

AVASANT

Retail Digital Services 2022–2023 RadarView

Reimaging customer
engagement and experience

May 2022



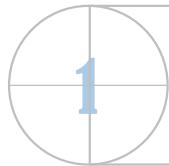
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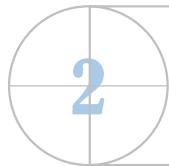
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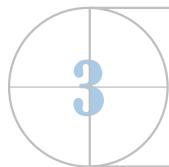
About the Retail Digital Services 2022–2023 RadarView



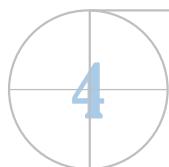
The retail industry is bouncing back. With both online commerce gaining momentum and offline commerce making a comeback, retailers have started to bet big on omnichannel retailing. New touchpoints for online sales, new format of brick-and-mortar stores, and digitally-led experiential retailing have led to the generation of new revenue streams and enhanced customer experience.



Avasant's ongoing interactions with industry leaders indicate that convergence of digital technologies is crucial for business growth and retention of existing customers. As retailers rapidly digitalize to align with industry dynamics, there is an increasing need for them to partner with the right service provider to assess and realign their digital strategy for the future.



The *Retail Digital Services 2022–2023 RadarView* assists retailers in charting out their action plan to gain competitive advantage. It also identifies essential global service providers and system integrators that can help enterprises transform their business.



Avasant evaluated 36 providers using a rigorous methodology across three key dimensions: practice maturity, investments and innovations, and partner ecosystem. Twenty of the 36 providers were recognized as having brought the most value to the market over the past 12 months.



This report also highlights key trends in the market and Avasant's viewpoint on the direction of the industry over the next 18–24 months.

Scope of the report

This report focuses on digital services delivered to enterprises in the retail industry.

Key definitions

Retail	<ul style="list-style-type: none"> The sale of goods from a point of purchase directly to the end customer who intends to use the product. The point of purchase can be a physical retail store, a shopping website, or a mobile application.
Digital services	<ul style="list-style-type: none"> Digital services accelerating digital transformation using emerging technologies such as artificial intelligence (AI) and analytics, blockchain, cloud, cybersecurity, intelligent automation (IA), immersive reality, and the Internet of Things (IoT) across the retail value chain. Service provider offerings including advisory and consulting, proof of concept (POC) development, build and test, implementation, system integration, and development and maintenance.

Enterprise examples



We assess the offerings of service providers across six service line components of the retail value chain.

Sourcing and procurement	Inventory management and warehouse operations	Marketing	Online and in-store commerce	Fulfilment	Customer experience
Sourcing of finished goods from manufacturers, distributors, or wholesalers	Managing inventory, replenishment planning, and warehouse operations	Promotion of brand and goods for sale	Execution of sale purchase transaction—online, mobile, in-store, and curbside	Managing distribution network and delivery and return of goods to and from end consumers	Customer engagement (online and in-store) and customer support (before and after sale)

Out of scope: Does not include manufacturing, distribution, and supply chain management of raw materials

