

VENDOR PROFILE

Accenture: Vendor Profile Series for Cloud Professional Service Offerings

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IDC OPINION

Accenture will be in all layers of the cloud — infrastructure, platform, software, and business process — but only for segments in its sweet spot (i.e., areas that take advantage of its strengths in industry knowledge, large-scale implementation, and complex operations). Cloud services are both an opportunity and a threat for all service providers, including Accenture, but IDC believes Accenture is behaving in a way that demonstrates its belief that, at least for Accenture, cloud services will be a net revenue gain. Accenture states its cloud pipeline has grown more than fourfold over the past year, and its cloud resources have also grown to keep in synch with the pipeline. IDC finds:

- ☒ Accenture has both a discreet cloud group and cloud professionals embedded across its organization. It did not create a separate cloud service line because Accenture believes cloud will be a part of everything it does for clients.
- ☒ Accenture's strategy is to help large-scale enterprises move onto cloud platforms and use cloud services to reap clear cost and agility benefits today, while innovating for tomorrow. On top of that, its strategy is to build new business and markets for new revenue streams.
- ☒ Industry-specific cloud services are already in place, and IDC expects to see several more of these in the future. This is an example of how Accenture is very good at understanding how something works, and then taking technology capabilities, such as cloud computing, to create industry-oriented solutions that are meaningful to a client.
- ☒ The Accenture & Cisco Business Group (ACBG) is not only a new cloud sales and delivery channel for senior Accenture client executives but also a strategic partnership with Cisco to exploit new, network-enabled business processes.
- ☒ The value proposition for selecting Accenture has been updated for cloud services. The original value proposition remains: with deep industry and business process expertise, broad global resources, and a proven track record, Accenture can mobilize the right people, skills, and technologies to help clients improve their performance. The new twist is delivering this *faster*. IDC believes this is an important addition because, very often in emerging areas, first-mover advantages are hard for competitors to overcome.

IN THIS VENDOR PROFILE

This IDC Vendor Profile describes Accenture's capabilities with respect to its cloud professional service offerings. IDC examines Accenture's overall cloud professional services strategy and marketing messages, major cloud investments and new developments, cloud professional services portfolio, major methods and tools used in cloud engagements, and key competitive differentiators, strengths, and challenges.

This document is part of a series of vendor profiles that highlight various approaches to the sales and delivery of cloud professional services.

Methodology

This document is based primarily on information gathered from Accenture via interviews (including written responses to questionnaires), additional IDC primary research, secondary research, and discussions with end-user organizations that have consumed cloud professional services. IDC has used public-domain information and Accenture presentations in conjunction with discussions to aid in the analysis published in this document.

SITUATION OVERVIEW

Company Overview

Accenture is a leading global management consulting, technology services, and outsourcing company. It has both a discreet cloud group and professionals that are embedded across its organization. Currently, Accenture has more than 1,500 people conducting cloud work and plans to double its cloud resources over the next year.

Accenture provides services in the following cloud solutions areas:

- ☒ **Cloud computing strategy.** Accenture assesses the business value of cloud adoption, the possible scenarios of implementation and their risks and benefits, and the technical implications and required actions for an enterprise.
- ☒ **Cloud infrastructure.** Services span building private clouds, public cloud integration, and management of hybrid environments.
- ☒ **Software as a service (SaaS).** Accenture plans/architects, implements, and runs/maintains/enhances cloud solutions from leading industry players. It also provides its own SaaS offerings based on Accenture intellectual property (IP).
- ☒ **Cloud-based application development and management (ADM).** Accenture delivers and manages applications that leverage cloud as a delivery platform or as a set of accelerators, assets, and delivery capabilities to assist in ADM.
- ☒ **Cloud-based application replatform and simplification.** Accenture assesses a clients' portfolio for opportunities to replatform appropriate applications on the cloud and help its clients migrate to a hybrid environment.

