



HFS Highlight: NTT DATA scales product-focused digital transformation capabilities in the US

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Japanese multinational SI NTT DATA has announced its intent to acquire former HFS OneOffice Hot Vendor Nexient. It's a move that would bring scale to NTT DATA's application development and modernization capabilities in its largest market – the US.

Nexient – which was previously selected to compete in a OneOffice 'Hottest of the Hot' Vendors shark-tank-style shoot-out, pitching its trademark 'Life's Too Short For Crappy Software' – has made its 100% US-based delivery a core differentiator. Nexient is the largest 100% U.S.-based digital product development services provider.

Product-centered approach delivers digital innovation at pace

Founded in 2009 and headquartered in Newark, California, Nexient stood out as a software development services firm that applied agile and DevOps approaches – using rapid, iterative, value-focused development cycles focused on end-user experience. Their product-centered approach delivers digital innovation at pace.

NTT DATA says the acquisition will serve as a 'scalable anchor' for the business's application development and modernization practice – adding user-centric, full-stack product development capabilities, rapid product design, and platform transformation for the enterprise. Nexient has been operating in a target market of Fortune 500 and tech companies across Financial Services, Healthcare, Media & Communications, Retail, Utilities, Automotive, and more.

Nexient customers feel they get better quality vs offshore alternatives

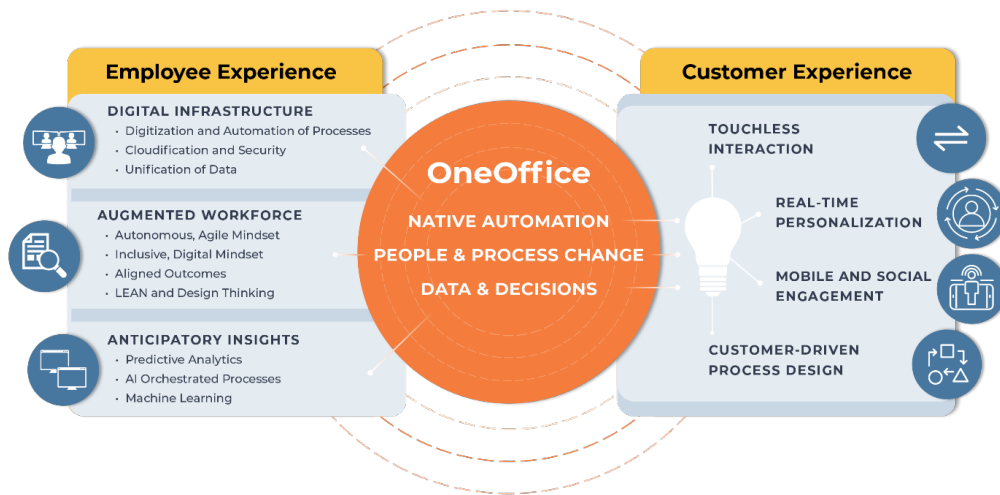
While Nexient has offices in Silicon Valley, it homes delivery centers in Michigan and Indiana. Customers have found value in Nexient's capabilities in rapid and creative innovation of apps. It has intended to bridge the gap between traditional IT sourcing options of in-house or offshore, providing agile, flexible teams to clients with integrated service delivery and new technology expertise.

We often hear from enterprise buyers that there aren't enough local delivery staff, particularly in the global and Indian heritage IT firms; having most or all staff offshore can hamper timelines and collaborative initiatives. Nexient's North American customers felt they got faster and better quality delivery compared with offshoring alternatives. They liked that they could integrate Nexient talent and resources into their teams at the scale they needed.

Pandemic has driven demand for touchless digital customer experiences

In the continuing pandemic, organizations have learned the benefit of providing the kind of touchless digital customer experience Nexient can deliver. Its services scale customer and employee-centered OneOffice capabilities for NTT DATA – offering fast, intelligent operations to clients looking to improve both customer-centricity and UX design (Exhibit 1).

NTT DATA offers a route to scale for Nexient's OneOffice EX & CX capabilities



Source: HFS Research, 2021

Nexient's product-focused approach reimagines the way technology supports clients in driving a customer-first approach to business, applying agile and DevOps to break down business silos. The focus on end-user – customer or employee – demands solutions that run across silos, with data shared and decisions made in support of the best experience, in processes flowing end-to-end across the

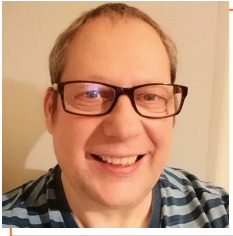
enterprise.

Nexient says customers should not expect any disruption or changes to their current product teams or agreements. Upon closure, Nexient plans to expand the scope and value of the services they deliver to clients with NTT DATA. The acquisition is due to close during 2021. The Sums involved have not been disclosed.

The Bottom Line: Acquisition closes a digital gap for NTT DATA but taking Nexient international will prove a stretch

Application Development and Modernization is an important part of the digital transformation value chain. The acquisition of Nexient fills a gap in NTT DATA's capabilities in this respect. The challenge comes in making NTT DATA + Nexient = more than the sum of their parts. The US-made badge-of-quality message is likely to translate to other NTT DATA markets, but proximity has proved to be part of the quality value proposition to date. Nexient's ability to get close to the customer will be stretched without either, a plan to roll out delivery centers beyond US shores – or, getting smart with the virtualization of the most creative and critical elements of the product development life-cycle.

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David Cushman is Research Director, Emerging Tech OneOffice Platform, at HFS Research. He is a digital strategy and innovation expert with experience in start-up, scale-up, and large-scale digital transformation programs. He brings a combination of tech nous from data and CRM, to decisioning applying ML and AI, through to analytics and understanding human behaviour. He is editor-in-chief of HFS' Quarterly OneOffice Hot Vendor publication.



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Melissa O'Brien leads HFS' customer experience and front office services research, with a specialization in retail and travel and hospitality strategies. Her key focus areas are on customer engagement operations, CX design, digital marketing, and digital associates, focusing on the trends that are driving customer experience across the enterprise.



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HFS Research introduced the world to terms such as "RPA" (Robotic Process Automation) in 2012 and more recently, the HFS OneOffice™. The HFS mission is to provide visionary insight into the major innovations impacting business operations such as Automation, Artificial Intelligence, Blockchain, Internet of Things, Digital Business Models and Smart Analytics.

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