Magic Quadrant for Cloud ERP Services for Service-Centric Enterprises

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Initiatives: IT Sourcing Strategy Development and Execution

> Service-centric enterprises engage services for cloud ERP applications to modernize their ERPs and drive better business outcomes. IT leaders should use this Magic Quadrant to evaluate vendors of cloud ERP services as part of a composable ERP strategy.

This Magic Quadrant is related to other research:

Critical Capabilities for Cloud ERP Services for Service-Centric Enterprises

View All Magic Quadrants and Critical Capabilities

Strategic Planning Assumption

By 2027, more than 50% of organizations in service-centric industries will look for an ERP suite approach to meet their need for system-of-record capabilities.

Market Definition/Description

Gartner defines cloud ERP services for service-centric enterprises as services provided by third-party systems integrators to assess needs, implement solutions and evolve platforms that are transforming their back-office systems via the implementation of cloud-based ERP solutions. Service-centric enterprises are organizations that typically focus on service (nonproduct) industries. A service-centric cloud ERP solution is a suite that is sold/marketed as integrated products to support service-centric industries. These integrated products include financial management system (FMS) functionality, order-to-cash (O2C), procure-to-pay (P2P), human capital management (HCM) and other administrative ERP.

The third-party ERP services used by clients include:

- Technology-agnostic assessment of client needs

- Creation of the technology options, roadmap and business case for the move to cloud ERP

- Decision support to help the client select the best-fit cloud ERP technology and the associated components that will deliver the desired business outcomes

- Implementation and change management for the chosen cloud ERP solution

- Continuing evolution and support of the cloud ERP platform components implemented

The must-have service provider competencies for this market include:

- Ability to provide services on the service-centric cloud ERP solutions, and to support clients across all phases of assessment, implementation and ongoing managed services of cloud ERP platforms

- Ability to provide business consultancy, data transformation capabilities and tools, and change management within the enterprise executing the transformation

- Domain expertise on the business requirements delivered by the cloud ERP components, as well as industry expertise for service-centric industries

The standard service provider competencies for this market include:

- Ability to support enterprises of varying sizes and across multiple geographies

- Ability to take accountability and contract for the outcomes expected

- Ability to provide ongoing evolution with a modern/remote support model

- Ability to support enterprises through the quarterly or biannual updates from the software provider

- Ability to provide expertise and vision related to the future capabilities that are needed and added to the cloud ERP product over time

The optional capabilities for this market include:

- Expertise in Microsoft (Dynamics 365), Oracle cloud ERP Fusion, Oracle NetSuite, SAP cloud ERP products, Workday and/or other vendor products that provide cloud ERP for service-centric enterprises

Magic Quadrant

Figure 1: 3Q23 Magic Quadrant for Cloud ERP Services for Service-Centric Enterprises

Vendor Strengths and Cautions

Accenture

Accenture is a Leader in this Magic Quadrant. Headquartered in Ireland, it is an extra large service provider in this market (see Note 1). Gartner estimates that the aggregated resources allocated to this market represent about 5% of the total Accenture workforce and this market delivers an estimated 8% of the company revenue. It is primarily focused on large organizations (>$3 billion), which represent an estimated 80% of clients. It can cover clients in any geography, although the largest client implementation numbers are in EMEA (53%). Accenture can cover all five featured cloud ERP technologies with estimated revenue split among the major software as follows: 27% from technology-agnostic consulting, 12% from Oracle (Fusion Cloud ERP), 40% from SAP (cloud products only), 7% from Workday, 12% from Microsoft (Dynamics 365) and 2% from NetSuite.

Strengths

- **Focus on business outcomes:** Accenture builds its ERP engagements on transformation and is increasingly taking a more business outcome-based focus. The majority of the contracts for cloud ERP services implementations are either fixed price or business-outcome-based. The Accenture team is moving toward increased accountability rather than just being paid for services performed.

- **Scale, breadth and depth of offering:** Accenture covers all the technologies covered in this research that are used to implement, evolve and support cloud ERP. It has certifications and extensive staff numbers for all ERP technologies and can offer consulting to provide platform solutions rather than single technology upgrades. In addition, it can support functional analysis locally in all regions, deliver technical skills from low-cost locations and has an extensive set of industry case studies and accelerators.

- **Focus on compressing delivery:** Accenture believes that transformations are not a moment in time but a continuous evolution. As a result, it is differentiating itself by offering a compressed transformation with ongoing improvement, especially within its SAP and Oracle engagements. It does this with accelerators, automation, focusing on value delivery and transforming multiple business areas at the same time.

Cautions

- **Not suited for clients with only tactical needs:** Accenture's goal is to lead with innovative, business-outcome-led thinking and solutions to meet clients where they are on their transformation journeys. Clients with tactical needs, such as technical migration only without an overarching transformation agenda, may find Accenture's offerings not suitable for their needs.

- **Continuity and experience of resources:** As Accenture continues to grow rapidly as a leader in this market, Gartner is seeing that some clients are dissatisfied with Accenture rotating experienced consultants out of the engagement for those with lower experience.

- **Premium pricing and contracting rigidity:** Clients find Accenture's pricing to be higher and contracts less flexible than those of other vendors evaluated for similar scope. Clients with limited budgets should look at a range of options like onshore/offshore mix and level of experience of resources. Those engaging in negotiation should do so with market knowledge and put additional time in their sourcing cycles.

Birlasoft

Birlasoft is a Niche Player in this Magic Quadrant. Headquartered in Pune, India, it is a midsize service provider in this market (see Note 1). Gartner estimates that the aggregated resources used in this market represent about 18% of the total Birlasoft workforce, and this market delivers an estimated 25% of the total company revenue. Birlasoft's client size focus is split, with 35% having between $1 billion and $3 billion in revenue, 35% having more than $5 billion in revenue and the remaining 30% having less than $1 billion in organization revenue. It can cover clients in any geography, although the largest client implementation numbers are in North America (52%). Birlasoft can cover three of the five cloud ERP technologies profiled, with revenue split among consulting and the major platforms as follows: 20% from technology-agnostic consulting, 24% from Oracle (Fusion Cloud ERP), 48% from SAP (cloud products only), 8% from Microsoft (Dynamics 365). It does not have NetSuite or Workday practices.

Strengths

- **Product understanding of platforms covered:** Birlasoft has the highest percentage of service-centric cloud ERP resources against total FTEs among its cohorts in this research, at 18%. Consequently, it rated well in product functional and technical knowledge for the platforms and modules it covers. Some clients relayed satisfaction with their Birlasoft project team's ability to understand and address pain points within their ERP cloud initiatives.

- **Solid investment in execution and support tools**: Between integration and delivery, Birlasoft has built more than 10 developer accelerators for APIs and middleware and more than 20 cloud-ready proprietary tools for end-to-end cloud migrations. In addition, Birlasoft has invested in ongoing skill development.

- **Good ongoing services offering**: SmartAMS is Birlasoft's ongoing support offering for cloud ERP. This approach incorporates BMonitor and Birlasoft's ERP Cloud Intelligent Command Center to offer an intelligent automation platform, process-driven proactive incident resolution and smart transition and governance, leading to what it markets as a self-healing platform.

Cautions

- **Evolving business transformation expertise**: Though Birlasoft's technical transformation skills are solid, its business-led transformation and consulting prowess lags behind its competitors in this research.

- **Limited at-risk or outcome-based pricing models**: Birlasoft tends to stick with traditional pricing models of time and materials (T&M) or fixed fee, rarely with any at-risk amounts in its agreements and no business-outcomes-based contract to date. Mature clients seeking outcome-based approaches to contracting will need to spend time working through a suitable commercial model.

- **Suboptimal executive engagement**: Some of Birlasoft's clients relayed suboptimal executive engagement from Birlasoft during the migration of their core systems. Clients engaging Birlasoft need to ensure they put in place a robust governance framework to mitigate project risks.

