# ISG Provider Lens™
## Next-gen Application Development and Maintenance (ADM) Services 2019

## Definition

In just a few short years, application outsourcing has evolved from traditional development practices into highly disruptive, agile-based operating models, making core development a direct competitive advantage for many enterprises. Of course, not all application outsourcing is the same, because not all buyers and users have the same needs. Typical Application Development and Maintenance (ADM) services include application consulting, designing, custom development, packaged software integration, operations, quality assurance and testing. Of late, ISG has started witnessing a new breed of contracts where clients are looking to leverage software capabilities to solve business problems, gain competitive advantage, and increase speed-to-market. Service providers are augmenting their traditional ADM base with emerging technologies and collaborative frameworks to meet their client's objectives. ISG terms such contract types as Next-gen ADM contracts. This study tries to understand the client objectives and assesses provider capabilities to deliver on Next-gen ADM contracts.

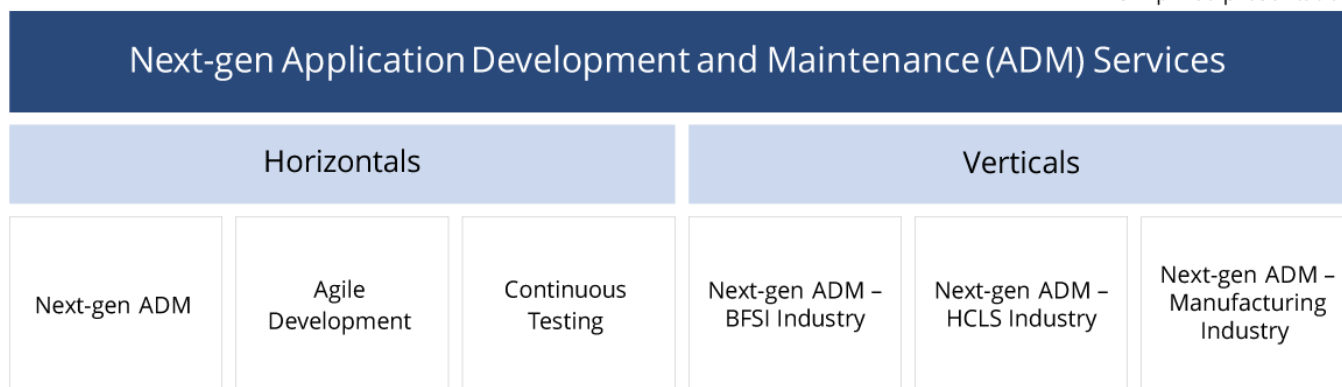The ISG Provider Lens™ study offers IT-decision makers:
- Transparency of strengths and weaknesses of relevant providers
- A differentiated positioning of providers by segments
- Focus towards different markets including global, Pan America, USA, Germany, UK, Pan Europe, Brazil and Australia

Our study serves as an important decision-making basis for positioning, key relationships, and go-to-market considerations. ISG Advisors and enterprise clients also leverage information from these reports in evaluating their current vendor relationships and potential new engagements.

## Quadrant Research

As part of the ISG Provider Lens™ Quadrant Study, we are introducing the following 6 quadrants on Next-gen Application Development & Maintenance (ADM) Services.

Simplified presentation

| Next-gen Application Development and Maintenance (ADM) Services | | | | | |
|---|---|---|---|---|---|
| **Horizontals** | | | **Verticals** | | |
| Next-gen ADM | Agile Development | Continuous Testing | Next-gen ADM – BFSI Industry | Next-gen ADM – HCLS Industry | Next-gen ADM – Manufacturing Industry |

Source: ISG 2018

## Next-gen ADM

Like traditional application services, next-gen ADM includes consulting, design, custom development, packaged software integration, operations, and testing. However, the scope, delivery mechanism and outcome for such contract pivot around a value-based approach where the focus is on achieving enterprise agility and solving business problems. This quadrant will assess vendors based on their capability to augment traditional ADM services with emerging technologies/methodologies like agile, DevOps, automation, digital and modernization techniques to deliver application outsourcing projects. It will also assess provider capabilities in incorporating new approaches to develop and deliver applications that focuses on business outcomes.

## Agile Development

Agile Development focuses on incremental and iterative approach to application development. As agile encompasses frequent and early releases of the working software, it is being viewed by Enterprise as a medium of attaining enterprise agility.

This quadrant will assess capabilities of a provider in being able to deliver tangible results through use of various agile methodologies. It will also look at the focus a provider has towards use of agile development with respect to its overall application development practice.

