IDC MarketScape: Worldwide Digital Strategy Consulting Services for Digital Product Innovation 2016 Vendor Assessment

Michael Versace

THIS IDC MARKETSCAPE EXCERPT FEATURES: DIGITASLBI

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Digital Strategy Consulting Services for Digital Product Innovation Vendor Assessment

Source: IDC, 2016

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Digital Strategy Consulting Services for Digital Product Innovation 2016 Vendor Assessment (Doc # US40634716). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

Achieving success with digital enablement of products is not simply a matter of "bolting-on" digital technologies and services to existing physical products and infrastructure. It requires a ground-up thinking of how products are created to derive synergies and new revenue streams by adding digital capabilities to existing product systems. While it is natural to be drawn in by the allure of all things digital, businesses must first envision product systems extended and enhanced through digital means and decide how these digital means will be conceived, designed, and created. This requires a holistic product innovation strategy that can tease out customer needs and implications that span the enterprise and all stages of the customer life cycle.

This IDC study represents the vendor assessment research called an IDC MarketScape. This specific research study assesses the capability and strategy of leading management consulting firms with digital strategy-related offerings. This evaluation is based on a comprehensive framework and a set of parameters expected to be most conducive to success in providing digital services. One unique component of this evaluation is the use of buyers' perceptions on the quality of vendor service characteristics when engaged to provide digital product innovation strategy and support. Digital products innovation is one of three key foundational digital transformation (DX) use cases derived from IDC end-user studies. Digital product innovation is described as any initiative to design, offer, deliver, and optimize product systems and support services. This includes services to help an enterprise, a business line, or an operating unit redefine how customer benefits and business value are derived from current, evolving, or new products and services; establish product systems for digital and physical offerings; understand the considerations to address when transforming product development functions; add net-new digital products and services capability to a product portfolio or system; or extend existing products and services to new markets or industries using digital means.

All firms performed well in this assessment, with a diverse set of firms, including those that traditionally would be considered design/creative led, business strategy led, and technology led, being represented as market leaders. Other key findings include:

- The demand for digital consulting services in support of enterprise product and service innovation is in hyper-growth. IDC forecasts that as adoption grows, project-oriented engagements that contain a digital strategy component will represent over 70% of all engagement growth by 2020. As part of this, investments in digital consulting services for product innovation will grow at a 24.5% CAGR to $32.8 billion in the same period.

- Buyer perceptions indicate that all firms included in this study are generally capable at helping clients leverage digital means, for example, to enhance and improve product usefulness, value, and awareness by making data and content more relevant and by expanding product and service accessibility through digital channels.

- The value of consulting services for product innovation, however, is differentiated in several important engagement capabilities. This is particularly true in the ability of vendors to aid in product ideation and idea sourcing, profit model redesign, design and development, product system creation, partnering strategies, oversight and governance, and performance measurement. Other differentiating characteristics include providing the full spectrum of consulting services necessary for specific initiatives, integrating analytics, team and knowledge sharing, and timeline and execution risk management.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

This research includes analysis of offerings from management consulting firms with digital strategy-related offerings and global delivery capabilities. This assessment is designed to evaluate the characteristics and buyer perceptions of each firm offering digital strategy consulting services – as opposed to its size or the breadth of its services. It is conceivable, and in fact the case, that specialty firms can compete with multidisciplinary firms on an equal footing. As such, this evaluation should not be considered a "final judgment" on the firms to consider for a particular project. An enterprise's specific objectives and requirements will play a significant role in determining which firm should be considered as potential candidates for an engagement.

ESSENTIAL BUYER GUIDANCE

Digitization is fundamentally altering the nature of competition across all industry segments, and enterprises face critical decisions when it comes to addressing the impact of digitization on their business. Digitization impacts all parts of a business, including its internal operations; product and service offerings; the way people work; how, why, when, and where customers are engaged; and how an enterprise manages business risk.

Although digital transformation (DX) is defined differently depending on the industry, the size of the company, or the value chain, a common reason for DX is improved product and service innovation. For example, manufacturers can pursue advanced innovation approaches today and in the near future because of the rapid development of platform technologies, namely cloud, mobile, analytics, social, and innovation accelerators such as cognitive analytics, IoT, 3D printing, and augmented/virtual reality. Perhaps, most game changing is the ability to track the quality and performance of connected supply chains and products, processes, and people across product development, supply chain, manufacturing, and service. Simply put, it is finally possible to realize the benefits of these technologies, to truly manage the life cycle of products and their servicing, and to continue to improve them over time.