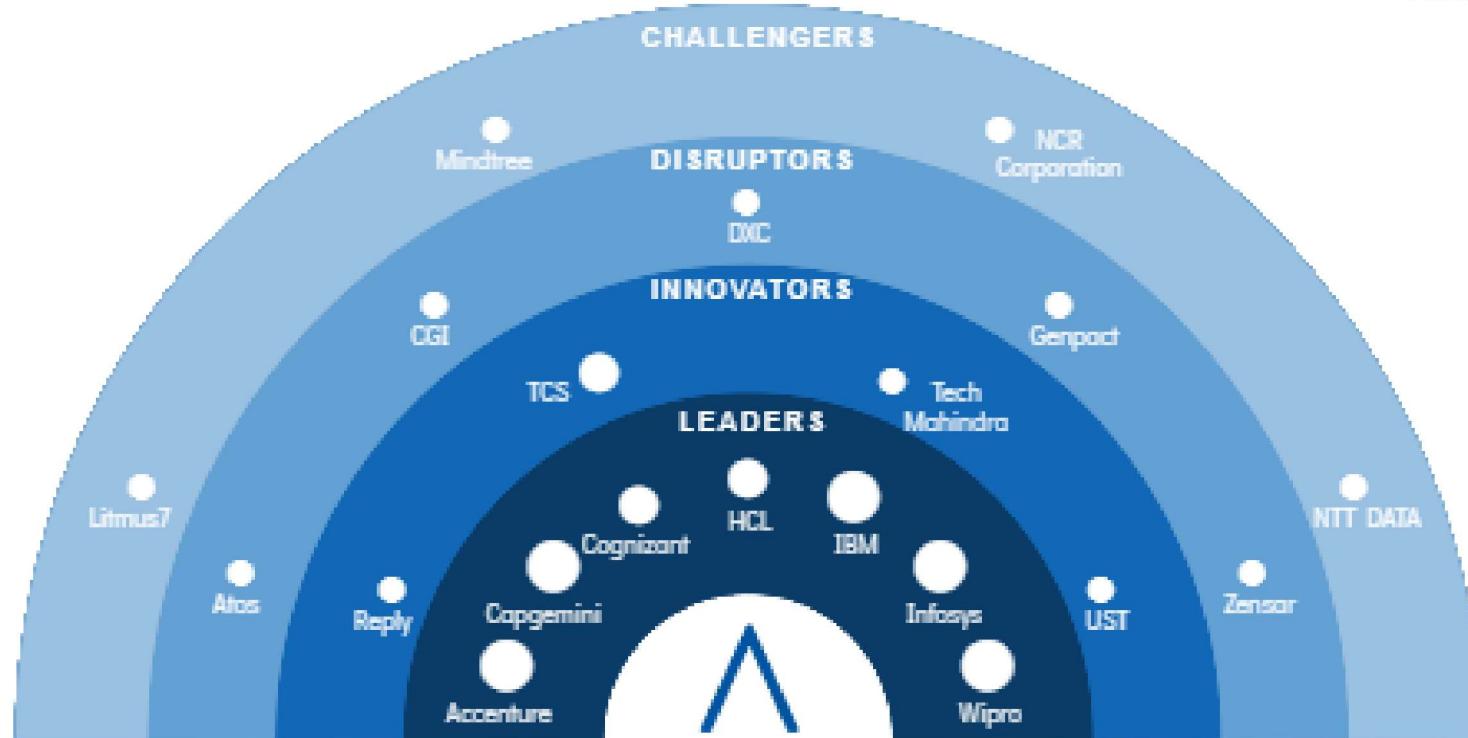
Key recommendations for retailers

Strengthen omnichannel retail by prioritizing customer convenience and experience	<ul style="list-style-type: none"> Focus on providing additional convenience to customers through hyperpersonalized services, such as developing curated shopping lists, and enabling a seamless experience across critical touchpoints. Elevate the overall customer experience by increasing presence on social media, empathy selling with products and services, providing virtual tours, and streaming live events.
Build an intelligent digital supply chain to streamline processes and expedite delivery	<ul style="list-style-type: none"> Optimize operations by deploying computer vision and bots for warehouse management and AI analytics solutions for calculating the best fleet route or predicting local and regional demand. Evaluate partnerships with ride hailing companies, prioritize investments in drones and autonomous vehicles, and establish micro fulfilment centres to expedite last mile delivery.
Redesign stores to minimize cost and increase customer foot traffic	<ul style="list-style-type: none"> Re-evaluate brick-and-mortar store layouts and assess different revenue generating options such as conversion to dark stores and sub-leasing to other retailers or enterprises like healthcare providers. Digitalize stores and enhance overall customer experience by facilitating inventory tracking through smart devices, digital fitting rooms, and contactless payments.
Double down on digital investments to revitalize growth and enhance experience	<ul style="list-style-type: none"> Invest in emerging technologies such as video analytics for testing product quality, blockchain for facilitating smart contracts, and immersive reality for enabling experiential retail. Explore and monetize opportunities in the Omniverse by assessing digital prerequisites and prioritizing investments for building digital infrastructure and launching virtual stores.
Acquire industry-specific digital expertise to optimize operations and create new revenue streams	<ul style="list-style-type: none"> Invest in or partner with startups to expand revenue through new business models, social selling, and personalization, and enhance customer experience by expediting last mile delivery. Evaluate partnerships with progressive retailers to leverage their existing products (specifically platforms) to launch new marketplaces or new operating models.