Cognizant

Cognizant is a Challenger in this Magic Quadrant. With headquarters in New Jersey, U.S., it is a large service provider in this market (see Note 1). Gartner estimates that the aggregated resources used in this market represent an estimated 2% of the total Cognizant workforce, and this market delivers an estimated 4% of the total company revenue. Client size focus for Cognizant is composed of roughly 28% of clients with more than $5 billion in revenue, 44% of clients between $1 billion and $5 billion, and 28% of clients with less than $1 billion in revenue. It can cover clients in any geography, although the estimated largest client implementation numbers are in North America (70%). Cognizant can cover four of the five cloud ERP technologies profiled, with the estimated revenue split among the major softwares as follows: 10% from technology-agnostic consulting, 35% from Oracle (Fusion Cloud ERP), 32% from SAP (cloud products only), 20% from Workday, 3% from Microsoft (Dynamics 365). It has no NetSuite practice. The recent acquisitions of Collaborative Solutions (2020) and OneSource Virtual (2022), which have been Workday partners since 2007 and 2008 respectively, has significantly increased its Workday implementation capabilities.

Strengths

▪ **Expedited cloud ERP execution:** Cognizant had the second highest percentage of fixed price bids across its peers in this research group. It also had some of the highest scores for speed of delivery and meeting or beating completion timelines. This was a critical success factor for some clients running up against regulatory or end of life (EOL) hardware timelines.

▪ **Positive overall delivery capabilities**: Organizational change management (OCM) is a strong focus for Cognizant across all cloud ERP platforms in its scope. With more than 400 OCM experts across its enterprise, this appears to be a driving factor of the above average client feedback for overall delivery satisfaction.

▪ **Good understanding of the service-centric market**: Cognizant leadership has a clear understanding of the service-centric cloud ERP marketplace and is evolving and growing its practice to support a broader client base. This is reflected in the higher than average overall satisfaction with cloud ERP initiatives from its client base.

Cautions

▪ **Emerging market focus on service-centric cloud ERP.** Although Cognizant has a solid understanding of the service-centric market, it has a relatively low percentage of FTEs dedicated to service-centric enterprises (SCEs).

- **Lower advisory and consultative insight:** Cognizant is in the bottom third of this provider group for percentage of consulting resources for this market. This is reflected by some clients relaying that there was a lack of thought leadership and design advisory from Cognizant during cloud ERP transition.

- **High resource turnover:** Although Cognizant declined to provide attrition numbers, some clients relayed a high amount of turnover from the resources assigned to their initiatives. This may have contributed to communication delays and missed requirements as relayed by the clients.

Deloitte

Deloitte is a Leader in this Magic Quadrant. Headquartered in the U.S., it is an extra large service provider in this market (see Note 1). Gartner estimates that the aggregated resources used in this market represent between 5% and 10% of the total Deloitte workforce. It is primarily focused on organizations with more than $3 billion in revenue and can cover clients in any geography, although the largest client implementation numbers are in North America. Deloitte can cover all five featured cloud ERP technologies, with the revenue split in the following ranking: almost half from technology-agnostic consulting, then mainly SAP (cloud products only) and then Oracle (Fusion Cloud ERP), followed by smaller revenue from Workday, Microsoft (Dynamics 365), and NetSuite.

Strengths

- **Extensive industry solution portfolio:** Deloitte has an expansive vertical-focused portfolio with deep solutions. It drives toward business outcomes specific to enterprise customers in a given vertical market. Deloitte has one of the highest reference scores in industry expertise among all the vendors in its cohort.

- **Strong delivery capabilities:** Deloitte has an array of solutions that are expertly packaged together. Its solutions and services delivery are supported by its robust Deloitte Ascend cloud platform, which provides access not only to technical tools for internal resources, but also to a 360-degree delivery view for customers and internal resources alike.

- **Extensive offerings, not just point solutions:** Deloitte provides strong technical and service transformation capabilities. Its solutions do not feel like point solutions applications, but cloud-based packaged services taking customers through a true cloud transformation journey.

Cautions

- **Focused mainly on large clients**: Deloitte, like many of the vendors in this Magic Quadrant, provides services to mainly large enterprise clients. While there will be value for midsize clients, the premium pricing and focus on comprehensive transformation may deter smaller organizations that are looking for more pragmatic, short-term, point solutions.

- **Ongoing change management**: Success in cloud ERP engagements should be measured in adoption and business value. Leading the client through the organization change management (OCM) needed is key to getting to that success. Despite a strong portfolio of services that go with its cloud-based solutions, Deloitte did not showcase OCM capabilities as strong as other leaders in this research.

- **Focus on service-centric workflows**: Although it hosts a broad portfolio of industry cloud-based solutions, Deloitte did not show the business workflow nuances associated with service-centric businesses (e.g., expense management use cases commonly found in service-centric businesses over product-centric business). Some of the solution points showcased by Deloitte were generic and high-level and not differentiated for the service-centric industry in question.

DXC Technology

DXC Technology is a Niche Player in this Magic Quadrant. Headquartered in Virginia, U.S., it is a very large service provider in this market (see Note 1). Gartner estimates that the aggregated resources used in this market represent about 8% of the total DXC Technology workforce, and this market delivers an estimated 6% of total company revenue. It is primarily focused on organizations with less than $3 billion in revenue, representing an estimated 60% of its clients. It can cover clients in any geography, although the largest client implementation numbers are in Asia/Pacific (61%). It can cover clients in any geography although the largest client implementation numbers are in Asia/Pacific (62%). DXC Technology can cover four of the five cloud ERP technologies profiled with the revenue split among consulting and the major platforms as follows: 23% from technology-agnostic consulting, 43% from SAP (cloud products only), 15% from Oracle (Fusion Cloud ERP), 5% from Workday, and 14% from Microsoft (Dynamics 365).

Strengths

- **Strong SAP capability in healthcare industry**: DXC Technology has been an SAP partner for more than 35 years and has built up a competent delivery organization on SAP products consisting of 5,800 FTEs for this market. It has built a strong reputation in healthcare while building its modern WorkForce suite, which focuses on providing healthcare organizations with the tools to manage, support and care for their employees — professionally, personally and psychologically.

- **Global delivery model:** DXC Technology can provide cloud ERP services in more than 70 countries, including local language support, with access to experienced scalable delivery teams incorporating global, regional and local capabilities. DXC Technology maintains four Global Innovation and Delivery Centres (GIDCs) for cloud ERP: India, Philippines, Eastern Europe (Poland, Slovakia, Bulgaria) and Vietnam.

- **Industry capability initiatives:** DXC Technology has started centralizing specialized expertise across several industries: banking and capital markets, healthcare, media and publishing, and professional services. In this way, DXC Technology is building more ability to support transformation beyond just the technical migration.

Cautions

- **Too technology focused:** DXC Technology is a good partner for technical migration, with more than 10,000 technical staff across all five technologies. Although it is building industry and functional knowledge, clients looking for business transformation engagements will need to verify that the expertise for their industry and the capability to support the business change needed for transformation exist.

- **Lack of focus on service-centric:** DXC Technology's lack of emphasis on service-centric approaches might lead to challenges in meeting the needs of service-focused customers. The unclear separation between strategies for product- and service-centric methods across DXC's various industry solutions could result in missing chances to tailor solutions that precisely meet the unique requirements of service-centric clients.

- **Predominantly SAP and Oracle technology focused:** DXC Technology has good capabilities on Oracle and SAP and, although able to do engagements in other technologies, about 60% of revenue are from these two practices. There are strong customer numbers for Microsoft (Dynamics 365), but engagements are smaller in size. Clients looking for services outside of these two technologies should verify that experienced, certified technical resources are available.