## Continuous Testing

Continuous testing focuses on delivering quality assurance at speed. In terms of technology, it encompasses various aspects of automated testing such as shift-left, end-to-end automation across testing phases. However, in terms of people and processes it goes a step beyond automation testing to accomplish higher collaboration among QA and development teams to sync with sprint cycles, feature-driven testing, responsiveness to change, creating a feedback loop and greater client involvement. Continuous testing is gaining momentum specially to help enterprises keep pace with their Agile and DevOps initiatives.

Service providers for this quadrant would be assessed on their progress made and capabilities developed in terms of creating a continuous testing environment for their clients with measurable outcomes.

## Next-gen ADM – BFSI Industry

BFSI industry includes ADM services provided to Banking, Diversified Financial, and Insurance companies.

This quadrant will assess the strength of providers that provide Next-gen ADM services to BFSI industry vertical.

## Next-gen ADM – HCLS Industry

HCLS industry includes ADM services provided to Healthcare institutions, Health payers, Pharma, Biotech and Medical devices companies.

This quadrant will assess the strength of providers that provide Next-gen ADM services to HCLS industry vertical.

## Next-gen ADM – Manufacturing Industry

Manufacturing industry includes service provided to conglomerates, capital goods, construction, consumer durables (like automotive, household appliances), aerospace and defence, materials, semi-conductors, technology hardware and equipment companies.

This quadrant will assess the strength of providers that provide Next-gen ADM services to Manufacturing industry vertical.

## Archetype Research

In this study, we identify and classify the typical buyers of Next-gen Application Development & Maintenance (ADM) Services.

Simplified presentation

| Next-gen Application Development and Maintenance (ADM) Services | | |
|---|---|---|
| Managed Services | Digital Transformation | Leveraging Packaged Software Platforms |

Source: ISG 2018

## Managed Services

ADM outsourcing scenario where clients are looking to engage with single or multiple service providers in a managed services mode. In this relationship, service provider(s) are required to comply with SLAs/BLAs and comply with agreed deadlines. In this model, the client no longer micro-manages operational aspects and look for continuous operational improvement and cost reduction by engaging with provider(s) for longer period.

## Digital Transformation

ADM outsourcing scenario where customer-centric companies are trying to create a competitive advantage, enabled through emerging technologies. These buyers can either be mature outsourcers or digitally born companies with multi-channel customer touch points. For these companies, software is a primary medium of rendering services. Increasing revenue is the major driver behind their outsourcing strategy. There is a surge in adoption of pricing models where the service provider's fee is directly linked with the business outcome itself.

## Leveraging Packaged Software Platforms

ADM outsourcing scenario where companies are looking to consolidate their landscapes on to external platforms like SAP. There is a growing adoption of SaaS-based ERP and BPM platforms to achieve lower cost of entry, reap early benefits, and higher degree of accessibility. They are looking to achieve business process expertise through standardization of those processes on a common platform. They want to engage with service providers who have platform cycle know-how, can develop business complementing services (web), and have platform integration skills.

## Schedule

The research phase is between **March and June 2018** during which survey, evaluation, analysis and validation will take place. Selected results will be presented to the media in **August** 2018.

We will roll out the survey on an online platform called Qualtrics. The invites will be sent with links to fill in the responses and submit.

| Milestones | Beginning | End |
|---|---|---|
| Launch | February, 2018 | |
| Survey (questionnaire) | March 1, 2018 | April 5, 2018 |
| Sneak previews | July 2, 2018 | |
| Content provisioning | August 17, 2018 | |
| Press release | August 23, 2018 | |

# Contact

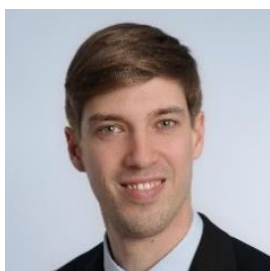### Ashish Chaturvedi

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Do you need any further information?

If you have any questions, please do not hesitate to contact us at isglens@isg-one.com.

## About ISG

ISG (Information Services Group) (Nasdaq: III) is a leading global technology research and advisory firm. A trusted business partner to more than 700 clients, including 75 of the top 100 enterprises in the world, ISG is committed to helping corporations, public sector organizations, and service and technology providers achieve operational excellence and faster growth. The firm specializes in digital transformation services, including automation, cloud and data analytics; sourcing advisory; managed governance and risk services; network carrier services; technology strategy and operations design; change management; market intelligence and technology research and analysis. Founded in 2006, and based in Stamford, Conn., ISG employs more than 1,300 professionals operating in more than 20 countries—a global team known for its innovative thinking, market influence, deep industry and technology expertise, and world-class research and analytical capabilities based on the industry's most comprehensive marketplace data.