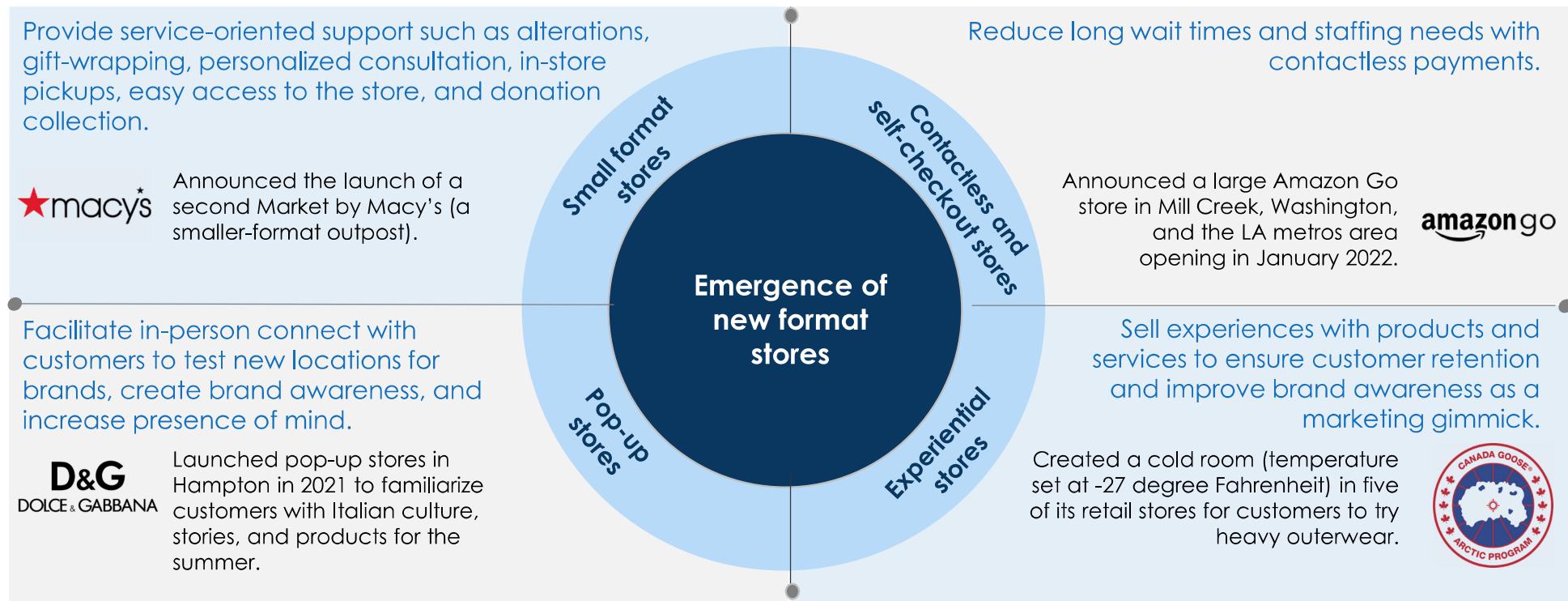
Avasant has recognized 20 top-tier service providers supporting retailers in digital transformation



Practice maturity



Retailers are introducing new concept brick-and-mortar stores to reduce costs and enhance customer convenience



New format stores will play a critical role in driving revenue growth by reducing costs, improving proximity to customers, and providing after-sales support.

Progressive retailers are pursuing M&A to increase revenue, optimize operations, and enhance customer experience

Strategic initiatives triggering M&A activities:

Create new revenue streams by venturing into adjacent spaces

Increase market share by expanding geographical presence

Elevate customer experiences by acquiring digital capabilities

Optimize cost by integrating with supplier networks

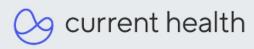
Align with customers' expectation of expedited delivery

Illustrative examples:

Enterprise

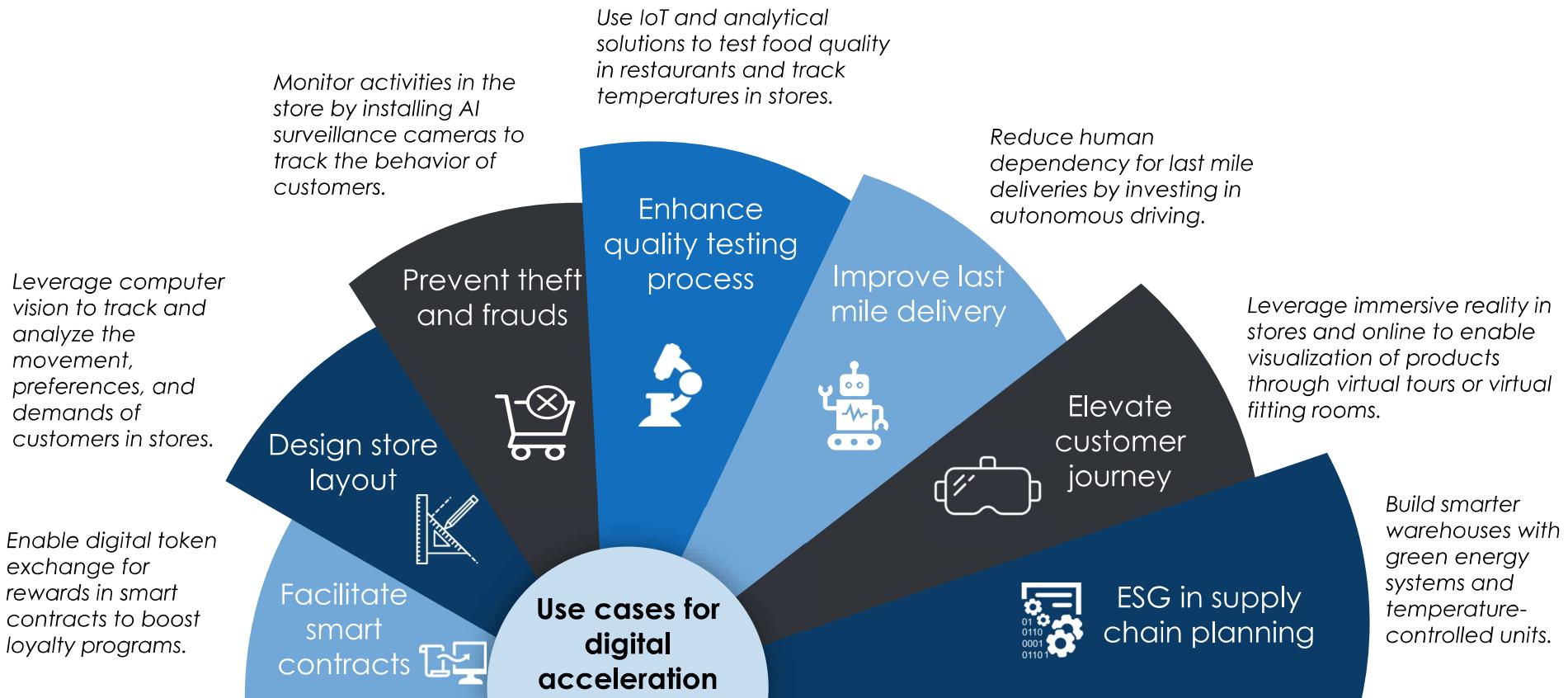
Acquired company

Summary

		Acquired Current Health for USD 400 million to gain access to its remote monitoring platform for creating a scalable care ecosystem for its customers.
		Acquired Elo7 to strengthen its foothold in the Latin American market through its vast e-marketplace ecosystem of 1.9 million active buyers and 56,000 active sellers.
		Acquired Zekit, a startup specializing in digital fitting rooms, to help customers shop garments on walmart.com by uploading a photo or choosing a model that best represents them.
		Acquired a 15% stake (2.5% in company stock and another 12.5% if Amazon buys groceries of USD 8 billion over seven years) in SpartanNash, its leading grocery supplier.
		Acquired the technology assets and expertise of Deliv, a startup specializing in last mile delivery transportation services, to facilitate same day delivery for customers.

Accretive acquisitions combined with in-house investments is providing a differentiating edge to progressive retailers, as they are evaluating horizontal, vertical, and digital integration.

Deploy digital technologies to achieve business objectives



To align with evolving customer expectations, financial challenges, and staffing issues, investing in multiple digital projects is imperative.

Partner with service providers to expedite digital transformation



Recent outsourcing engagements:



NORDSTROM



Key segments and processes that leverage digital transformation within the scope of outsourcing contracts:

Applications and systems integration

- API-based portals
- Cloud-based infrastructure
- Intelligent automation

Infrastructure and security management

- Cloud-based infrastructure
- Networking
- Cybersecurity

Revenue and expense management

- Intelligent automation
- Predictive analytics
- AI
- Cloud

Productivity tool implementation

- Cloud-based infrastructure
- Automation
- AI and analytics

Procurement and supply chain management

- RPA/IA
- IoT and drones
- AI and analytics
- Blockchain
- Robots

In-store and online commerce

- Intelligence automation
- Immersive reality
- AI and analytics
- Cloud
- IoT

Information exchange and communication

- Apps and chatbots
- Blockchain
- AI and analytics
- IoT

Sales and marketing

- Robotic process automation (RPA)
- AI and analytics
- Cloud-based infrastructure

Customer engagement

- IoT
- AI and analytics
- Cloud
- RPA bots
- Immersive reality

With growing digital investments and a pressing need for hyperconvergence of digital technologies, retailers must rely on and partner with service providers to design action plans to maximize impact.

Research methodology and coverage

Avasant based its analysis on several sources:

Public disclosures

Publicly available information such as Securities and Exchange Commission (SEC) filings, annual reports, quarterly earnings calls, and executive interviews and statements

Market interactions

Discussions with retail service providers leading digital initiatives and influencing retail provider selection and engagement

Provider inputs

Inputs collected through their capability decks and structured briefings during September–December 2021

Of the over 36 retail service providers assessed, the final 20 featured in RadarView are:

accenture

Atos

Capgemini

Cognizant

CGI

DXC TECHNOLOGY

genpact

HCL

IBM

Infosys

LITMUS7

Mindtree
A Larsen & Toubro Group Company

NCR

NTT DATA

REPLY

tcs | TATA CONSULTANCY SERVICES

Tech Mahindra

U · S T

wipro

zensar

Note: Assessments for Accenture, CGI, DXC Technology, IBM, NTT DATA, Reply, TCS, and UST were conducted based on public disclosures and market interactions only.