EY

EY is a Visionary in this Magic Quadrant. Headquartered in London, U.K., it is a very large service provider in this market (see Note 1). Gartner estimates that the aggregated resources used in this market represent about 8% of the total EY workforce, and this market delivers an estimated 16% of total company revenue. It is primarily focused on organizations with more than $3 billion in revenue and can cover clients in any geography, although the largest client implementation numbers are in EMEA (47%). EY covers most of the cloud ERP technologies (with a heavy focus on SAP), with the revenue split among the major softwares as follows: 30% from technology-agnostic consulting, 15% from Oracle (Fusion Cloud ERP), 40% from SAP (cloud products only), 15% from Microsoft (Dynamics 365). Although EY does not have a Workday practice, it provides business integration services enabled by Workday.

Strengths

- **Truly transformational solutions**: With very deep expertise in the business that uses ERP, EY is focused on the business opportunity and change associated with ERP modernization. The start point is its NextWave approach with three priorities: breakthrough business innovation, driving value outcomes and creating industry advantage. For clients open to extensive transformation, this capability will be appealing.

- **Understanding of the overall cloud ecosystem**: EY has built a technology-agnostic delivery model that looks at the cloud ecosystem holistically. With clients at the core along with transformation value, EY has built a cloud-related portfolio of services that covers the software replacement option but also looks at other roadmap options such as cloud migration, cloud transformation, cloud security, multicloud management and cloud economics that link and support clients' needs beyond cloud ERP.

- **Risk/tax/regulatory expertise**: EY's deep expertise in risk, tax and regulatory affairs is effectively managed to bring the skills and solutions to cloud ERP (service-centric enterprise) engagements. In some cases, an effective new taxation solution can bring far greater benefits than the operational platform cost reduction.

Cautions

- **Audit practice restricts certain client engagements**: EY has a significant presence in the corporate auditing space, in which EY is the auditor of many of the largest technology vendors and providers, including Oracle and Workday. Thus, EY has restrictions that limit its consulting business wherever it is also the auditor for the client.

- **Low certifications and legacy expertise:** One advantage of its consulting heritage is that it does not have a long tail of on-premises clients to administer and hence can pivot quickly to new cloud skills. Deep technical knowledge is needed to execute the transitions required. Although technical certifications are fewer than expected, EY can execute on transformations by bringing together multidisciplinary capabilities.

- **Predominantly focused on SAP.** Although covering all the major cloud ERP technologies apart from Workday, the majority of revenue in this market is from the SAP practice. There are strong customer numbers for Microsoft (Dynamics 365), but engagements are smaller in size. Clients looking for services in the non-SAP technologies should check that experienced, certified technical resources are available.

HCLTech

HCLTech is a Challenger in this Magic Quadrant. Headquartered in India, it is a very large service provider in this market (see Note 1). Gartner estimates that the aggregated resources used in this market represent about 5% of the total HCLTech workforce, and this market delivers an estimated 8% of total company revenue. HCLTech's client size focus is broad, with 45% of clients over $3 billion in revenue, 18% between $1 billion and $3 billion in revenue, and the remaining 37% under $1 billion in revenue. It can cover clients in any geography, although the largest client implementation numbers are in North America (55%). HCLTech can cover all five featured cloud ERP technologies, with revenue split among the major softwares as follows: 16% from technology-agnostic consulting, 16% from Oracle (Fusion Cloud ERP), 41% from SAP (cloud products only), 6% from Workday, 16% from Microsoft (Dynamics 365) and 5% from NetSuite.

Strengths

- **Good capabilities across technologies:** HCLTech is well-experienced in the end-to-end ERP transformation across all four major ERP systems and its modules. It has an estimated 50 industry accelerators and multiple technology-specific service solutions and delivery frameworks.

- **Contracting for business outcome:** HCLTech has significantly changed its commercial structuring toward contracting for business benefits and is increasingly focusing on business outcome. Seventy-three percent of the the contracts for cloud ERP services implementations are either fixed price or business-outcome-based. The HCLTeam team is prepared to take accountability for achieving outcomes and share risks associated with the ERP investments.

- **Global presence:** With a global footprint, HCLTech has strong capabilities to deliver cloud ERP services for SCE locally while benefiting from its extensive pool of resources in APAC. In terms of global delivery model and geographical split, 28% of its services are delivered from onshore, 7% from nearshore and 65% from offshore locations.

Cautions

- **Lack of Workday partnership:** HCLTech doesn't have partner status with Workday yet. It has developed a strong partnership with HRMS Consulting, who has been a trusted Workday partner since 2014. This partnership allows HCLTech to leverage its expertise and resources when it comes to fulfilling services that require Workday partner services.

- **Limited on large business transformations:** HCLTech has a good understanding of the need to focus on business outcome. However, its real expertise is on platform modernization for midsize and large organizations, so it may not be a good choice for large-scale and complex business transformations.

- **Limited focus on service centric:** HCLTech's lack of focus on service-centric practices can lead to challenges in effectively meeting service-centric customer needs. The absence of distinct separation between approaches for product and service-centric practices within HCLTech's wide range of industry solutions might result in missed opportunities to tailor solutions that precisely address specific service-centric enterprise client requirements.

Hexaware Technologies

Hexaware Technologies is a Niche Player in this Magic Quadrant. Headquartered in Navi Mumbai, India and with a U.S. headquarters in New Jersey, it is a medium size service provider in this market (see Note 1). Gartner estimates that the aggregated resources used in this market represent about 4% of the total Hexaware workforce, and this market delivers an estimated 6% of the total company revenue. Hexaware's client size focus is broad, with 46% of clients over $3 billion, 30% between $1 billion and $3 billion and the remaining 24% under $1 billion in revenue. It can cover clients in any geography, although the largest client implementation numbers are in North America (68%). Hexaware can cover most of the cloud ERP technologies profiled with the revenue split among the major softwares as follows: 42% from Oracle, 28% from SAP (cloud products only), 26% from Workday and 4% from Microsoft (Dynamics365). It has no NetSuite practice.

Strengths

- **Strong staff with business and technology expertise:** Hexaware has the highest percentage of FTEs with five to 15 years of experience in this research group, at just over 70%. This is reflected in the higher average percentage of business outcome contracts executed as well as overall positive client feedback on delivery.

- **Committed to cloud and automation-first solutions:** Hexaware's approach in this market is a cloud-first strategy and process-mining-led transformation through automation leveraging its proprietary tools such as Amaze. This approach of designing and delivery for longer-term operational excellence and supportability is a plus for Hexaware.

- **Solid focus on change and adoption:** Organizational change management (OCM) and cloud transformation planning with Anywhere Employee are used by Hexaware across its cloud platforms of focus. These methods not only help drive user adoption of ERP transformation initiatives, but aid in the decommissioning of legacy systems and reduction of technical and process debt. This approach complements its technical migration skills and is still evolving.

Cautions

- **Geographic or regional culture coverage:** Hexaware has the highest ratio of offshore resources among this research group. Though most clients relayed Hexaware meeting and some clients stated it exceeded expectations, a few clients also shared occasional difficulties in communications with resources.

- **Limited resource scale for very large engagements:** Though a significant majority of Hexaware business is for clients in NA and EMEA, some clients relayed difficulty in finding backfill for key Hexaware resources on their efforts. Being a midsize provider, very large clients should ensure the skills needed for its cloud ERP transition have enough bench to accommodate any turnovers.

- **Heavily focused on SAP and Oracle technologies:** Hexaware has good capabilities on Oracle and SAP, and although it can do engagements in other technologies, these are limited. Hexaware is not a Workday implementation partner. It only provides support and ongoing evolution. Hexaware has a capability that is nascent in Dynamics 365 ERP implementations. The NetSuite platform is not on Hexaware's horizon of offerings at this time.