- ☒ **Business process utility (BPU).** Accenture leverages its BPO business using its cloud-based one-to-many services. Accenture offers new cloud-enabled BPU offerings, such as Navitaire and Premium Technology Services (described in the Key Cloud Professional Services Offerings section).

Accenture's cloud operating model includes cloud professionals across all of these cloud solutions. Cloud resources are also embedded in its lines of business (consulting, technology, and outsourcing), operating groups, and geographies. Accenture has a core cloud team represented by all these groups that acts as an integrating mechanism for the organization. It has tapped a senior partner, who developed Accenture's infrastructure outsourcing business from scratch, to lead its cloud efforts; and this is part of why Accenture is moving so quickly and directly to a factory model for cloud services.

Company Strategy

Cloud Professional Services Vision and Strategy

From strategy to implementation to management, Accenture provides professional services in all key areas of cloud services (i.e., infrastructure, platform, applications, and business processes). It not only helps clients implement and manage cloud services but also is a cloud service provider in the SaaS and business process utility areas.

Accenture is not a provider of raw infrastructure as a service (IaaS). It has developed and managed its proprietary Virtual Hosting Environment to enable its offerings and services. Accenture has relationships with the major providers of IaaS, and through its Cloud Enterprise Services platform, it is integrated with those providers to allow Accenture to deliver raw compute and storage capacity to the extent required.

Accenture's Cloud Marketing Messages

Accenture uses its 20 years of outsourcing experience and its industrialized delivery approach to manage complex hybrid environments. Existing application planning and deep industry portfolio knowledge are still needed; but now with cloud, a good understanding of emerging cloud platforms' characteristics and service levels is what allows Accenture to choose the right platform for each case.

Beyond Accenture's traditional customers, cloud providers view Accenture as an "on-ramp to industry" because of its knowledge and ability to make its technologies relevant to industries. Accenture has spent time developing industry points of view and strategies on how cloud technology is best applied. Accenture will play to its strengths in both strategy and large-scale implementation and IT to help clients take advantage of cloud technologies.

Major Cloud Investments and New Developments

Accenture has built a "cloud factory" based on the industrialization of its Global Delivery Network. Accenture's Cloud Factory is specifically centered on key offerings including Azure, salesforce.com, Force.com, Google, vCloud, Workday, and open source. It has teams trained in specific solutions, from salesforce.com and Workday to Azure and Google.

Accenture has now brought its software products together in one organization, Accenture Software, to further help its clients solve business challenges or gain a competitive edge. Accenture is making some of its software available as a service and has modified its pricing, sales, and business models to accommodate the requirements of cloud-based delivery. Accenture Software products help simplify and speed up implementation for clients, lowering costs and improving return on investment.

Key Cloud Professional Services Offerings

Accenture addresses the entire services life cycle. Its goal is to define a road map to migrate existing applications to cloud and then plan and deliver projects to transform a client's application portfolio to a more elastic model. That involves helping its clients with migration or rearchitecting efforts or offering any of its other cloud solutions to achieve the final target. Offerings include:

- ☒ **Strategy and architecture planning.** Combining deep industry knowledge and its cloud strategy methodology, Accenture helps clients identify and prioritize significant opportunities presented by cloud services across infrastructure, applications, business processes, and developing new businesses.
- ☒ **Cloud implementation services.** These services cover design, pilot, build, test, deployment, and training, typically with an iterative and agile implementation approach. Accenture's SaaS implementation practice is supporting clients across the entire systems development life cycle — changing business processes, configuring and customizing the cloud-based tools, and integrating with legacy systems, as needed.
- ☒ **Cloud integration and management.** Accenture provides an offering for cloud services integration that can be implemented for a specific client or delivered by Accenture as a managed service. The offering, Cloud Enterprise Services, automates cloud services from provisioning through service management and applies governance over a mixed vendor infrastructure of cloud and traditional services. It includes the tools and processes necessary to pull hybrid internal and external services from a service catalog and to automate the workflow, which is key to ensuring cloud services are available in real time.
- ☒ **Governance and program management services.** Accenture draws on its experience in migrating and managing complex environments to provide services in both traditional and cloud-based business models.