Digitally enabling products can be as simple as enhancing existing products with new, more relevant data; adding sensors to existing devices, engines, and vehicles; and using data to improve their efficiency and attractiveness to end customers. Digital product innovation can often also be tremendously complex and ongoing and require multiple experience domains and stakeholder support from a variety of areas from within and outside the enterprise to ensure success. Considering both ends of this spectrum, digital product innovation is best implemented within a rational framework that describes how a business will address each dimension of the effort, from determining scope and scale of product innovation to organizational change and partnering strategies to oversight and risk taking.

To maximize value of digital product innovation and minimize negative disruption to the business, enterprise leaders must revamp their thinking and approach to offering and servicing digitally enabled products. Moving from transactional relationships, where the product is sold and serviced to those where the core value delivered to the customer is not solely tied to a product and is delivered over a longer period of time, requires a rethink of customer relationships and value streams. Other important considerations include:

- **Product innovation business objectives.** Understand the holistic business objective – to be the biggest, to be first to the market, to disrupt a legacy market, to grow a product ecosystem through digital means, or simply to transform and survive. This objective will dictate unique aspects of digital product innovation strategies. For example, some businesses invest in digital product innovation to improve the experience of existing physical products. Others will take "moon shot" type gambles, leveraging existing assets and capabilities to enter into completely foreign markets, some with partners that in the past may have been viewed as competitors.

- **Value outcomes and KPIs**. Have clear intentions and well-defined business, technology, and operational expectations for product innovation with outcomes that can be continuously measured. Set targets to guide consultant execution performance, measures to evaluate progress, and incentives to drive supporting behaviors. Consider outcome-based engagement models as means of sharing risks and rewards in product innovation.

- **Methodologies.** Understand the work to be done – the phases, activities, deliverables, feedback loops, and decision rights – as well as the tools and specific methods to be used. Enterprises historically have employed serial, sequential approaches to product development, using waterfall project management and similar approaches that do not readily accommodate the speed and agility needed in digital innovation. Many organizations are adopting agile development, design thinking, and lean start-up methods to bring speed and agility to digital product innovation.

- **Commitment.** Ensure organization commitments – leadership, innovation teams, and divisions. A key decision for engaging in digital product innovation is how the business around the innovation will be structured and organized. Some enterprises sequester and nurture product innovation teams, while others try to seed product innovation across the enterprise. The former approach may be more risk averse but may also lengthen the time to scale. The latter has a larger potential business impact, but also greater risk, cost, and disruption to the enterprise.

- **High-performance characteristics of digital product innovation service providers.** Pay special attention to those characteristics deemed by peers as most critical to high-performance service providers – the range of capabilities in creative and product design, business insights and model design, partnering strategies, technical capabilities, outcome-based performance arrangements, and enterprise integration – in assessing potential consulting vendors.

Enterprise leaders must also anticipate and address the common obstacles to successful product and service innovation projects. These include:

- **Profit models.** Digital products and services innovation often challenge legacy assumptions about what to offer, pricing, or how to recognize revenue. In many cases, dominant profit models go unchecked for decades. To succeed, profit model innovation must be aligned with a product innovation strategy.

- **Product performance.** Product and service innovation that delivers long-term competitive advantage should be the rule, not the exception. A common example of long-term product performance improvement would be "customizations" that tailor a product to an individual

customer's need or a bundling of products and services to create valuable connections between otherwise distinct and disparate offerings.

- **Product innovation analytics.** Analytics should be embedded in product innovation as the decision support tool for multiple team members, data sets, and processes that enable the design, development, and service of connected products. Consider who will be consuming information from connected products – product management, engineering, quality, service, supply chain – and make this information easily accessible within their primary system. Create an analytics layer that can ingest all of the different streams of data coming from products, service events, and customers and provide a single source of truth and actionable insights to the appropriate stakeholders.

- **Services and support.** Service enhancements must accompany digital product strategies. Without a service strategy, digital product innovations are often limited in the utility, performance, and perceived value to the customer.

- **Digital risk.** Risks, including technology, brand, and liability and reputation risks, are commonly considered as afterthoughts in product innovation. Build sufficient scope and budget into digital strategies to assess business risk and integrate risk management strategies. Strong security and security policy established early in product design will allow you to embrace new models for innovation, including expert networks (academia, partners), incentive-driven problem solving, and in-service connected product performance and usage data.

- **Organizational change.** Leverage cloud infrastructure to take advantage of the speed and performance benefits that can accelerate design review, collaboration, quality management, and service execution. Organizational change is often underestimated, especially as product and service innovation complexity increases and new accountabilities and measurements are established.

- **Enterprise resources.** Assign necessary breadth and depth of resources across product, servicing operations, marketing, IT, and corporate functions. Insufficient resources decrease project awareness of interdependent issues, increase execution risk, and may place an overreliance on external consultants for critical activities.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

DigitasLBi

DigitasLBi is positioned as a Leader in the IDC MarketScape for digital strategy consulting services for digital product innovation.

