



EPAM SAP HANA and S/4HANA Services

**Vendor Assessment
Report Abstract**

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Who Is This Vendor Assessment For?

NelsonHall's SAP HANA and S/4HANA Services Vendor Assessment for EPAM is a comprehensive assessment of EPAM's SAP HANA and S/4HANA services offerings and capabilities designed for:

- Sourcing managers monitoring the capabilities of existing suppliers of IT services and identifying vendor suitability for SAP HANA and S/4HANA services
- Vendor marketing, sales and business managers looking to benchmark themselves against their peers
- Financial analysts and investors specializing in the SAP services sector.

Key Findings & Highlights

EPAM Systems (EPAM) is headquartered in Newtown, PA (U.S.), It was founded in 1993 in New Jersey, with its first offshore development center located in Minsk, Belarus. In 1995, EPAM began targeting technology vendors and ISVs in a product engineering role, initially working for SAP and ISVs including Hyperion, Oracle and Brio Software. This product engineering heritage evolved to include offering technology services and software.

EPAM now has ~27k FTEs across 25 countries and is aiming to maintain annual 20%-25% growth rate.

Its 2015 \$50m acquisition of Alliance Global Services provided it with an India based delivery function, initially of ~1.1k resources, which has helped EPAM to expand beyond its Central and Eastern European delivery heritage.

While none of these acquisitions were targeted at growing EPAM's SAP or HANA capabilities specifically, its 2016 acquisition of Infomatix expanded its big data and analytics capabilities including using SAP HANA.

EPAM has worked with SAP since 1996 and in 2000 SAP became a client of EPAM's product development services. SAP has engaged EPAM in the development of new technologies; through 2006 that primarily consisted of Java development. Today, EPAM is an SAP Platinum partner and primarily provides support through the re-use of assets initially created for clients. NelsonHall estimates that ~15% of EPAM's SAP-related revenues are still derived from services delivered to SAP itself.

EPAM estimates that 40% of its SAP work is related to SAP digital products including SAP HANA and S/4HANA. It now has a total of ~900 SAP consultants and engineers, 90% of which are located in Belarus and Ukraine and 65% of which are certified by SAP.

For CY 2017, EPAM reported total revenues of \$1.45bn. NelsonHall estimates that EPAM's SAP revenues were ~\$290m. Of that, NelsonHall estimates 2017 HANA and S/4HANA revenues accounted for 10% (~\$29m). NelsonHall estimates 2018 HANA and S/4HANA revenues to be ~\$42m.

EPAM offers the following SAP HANA and S/4HANA services:

- SAP business suite on HANA implementation
- S/4HANA implementation

- SAP C/4HANA implementation on SAP Cloud
- Big data and BI solutions on SAP HANA
- Migration to SAP HANA and S/4HANA
- Native apps development on SAP HANA
- Custom solutions on SAP Cloud Platform
- "On HANA" code optimization
- SAPUI5/Fiori and mobile apps development
- IoT solutions on SAP HANA
- Application support for solutions on SAP HANA
- SAP Basis services for SAP HANA.

To enable these offerings, EPAM has developed a set of assets to accelerate the migration to HANA and S/4HANA, as well as adding incremental capabilities to augment the core functionality of the SAP systems.

EPAM has ~25k delivery personnel as of Q3 2018 within a total employee base of ~28k. The largest concentration of these is in Central and Eastern Europe, though EPAM is undertaking an expansion into lower cost APAC locations such as India and China, including via its acquisition of Alliance Global Services.

EPAM has ~900 SAP engineers and consultants, 90% of which are located in Belarus and Ukraine and 65% of which are certified by SAP. Its SAP HANA and S/4HANA workforce is currently ~200 personnel representing 33% growth over its team a year ago.

Its core HANA capabilities are currently in Belarus and Ukraine locations, along with the SAP HANA innovation lab. Its Mexico location has been expanded recently to provide a cost-effective, time zone adjacent SAP application support capability.

EPAM's long-term relationship with SAP, including a role in product engineering, gave it early engagement with the HANA platform. EPAM has built on this to develop a portfolio of assets tailored to specific client use cases, which can then be productized. As clients look to migrate to HANA and ultimately to S/4HANA, these incremental capabilities will play a key role in helping to shape the business case. In parallel, a focus on building accelerators such as its integration offerings and model company services will reduce the risk and effort to migrate, further strengthening client value propositions.

As EPAM looks to its broader client base, entering new verticals or business processes to grow SAP HANA and S/4HANA, it will need to continue to invest in these accelerators and targeted solutions.

Many of these solutions are products of EPAM's HANA innovation lab, which was built in 2012 and provides a centralized place from which to develop these assets. However, EPAM's greatest limitation today may be its lack of scale beyond the core team that makes up the innovation lab. It has a base of SAP skilled resources from which to draw in growing its HANA and S/4HANA resource base but is still building out its client proximate workforce. In particular, its business consulting and S/4HANA SMEs that will help drive the business model and business process transformation.

Scope of the Report

The report provides a comprehensive and objective analysis of EPAM's SAP HANA and S/4HANA service 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 customer base including the company's targeting strategy and examples of current contracts
- Analysis of the company's strengths, weaknesses and outlook.



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