Accenture offerings include industry-specific cloud services. For example, for the pharmaceutical industry, it has developed cloud accelerators to deal with industry-specific business processes such as sample management and detailing. In high tech, Accenture's CRM quick-start packs allow companies to leverage Accenture IP embedded in SaaS platforms. Its cloud infrastructure services for service providers provide telcos the opportunity to explore cloud opportunities. Navitaire enables new airlines to rapidly acquire reservations and ticketing capabilities. Premium Technology Services offers online, on-demand home electronics support and repair for customers of telecom operators and high-tech equipment manufacturers. Japan City Cloud is a SaaS offering for Japanese municipalities that have traditionally used mainframe-based applications but are now embracing open system solutions to lower costs.

Typical implementations deliver rapid releases to production, incrementally delivering scope over time — each release is three to six months on average (shorter for pilots and longer for heavy integration releases). Team sizes, including clients, are from 10 to 50 resources, depending on scale of integration, business process change, and level of enterprise/global deployment.

For Accenture, the top 3 workloads clients are currently interested in moving to the cloud are:

- ☒ **ERP and packaged applications.** Access to a broad array of enterprise-ready functional and business capabilities from SaaS vendors, combined with a desire to reduce the total cost of premise-based solutions through virtualization and automation
- ☒ **Portal applications.** Web applications that align to the emerging capabilities of the cloud platforms and are likely to benefit from integration to the broader services of the cloud (e.g., pulling in content from other cloud providers or integrating into third-party platforms such as Facebook)
- ☒ **Development and testing.** Allows clients to rapidly access capacity to support development and testing projects provided in a per-use model

Accenture believes that three years from now, the top 3 workloads clients will request moving to the cloud will be:

- ☒ Legacy applications at the periphery of an organization's core business that are written in legacy technologies or platforms
- ☒ Existing Java, Windows, or Web applications
- ☒ Applications already downsized from COBOL on a mainframe to Unix or Windows platforms that need to adopt the cloud model of execution

Key Methods and Tools

Accenture has developed a cloud computing assessment tool, which is a Web-based application that supports the detailed analysis of applications and datacenters to provide total cost of ownership/return-on-investment assessments for migration to cloud. In addition, Accenture has developed a SaaS Delivery Toolkit to support implementation — cloud-specific estimating and capacity models, SaaS governance models, and requirements-through-cloud-component tracking. Additionally, tools have been developed to support rapid global SaaS delivery and SaaS application portfolio suitability assessments. Accenture works closely with vendors to ensure its most widely used discovery and transformation tools support the new platforms. The skills in greatest demand include salesforce.com/Force.com, Microsoft Dynamics CRM, Oracle CRM On Demand, and Workday.

Accenture has developed a specific delivery method for SaaS implementation. The methods are particularly important in successfully running offshore and onshore interaction in a more iterative model. The Accenture Cloud Factory has industrialized these approaches for applications such as Force.com. This delivery model includes a suitability survey (to identify groups of applications for which migration to Force.com offers the greatest potential return for the lowest cost), a component library (to track and manage application components and identify commonalities to help cut development time and cost on an ongoing basis), and a SaaS Delivery Toolkit (to manage and maintain applications, enhancements, and upgrades, as well as resources and releases).