DigitasLBi, part of the Publicis Groupe and Publicis.Sapient, is a global marketing and technology firm providing strategy and analytics, user experience, content, commerce, media, and digital marketing solutions to the global market. DigitasLBi works with clients to embrace creative and technological forces impacting business today and translate these forces into change that generates value-oriented outcomes for the clients' customers as well as their business and brands.

Founded in 1980, DigitasLBi today consists of 6,000+ digital professionals, including over 450 data scientists, located in 40 offices across 25 countries. As a creative-led firm, its expertise across insight

analytics, engagement building, creative storytelling, and real-time distribution enables a broad set of client digital strategies.

DigitasLBi brings a unique culture capable of supporting a diverse talent base. DigitasLBi works by blending in a collaborative way the strategies, technologies, talent, content, analytics, and channels necessary to quickly and effectively take ideas from strategy and concept to launch and evaluation.

DigitasLBi is a key element of Publicis.Sapient, the first purpose-built platform designed to help clients address the digital transformation needs created by accelerating technology advances, the changing competitive landscape, and the rise of the empowered consumer.

Publicis.Sapient was forged to address this challenge by fusing two paths to problem solving – digital solutions and business/technology consulting. The platform is unique in combining digital pioneers and thinkers of the past 20 years from Razorfish, SapientRazorfish, and DigitasLBi with the experienced business analysts, proven technology developers, and deep industry expertise of Sapient Consulting.

Strengths

Clients worldwide view DigitasLBi as being among the most capable firms at developing and activating innovative product and services ideas and delivering the necessary skills for client engagements. For planning and designing digital products, DigitaLBis is considered to be better than many of its peers at incorporating cloud data services into engagement deliverables, planning and designing business technology road maps for a digital initiative, and providing industry and digital transformation insights. DigitasLBi is also seen as better than many at understanding the unique needs of a client's business.

Challenges

Conversely, DigitasLBi can improve the perception among buyers of its ability to design new or improved business processes and monetize digital initiatives. DigitasLBi must also demonstrate that it can integrate cybersecurity and other operational risk considerations in project scope and deliverables.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis or strategies axis indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarkeScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of a review board of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Note: All numbers in this document may not be exact due to rounding.

Market Definition

The opportunity for digital strategy consulting services, referenced as a foundation market in *IDC's Worldwide Services Taxonomy, 2016* (IDC #US41098116, April 2016), remains generally strong, with enterprises continuing to initiate midsize and large projects across the full breadth of digital consulting services domains. In the market, digital consulting services continue to grow at above-market rates for traditional business consulting.

As defined in *IDC's Worldwide Services Taxonomy, 2016* (IDC #US41098116, April 2016), digital strategy consulting services are considered an extraction market that includes project-oriented shares of the business consulting, IT consulting, and customer application development foundation markets. Specific definitions used in defining the digital strategy consulting services market are provided in the sections that follow.

Digital Services

Digital services denote a new approach for creating, developing, selling, delivering, or consuming products or services; engaging with customers; and operating a business with increased agility, flexibility, and scalability. Digital approaches are characterized by the use of at least one, but most often more than one, of the following enabling technologies: cloud services, analytics, mobility, social, robotics, or next-generation security technologies. For IDC, a digital approach is synonymous with using any of these components of the 3rd Platform. Digital approaches typically involve improvements to customer-facing activities or business processes (i.e., "customer engagement" processes), but this is not a requirement because it is possible to have a digital approach applied only to a back-office process such as machine maintenance, IT operations, or supply chain management. Digital approaches can be applied to B2C, B2B, or enterprise interactions and typically involve a relative increase in the speed with which products, services, or information can be created, offered, or consumed. This can be done in several ways, including:

- By connecting business processes in a more seamless, end-to-end configuration, either for faster execution or an improved user experience
- By optimizing human intervention (or other analogue inputs), which had previously delayed completion of an end-to-end business process

Digital approaches can be applied to any function within an organization. For example, creative design typically provided by digital agencies can be included as part of Internet of Things (IoT) or a mobile application or in the planning of digital media campaigns. While not a requirement, digital approaches

can create innovations that disrupt business processes, functions, or entire industry value chains, for example, by disaggregating or reaggregating these elements, by introducing consumers earlier in a processes, or by changing their role to that of a prosumer – one that is also a coproducer of products or services created in a value chain.