Huron

Huron is a Niche Vendor in this Magic Quadrant. Headquartered in the U.S., it is a medium service provider in this market (see Note 1). Gartner estimates that the aggregated resources used in this market represent about 34% of the total Huron workforce, and this market delivers an estimated 31% of the company revenue. It is primarily focused on organizations with less than $3 billion in revenue (an estimated 70% of clients). Its largest client implementation numbers are in North America (88%). Huron can cover three of the five cloud ERP technologies with the revenue split among the major softwares as follows: 22% from technology-agnostic consulting, 51% from Oracle (Fusion Cloud ERP), 26% from Workday, and 1% from NetSuite. Huron can offer services in SAP Concur but does not have SAP (other cloud products) or Microsoft (Dynamics 365) practices.

Strengths

- **Dedicated focus on service-centric enterprise technology:** Huron is organized by and focused on a few key industries (all service-centric). It targets healthcare, education, federal, financial, and energy and utilities. For Fortune 500, enterprise and midsize clients in the target industries, it is worth talking to.

- **Workday for higher education:** Huron has been a Workday partner since 2014 and has built up a competent delivery organization on Workday products consisting of 500 FTEs for cloud ERP for SCE. It has built a strong reputation in education. It was awarded the Workday Partner Education Innovation Award and is a good option for U.S.-based higher education organizations.

- **Good option for midsize Oracle clients (including public sector):** Huron is not a megavendor. With almost 6,000 FTEs in the organization overall, the cloud ERP services for SCE uses 35% of the staff. Services for the ERP technologies (cloud and noncloud) is what it does. That allows any client to be more visible with the management and delivery teams at Huron. In addition, the high proportion of U.S.-based resources (70%) is particularly interesting to U.S. public sector clients that are prevented from using offshore resources through policy.

Cautions

- **Emerging transformation consultancy capability:** Given its scale and technical focus, Huron may not be a good fit for large multicountry organizations looking for business advice on major transformations, although this capability is emerging in the Oracle practice. It does understand that the move to cloud ERP is a business transformation, not a technical upgrade, and it builds out engagements based on technical competencies aligned with industry-specific expertise. However, it does not compete with the megabusiness consultancies featured in this research on pure business transformation advice.

- **Limited European delivery capability:** With no resources based in EMEA for this market, Huron is not a good choice for organizations looking for multicountry rollouts with a heavy European footprint. It does have European clients, but those will be for technical work delivered remotely rather than functional focused projects requiring in-country knowledge.

- **No SAP or Microsoft capabilities:** With a heritage in Oracle and Workday products, Huron has not as yet branched out into SAP (with the exception of Concur) and Microsoft technologies. It is not currently a good choice for clients who know that they are going to use SAP or Microsoft ERP products.

IBM Consulting

IBM Consulting is a Challenger in this Magic Quadrant. Headquartered in the U.S., it is a large service provider in this market (see Note 1). Gartner estimates that the aggregated resources used in this market represent about 13% of the total IBM Consulting workforce, and this market delivers an estimated 12% of total IBM Consulting revenue. IBM Consulting's clients tend to have more than $3 billion in revenue, with an estimated 70% of clients in this category. It can cover clients in any geography, although the largest client implementation numbers are in North America (45%). IBM can cover all five featured cloud ERP technologies with the technology staff split among the major platforms as follows: 4% in technology-agnostic consulting, 29% in Oracle (Fusion Cloud ERP (59%) in SAP (cloud products only), 4% in Workday, 3% in Microsoft (Dynamics 365) and 1% in NetSuite.

Note: IBM did not initially participate in the data gathering for this Magic Quadrant but did provide some information after the vendor briefing stage. As a result, some of the presentation of data is different from the standards used elsewhere in this research. The opinions of the analysts are based on publicly available information and their experiences in talking to clients combined with the data that was provided later in the process.

Strengths

- **Large modernization projects**: IBM consulting has wide capabilities across the products featured here. That, combined with its expertise in additional products (e.g., RPA solutions) that can be used to build a new cloud-based ERP out of technology components, makes it a good candidate for clients looking to transform their complex ERP through a modernization approach.

- **Global reach and capabilities**: IBM has an established presence in every major region. With approximately 4,000 cloud ERP professionals for SCE in the Americas, 3,000 dispersed across EMEA and more than 13,000 in APAC, it is positioned to provide local resources for almost any large ERP cloud for SCE engagement.

- **Solid innovation strategy**: With the IBM Garage approach, it provides the capability to work collaboratively with clients and develop service-centric solutions. IBM believes that automation of the cloud stack will help drive higher-quality services at lower cost, and is investing in AIOps, AI/ML and tools such as its quality platform for ongoing service excellence.

Cautions

- **Narrower focus on small and midsize companies**: IBM tends to work with larger enterprises. For midsize to smaller clients, carefully evaluate IBM's capabilities against your needs and objectives.

- **Fewer outcome-based contracts:** The concept of outcome-based pricing models is known to IBM, but its contracts remain somewhat limited to fixed fee and T&M models. Although IBM has a high focus on innovation, clients may still have to push it for agreements with accountability for a business outcome rather than platform delivery. IBM does offer financing and delayed payback models, which may be attractive to some clients.

- **Limited on NetSuite engagements:** IBM consulting has good depth across the technologies covered in this research that support cloud ERP engagements, but the NetSuite offering is still developing. Clients should validate that IBM has the resources needed in their geography.

Infosys

Infosys is a Leader in this Magic Quadrant. Headquartered in India, it is a very large service provider in this market (see Note 1). Gartner estimates that the aggregated resources used in this market represent about 6% of the total Infosys workforce, and this market delivers an estimated 11% of company revenue. Infosys is primarily focused on organizations with more than $3 billion in revenue. An estimated 70% of its delivery resources are offshore resources that can cover clients in any geography. Its largest client implementation numbers are in North America (59%). Infosys can cover all five featured cloud ERP technologies but clearly specializes in Oracle and SAP, with the revenue split among the major softwares as follows: 20% from technology-agnostic consulting, 40% from Oracle (Fusion Cloud ERP), 34% from SAP (cloud products only), 1% from Workday, 4% from Microsoft (Dynamics 365) and 1% from NetSuite. Infosys undertakes Workday projects but offers limited services in that technology because it is not yet a full Workday partner.

Strengths

- **Strong technical expertise:** Infosys boasts a large library of technical assets — more than 2,000 industry related accelerators — to augment the solutions built on its Cobalt platform. This has resulted in 16 go-to-market industry solutions built on Oracle, Microsoft and SAP. This shows its diligence in taking its extensive client experience and finding ways to cover a wide array of use cases.

- **SAP co-innovation partner:** Although Infosys is engaged in partnerships with multiple ERP technology providers, it engages with more than 200 other partners within the SAP ecosystem for technical-, business- and industry-related purposes. Infosys is also in a 360-degree co-innovation development partnership with SAP. Given the size of its practice and relationship with SAP, this is a strong technological pillar.

- **Continuous process mining:** Infosys' Value Realization Method is transparent about incorporating process mining to drive continuous improvement in its solution capabilities. This in turn drives improvements to bring about measurable improvements (i.e., enhance out-of-the-box KPI's for their industry solutions), so it can go to clients with measurable benchmarks (i.e., 5% to 10% freight cost per unit reduction in their transportation solution).

Cautions

- **Lower business function consulting capability:** Although Infosys has shown a shift toward focusing on business outcome rather than technical functions, it is still not as versed as some of its counterparts. Customers looking for more in-depth functional business consulting services mixed with the technology solution should challenge Infosys to show capability in this area.

- **Lesser focus on post-go-live services:** Other vendors featured in this Magic Quadrant incorporate an array of services into their post-go-live services geared toward both ongoing technical and business challenges. Infosys centers around technical areas, such as managing upgrades and application support. With cloud ERP, the ongoing focus should be evolving the capability, not just keeping what was built technically healthy.

- **Limited workday experience:** Infosys is not a Workday partner. Hence, it undertakes limited support projects on Workday. It does not have certified Workday resources. For clients that believe they will have a significant Workday component to their solution, Infosys may not be a good fit.

