NEAT EVALUATION FOR CAPGEMINI:

Learning Services

Market Segment: Overall

Introduction

This is a custom report for Capgemini presenting the findings of the NelsonHall NEAT vendor evaluation for *Learning Services* in the *Overall* market segment. It contains the NEAT graph of vendor performance, a summary vendor analysis of Capgemini for learning services, and the latest market analysis summary.

This NelsonHall Vendor Evaluation & Assessment Tool (NEAT) analyzes the performance of vendors offering learning services. The NEAT tool allows strategic sourcing managers to assess the capability of vendors across a range of criteria and business situations and identify the best performing vendors overall, and with a specific focus on learner experience, service innovation, technology innovation, geographic footprint & scalability, and digital learning transformation.
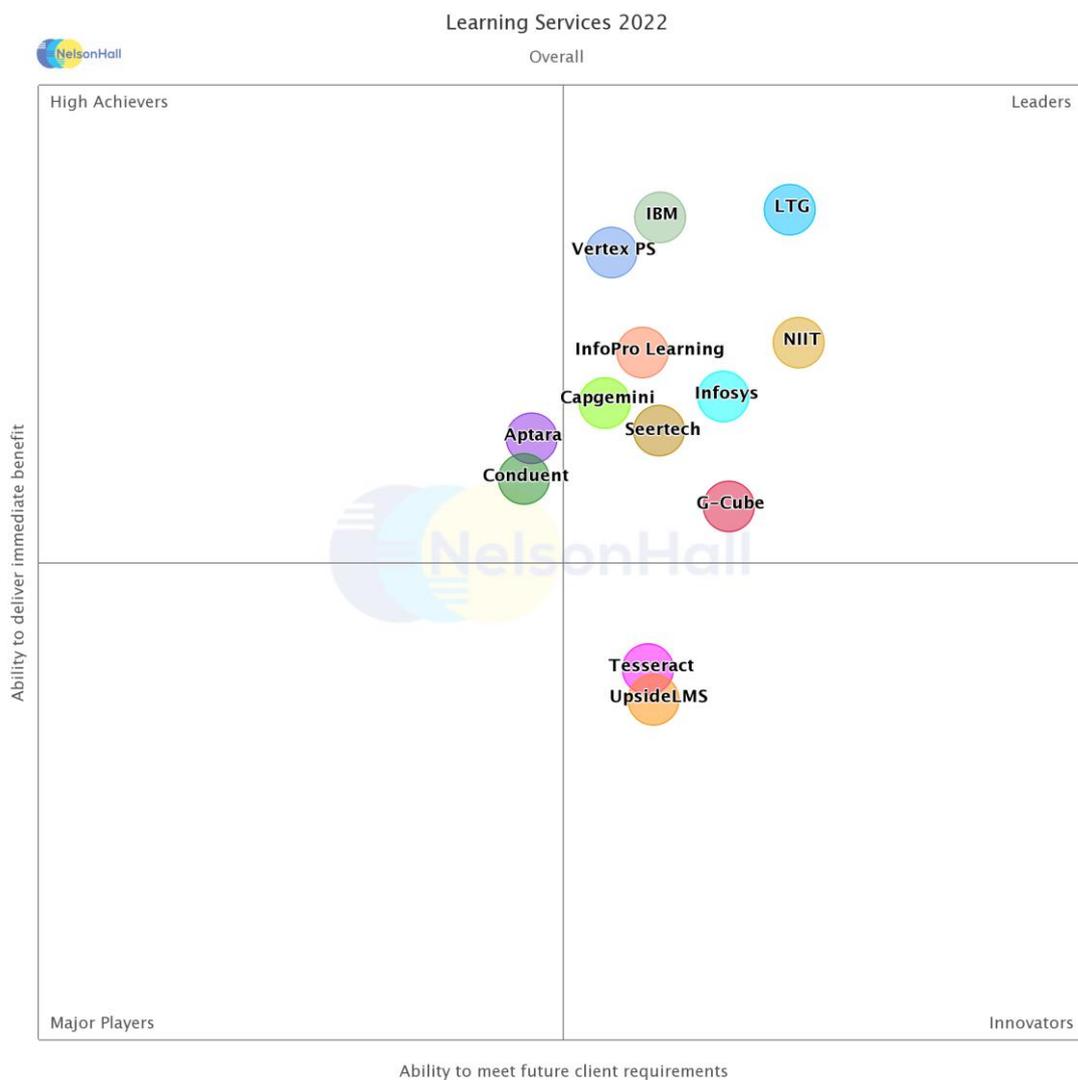
Evaluating vendors on both their 'ability to deliver immediate benefit' and their 'ability to meet client future requirements', vendors are identified in one of four categories: Leaders, High Achievers, Innovators, and Major Players.

Vendors evaluated for this NEAT are: Aptara, Capgemini, Conduent, G-Cube, IBM, InfoPro Learning, Infosys, LTG, NIIT, Seertech, Tesseract Learning, UpsideLMS, and Vertex Professional Services.

Further explanation of the NEAT methodology is included at the end of the report.

NEAT Evaluation: Learning Services (Overall)

NelsonHall has identified Capgemini as a Leader in the *Overall* market segment, as shown in the NEAT graph. This market segment reflects Capgemini's overall ability to meet future client requirements as well as delivering immediate benefits to its learning services clients.