Digital Strategy Consulting Services

Incorporating attributes and examples of a digital approach as previously described, digital strategy consulting services are engagement services through to the point of full-scale development and operation (sometimes referred to as the point of producing minimally viable products [MVPs]). Digital strategy consulting services are typically engaged to plan and design the goals, vision, business architecture, organizational model, talent needs, data requirements, analytic models, technologies, and prototypes and mobilize resources to achieve business objectives. Digital strategy services are those offered to advise and assist businesses in creating, selling, delivering, or consuming products or services with increased agility, flexibility, and scalability. Digital strategy consulting approaches are typically characterized by the use of cloud, big data and analytics, mobility, social networking, next-generation security, the Internet of Things, and other 3rd Platform technologies and innovations.

Digital Agency Services

IDC's definition of digital strategy consulting services includes two components of the digital agency market – strategy and design and market analysis and segmentation. Digital agency services are typically engaged by and support customer-facing functions, including advertising, marketing and communications, sales management, customer service, and product/service management. Digital agencies help clients understand, influence, and service end customers, including end consumers and partners. IDC recognizes digital agency activities in five primary groups:

- Strategy and design
- Market analysis and segmentation
- Content services
- Campaign planning and execution
- Media selection and implementation

Specific activities within these five groups may be delivered either in a project-based engagement or as an outsourced service or as a combination of both. Digital agency services are typically offered by digital specialty firms (digital agencies) or by business and IT consulting providers through a platform of digital offerings.

Performance and Priorities

A significant component of this evaluation is the inclusion of field performance data gathered and measured against key characteristics and capabilities of each service providers. This insight is captured in a broad-based structured survey of digital strategy consulting firm clients. This survey reveals key insights regarding the performance and perception of individual firms in client engagements.

This survey tests client value outcome statements designed specifically for engagements that involve product and service innovation. These value outcome statements are centered on digital executives, buying leaders, and influencers and are supported by the perceptions of a firm's overall ability to leverage widely applicable technologies – such as cloud-based software, AI, social tools and

techniques, mobile devices, IoT, analytic and big data techniques, and cybersecurity in product innovation engagements.

The trend to apply innovative technologies and associated consulting techniques is accelerating as digital business priorities continue to expand. While digital priorities worldwide continued in 2015 and 2016 to be centered on business operations and business process agility, digital strategy leaders and influencers have increased their focus on how digital capabilities create new profit models, new customer benefits and value opportunities, and improvements in customer, partner, and employee engagement, all brought about by digital and technical innovation.

Significant differences surface when worldwide digital business priorities are viewed through a regional lens. Table 1 shows a ranking of digital business priorities, across 22 unique priorities, for 3 macroregions – Americas, EMEA, and Asia/Pacific – plus CEMA, Western Europe, and China, over the next 12-18 months.

TABLE 1

Worldwide Business Goals and Priorities for Digital Enterprise Strategies Ranking by Region

Q. How relevant a business priority do you believe each of the following is currently for your company?

	Americas	China	EMEA	Asia/ Pacific	Western Europe	CEMA
Identifying new customer benefits/value opportunities	1		1	4	1	
Product and service innovation	4	4	6	3	5	
Designing new business processes and profit models		1		1		9
Monetizing digital strategy investments	2			9		2
Changing critical business processes	3				9	
Instituting organizational change	7		2		4	3
Acquiring talent and knowledge to deliver on digital strategies			4	6	8	1
Expanding product/service reach			9	7		4
Revamping product systems to incorporate digital offerings	8		5		6	10
Automating business operations		9	10	10	10	5

TABLE 1

Worldwide Business Goals and Priorities for Digital Enterprise Strategies Ranking by Region

Q.   *How relevant a business priority do you believe each of the following is currently for your company?*

	Americas	China	EMEA	Asia/ Pacific	Western Europe	CEMA
Using data and data sources in new ways to improve product/service designs	5					8
Modernizing core business systems (e.g., ERP, HCM, CRM)		5	3	2	3	
Establishing an effective enterprise-wide digital strategy			7		2	
Customer, partner, and user engagement	6			5		
Using data and data sources in new ways to improve supply chains		3	8		7	6
Incorporating new technologies and technical platforms		8				
Being more agile in product/service design	10					
Acquiring necessary business or technology talent						7
Digital advertising	9	7		8		
Fueling the growth of a product/service ecosystem		2				
B2B commerce		10				
Establishing industry partnerships		6				
n =	221	61	222	222	182	40

Source: IDC's *Worldwide Digital Strategy Consulting Services Perception Survey,* January 2016