Reading the RadarView

Avasant has recognized retail service providers in four classifications:



Leaders show consistent excellence across all key dimensions of the RadarView assessment (practice maturity, partner ecosystem, and investments and innovation) and have had a superior impact on the market as a whole. These service providers have shown true creativity and innovation and have established trends and best practices for the industry. They have proven their commitment to the industry and are recognized as thought leaders in the space that set the standard for the rest of the industry to follow. Leaders display a superior quality of execution and a reliable depth and breadth across verticals.



Innovators show a penchant for reinventing concepts and avenues, changing the very nature of how things are done from the ground up. Unlike leaders, innovators have chosen to dominate in a few select areas or industries and distinguish themselves based on superior innovation. These radicals are always hungry to create pioneering advancements in the industry and are actively sought after as trailblazers redefining the rules of the game.

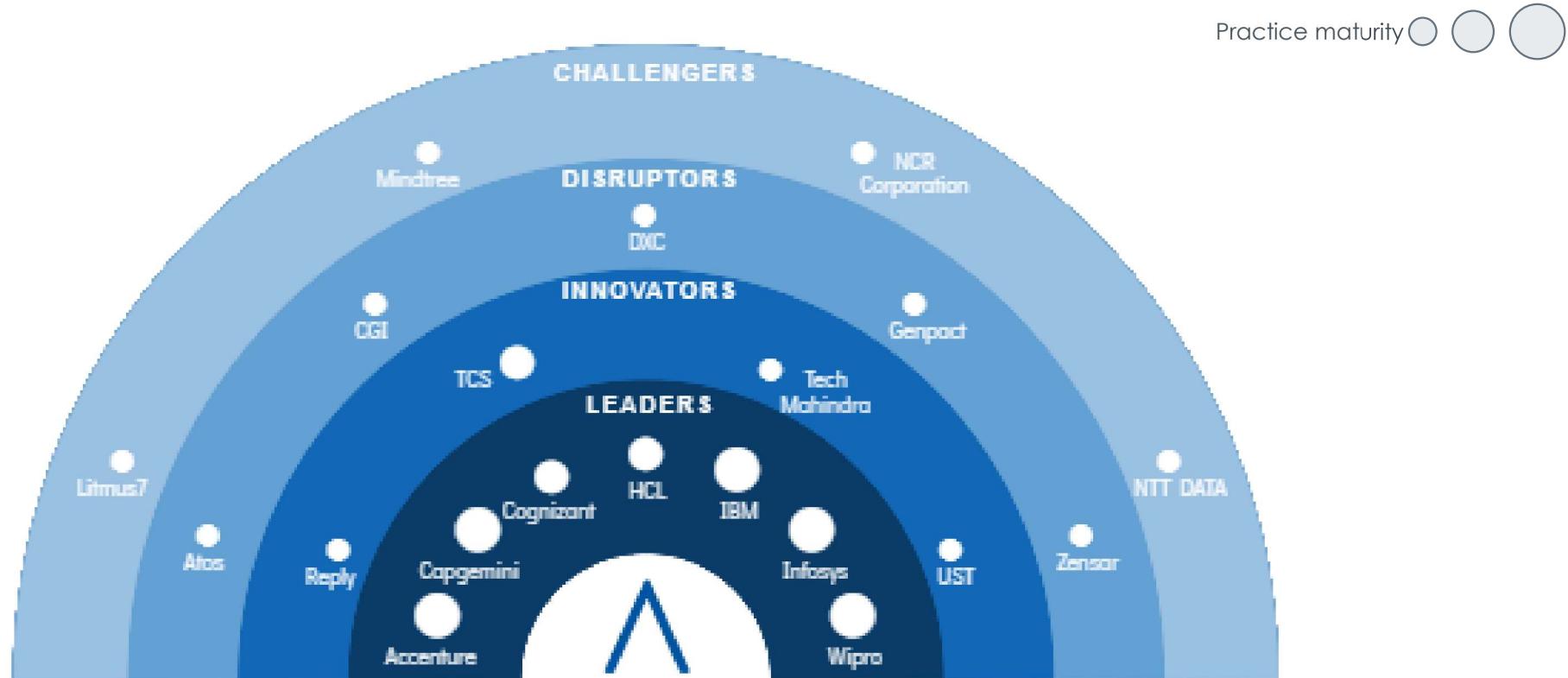


Disruptors enjoy inverting established norms and developing novel approaches that invigorate the industry. These service providers choose to have a razor-sharp focus on a few specific areas and address those at a high level of granularity and commitment, which results in tectonic shifts. While disruptors might not have the consistent depth and breadth across many verticals like leaders or the innovation capabilities of innovators, they exhibit superior capabilities in their areas of focus.



