshore development center in Croatia. Its client base included manufacturing, automotive, telecom, and services

- Apisero (2022) – founded in 2016, and was a MuleSoft Strategic and Salesforce Gold Consulting Partner. It was headquartered in Chandler, AZ, with offices across Canada, the U.K., the Middle East, and India. At the time of acquisition, it had 1,500 MuleSoft and 500 Salesforce consultants.

Additionally, NTT DATA acquired Umvel in 2022, a digital design and engineering firm headquartered in Mexico City. NTT DATA uses Umvel's design consulting capabilities in Salesforce projects.

## Financials

NelsonHall estimates that NTT DATA's Salesforce revenues were $400m in 2022 (including Apisero revenue) and that 2023 revenue was $480m.

## Strengths

- *Consulting*: thanks to its acquisitions, NTT DATA has gained capabilities that bring adjacent skills such as business consulting and sector knowledge

- *Experience Cloud*: the company has expertise in UX Design and multi-platform (Salesforce, non-Salesforce) integration services. It is backed by two solutions, which demonstrate its lightning bolt capabilities on Experience Cloud

- *Marketing Cloud*: NTT DATA has expertise in digital marketing and marketing automation assessment (B2B/Pardot, omnichannel), data lake/analytics, and architecture; and in data privacy and GDPR for email campaigns. It has primary expertise in B2B marketing, and has one solution for data-driven marketing. NTT DATA plans to augment this solution using Salesforce Data Cloud and CDP for B2C & B2B, Field services

- *MuleSoft*: NTT DATA provides services for API design and technical assessment, architecture consulting, MuleSoft implementation, CD/CI, and application management. It has structured its capabilities and has a methodology for C4E. It also has several IPs such as MuleSoft RPA and Composer, MuleSoft Boilerplate, and Cognitive Contact Center

- *Vlocity:/Salesforce Industries*: the company has selected its industries and focuses on telecom, insurance, and utilities, with three underlying solutions to demonstrate its capabilities.

## Challenges

- *Commerce Cloud*: the company has built its B2B, B2C Commerce, and Commerce Marketplace capabilities but lacks solutions and accelerators to back it

- *Field Service*: the company has integrated Field Service with CPQ. The potential for more specialized services remains

- The biggest challenge for NTT DATA is also its strength; the company has a federal approach with geographies being in control. This drives entrepreneurship at the geo level but provides coordination and reuse challenges. The Global One CoE addresses this issue.

## Strategic Direction

NTT DATA has multiple priorities in the coming months:

- Acquire new talent while training/reskilling existing talent in new areas (like Java engineer or Microsoft CRM consultant to Salesforce consultant)

- Invest in CoEs of high-demand services (MuleSoft)

- Develop tools and templates for various phases (consulting, assessment, project delivery, operational support, testing, etc.) to reduce efforts combined with Salesforce standard functionalities

- Further strengthen its consulting expertise in its core verticals, i.e., insurance, healthcare, manufacturing, banking, telecom, utilities, and public sector

- Expand internationally both in APAC, i.e., Singapore and Malaysia, and in LATAM, i.e., Mexico and Colombia

- Strengthen its specialized capabilities, e.g., MuleSoft, Vlocity, Commerce Cloud

- Drive custom innovation with clients through MVPs and PoCs with clients and Salesforce

- Accompany Salesforce with its new products, e.g., Sustainability Cloud, Slack/Digital Headquarters, internally and with external clients.

NTT DATA has bold ambitions and wants to double revenues by 2025 with the help of the above priorities. NTT DATA will rely on organic development and M&As to achieve this growth.

## Outlook

NTT DATA has built capabilities and IPs in Experience Cloud, Marketing Cloud and MuleSoft. The company is credible in telecom, insurance, and utility Vlocity Clouds and has built solutions. We expect NTT DATA to build capabilities in Commerce Cloud and Field Services. We think NTT DATA needs to expand geographically and invest more in building talent and capabilities in new generation Clouds.

# Salesforce Services Market Summary

## Overview

The evolution of the Salesforce services market is a significant success story. Its expansion is closely linked with the success of Salesforce's Cloud and software products, which have become a standard among front-office applications. Salesforce is growing quickly, with clients continuing to deploy it across products.

While Service Clouds continue to be significant, the growth of Marketing and Commerce Clouds is showing signs of slowing down. However, the Data Cloud continues to grow rapidly, driven by MuleSoft. Additionally, other new products, such as Revenue Cloud and vertical Clouds/Vlocity, will drive adoption.

The demand is shifting for analytics and automation through the deployment of AI and GenAI. Analytics and AI-based predictions have become an important element of Salesforce's portfolio.

As a result of massive Salesforce adoption, the service ecosystem is booming, led by implementation services. Salesforce projects are digital transformation projects. They require traditional process re-engineering, change management, new business models, and UX consulting services.