Related Research

- *IDC FutureScape: Worldwide Digital Transformation 2017 Predictions* (IDC #US40526216, November 2016)
- *IDC FutureScape: Worldwide Cloud 2017 Predictions* (IDC #US41863916, November 2016)
- *IDC FutureScape: Worldwide Services 2017 Predictions* (IDC #US40754416, November 2016)
- *IDC FutureScape: Worldwide Payments 2017 Predictions* (IDC #US40132716, November 2016)
- *Digital Ecosystems and the Platform Economy: Highlights from the BearingPoint Global DEM Client Summit* (IDC #lcUS41842716, October 2016)
- *Market Analysis Perspective: Worldwide Digital Strategy and Agency Services, 2016* (IDC #US41811816, September 2016)
- *IDC's Forecast Scenario Assumptions for the ICT Markets and Historical Market Values and Exchange Rates, Version 3, 2016* (IDC #US41737416, September 2016)
- *DigitasLBi and Oracle Digital Build Toward First-Mover CX Agency Advantage* (IDC #lcUS41665916, August 2016)
- *IDC MaturityScape: Digital Commerce 1.0* (IDC #US41478416, June 2016)
- *Digital Strategy Consulting Services - 2015 Buyer Perception Survey* (IDC #US41292616, May 2016)
- *IDC's Worldwide Services Taxonomy, 2016* (IDC #US41098116, April 2016)
- *Show Me: PwC Digital Analyst Day 2016 - Seven Hours and Six Slides* (IDC #lcUS41108016, March 2016)

Synopsis

This IDC study uses the IDC MarketScape model to provide an assessment of service providers participating in the digital strategy consulting and agency services market with specific offers and capabilities in digital product innovation. This IDC MarketScape is an evaluation based on a comprehensive framework and a set of parameters that assesses providers relative to one another and to those factors expected to be most conducive to success in offering and delivering digital product innovation services over both the short term and the long term.

"Product innovation is no longer optional; it's an imperative for most, if not all, businesses today. Although digital transformation (DX) comes in many forms and definitions, a common goal in DX across industries and regions is product and service innovation, as innovation emerges as the key to growth, to building and sustaining competitive advantage, to acquiring the best talent, and to generating shareholder value for the long term. And it's both an exciting and risky time, as innovation successes are now expected and demanded by customers and analysts," says Michael Versace, research director for Digital Strategy and Agency Services at IDC.

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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IDC MarketScape

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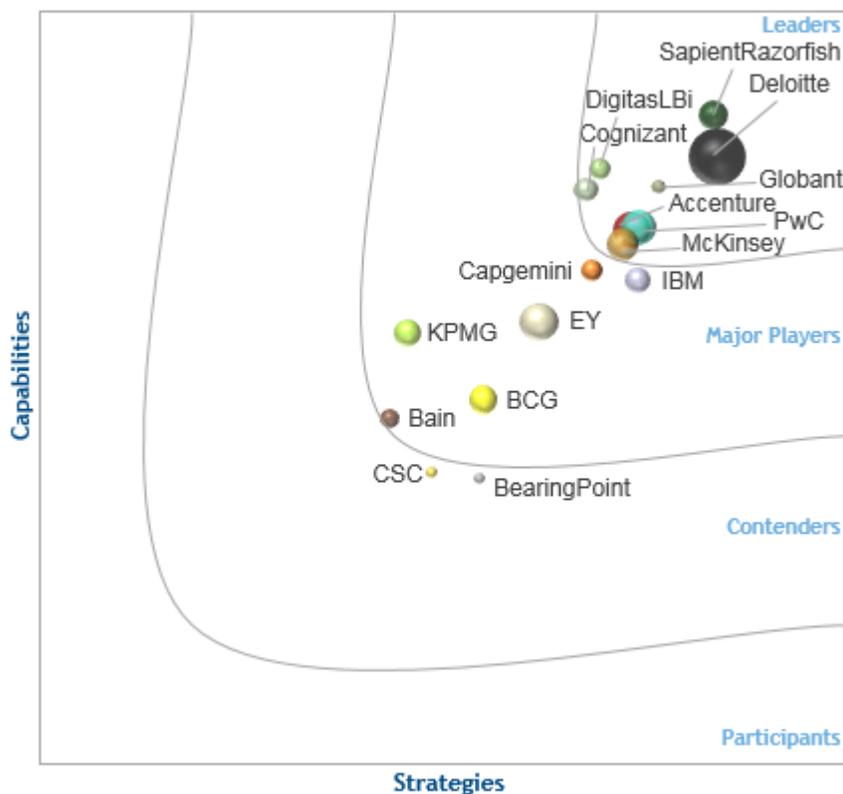
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IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Digital Strategy and Agency Services for Digital Customer Experience Consulting Vendor Assessment

IDC MarketScape Worldwide Digital Strategy and Agency Services 2016

Source: IDC, 2016

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Digital Strategy and Agency Services for Digital Customer Experience Consulting 2016 Vendor Assessment (Doc # US41917816). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

This IDC study represents the vendor assessment model called IDC MarketScape. This research is a quantitative and qualitative assessment of the characteristics that explain a vendor's current and future success worldwide. This specific study assesses the capability and strategy of firms offering digital customer experience (DCX) consulting services. This evaluation is based on a comprehensive framework and a set of parameters expected to be most conducive to success in this market during both the short term and the long term. A significant and unique component of this evaluation is the inclusion of an assessment of vendor performance against key characteristics determined by digital executives to be most important in vendor selection and delivery quality.