Challengers strive to break the mold and develop groundbreaking techniques, technologies, and methodologies on their way to establishing a unique position. While they may not have the scale of service providers in other categories, challengers are eager and nimble and use their high speed of execution to great effect as they scale heights in the industry. Challengers have a track record of delivering quality projects for their most demanding Global 2000 clients. In select areas and industries, challengers might have capabilities that match or exceed those of providers in other categories.

Retail Digital Services 2022–2023 RadarView



Accenture: RadarView profile



Practice maturity	★★★★★
Investments and innovation	★★★★★
Partner ecosystem	★★★★

Elevates customer experience and drives operational efficiencies with its intelligent platforms and scalable solutions.

Practice overview	Industry-specific solutions/offerings			Sample clients							
<ul style="list-style-type: none"> Practice size: NA Active clients: NA Delivery highlights: 120 delivery centers worldwide <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>14%</p> <p>Retail, CPG & travel revenue share, Aug. 2021</p> </div> <div style="text-align: center;"> <p>10%</p> <p>Practice growth, Aug. 2021</p> </div> </div>	ai.RETAIL	A scalable data and AI solution for marketing, merchandising, and supply chain	Accenture Cloud Retail Execution	A cloud platform to optimize visits and improve sales and collaboration for marketing and sales operations	Accenture Retail Clienteling	A preconfigured platform with accelerators to personalize in-store CX and follow-up requests	Total Vision for Retail	A scalable solution to collect data, giving a single view of the customer			
Partnerships/alliances											
 Salesforce <p>Provided end-to-end services for its products and codeveloped cloud-based solutions</p>	 SAP <p>Codeveloped cloud-based customer experience solutions</p>										
 Adobe <p>Leveraged its open and flexible platforms for personalized e-commerce experiences</p>	 UP+SKILL A TEAMVIEWER COMPANY <p>Provided AR wearable solutions such as smart glasses for order picking in retail stores</p>										
 Microsoft <p>Developed and delivered industry solutions through their joint venture, Avanade</p>	 hp <p>Codeveloped hybrid cloud automation platforms and DaaS solutions for retail clients</p>										
 Ideoclick <p>Improved customer interaction using cloud-based e-commerce optimization</p>	 P97 <p>Provided cloud-based mobile commerce and a digital marketing platform</p>										
Value chain coverage											
<table border="1"> <tr><td>Customer engagement</td></tr> <tr><td>Fulfillment</td></tr> <tr><td>In-store commerce</td></tr> <tr><td>Inventory management and warehouse operations</td></tr> <tr><td>Marketing</td></tr> <tr><td>Online commerce</td></tr> <tr><td>Sourcing and procurement</td></tr> </table>					Customer engagement	Fulfillment	In-store commerce	Inventory management and warehouse operations	Marketing	Online commerce	Sourcing and procurement
Customer engagement											
Fulfillment											
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Inventory management and warehouse operations											
Marketing											
Online commerce											
Sourcing and procurement											

Darker color indicates higher value chain coverage: ● ● ●



Accenture: RadarView profile

Case studies

Client	Capability	Summary	Business impact
A China-based home furnishing chain	<ul style="list-style-type: none"> Analytics Artificial intelligence (AI) Cloud 	<ul style="list-style-type: none"> The client wanted to unify its siloed systems to provide a smooth experience to customers online and offline. Accenture implemented an omnichannel solution using Alibaba's cloud platform with open architecture and strong expansibility for easy sharing of data and services. It integrated order management and customer loyalty system in the platform to improve marketing campaigns. 	<ul style="list-style-type: none"> Expanded from more than 200 stores to over 350 stores Experienced 13.3% YOY growth in merchandise volume
A British cosmetics, skin care, and perfume retailer	<ul style="list-style-type: none"> Automation Cloud 	<ul style="list-style-type: none"> The client wanted to modernize its legacy IT systems to be more resilient and share data across systems. Accenture implemented an order management portal and a cloud-based SAP S/4HANA enterprise resource planning system to help transform financial, supply chain, and e-commerce processes. It migrated its legacy data onto Microsoft Azure cloud, using myConcerto platform, to assess data conversion needs, develop testing, and measure cutover quality. 	<ul style="list-style-type: none"> Enabled accurate stock forecasts and sourcing efficiencies Imparted seamless customer experience across stores and online Created a centralized, agile cloud platform to enable business flexibility
A Canada-based fast-food chain	<ul style="list-style-type: none"> AI Analytics 	<ul style="list-style-type: none"> The client needed a new loyalty program and advanced digital capabilities to increase repeat customers. Accenture redesigned and relaunched the client's mobile app with loyalty at its core. It created a cross-channel loyalty program, called Tim's Rewards, which allowed the mobile app to provide personalized offers, promotions, interactive campaigns, and contests. It increased customer engagement and reduced customer churn. 	<ul style="list-style-type: none"> Accelerated guest registrations Experienced a 3x increase in sales impact of loyalty adoption using smart offer allocation
A Thailand-based retail holding company	<ul style="list-style-type: none"> AI Analytics Cloud 	<ul style="list-style-type: none"> The client wanted to provide a seamless and personalized omnichannel experience to members on its platform. Accenture implemented a multilayered system with Adobe Experience Cloud, orchestrating data and content. It developed a data-driven loyalty program, expanding the client's partner ecosystem through advanced analytics and improving user experience and workforce transformation using adaptive intelligent solutions. 	<ul style="list-style-type: none"> Enhanced customer experience Provided real-time data of customer across various digital touchpoints