Competitive Differentiation

Accenture states it has a broad and deep collaboration with leading cloud vendors, which enables it to provide an independent view and innovative solutions. Likewise, the ACBG provides a cohesive team of experienced systems integrators and networking professionals to integrate network, computing, and virtualization technologies. Accenture also claims it is the:

- ☒ First global systems integrator to partner with salesforce.com, delivering value to clients since 2004 with 100+ enterprise implementations
- ☒ Largest Microsoft BPOS channel partner
- ☒ Preferred global systems implementation partner for Microsoft Azure (Avanade, its business technology company dedicated to providing solutions using Microsoft technologies, offers a suite of services for the Windows Azure platform.)
- ☒ First global systems integrator to partner with Google across its consumer and enterprise business offerings

FUTURE OUTLOOK

Service markets and service organizations change slowly, but cloud services will accelerate the rate of change for Accenture with dramatic results. For example, it took Accenture 15 years for outsourcing-related services to become 40% of its business. IDC believes it will take less than five years for cloud services to change Accenture's revenue mix to the point where project-based services are no longer Accenture's dominant business. However, consulting will remain very important for the foreseeable future, and Accenture will thrive, in part, because it is adept at harnessing the uncertainties and complexities around IT on behalf of its clients' interests in growth.

Cloud services will alter and increase what Accenture provides in the application outsourcing and BPO spaces (e.g., Navitaire replatforming to Azure and Premium Technical Services). IDC believes the rise of industry-specific cloud services will benefit Accenture because of the company's deep industry experience. One public sector example is the Japan City Cloud (described in the Key Cloud Professional Services Offerings section). This will be an interesting test because IDC's research shows that Japanese organizations tend to use less SaaS and more cloud platforms to create their own cloud applications.

ESSENTIAL GUIDANCE

Advice for Accenture

Keep the internal pressure on for making the case for why Accenture needs to break the revenue head count model. Accenture has been a labor-based business model since the inception of its predecessor organization — and very successful with this model; this creates some organizational inertia. But the current cloud leadership group and set of initiatives should be the impetus to replace the dominance of the revenue head count model.

Expand the ACBG channel and partnership more globally to prevent other service providers from striking similar deals with Cisco outside of the more developed economies. Emphasize Accenture's "on-ramp to industry" messaging with Cisco as the most effective way for Cisco to partner with a service provider to create new, network-enabled business models.

LEARN MORE

Related Research

- ☒ *Worldwide Business Consulting 2009 Vendor Shares* (IDC #225060, October 2010)
- ☒ *U.S. Business Consulting 2009 Vendor Shares* (IDC #225450, October 2010)
- ☒ *Canon Announces New Consulting Tie-Up With Accenture: MFP Update 14* (IDC #KM65S, October 2010)
- ☒ *Lessons From Accenture's 2010 Global Shared Services Conference* (IDC #Q66S, September 2010)
- ☒ *Worldwide and U.S. IT Consulting 2009 Vendor Shares: IDC's Top 10 Vendors for 2009* (IDC #224345, July 2010)
- ☒ *Worldwide and Regional Public IT Cloud Services 2010–2014 Forecast* (IDC #223549, June 2010)
- ☒ *Survey: Virtualization Management Maturity — A Prerequisite for Cloud* (IDC #223671, June 2010)
- ☒ *Accenture Completes Analytics Acquisition, Pushes Deeper into Digital Marketing* (IDC #223812, June 2010)
- ☒ *Accenture 2010 Industry Analyst Event* (IDC #223510, May 2010)
- ☒ *U.S. Cloud Professional Services 2010–2014 Forecast* (IDC #223382, May 2010)
- ☒ *Verizon Partners with Accenture for SAP Application Management Services* (IDC #AP2579504S, March 2010)

- ☒ *Accenture lights two candles with one flame: Risk Management Acquisition in Brazil* (IDC #cUS22259810, March 2010)
- ☒ *SAS and Accenture Form Analytics Virtual Joint Entity* (IDC #cUS22263110, March 2010)
- ☒ *IDC's Worldwide Services Taxonomy, 2010* (IDC #222046, February 2010)
- ☒ *U.S. Professional Services Opportunities Related to Cloud Services* (IDC #221260, December 2009)
- ☒ *Vendor Assessment: Sustainability Services Guide for Financial Services* (IDC #FIN220024, November 2009)

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