



Stelligent Acquisition Ties Mphasis Development Capabilities to AWS Transformational DevSecOps

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The Next Applied

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IT services company Mphasis has a unique pedigree including parent organizations EDS, HP and Blackstone and a dramatic 2018 financial turn-around story that marked its 20th year in operation. To many enterprises considering Mphasis as a potential provider, the company's dependency on HP and DXC might seem like a distraction or deterrent. But to the 100 or more organizations that have relied on its application services capabilities (many for more than 15 years), the pedigree is simply a part of the provider's story of professionalism, trusted relationships and continuous innovation. The provider's acquisition of technology services company Stelligent in November 2018 further strengthens its existing client relationships and will help it attract many new clients.

Mphasis believes its current customer base is the center of its universe. It is offering programs, processes, tools, partnerships, innovations and acquisitions to ensure that it delights its core customers. The provider knows that making the right investments to meet the needs of current customers will naturally attract new ones. A good example of this type of investment is its Front2Back™ (F2B) process, which personalizes its clients' digital experience by leveraging the power of cloud-, data- and cognitive-based solutions. F2B is a unique way of putting business needs ahead of the technical approach, thus ensuring solutions bring measurable value and are customized to specific business lines and their direct customers. F2B enables customers to migrate applications to the cloud and/or rearchitect as needed to release applications faster and meet the business' need for speed. Mphasis' Service Transformation offering enables IT to move faster by leveraging DevOps. Its acquisition of Stelligent, which provides DevOps automation on Amazon Web Services (AWS) cloud, strengthens its ability to support its clients' engagements with AWS. While the acquisition may have originally intended to help Mphasis more fully support its clients' relationships with this important hyper-scaler, the acquisition also brings Mphasis the AWS community and culture, along with its own "AWS community hero," Stelligent founder and CTO Paul Duvall.

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BRIEFING NOTE - STELLIGENT ACQUISITION TIES MPHASIS DEVELOPMENT CAPABILITIES TO AWS TRANSFORMATIONAL DEVSECOPS

By Jan Erik Aase

SUMMARY & KEY TAKEAWAY

IT services company Mphasis has a unique pedigree including parent organizations EDS, HP and Blackstone and a dramatic 2018 financial turn-around story that marked its 20th year in operation. To many enterprises considering Mphasis as a potential provider, the company's dependency on HP and DXC might seem like a distraction or deterrent. But to the 100 or more organizations that have relied on its application services capabilities (many for more than 15 years), the pedigree is simply a part of the provider's story of professionalism, trusted relationships and continuous innovation. The provider's acquisition of technology services company Stelligent in November 2018 further strengthens its existing client relationships and will help it attract many new clients.

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ISG was recently briefed by senior executives from Mphasis and Stelligent about the company's offerings, client success stories and market strategy. Leading the briefing was Yesh Subramanian, Head Digital and Stelligent at Mphasis, and Paul Duvall, CTO Stelligent. The briefing emphasized the company's capabilities in helping customers apply DevOps practices across their organizations. DevOps helps companies accelerate the speed and quality in delivering software to end users.

Mphasis went to market in 2018 with a new DevOps and Agile Framework called XRAE™ and a proprietary data-centric and automated tool called the DevOps Analyzer. With increased visibility and advanced analytics, Mphasis teams were able to integrate numerous open source and other tools (see Figure 1) to make significant impacts on cost, speed, technical debt, quality and compliance for its existing clients.

Figure 1: Mphasis DevOps Analyzer 2019



Source: ISG

Mphasis case studies show customers using the DevOps Analyzer are reducing cycle time, quality assurance efforts and functional defects. Clients also are seeing improvements in their test automation and in the quality of their code, which means reduced technical debt and cost savings. These are not one-time improvements but are applicable to every development project that Mphasis clients execute, resulting in significant long-term benefits. Mphasis considers this tool a change management opportunity for its clients and therefore gives its client's free licenses to the DevOps Analyzer tool at the conclusion of the engagement. It's not clear whether this will



become part of the DNA of the client-Mphasis relationship as it continues to support its clients' application services requirements.

The synergy created by Mphasis' acquisition of Stelligent is most evident in how the two companies are currently working together. This positive collaboration has resulted in and needs to continue producing seamless executions.