KPMG

KPMG is a Visionary in this Magic Quadrant. Headquartered in the United Kingdom, it is a very large service provider in this market (see Note 1). Gartner estimates that the aggregated resources used in this market represent about 7% of the total KPMG workforce, and this market delivers an estimated 7% of the total company revenue. It is primarily focused on organizations with more than $3 billion in revenue, which represent an estimated 60% of clients, and it can cover clients in any geography, although the largest client implementation numbers are in EMEA (43%). KPMG can cover most of the cloud ERP technologies with the revenue split among the major softwares as follows: 44% from technology-agnostic consulting, 17% from Oracle (Fusion Cloud ERP), 15% from SAP (cloud products only), 9% from Workday and 15% from Microsoft (Dynamics 365). It has a small NetSuite practice but not of sufficient scale to have been included in this research.

Strengths

- **Large business transformations:** With deep understanding of ongoing services evolution, KPMG developed the KPMG Powered Enterprise framework. Its digital transformation framework covers four aspects: target operating models; preconfigured Powered technology, which includes a suite of digital solutions; industry assets and accelerators, and Powered method integrated with change management and scaled agile.

- **Change management capabilities**: KPMG's long consultancy history is reflected in its deep understanding of business change management. It developed Change Frame complementary to its Powered Enterprise platform to manage data-driven change throughout the enterprise. Its method includes creating customized Change Journeys for unique personas, empathy maps and leadership visions.

- **Partner co-innovation**: KPMG has a strong alliance system with Oracle, Microsoft and Workday. It has co-created KPMG Powered Enterprise assets with Microsoft, Oracle, SAP and Workday for the front, middle and back office across six service-centric industries. This collaborative approach enhances system performance, user experience and adaptability leading to a more seamless implementation process.

Cautions

- **SAP's financial auditor**: KPMG transitioned out of its longtime audit relationships with SAP on 1 July 2023. While it will provide assurance services to certain SAP entities until 1 January 2024, it is adhering to standard audit independence rules (IESBA and AICPA). KPMG is working with SAP on postaudit plans, including negotiating an alliance agreement and also investing in their SAP practice for growth in 2024.

- **Limited offshore capabilities**: KPMG has a low ratio of APAC resources and overall lower ratio of offshore engagements compared to other providers in this cohort that may lead to higher rates. Its extensive global presence and higher proportion of local resources does, however, help onshore delivery.

- **Not suited for clients with only tactical needs**: KPMG's objective is to enhance its clients' value by assisting them in leveraging technology to differentiate, transform and evolve their organizations. Clients that have tactical needs, such as technical migration only without an overarching transformation agenda, may find KPMG's offerings more than they are looking for.

LTIMindtree

LTIMindtree is a Niche Player in this Magic Quadrant. Headquartered in India, it is a large service provider in this market (see Note 1). Gartner estimates that the aggregated resources used in this market represent about 6% of the total LTIMindtree workforce, and this market delivers an estimated 7% of total company revenue. It is equally focused on clients with more than $3 billion in revenue and those with less than $3 billion) organizations. It can cover clients in any geography, although the largest client implementation numbers are in North America (36%). LTIMindtree can cover four of the five cloud ERP technologies profiled, with revenue split among the major softwares as follows: 12% from technology-agnostic consulting, 28% from Oracle (Fusion Cloud ERP), 48% from SAP (cloud products only), 4% from Workday and 8% from Microsoft (Dynamics 365). It has no NetSuite practice, and Workday engagements are primarily related to the Workday HCM managed services and the Workday Adaptive Insights products. Mindtree merged with Larsen & Toubro Infotech to form a new entity — LTIMindtree — effective 14 November 2022.

Strengths

■ **Clear focus on ERP rather than software packages**: LTIMindtree is organized as an enterprise application service line and has consistent tools, processes and methodologies across the technologies supported. Its three-layer architecture for cloud ERP helps clients (a) fit to standard (b) extend for industry and (c) make the platform agile and extensible.

■ **Ability to support a wide technology ecosystem**: With the recent merger, LTIMindtree has reached a good scale to be able to offer a full ecosystem play across technologies but yet still be attractive to midsize clients. Clients can get good service on cloud ERP but also leverage the wider LTIMindtree for additional technologyneeds.

■ **Strong ongoing services offering**: LTIMindtree understands how cloud ERP is an ongoing evolving platform made up of an ecosystem of components. Its timeless enterprise concept understands that the business is not static, and it provides services focused on evolving the industry-specific solutions installed (including post M&A integration activity).

Cautions

■ **Limited capability to manage large transformations**: Although LTIMindtree has a good understanding of the need to focus on business outcome, its strength is on platform modernization and the ecosystem play for midsize organizations, and it may have limited experience with large-scale business transformations.

- **Toolsets still evolving:** LTIMindtree, postmerger, is building a consistent, evolving toolset based on harvesting the assets both source companies used in engagements. However, given its previous scale, it has not yet been able to invest in the overarching comprehensive toolsets that many of its larger competitors have.

- **High offshore resource concentration:** 75% of the LTIMindtree resources for this market are based in India. For cloud ERP services, the technical activities can readily be provided from offshore, but the functional interactions are usually best delivered in-country. Clients looking to roll out multicountry solutions in Europe may need to check local support offered.

PwC

PwC is a Leader in this Magic Quadrant. Headquartered in the U.K., it is a very large service provider in this market (see Note 1). Gartner estimates that the resources used in this market represent about 6% of the total PwC workforce, and this market delivers an estimated 10% of company revenue. It is primarily focused on organizations with more than $3 billion in revenue, which represent an estimated 50% of clients. It can cover clients in any geography, although the largest client implementation numbers are in North America (59%). PwC can cover all five featured cloud ERP technologies with the revenue split among the major softwares as follows: 37% from technology-agnostic consulting, 24% from Oracle (Fusion Cloud ERP), 24% from SAP (cloud products only), 11% from Workday, 3% from Microsoft (Dynamics 365) and 1% from NetSuite.

Strengths

- **Deep industry coverage:** PwC has a strong portfolio of extensive go-to-market industry cloud solutions. In its target verticals, such as banking, insurance, hospitality, power and utilities, healthcare, life sciences, telecommunications and software, it is a good fit for buyers looking for cloud solutions tailored to their industry needs *and* ongoing advisory or other strategic services beyond technical capabilities. PwC is not only looking to go broad with its industry portfolio, but leans into going deep with microvertical focus.

- **Strong domain knowledge:** PwC has a large library of assets and a comprehensive delivery platform (Concourse) to both provide solutions in a true customer digital transformation journey and maintain solid customer transparency through that journey. Feedback has shown its domain expertise coming through in its services, and it scores one of the highest in industry expertise compared to its cohorts.

- **Strong customer partner:** It supplies a range of managed services bundled into its solutions beyond just project-based system implementations to support customers for a truly ongoing transformation journey. Many vendors in this space have a managed services portfolio centered on technical support, such as system upgrades. But PwC extends with offerings that go beyond just technical support to help customers with advisory services that allow them to continue with growing business goals.

Cautions

- **Not suitable for purely technical engagements:** Its ongoing managed services surrounding more technical support work is not as competitive as other vendors in this Magic Quadrant. Other vendors featured in this Magic Quadrant focus more on further automating and creating tools for technical support and maintenance work such as managing upgrades. Coupled with larger offshore teams, this becomes an area where PwC will not be as cost competitive.

- **Less focused on small and midsize enterprises:** PwC has shown less focus on smaller companies. Given the range and extensiveness of its solutions, this will price out buyers looking for more point solutions or that are not ready to commit to larger transformation initiatives.

- **Not ideal for public sector clients:** Due to its audit business, this sector has not been an area of focus for PwC. Although it does have an impressive portfolio of industry-based cloud solutions, the public sector is not a strength for it compared to other industries like banking and healthcare.