Accenture: RadarView profile

Analyst insights

Practice maturity



- Accenture has strong capabilities in applied intelligence and digital experience across the retail value chain. Its retail, CPG, and travel practice contributes 14% to the company's total revenue of \$50B.
- It differentiates itself by adopting a design thinking-led, innovative approach for developing customer-centric platforms. It provides data-driven, retail-specific platforms to offer retailers with innovative and personalized services for customers, such as ai.retail for getting a 360-degree view of customers with actionable insights and Cloud Retail Execution to execute sales and marketing operations with superior efficiency and intelligence.
- It has a strong focus on enhancing customer experience. It has a dedicated business group for customer experience services, called Accenture Interactive, that specializes in providing marketing transformation services, commerce expansion services, unified brand experience services, and channel enablement services.

Investments and innovation



- Accenture has been aggressively investing in niche technology players. In fiscal 2021, it invested \$4.2B in 46 acquisitions across industries including retail. It has acquired multiple, retail-oriented organizations to grow its retail capabilities. In 2021, it acquired HRC Retail Advisory, a North America-based retail consulting firm and REPL, a UK-based technology consulting firm for supply chain and retail processes transformation.
- Accenture has been spending heavily on research and development to build cutting-edge technologies. The company has over 100 innovations hubs and invests in growth-stage companies that create innovative enterprise technologies. For instance, it has invested in Touchcast to provide metaverse as a service to its clients.

Partner ecosystem



- Accenture is involved in developing software applications with end-to-end capabilities to address industry-specific opportunities through its dedicated practices for Google Cloud, Azure, and AWS. Its joint venture with Microsoft, called Avanade, has over 2,400 retail industry professionals and over 100 retail projects to build joint go-to-market (GTM) solutions such as blockchain for supply chain on Azure.
- It integrates its proprietary solutions with industry-leading technology providers to enable digital transformation for clients. For instance, its Retail Execution and Trade Promotion Planning platforms are built in collaboration with Salesforce. Its myConcerto platform includes all the latest solutions from its intelligent platform partners such as SAP, Oracle, Salesforce, Workday, Microsoft, and Adobe.

Atos: RadarView profile



Practice maturity	★★★
Investments and innovation	★★★★
Partner ecosystem	★★★★

Strong focus on developing retail digital platform solutions that provide ecosystem management across the value chain.

Practice overview	Industry-specific solutions/offerings		Sample clients
<ul style="list-style-type: none"> Practice size: 9,000+ Active clients: 350+ Delivery highlights: Delivery centers across 71+ countries <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p>7%</p> <p>Share of retail revenue Dec. 2021</p> </div> <div style="text-align: center;"> <p>34%</p> <p>Share of business & platform solutions Dec. 2021</p> </div> </div>	Conversational Commerce Autonomous Stores Intelligent Supply Chain for retail Connected Cooler	An AI-based voice platform for customers to seek information, assistance, and make purchases An IoT platform with integrated apps to fully automate store operations A suite of intelligent solutions for order fulfillment, last-mile delivery, and warehouse automation Smart sensors and controllers to connect devices, sharing insights on usage and efficiency	<ul style="list-style-type: none"> Coca-Cola Hellenic Bottling Company A nutrition products company A home improvement chain A US musical retail chain A specialty retailer
Partnerships/alliances			
 Built supply chain solutions in partnership with SAP  Utilized its intelligent supply chain solutions  Made use of its smart electronic shelf labels and retail IoT solutions  Deployed its IoT security solutions for connected devices	 Implemented its ecommerce, sales, service, and marketing cloud for retail clients  Leveraged its last-mile delivery platform for the delivery needs of retailers  Sourced its warehouse capabilities with AI-enabled robotic picking and mobility  Used its conversational AI and digital UX solutions	Value chain coverage <ul style="list-style-type: none"> Customer engagement Fulfillment In-store commerce Inventory management and warehouse operations Marketing Online commerce Sourcing and procurement 	