All firms performed well in this assessment, with a diverse set of firms, including those that traditionally would be considered design/creative-led, business strategy-led, and technology-led firms, being represented as market leaders. Other key findings include:

- All firms considered in this study, and some more than others, continue to invest heavily in the creative skills, tools, partnerships, and technologies necessary to deliver against the DCX imperatives of their clients. These investments in turn are generating revenue growth and future business opportunities as customer experience has become a defining moment in business.

- DCX continues to be a top business imperative in today's digital transformation (DX) economy, as businesses seek out opportunities to take customer interactions and experiences to a new level by reducing friction in digital interactions and enabling users (customer, patient, client, constituent, or consumer) to directly tailor and provision a digital and physical experience to their preference and not solely to the preference of the enterprise.

- Adaptable learning interfaces, artificial intelligence (AI)–enabled interaction, digital assistance, modern marketing, peer collaboration, and new forms of commerce that hide complexities and reduce risk will predominate in a DCX 2.0 era.

- DCX consulting services is a highly competitive market, led today by a mix of large multinational consultancies, midsize design firms with an expanding portfolio of technology and consulting capabilities, and boutiques.

- Enterprise spending on professional services to support DCX initiatives are growing at a 20.0% CAGR through 2020, generating over $32.6 billion in revenue for market participants, including those covered in this study.

- DCX strategies are being championed by enterprise-level digital executives, demonstrating that departmental initiatives that may reside in marketing, IT, product, or service functions can go only so far in producing "profitable experiences" from how organizations prospect, sell, and service both B2C and B2B customers and how they engage with employees and support partner interaction.

- Digital executives generally have a positive outlook on DCX consulting service providers, particularly when providers engage with strategy, business and design economics, journey mapping, technology, risk, and change management skills, tools, and data. Executives believe that this combination of skills, tools, and data provide the best recipe for accelerating the path to value from DCX digital investments.

- The interest in applying innovative technologies and methods including artificial intelligence, design thinking, and co-creation engagement platforms to DCX engagements is accelerating as digital business priorities broaden. While digital priorities worldwide continued to be centered on business operations and business process agility in 2016, leaders and major influencers of digital enterprise strategies continue to show balanced attention to DCX capabilities with the goals of:

  - Creating a zero distance factor between their customer and product and services by learning about how to package product and service bundles for individual users in a seamless, highly interactive way

  - Increasing brand connectivity to capture user data and enable fast-track customization of experiences

  - Augmenting workforce automation and enterprise applications, including ERP, customer relationship management, sales and support, collaboration, and commerce by integrating artificial intelligence with DCX initiatives

  - Demonstrating "profitable" experiences and quantifying the business, operational, and technical value outcomes of DCX investments

- In DCX engagements, executives see their providers as generally capable of providing the required strategy, technology, and creative skills and tools necessary for successful delivery.

- Conversely, executives identified common areas of opportunity by market participants, including:

  - Expanding on the tools and techniques necessary to engage in risk taking and limit execution risk

  - Establishing both internal and third-party partnerships for commercializing DCX investments

  - Quantifying DCX value to all enterprise stakeholders (e.g., demonstrating the value of design and profitable DCX)

  - Looking beyond the web and mobile app horizon and to the possibilities of IoT, AI, agent technologies, and robotics process automation to deliver a new degree of digital engagement with customers and employees

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

This research includes analysis of offerings from firms with digital strategy consulting offerings worldwide, including those with broad portfolios and specialty services spanning the DCX needs of their clients. For the purpose of this study, DCX refers to initiatives to digitize customer (e.g., consumers, businesses, citizens, partners, and patients) and brand engagement and experience, including customer journey mapping, marketing and sales initiatives focused on contextualized and personalized customer experience; harnessing customer innovation to drive product development; or connecting people through experiences rather than solely through a physical presence.

This assessment is designed to evaluate the characteristics and performance of each firm in client settings — as opposed to simply its size or the breadth of its services. This assessment considers firms that may be described as digital specialty firms as competitive with multidisciplinary firms. As such, this evaluation should not be considered a "final judgment" on the firms to consider for a particular engagement. An enterprise's specific objectives and requirements will play a significant role in determining which firm should be considered as potential candidates for any engagement.