The following three potential benefits from the acquisition were identified by ISG analysts:

Leveraging AWS and open source cultures: Stelligent is one of 90 AWS premium consulting partners with DevOps and security competency. The company has a longstanding relationship with AWS as a partner since the launch of the partner program itself. Every Stelligent employee is AWS certified, some with numerous certifications; half have professional-level certifications. This should immediately raise the trust and comfort level of the existing Mphasis DevOps clients. During the briefing, Stelligent CTO Paul Duvall explained that "Stelligent strives to make our customers self-sufficient through collaborative development and knowledge transfer. We are driven by a desire for automation, a culture of constant improvement, and excellence in delivery of referenceable work."

A good example of the company's referenceable work is the open source code developed by Stelligent called "cfn_nag." Based on information found on GitHub, cfn_nag helps identify problems in CloudFormation templates before they are published. Many positive comments have been posted by the open source community on the value of this code. Numerous case studies credit the use of cfn_nag in improving self-service provisioning, automating security and compliance policies, and embedding security into the core application code.

Stelligent uses an open engagement model in supporting its clients, which is evident in its participation and contributions to the open source community. This is also highlighted in its monthly podcast [DevOps on AWS Radio](#). Episode 24, posted on April 23, 2019, is dedicated to **DevOps Culture** and Episode 22, posted on March 5, 2019, is dedicated to **Enterprise DevOps on AWS Delivery Models**. While consultants are usually hesitant to openly share their learnings and experience, these two episodes among others demonstrate the Stelligent team sharing its experiences and advice, with no apparent fear of giving away too much information. ISG has found that the next generation of clients expect more open and collaborative relationships and Stelligent is demonstrating and bringing that culture to the table. It will be challenging for Mphasis to create this same openness and transparency across all of its service lines.



Referrals coming from AWS: As a premium consulting partner for AWS, Stelligent's capabilities and services are referenced by AWS. In case study examples from 3M, Citi, *Washington Post* and Verizon, consulting opportunities came directly from AWS with execution in partnership with the AWS ProServe team. The team from Stelligent works hand in hand with client teams to infuse the DevSecOps culture into everything it does. Once the core engagement is complete, the Mphasis DevOps team remains to support the applications and continue the transformation. The partnership between AWS ProServe, Stelligent and Mphasis is very transparent to the client and creates a strong support system for the implemented services. This same type of partnership should be used in assisting existing Mphasis clients as they transform their application infrastructures.

The Stelligent team is growing: Acquisitions are often plagued with high attrition and acquired-employee dissatisfaction. In the case of Stelligent, the team of approximately 60-65 people has continued to work seamlessly, facilitating 50 percent resource growth in the first six months of being part of the Mphasis family. Collaboration between the two companies has continued to increase and the cross-pollination has begun. The next 12-18 months will be critical as the two cultures work even more closely to preserve the "hands on keyboard engineering spirit" of Stelligent and leverage the global footprint and large and diverse client base of Mphasis.

NET IMPACT

Mphasis' approach toward personalization and its focus on business value to improve speed, security and stability are what enterprises seek from providers today. While organizations want better end-to-end visibility of their delivery pipelines, they also require continuous improvement and better insight into possible improvement areas. This is what Mphasis' DevOps Analyzer tool was built to address. The Front2Back™ philosophy is founded on customer data, improved understanding of business problems, knowledge of end-user requirements and output from machine learning. Mphasis is using this information to better determine business value for its clients and only then recommending solutions that enhance and create that.

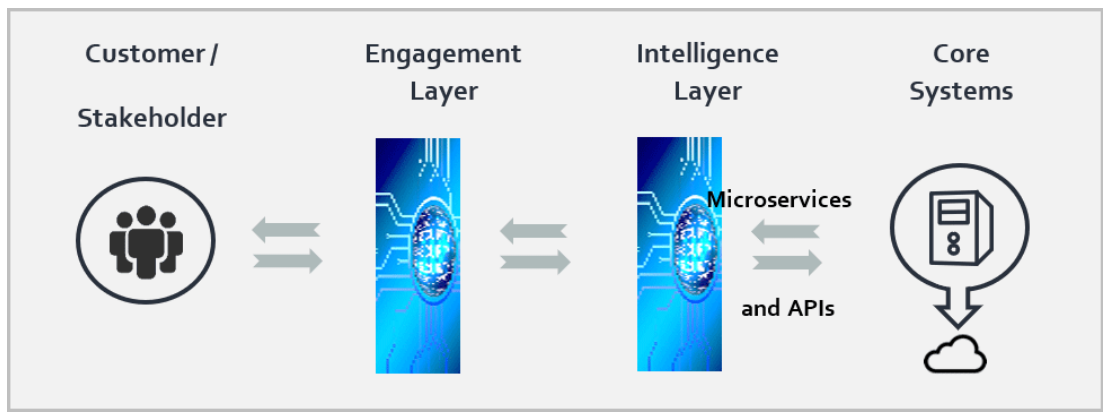
Service providers that focus solely on technology solutions and fail to understand their clients' business problems will see their relationships falter. The era of the IT-centric relationship between service provider and client is ending as business leaders look for ways to introduce more technical solutions to solve their business problems. Service providers like Mphasis must engage both IT and business owners in those discussions. Achieving success in the customer-centric markets of the future will require engagement



from more well-rounded executives and solution owners who understand business needs and constraints.