TCS

TCS is a Leader in this Magic Quadrant. Headquartered in India, it is an extra large service provider in this market (see Note 1). Gartner estimates that the aggregated resources used in this market represent about 2% of the total TCS workforce, and this market delivers an estimated 6% of company revenue. It is primarily focused on large organizations (>$3 billion), which represent an estimated 60% of clients. It can cover clients in any geography, although the largest client implementation numbers are in North America (49%). TCS can cover all five featured cloud ERP technologies, with the revenue split among the major softwares as follows: 20% from technology-agnostic consulting, 43% from Oracle (Fusion Cloud ERP), 19% from SAP (cloud products only), 4% from Workday, 12% from Microsoft (Dynamics 365), and 2% from NetSuite.

Strengths

- **Strong Oracle expertise:** Across all its competencies, its Oracle certifications and Oracle-based revenue are clearly TCS's most dominant across all the ERP technologies. Almost 40% of its client implementations are in Oracle. It has shown it has built in-depth Oracle-based solutions on top of the TCS Crystallus platform.

- **Broad library of industry accelerators:** Unlike many of the vendors in this Magic Quadrant where the bulk of assets are aligned to a couple of ERP technologies, TCS has maintained a broad library of assets across all ERP technologies featured in this Magic Quadrant.

- **Existing client base:** TCS has leveraged a number of large existing clients for ongoing managed services work. As transformation moves more toward ongoing services rather than discrete project-based work, maximizing on managed services has been key to ongoing success. This shows a commitment and strength in its relationships with its clients as it continues in a transformation journey.

Cautions

- **Low technology certifications:** Compared to its cohorts in the extra large practice size, its proportion of technical certifications across all its technology practices is one of lowest. Other vendors have a higher proportion of certified resources supporting their ERP technologies.

- **Technology balance:** The number of certified FTEs in both proportion and absolute numbers is highest in Oracle. Although this shows strong Oracle-related competency, and TCS does have credible capabilities in all the technologies, clients should check the experience levels of staff outside Oracle projects. TCS delivers Workday projects but is not a certified Workday partner.

- **Lack of consultative approach:** TCS has a technology-led focus, despite some movement toward becoming more business-outcome-focused. TCS tends to talk about what its technical capabilities have built rather than highlighting the business benefits achieved.

Wipro

Wipro is a Challenger in this Magic Quadrant. Headquartered in India, it is a large service provider in this market (see Note 1). Gartner estimates that the aggregated resources used in this market represent about 4% of the total Wipro workforce, and this market delivers an estimated 6% of the total company revenue. It is primarily focused on organizations with more than $3 billion in revenue, which represent an estimated 70% of clients. It can cover clients in any geography, although the largest client implementation numbers are in North America (40%). Wipro can cover three of the five cloud ERP technologies profiled, with the revenue split among consulting and the major platforms as follows: 6% from technology-agnostic consulting, 43% from SAP (cloud products only), 41% from Oracle (Fusion Cloud ERP), and 7% from Microsoft.

Strengths

- **Strong SAP and Oracle expertise:** Across all its competencies, SAP and Oracle certifications with SAP- and Oracle-based revenue is clearly Wipro's strongest. It has built in-depth solutions on top of its eSymphony platform.

- **Good ongoing services offering**: Wipro accommodates ongoing evolution and managed services bundled into its solutions, beyond just implementation services, while providing capabilities such as due diligence, portfolio analysis, transition, business as usual and continuous improvement.

- **Long-term client relationships**: Wipro has a significant number of long-standing client relationships. The institutional nature of these relationships demonstrates a client centricity and commitment to balancing the delivery of value-added services with continued price attractiveness.

Cautions

- **Consulting skills:** Despite investment in business consulting skills through acquisition and training, developing high-value-add business consulting capabilities is still a work in progress for Wipro. Clients requiring sophisticated business domain knowledge, particularly in specialty areas, should validate that Wipro has those capabilities and be prepared to stress test them before committing to any such initiative.

- **Fewer North America-based resources:** Wipro's delivery model is based on an offshore and nearshore model and has a smaller percentage of its resources based in North America than its direct competitors. Clients engaging with Wipro in North America, LATAM and Western Europe should work with Wipro jointly in identifying key roles and ensure that they are locked in for the entire course of the engagement.

- **Low focus on service-centric enterprises:** Although it hosts a broad portfolio of industry cloud-based solutions across multiple technologies, Wipro is working on enhancing expertise in the business workflow nuances associated with service centric businesses.

Inclusion and Exclusion Criteria

The criteria for inclusion of service providers in this Magic Quadrant are based on a combination of quantitative and qualitative measures.

Quantitative Criteria:

Service vendors included in this Magic Quadrant must satisfy all three of the following quantitative criteria:

- Is able to provide cloud ERP services to service-centric enterprises for at least two relevant ERP technology products for the following software vendors: Oracle, SAP, Microsoft, Workday and NetSuite. To qualify as a service provider for a particular software, the provider must have at least 50 FTEs certified in skills related to that software.

- Has a minimum of $60 million annual worldwide revenue in total (across all cloud ERP services for SCE software products covered) during the period of January 2022 through December 2022 for cloud ERP services for service-centric enterprises.

- Delivers cloud ERP services for service-centric enterprises to current active clients headquartered in a minimum of two of five geographies (North America, EMEA, APAC, Japan and Latin America).

Qualitative Criteria:

- Overall market interest in and visibility of the service vendor as determined by Gartner analysis of internal and external search patterns.

- Gartner analysts' interactions with enterprise buyers.

- Demonstrated capability to invest in tools, automation, methodology, frameworks and processes, as well as investing in resource development to deliver services in this market.

- Feedback from a custom reference survey carried out with up to 10 reference clients provided by the vendor being evaluated.

Honorable Mentions

The criteria for inclusion of service providers in this Magic Quadrant are based on a combination of quantitative and qualitative measures, as noted in the Inclusion and Exclusion Criteria section. Below are several noteworthy providers that did not meet all inclusion criteria but could be appropriate for clients, contingent on requirements. The following is a nonexhaustive list:

- **Capgemini** is an extra large global consulting and technology partner headquartered in Paris. It has been featured in our previous Oracle and SAP Cloud Services Magic Quadrants. It provides services in all the featured technologies in this research but has not been formally evaluated because Gartner estimates that Capgemini's ERP services client base is more aligned with product-centric enterprises.

- **NTT DATA** is a very large systems integrator headquartered in Tokyo, Japan. It was featured in the last SAP S/4HANA services Magic Quadrant. It can provide services in multiple ERP technologies with a strong focus on SAP but was unable to provide data for this research.

- **Fujitsu** is a very large systems integrator headquartered in Tokyo, Japan. It was featured in the last SAP S/4HANA services Magic Quadrant. It can provide services in Oracle and Microsoft technologies as well as SAP but was unable to provide in-depth data for this research.

- **Tech Mahindra** is a very large systems integrator headquartered in Pune, India. It has been featured in our previous Oracle and SAP Cloud Services Magic Quadrants. It can provide services in at least these technologies but did not provide data for this research.

- **Perficient** is a global digital consultancy headquartered in St. Louis, Missouri, United States. It can provide cloud ERP services in Oracle and Microsoft products, but not at a scale that meets the inclusion criteria for this Magic Quadrant.

- **SaaS software providers** (Workday, Oracle, SAP, Microsoft and NetSuite) can all provide services to implement and support their own products, but are not featured here because the focus of the research is transformation of the function, not technical migration for a particular product.

Evaluation Criteria

Gartner evaluates service providers on their Ability to Execute and their Completeness of Vision, as per the definitions below. When the two sets of criteria are evaluated together, the resulting analysis provides a view of how well a provider performs a spectrum of services compared with its peers and how well it is positioned for the future.