ESSENTIAL BUYER GUIDANCE

The bar for "best experiences" in business and commerce continues advancing along a continuum with no known end. The experience begins with the fundamental promise to the user (customer, patient, client, constituent, or consumer) of an organization's services or products. Satisfactory delivery of the promise is necessary, and must be achieved to the delight of the customer or the organization may not get a second chance, as many choices are known and available, and best experiences are recorded as they occur, setting the bar for all similar services or products. At the heart of successful business strategy today is a digital customer experience or journey that is elegantly simple and positive, where customers, employees, partners, and other stakeholders are likely to come away satisfied and then return. At its heart, DCX is designed by understanding and supporting the emotions and needs of end users throughout a customer journey that can begin and end in both direct and indirect ways.

Digital strategies that elevate a suboptimal customer experience into a journey in which customers, employees, and partners receive high satisfaction are essential for digital business. With growth in the adoption of 3rd Platform technologies and the industry innovation and disruption that results, nearly all corporate strategies contain an increasingly significant digital component that elevates the value of experience and customer satisfaction. Some argue that all corporate strategies are digital as strategies must address a broad set of business, experience, and technology trends that surface with the acceleration of technological change. These trends include the disruption caused by external digital transformation factors, the role of technology and information as a strategic business resource, and the evolution of the talent marketplace.

Digital business and IT executives and their line-of-business teams today are called upon to leverage 3rd Platform technologies and new business and operating models to transform and disrupt their business, customers, markets, and competitors. The competitive strengths of the past — corporate size and history, brand strength, and market leadership — have given way to a "new order" where customer experience, business agility, technology savvy, innovation underpinned by creative skills, and acumen with big data, a mastery in analytics, and design thinking rule the day.

Enterprise clients for DCX professional services are advised to consider the following as they make choices on the best service providers to deliver on enterprise DCX initiatives:

- Organizations of all sizes and across industries have identified both the key factors and the challenges to delivering a superior customer experience with an overwhelming acknowledgement that the need to "drive consistency across touch points" is at the core of a successful digital customer journey.

- Data to drive optimal customer experiences is held within many systems across the organization (including the front-end customer-oriented solutions through to back-office systems) and in third-party data sources. However, using or collecting more data does not represent customer journey value. The more often a digital asset is "used" to improve

experience, provide insight, influence decisions, and set directions, the more valuable it becomes.

- Agile and design thinking methodologies have evolved substantially over the past few years and have become the de factor standard to design and deliver DCX.

- The rapid rise in the use of machine learning and the emergence of sophisticated cognitive/AI systems is driving intelligence into business software, consumer devices and services, and a growing number of physical products and "things." The benefits of this raised intelligence will carry forward to better customer experiences and journeys. However, for a group of consumers, the risks of interacting with these new "intelligent experiences" will outweigh the benefits.

- Quantifying the value of DCX is difficult. Challenge the conventional wisdom that the best experiences are built through advertising. Find and establish methods to quantify the subjective nature of a digital experience in the context of a specific journey, building on traditional metrics of user acquisition, adoption, retention, conversion, savings, cross-sell, and upsell.

- Assets and capabilities engaged to design and deliver exception DCX require multiple experience domains and stakeholder support from within and outside the enterprise to ensure success. In engaging the service providers, pay special attention to those characteristics and capabilities deemed by buyers as most critical to high-performance digital experiences:

  - Integrating the use of design thinking and agile development methods into solution design and creation

  - Incorporating cloud, analytics, AI, and next-generation security features as a platform for DCX solutions

  - Challenging company culture, executing flawless delivery, and de-risking management decisions

  - Having knowledge of your customers and providing industry, functional, and business process insights and competence directly related to your business

  - Designing new, or improving existing, business processes that support all stages of a customer journey

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

DigitasLBi

DigitasLBi is positioned as a Leader in the IDC MarketScape for DCX consulting.

DigitasLBi, part of the Publicis Groupe and Publicis.Sapient, is a global marketing and technology firm providing strategy and analytics, user experience, content, commerce, media, and digital marketing solutions to the global market. DigitasLBi works with clients to embrace creative and technological forces impacting business today and translate these forces into change that generates value-oriented outcomes for the clients' customers, their business, and their brands.

Founded in 1980, DigitasLBi today consists of 6,000+ digital professionals, including over 450 data scientists, located in 40 offices across 25 countries. As a creative-led firm, its expertise across insight

analytics, engagement building, creative storytelling, and real-time distribution enables a broad set of client digital strategies.

DigitasLBi brings a unique culture capable of supporting a diverse talent base. DigitasLBi works by blending in a collaborative way the strategies, technologies, talent, content, analytics, and channels necessary to quickly and effectively take ideas from strategy and concept to launch and evaluation.