## Buy-Side Dynamics

Two client segments dominate the market:

- *Business Adopters*, i.e., organizations adopting Salesforce for its CRM capabilities, process automation, personalized services, and reporting. It helps drive revenue growth, user productivity, and consistent customer experience. Business Adopters are multi-Cloud users

- *IT-Focused Organizations*, i.e., organizations considering their Salesforce investment as an IT project to simplify and rationalize their IT and lower operating costs.

Salesforce adoption is broad-based across sectors. Beyond horizontal applications for their customer service, marketing, and e-commerce functions, organizations require a sector-relevant solution. Salesforce is continuing to push its verticalization effort, adding new features. Salesforce Industries offers industry-specific applications, e.g., in communications, media and entertainment, energy and utilities, insurance, health, and government.

## Market Size & Growth

Salesforce has emerged from a niche vendor (focused on sales automation) and has become the leader in enterprise applications and a platform on which clients create their software. Salesforce service spending will rise from $19.2bn in 2023 to $21.5bn in 2024, reaching $31.9bn in 2027. This corresponds to a 10.7% CAGR between 2023 and 2027.

The U.S. is the largest market for Salesforce services, and Salesforce is focusing on international expansion to sustain its growth, with service spending increasing in global markets. If Salesforce makes further significant acquisitions as NelsonHall expects, these M&A transactions will further strengthen the service opportunity in the U.S.

## Success Factors

To address the needs of 'Business Adopters', successful vendors need to bring core functional and technical expertise, including:

- Business consulting and business process re-engineering

- Salesforce configuration, additional development, integration with other applications relying on agile methodologies, and roll-out

- Technological accelerators and specialized offerings (e.g., Lightning Experience and data migration) to demonstrate their technical skills.

To address the needs of 'IT-Focused Organizations', successful vendors need to demonstrate the benefits of Salesforce, including:

- Simplifying IT infrastructure (e.g., hosting operations, including the deployment of new releases) and reducing costs

- At the application level, minimizing customization and lowering maintenance costs.

## Outlook

The outlook for the Salesforce services market includes the following developments:

- New Salesforce products will drive growth, e.g., MuleSoft, Field Services Cloud, Revenue Cloud, and Salesforce Industries

- Service partners will focus on mining their clients that are adopting multiple Clouds. However, multi-Cloud implementations are increasing the complexity of engagements. Clients require vendors to expand their capabilities while mitigating implementation risks

- Service partners will also emphasize their industry solutions, which are reference architectures and templates. With Salesforce ramping up its vertical solutions, service partners will keep on adapting to Salesforce's growing vertical portfolio, balancing clients' immediate appetite for vertical solutions and Salesforce's vertical expansion

- A significant share of the client base of Salesforce is the mid-market, and mid-market clients will require more packaged offerings, such as health checks and assessments and vanilla template implementation in less than three months. While large clients need custom services, the offer of packaged services, especially during the consulting phase, is reassuring to clients

- SaaS implementations will bring post-implementation opportunities to help clients re-engineer their processes, improve their UX, and adopt new features brought by Salesforce

- Organizations currently focus on transactional systems to fill their functionality needs. However, they will need to turn to data analytics and AI to make sense of the wealth of data now stored in Salesforce applications

- BPaaS offerings will take time to become mainstream. While several vendors have launched BPaaS offerings, their commercial success will take time to materialize.

# NEAT Methodology for Salesforce 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 future client 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 future client 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 client future 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 client future requirements

- **Innovators**: vendors that exhibit a high capability relative to their peers to meet client future 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 | Advisory and consulting services<br>Implementation services<br>Managed services<br>Experience Cloud<br>Marketing Cloud<br>Commerce Cloud<br>Field Service<br>Revenue Cloud<br>MuleSoft<br>Vlocity<br>Emerging products |
| Delivery | U.S.<br>U.K.<br>Continental Europe<br>MEA<br>Offshore and nearshore<br>Japan<br>RoAPAC<br>LATAM<br>Global |
| Presence | Customer presence in N. America<br>Customer presence in U.K.<br>Customer presence in CEMEA<br>Customer presence in APAC<br>Customer presence in LATAM<br>Customer presence globally |
| Benefits Achieved | Level of cost savings achieved<br>Timely implementation<br>Improved access to next-generation Salesforce capabilities<br>Increased sales engagement<br>Increased customer satisfaction |

*Exhibit 2*

## 'Ability to meet client future requirements': Assessment criteria

| Assessment Category | Assessment Criteria |
|---|---|
| Levels of Investment | Advisory services |
| | Implementation services |
| | Testing |
| | Post-implemeantatoon and managed servoces |
| | Experience Cloud |
| | Marketing Cloud |
| | Commerce Cloud |
| | MuleSoft |
| | Field Service Cloud |
| | Revenue Cloud |
| | Vlocity |
| | Emerging products |
| Ability to Innovate | Mechanisms in place to deliver client innovation |
| | Extent to which client perceives that innovation has been delivered |
| | Suitability of vendor to meet future needs of clients |
| | Strength of partnership |
| Other | Market momentum |
| | Financial security |

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

### Sales Inquiries

NelsonHall will be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager:

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