



DXC Technology

Key Vendor Assessment Report Abstract

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64 pages





Who Is This Key Vendor Assessment For?

NelsonHall's Key Vendor Assessment for DXC Technology is a comprehensive assessment of DXC Technology's offerings and capabilities, designed for:

- Marketing, sales and business managers developing strategies to target service opportunities within the IT services and BPS markets
- Sourcing managers monitoring the capabilities of existing suppliers of IT outsourcing services and identifying vendor suitability for IT services
- Consultants advising clients on vendor selection
- Vendor marketing, sales and business managers looking to benchmark themselves against their peers
- Financial analysts and investors specializing in the IT services/BPS sectors.



Key Findings & Highlights

DXC Technology's three-year financial targets for the three-year FY20-22 period include:

- Stable revenue growth, achieving 2-4% CAGR by FY22 (including 1-2% inorganic), and moving to positive growth from H2 FY20. Expects the mainstream business will decline by 4-7%, Industry & BPS (has been underperforming; recently boosted by Molina) to grow by 4-6%, and Digital (again growth has been slower than expected; recently boosted by Luxoft) by 20-30%. By FY22, the Digital and Industry & BPS businesses should represent over 50% of total revenues, with Digital representing over 33% (currently ~20%): this would place DXC on a much firmer footing
- Adjusted operating margin expansion of 250-350 bps. Management believes there remain significant opportunities from pulling various levers, the most significant being further workforce optimization initiatives
- Adjusted FCF at 100% or more of net income.

Also, capital allocation policy: 40% capital return to shareholders, 12% on tuck-in acquisitions in Digital, 9% on business reinvestment,

With the portfolio, acquisitions remain key to the business mix shift. We expect to see further tuck-ins to expand the geographic coverage of ECA practices, also possibly in analytics, cybersecurity and CX design.

There are various initiatives to strengthen the GTM around digital, including Digital account general managers. The partnership with PwC and the build out of the Integrated Practice model with strategic partners are also critical.

A key priority for the delivery organization is scaling out the Bionix initiative and the use of Platform DXC.

Scope of the Report

The report provides a comprehensive and objective analysis of DXC Technology's IT services and BPO offerings, capabilities, and market and financial strength, including:

- Analysis of the company's offerings and key service components
- Revenue estimates
- Identification of the company's strategy, emphasis and new developments
- Analysis of the profile of the company's client base including the company's targeting strategy and examples of current contracts
- Analysis of the company's strengths, challenges and outlook.

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Report Length

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