For more information on Gartner's Magic Quadrant research methodology, refer to our Research Methodologies on the Gartner website.

Ability to Execute

Gartner analysts evaluate providers on the quality and efficacy of the processes, systems, methods or procedures that enable IT provider performance to be competitive, efficient and effective, and to positively impact revenue, retention and reputation within Gartner's view of the market.

Solution/Service: The provider's ability to execute cloud ERP services for service-centric enterprises such that delivered solutions are useful, valuable and adopted. This includes current service capabilities, quality, feature set and skills. The subcriteria includes the following:

- Performance on critical capabilities

- Methodologies and processes

- Tools used to simplify and speed up implementations and evolution

Overall Viability: Viability includes an assessment of the organization's overall financial health, as well as the financial and practical success of the cloud ERP services (CES) part of the business. This criterion also includes the ability of the organization to focus its offering on the CES practice and to continue to evolve and maintain its systems integrator capabilities in the long term. The subcriteria include the following:

- Year-over-year growth

- Market-specific revenue growth and retention

- Strategic alignment of these services within the overall organization

Sales Execution/Pricing: The provider's ability to effectively understand the business problem and develop a clear proposal offering a creative solution and attractive pricing. This criterion also includes the provider's track record in sustaining organic growth through a mixture of repeat business from existing customers and winning new customers. The subcriteria include the following:

■ Pricing models and contract flexibility

■ Analyst perception of value provided

■ Focus on business outcome contracts and client success

Market Responsiveness/Track Record: The provider's ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the provider's history of responsiveness to changing market demands. The subcriteria include the following:

■ Mechanisms for monitoring and responding to customer needs

■ Examples of delivery against business outcomes

■ Analyst perception of roadmap promises being met

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message in order to influence the market, promote the brand, increase awareness of capabilities and establish a positive identification in the minds of customers. This "mind share" can be driven by a combination of thought leadership, referral relationship building and sales activities. The subcriteria include the following:

■ Brand name recognition/customer's familiarity with the vendor

■ Tailoring of marketing messages — by industry/enterprise/geography

■ Leadership and vision demonstrated in publicity

Customer Experience: The ability of the provider to deliver solutions that delight customers and have a positive impact on their business. This includes the ability to understand the client's business goals; the ability to forecast accurately and deliver as promised; the steps taken when problems are found; the usability, reliability and responsiveness of the solutions delivered; and the client's overall perception of a provider's contribution to a successful project. The subcriteria include the following:

- Overall satisfaction with the provider's capabilities and delivery

- Customer and employee retention

- Reference feedback

Operations: The ability of the organization to attract and retain talent, thus building a capable and motivated workforce. Factors include quality of the delivery organizational structure, work location strategies, reputation in the industry as an employer, recruitment, training and personal development programs, creation of diverse and inclusive work environments, and management of attrition. The subcriteria include the following:

- Global and regional delivery capabilities

- Effective resource management that provides high-quality skills needed to deliver proposed solutions and outcomes

- Ethics and transparency mandates and standards

- Continuity of staff/attrition/certification rates.

Table 1: Ability to Execute Evaluation Criteria

Evaluation Criteria ↓	Weighting ↓
Product or Service	High
Overall Viability	Medium
Sales Execution/Pricing	Medium
Market Responsiveness/Record	Medium
Marketing Execution	Low
Customer Experience	High
Operations	High

Source: Gartner

Completeness of Vision

Gartner analysts evaluate providers on their ability to convincingly articulate logical statements. This includes current and future market direction, innovation, customer needs, and competitive forces and how well they map to Gartner's view of the market.

Market Understanding: Ability to understand customer needs and translate them into products and services. Vendors that show a clear vision of their market will listen, understand customer demands, and shape or enhance market changes with their added vision. The subcriteria include the following:

- Vision and strategic focus

- Competitive differentiators

- IP investments

- Knowledge of cloud ERP Trends

Marketing Strategy: Clear, differentiated messaging consistently communicated internally and externalized through social media, advertising, customer programs and positioning statements. The subcriteria include the following:

- Go-to-market approach

- Market visibility

- Reference responses

Sales Strategy: A sound strategy for selling that uses the appropriate networks including direct and indirect sales, marketing, service, and communication. Partners that extend the scope and depth of market reach, expertise, technologies, services and their customer base. The subcriteria include the following:

- Customer acquisition strategy effectiveness

- Incentive plans for existing clients

- Reference response information

Offering (Product) Strategy: An approach to product development and delivery that emphasizes market differentiation, functionality, methodology and features as they map to current and future requirements. The subcriteria include the following:

- Product portfolio breadth and depth

- Investment levels in critical capabilities

- New delivery models

- Proprietary IP that delivers value in this market

Business Model: The design, logic and execution of the organization's business proposition to achieve continued success. The subcriteria include the following:

- Significance and alignment of the MQ market to overall business

- Establishment and support of long-term customer relationship

- Sustainability

- Willingness to implement different commercial models

Vertical/Industry Strategy: The strategy to direct resources (sales, product, development), skills and products to meet the specific needs of individual market segments, including verticals. The subcriteria include the following:

- Clear and consistent vertical focus

- Vertical/industry specific investment

- Industry knowledge

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or preemptive purposes. The subcriteria include the following:

- Proprietary innovation platforms

- Commitment to innovation

- Use of automation

- Innovation use cases

Geographic Strategy: The provider's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries, as appropriate for that geography and market. The subcriteria include the following:

- Clear and consistent region focus

- Region-specific partnerships/ecosystem

- Use of automation

- Widespread availability of in-country resources for functional work

Table 2: Completeness of Vision Evaluation Criteria

Evaluation Criteria ↓	Weighting ↓
Market Understanding	High
Marketing Strategy	Low
Sales Strategy	Low
Offering (Product) Strategy	High
Business Model	Medium
Vertical/Industry Strategy	High
Innovation	High
Geographic Strategy	Medium

Source: Gartner

Quadrant Descriptions

Leaders

Leaders are performing well today, gaining traction and mind share in the market. They have a clear vision of market direction and are actively building competencies to sustain their leadership position in the market.

Challengers

Challengers execute well today for the portfolio of work selected, but they have a less well-defined view of the market's direction than Leaders do. Consequently, they may be tomorrow's Leaders, or they may not be aggressive and proactive enough in preparing for the future.

Visionaries

Visionaries articulate important market trends and directions. However, they may not be in a position to fully deliver and consistently execute on that vision. They may need to improve their service delivery.

Niche Players

Niche Players focus on a particular segment of the market, such as a particular industry, size of client, functional area (for example, human capital management or supply chain) or geography. Their Ability to Execute is limited to those areas of focus. Their ability to innovate may be affected by their narrow focus.

Many of the providers in this segment received positive client feedback, and many can be considered to be leading players within their niche market focus.

Context

This Magic Quadrant addresses the cloud ERP services capabilities of providers for service-centric enterprises that meet Gartner's criteria for inclusion.

This Magic Quadrant evaluates 16 providers. It is a point-in-time analysis, with the status of all provider profiles reflected as of July 2023. Quantitative data collected was for a 12-month period ending 31 December 2022. As part of the research, the analyst team generated more than 960 separate data points that collectively determined the placement of the dots on the Magic Quadrant.

When considering cloud ERP services, clients are advised not to simply select service providers in the Leaders quadrant. A provider may appear in a particular quadrant based on Gartner's extensive analysis across the full-service life cycle in many industries and other criteria. However, for any given deal, a client company's selection criteria will be narrower and more specific. Consequently, providers in the Challengers, Visionaries or Niche Players quadrants may prove to be more appropriate for the engagement. A more detailed analysis of the service providers' capabilities, with scoring based on use cases, is available in Critical Capabilities for Cloud ERP Services for Service-Centric Enterprises.