When he is evangelizing the power of Front2Back™, CEO and Executive Director of Mphasis Nitin Rakesh will draw a picture (Figure 2) of the foundational and core process centered on customers and stakeholders – what Mphasis refers to as the engagement layer, intelligence layer and core systems ($C=X2C^{2TM}=1$) or hyper personalization $C=1$ is about the power of anything (X) to cloud (C) and cognitive (C).

Figure 2 – Mphasis Front2Back™



Source: ISG

When describing the process, Rakesh said: “We positioned ourselves as an organization powered by next-generation technologies that enable our client’s businesses to stay ahead. We delivered on this promise by applying technology to solve our client’s challenges. Our execution showed our principal stakeholders that we were indeed living up to our brand strategy in the most visible and effective manner.”

ISG has seen the IT services industry change dramatically over the last several years. The hype surrounding technologies like cloud has reached its tipping point, as demonstrated by the as-a-service market which grew at a 25 percent CAGR in the last five years. Traditional service providers are witnessing flat growth, while nimble providers have proven otherwise. Since Q1 of 2018, Mphasis has seen steady revenue growth on an average of 3.7 percent CQGR, showing its approach to personalized and customized solutions and support is paying off.

ISG predicts the next five years will be even more disruptive with a focus on technologies like cognitive computing, RPA and AI. With its focus on and core competency in DevOps and DevSecOps, Mphasis will be able to leverage those technologies and continue to see



steady growth as clients seek service partners that can deliver faster, deploy faster and recover faster.

ASSOCIATED RESEARCH

- **Digital Excellence: 25 Winning Partnerships**

ISG PLACEMENTS AND RECOGNITION

- **ISG Provider Lens positioning:** Mphasis was recognized as a leader/rising star in the following reports for 2018/19:
- **Rising Star** in the Enabling the Digital Customer Journey quadrant – Digital Business Transformation report, ANZ 2018.
- **Rising Star** in the Digital Customer Journey quadrant – Digital Business Transformation report, Global 2018
- **Leader** in the Digital Transformation Services aaS quadrant - Digital Business Transformation report, Global 2018.
- **Rising Star** in the Digital Enterprise Operations quadrant – Digital Business Transformation report, UK 2018.
- **Rising Star** in the Digital Product Creation & Customization quadrant – Digital Business Transformation report, US 2018.
- **Leader** in the Enabling the Digital Customer Journey quadrants – Digital Business Transformation report, US 2018.
- **Rising Star** in the Managed Digital Workplace and Mobile Enterprise Services/Midmarket quadrant – Digital Workplace of the Future report, Global 2018.
- **Rising Star** in the Service Design & Transition quadrant – SIAM/ITSM report, US 2018.
- **Leader** in the Managed Services Archetype – Data Center Outsourcing report, Global 2019
- **Leader** in the Cloud First Transformational Archetype – Digital Business Transformation report, Global 2019.

SUMMARY FACTS

- Mphasis has corporate headquarters in Bengaluru, India.
- Its revenue is approximately \$1.147 billion as a publicly listed company with approximately 25,500 employees serving large enterprises around the world.
- Core portfolios: application services, business process services, cloud, cognitive, digital, governance, risk and compliance (GRC), infrastructure services, product engineering and RPA.
- Core markets: U.S. with 78% revenue share, EMEA with 11% revenue share, India with 5% revenue share and Rest of World (RoW) with 6% revenue.



- Core industry groups serviced and revenue share: banking & capital markets (45%), insurance (12%), Information Technology, Communication & Entertainment (17%) and Emerging Markets (26%) .
- Mphasis has more than 30 offices in 16 countries with delivery centers in India, Sri Lanka, China, Australia, Japan, North America and Europe. In India, it has presence with centers in Bangalore, Raipur, Chennai, Pune, Hyderabad, Mumbai, Vadodara, Indore, Puducherry, Ahmedabad and Mangalore.
- Key competitors: Cognizant, Infosys, HCL, LTI, Mindtree, TCS, Tech Mahindra and Wipro.