DigitasLBi is a key element of Publicis.Sapient, the first purpose-built platform designed to help clients address the digital transformation needs created by accelerating technology advances, the changing competitive landscape, and the rise of the empowered consumer.

Publicis.Sapient was forged to address this challenge by fusing two paths to problem-solving – digital solutions and business/technology consulting. The platform is unique in combining the leading digital pioneers and thinkers of the past 20 years from Razorfish, SapientRazorfish, and DigitasLBi with the experienced business analysts, proven technology developers, and deep industry expertise of Sapient Consulting.

Strengths

Clients worldwide view DigitasLBi as being among the most capable firms at developing and activating innovation with creative ideas and the design-to-delivery skills necessary for effective digital engagement with customers, partners, and employees. In engagements designed to improve and nurture customer intimacy, DigitasLBi is seen as among the strongest firms at challenging traditional thinking and corporate culture; at incorporating cloud, data, and analytics-based solutions into projects; and meeting project timeline commitments. DigitasLBi is also considered one of the best at providing clients with industry and digital transformation insights.

Challenges

Even with its strong client performance in the market, DigitasLBi has the opportunity to improve client perceptions of its ability to envision, plan, and design more complete enterprisewide digital strategy road maps through its own capabilities or through ecosystem relationships. In addition, clients express an interest in seeing DigitasLBi incorporate social technologies for project collaboration or as part of engagement delivery and introducing new business partners as part of digital strategy engagements. DigitasLBi can also aim to improve client perceptions of its ability to communicate the value of its services to business, technology, and executive stakeholders.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level

decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the relative market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of a review board of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Note: All numbers in this document may not be exact due to rounding.

Market Definition

The opportunity for digital strategy consulting services, referenced as a foundation market in *IDC's Worldwide Services Taxonomy, 2016* (IDC #US41098116, April 2016), remains generally strong, with enterprises continuing to initiate midsize and large projects across the full breadth of digital consulting services domains. In the market, digital consulting services continue to grow at above-market rates for traditional business consulting.

As defined in *IDC's Worldwide Services Taxonomy, 2016* (IDC #US41098116, April 2016), digital strategy consulting services are considered an extraction market that includes project-oriented shares of the business consulting, IT consulting, and customer application development foundation markets. Specific definitions used in defining the digital strategy consulting services market are provided in the sections that follow.

LEARN MORE

Related Research

- *IDC FutureScape: Worldwide Digital Transformation 2017 Predictions* (IDC #US40526216, November 2016)
- *IDC FutureScape: Worldwide Cloud 2017 Predictions* (IDC #US41863916, November 2016)
- *IDC FutureScape: Worldwide Services 2017 Predictions* (IDC #US40754416, November 2016)
- *IDC FutureScape: Worldwide Payments 2017 Predictions* (IDC #US40132716, November 2016)
- *Digital Ecosystems and the Platform Economy: Highlights from the BearingPoint Global DEM Client Summit* (IDC #lcUS41842716, October 2016)
- *Market Analysis Perspective: Worldwide Digital Strategy and Agency Services, 2016* (IDC #US41811816, September 2016)

- *IDC's Forecast Scenario Assumptions for the ICT Markets and Historical Market Values and Exchange Rates, Version 3, 2016* (IDC #US41737416, September 2016)

- *DigitasLBi and Oracle Digital Build Toward First-Mover CX Agency Advantage* (IDC #lcUS41665916, August 2016)

- *IDC MaturityScape: Digital Commerce 1.0* (IDC #US41478416, June 2016)

- *Digital Strategy Consulting Services - 2015 Buyer Perception Survey* (IDC #US41292616, May 2016)

- *IDC's Worldwide Services Taxonomy, 2016* (IDC #US41098116, April 2016)

- *Show Me: PwC Digital Analyst Day 2016 - Seven Hours and Six Slides* (IDC #lcUS41108016, March 2016)

Synopsis

This IDC study uses the IDC MarketScape model to provide an assessment of service providers participating in the digital strategy consulting and agency services market with specific offers and capabilities in digital customer experience (DCX). This IDC MarketScape is an evaluation based on a comprehensive framework and a set of parameters that assesses providers relative to one another and to those factors expected to be most conducive to success in this market over both the short term and the long term.

"The most successful DCX strategies today are being championed by enterprise-level digital executives, leading the mash-up of CMO, CIO, and product needs and demonstrating that departmental initiatives of the past can go only so far in producing meaningful and profitable experiences," says Michael Versace, research director for Digital Strategy and Agency Services at IDC. "IDC expects further growth and competition in the DCX services markets, as executives seek out the possibilities of DCX 2.0, enabled through sensing, AI, robotics automation software and agents, and self-provisioned experiences in virtually all industry sectors."

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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