Additionally, because the inclusion criteria in the Magic Quadrant result in the analysis of a subset of providers in the cloud ERP services for SCE market, clients should not disqualify any potential competitors simply because they do not appear in this research. Other IT service providers not evaluated in this Magic Quadrant may present better alternatives for your business requirements. Consider using an analysis to ensure you have an optimum basis and evaluation criteria to down-select the most suitable providers (see Quick Answer: How to Assess ERP, HCM and CRM Systems Integrators). A Gartner analyst can help with a shortlist of the most suitable candidates based on client requirements.

Market Overview

With the introduction of cloud ERP delivered as software as a service (SaaS), the implementation and ongoing management services have changed in nature. The technical abilities are still important, but the primary capabilities needed are domain expertise (HR, Finance, etc), industry expertise and change management. The move to cloud ERP is a business transformation, not a technical upgrade. In addition, the implementation never ends. At go-live, there is an ERP platform that continually evolves. There is a single codebase managed by the SaaS provider, and new functionality is pushed out as frequently as every three months. This needs a different approach to the ongoing services. As a result, Gartner has changed away from the technically focused Magic Quadrants and market guides for services (Oracle, SAP, Workday, etc.) and is providing research focused on service providers that can support the transformation needed using multiple technology options.

This Magic Quadrant is transformation focused, as described above, and further refines the target audience to the service-centric enterprises (SCE). These industries do not make or sell products but provide services to buyers. They do not need intensive supply chain capabilities in their ERP but do need strong financial, analytical and HR capabilities to operate their businesses. This client segmentation mirrors the two Magic Quadrants that look at the options for SaaS products for building a modern ERP: Magic Quadrant for Cloud ERP for Service-Centric Enterprises and Magic Quadrant for Cloud ERP for Product-Centric Enterprises.

If we look at the application services market overall, Gartner estimates that this will be approximately $330 billion in 2023, of which approximately $200 billion will be devoted to implementing and supporting software products (the remaining $130 billion covers custom application software development). That $200 billion covers services on all packaged products (including noncloud and non-ERP), and we estimate that the total services devoted to the specific cloud ERP market to be about $80 billion. This Magic Quadrant is focused on service-centric enterprises (SCE) only, and we estimate that the SCE:PCE services split is likely 50%-50%. As a result, the total market in revenue estimated for 2023 for cloud ERP services for SCE is around $40 billion. The 16 service providers in this Magic Quadrant have estimated that, for this market, they received $27 billion for the engagements in 2022. Note that many also receive revenue for business and technical consulting, and the Gartner forecast predicts about $275 billion from these services in addition to the $330 billion for application services.

For the 16 service providers evaluated, there are almost 220,000 resources engaged in cloud ERP services for service-centric enterprises projects. This represents approx 5% of the 4.5 million FTEs that these 16 employ. With approximately $27 billion in revenue of the $360 billion, that equates to about 8% of revenue for the period of January 2022 to December 2022. They thus in general charge more highly for these services than the general portfolio offered. The 16 in total have the following regional FTE split: 45% in APAC, 22% in EMEA, 27% in NA, 4% in LATAM and 2% in Japan.

In terms of resource experience used on cloud ERP for SCE engagements, 10% of the providers' FTEs have more than 15 years' experience, 18% between 10 and 15 years' experience, 30% between five and 10 years' experience, 24% between two and five years' experience, and 17% have less than two years' experience.

Most of the featured providers are focused on providing cloud ERP services for SCE using delivery and innovation centers in different regions of the world. In terms of global delivery model and geographical split, 16% of the consultants provided services from onshore (on-site), 17% from onshore (remote), 8% from nearshore and 60% from offshore locations. Providers have further invested in innovation to provide reusable industry assets, tools, training, data conversion utilities, automation, methodologies and APIs to accelerate delivery of cloud ERP services engagements. The 16 profiled here reported investing almost $2 billion in 2022 to improve the services in this market.

The buyers of cloud ERP services for SCE were only 31% from the CIO/CTO and 69% from business-related roles such as CFO (32%). Sixty-five percent of the cloud ERP services for SCE clients were greater than $3 billion in revenue. The ratio of existing clients to net new clients was 70:30.

The industries ranking based on the aggregate ranking of each of these16 were (1) banking and investment services, (2) healthcare and life sciences, (3) power and utilities, (4) communications, media and services, (5) insurance, (6) government and (7) education.

The 16 service providers profiled here added almost 5,000 net new clients in 2022 for these services. The technology breakdown of the principle technologies of these engagements was: 28% SAP (cloud products only), 22% Microsoft (Dynamics 365), 18% Oracle (Fusion Cloud ERP), 19% technology-agnostic consulting, 9% Workday and 4% NetSuite.

The most common pricing models were fixed price, which represented 36% of the total revenue, followed by time and materials (29%), business outcome (13%), fixed price with revenue at risk (12%) and other (10%).

This Magic Quadrant assesses the relative positioning of the providers in delivering cloud ERP services for SCE. In the companion Critical Capabilities research, specific use cases have been identified so that the performance in each area can be judged. The six use cases are:

- **Assessment and Roadmap Only:** A technology-agnostic consulting engagement to support a client through creating the roadmap for ERP transformation via cloud applications, supporting technology selection and creating a business case.

- **Oracle (Fusion)-Based Implementation and Evolution**: Includes implementing (solution work plus change management) and ongoing support based on Oracle (Fusion) products.

- **SAP (Cloud Products Only) Product-Based Implementation and Evolution**: Includes implementing (solution work plus change management) and ongoing support based on SAP (cloud products only) cloud products (Public Cloud S/4HANA, SuccessFactors, Concur).

- **Workday-Based Implementation and Evolution:** Includes implementing (solution work plus change management) and ongoing support based on Workday products.

- **Microsoft (Dynamics 365)-Based Implementation and Evolution:** Includes implementing (solution work plus change management) and ongoing support based on Microsoft (Dynamics 365) products.

- **NetSuite-Based Implementation and Evolution:** Includes implementing (solution work plus change management) and ongoing support based on NetSuite product.

Evidence

Evaluation in this Magic Quadrant is informed by:

- Gartner client interactions: Gartner inquiries between user organization clients and sourcing, procurement and vendor management analysts on service providers relating to cloud ERP services over 18 months (January 2022 through July 2023).

- Primary research: A detailed collection of data points via the Gartner vendor portal from the 16 participating service providers.

- Primary research: A 60-minute vendor briefing from each participating service provider addressing capability proof points of each evaluation criterion in the Magic Quadrant.

- Primary research: Feedback from 102 reference responses across the 16 participants in this Magic Quadrant.

- Secondary research: Press releases and publicly available information, including company websites and financial reports.

- Other Gartner analysts: Peer review by Gartner analysts. Their views and comments were considered. In addition, this research was reviewed at internal research community sessions.

Note 1: Market Practice Sizing

Size definitions are based on the number of aggregated resources used to provide cloud ERP services for service-centric enterprises:

- Small: 1,000 or fewer

- Medium: 1,001 to 5,000

- Large: 5,001 to 10,000

- Very Large: 10,001 to 30,000

- Extra Large: More than 30,000

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability: Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Market Responsiveness/Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

Recommended by the Authors

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How Markets and Vendors Are Evaluated in Gartner Magic Quadrants

Table 1: Ability to Execute Evaluation Criteria

Evaluation Criteria ↓	Weighting ↓
Product or Service	High
Overall Viability	Medium
Sales Execution/Pricing	Medium
Market Responsiveness/Record	Medium
Marketing Execution	Low
Customer Experience	High
Operations	High

Source: Gartner

Table 2: Completeness of Vision Evaluation Criteria

Evaluation Criteria ↓	Weighting ↓
Market Understanding	High
Marketing Strategy	Low
Sales Strategy	Low
Offering (Product) Strategy	High
Business Model	Medium
Vertical/Industry Strategy	High
Innovation	High
Geographic Strategy	Medium

Source: Gartner