Darker color indicates higher value chain coverage: ● ● ● ●



Atos: RadarView profile

Case studies

Client	Capability	Summary	Business impact
A global beverage company	<ul style="list-style-type: none"> Cloud Internet of Things (IoT) 	<ul style="list-style-type: none"> The client wanted to implement smart coolers for its bottles to reduce unauthorized placement of its products and generate insights on sales. In partnership with Microsoft and Ebest, Atos implemented a managed end-to-end solution for connecting over one million coolers to a cloud-based IoT platform. 	<ul style="list-style-type: none"> Improved productivity and enabled predictive maintenance Reduced costs in field service Improved incremental transactions by increasing on shelf availability (OSA)
A specialty retailer	<ul style="list-style-type: none"> Cloud 	<ul style="list-style-type: none"> The client needed to modernize its technology operations, digitize the supply chain, and mobilize sales to meet customer expectations. Atos facilitated cloud migration for the client, introduced mobile-based selling capability, and managed their digital supply chain. Furthermore, it developed an iPad-based app for faster sales quote generation and an automated health-check tool to improve the functioning of production systems. 	<ul style="list-style-type: none"> Increased revenue by five percent Improved time-to-market by 30%
A home improvement chain	<ul style="list-style-type: none"> Analytics 	<ul style="list-style-type: none"> The client wanted to bring together siloed customer data sources into a single, integrated master to access comprehensive customer information. Atos standardized customer records and migrated the data to Hadoop Distributed File System (HDFS) system for real-time processing. With easy, pluggable services, the client could view all customer information in one place and drive insights on buying behavior. 	<ul style="list-style-type: none"> Increased customer association with the brand by 95% Reduced time to market for campaigns Increased visibility in customer behavior Created effective marketing campaigns with customer segmentation
A US musical retail chain	<ul style="list-style-type: none"> Automation Cloud 	<ul style="list-style-type: none"> The client wanted to integrate its legacy merchandising system with its e-commerce portal and add multichannel delivery capabilities. Atos implemented an omnichannel operation by integrating products from DAX, ATG, POS, HighJump, and Siperian, developing multichannel delivery capabilities on its e-commerce portal. It also integrated its product catalog systems with ATG eCommerce for online product publishing. 	<ul style="list-style-type: none"> Increased revenue by 20% Provided multichannel delivery capabilities Reduced manual effort required for product publishing

Atos: RadarView profile

Analyst insights

Practice maturity

★★★

- Atos has taken a platform-driven approach to address opportunities in retail with a sizeable retail practice supporting over 350 clients globally. It offers end-to-end services that enable enterprises to leverage digital technologies across their value chain.
- It has developed a strong portfolio of digital offerings such as Digital Commerce Platform, Autonomous Stores, Phygital, retail in-store digitalization, Omnichannel CX for Retail, and warehouse automation. It brings together all the offerings under an overarching modular Retail Digital Hub that delivers ecosystem management with a SaaS model. It also has extensive capabilities in edge computing and IoT to optimize supply chain efficiency and transparency, along with blockchain to track and trace the authenticity of products and payments.
- It differentiates itself with the expert domain knowledge in food and grocery retail and connected retail devices solutions to enhance the in-store experience and product availability. For instance, it leveraged its connected cooler solutions to connect more than 500,000 coolers for The Coca-Cola Hellenic Bottling Company using IoT across 28 countries, providing a huge amount of point-of-sale data.

Investments and innovation

★★★★

- Atos has been very active in acquisitions in the past three years. It acquired 19 firms across AI, cloud, analytics, and automation, enhancing its capabilities across industries, including retail such as Clouдрeath, a public cloud MSP with over 1,000 certifications in AWS, GCP, and Azure.
- Atos has opened nine business technology and innovation centers spread across the globe. It has developed a dedicated Retail Transformation Lab in partnership with Worldline. The lab is a model of a shopping environment with concepts that can create customer-centric and unified in-store and online offerings for retailers. It demonstrates AR to get personalized offers based on customer profile and purchasing habits, dynamic shopping lists that change depending on location, and live promotions using electronic shelf labels.

Partner ecosystem

★★★★

- Atos has partnered with all leading hyperscalers and technology providers to offer digital transformation solutions in retail. It has partnered with Microsoft, Google, AWS, Cloudera, Pivotal, SAP, Salesforce, and Pega to provide GTM solutions such as in-store digitalization, retail merchandising intelligence, pricing and promotion analytics, and digital supply chain solutions.
- To augment its service offerings, it has partnered with niche players such as Woop for its one-stop-shop last-mile delivery platform, Kore.ai for its intelligent virtual assistant for personalized conversations, Hardis Group for its intelligent supply chain offerings, and Berkshire Grey for its automation solutions.