Leaders are vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements.

Buy-side organizations can access the *Learning Services* NEAT tool (*Overall*) here.

Vendor Analysis Summary for Capgemini

Overview

Founded in 1967 and headquartered in Paris, France, Capgemini offers IT consulting, outsourcing, and professional services. It entered the BPS market in 2003 and began providing HR BPS services in 2006. Its Business Operations division comprises Capgemini's Intelligent People Operations (IPO). IPO provides end-to-end support for HR operations from Hire to Retire, including help desk, Intelligent Learning Operations (ILO), process automation, and HR analytics.

Capgemini's offerings comprise learning content, delivery, admin, tech, and consultancy services. Its teams have expertise (including compliance and statutory knowledge) across many verticals. In 2021, it built employees' industry skills globally through its India Industry Platform (named after the country where the project was initiated) with plans for enhanced skilling in 2022. Its Connected Manager program is for overcoming managerial challenges in the "New Normal" by changing managers' mindsets, behaviors, and practices for a better employee experience. It is exploring options to roll this program out to its clients in the near future.

With the acquisition of Altran (now Capgemini Engineering) in 2021, capabilities in learning delivery have been augmented with dedicated training facilities and trainers focused on providing learning in all engineering domains. As organizations adapt LXP platforms, Capgemini also introduced offerings focused on LXP implementation and administration.

Capgemini supports its clients with skilling to aid employee retention. It helps half of its clients with all learning, leveraging curated (generic) and created (tailored) content. The other 50% of organizations have specific content needs related to individual courses.

Over 2021, Capgemini started to bring its Academies to the market, with the AI Academy first. It is working to bring new Academies (in those critical skills) to its clients through an extended enterprise platform in 2022.

Cloud Campus is Capgemini's central hub for cloud-based learning, certification preparation, partner-sponsored activities, community forums, and mentoring. Since its late 2021 rollout, 20,000 Capgemini employees have enrolled. The program is being rolled out to clients in 2022.

RISE is an entirely virtual social learning experience split across multiple time zones to allow maximum live participation in events via the Social27 platform. RISE events have attracted 10,000 unique visitors across the first two iterations.

Capgemini offers proprietary tech (Next and Academy 2.0, with the latter launched in 2021), with development roadmaps in place and a broad range of third-party tech/tools to complement its clients' ecosystems.

In 2022, Capgemini is targeting energy/utilities, engineering, financial services, and manufacturing. Growth will be focused in Europe, APAC, and North America.

Financials

NelsonHall estimates that Capgemini's 2021 Learning Services revenue was ~$45.7m.

Strengths

- Global footprint (U.S., U.K., Europe, APAC, LATAM) with transformation capabilities at scale

- Focus on the digital transformation of learning as part of Capgemini's broader organizational drive to enable its clients to transform digitally; including new services LXP Implementation/Administration, Cloud Campus, RISE events

- Range of courses, plus its Academy, dedicated to IT and transformation skills training/certification programs, and extensive digital libraries partnerships

- Capgemini's content design factory

- Capgemini University for training delivery and training research

- Capgemini's Rightshore® approach to global delivery

- Its Next platform, designed for a digital-first approach to learning, with an ongoing roadmap of developments for 2022

- Its established expertise in BFSI, energy/utilities, pharmaceuticals, and technology.

Challenges

With its range of new/adapted learning-specific and broader company-wide service offerings, Capgemini must carefully choose those that will see the best return on investment when promoted to its client base; also, choosing those that will best address its clients' 2022 learning challenges.

Strategic Direction

Capgemini has the following strategic priorities for 2022:

- Building content library partnerships for off-the-shelf availability:

  - A learning solution must bring compelling content packages (industry/skills-specific) to the table for those organizations interested in leveraging an LXP technology

  - It must educate businesses and their people on the importance of having an appropriate technology shell and content simultaneously; there is no benefit in investing in an empty shell/platform as it can damage an organization's learning reputation if a promised top-notch learning experience fails to deliver

- Microsoft Viva for "learning in the flow of work":

  - Four critical components have been built to integrate with Microsoft Teams to deliver a learning experience on par with an LXP

  - As Microsoft Teams/O365 has become a defacto tool in many workplaces, the ability to add LXP functionality on top of existing tech investment presents an attractive alternative (disruptor) for buyers

- Expanding on Learning Delivery Services from Altran/Capgemini Engineering Services

- Exploring the metaverse (a social/collaborative network of connected 3D virtual worlds) for learning:

    - As an extension to AR/VR, the metaverse presents new features allowing learners to impersonate and play with avatars in a virtual environment

    - The market is unlikely to advance significantly, as AR/VR tech remains expensive, and the pandemic derailed organizations' interest in it, but some movement in the space is expected (with the leading AR/VR tech vendors Apple, Facebook, and Microsoft advancing their tech). The focus/direction will be client-led, but it will require investment at scale by such organizations

- Monitoring the emerging patterns around appropriate skilling/reskilling/upskilling of workers and how that affects the mobility of talent set against the 2022 shortages of skills/talent; then adapting its services based on how those patterns may change.

Outlook

NelsonHall expects that in 2022, Capgemini will:

- See more clients wanting the latest and regularly refreshed curated content from well-known content providers to augment its tailored created content (to save time and effort)

- Have an increased focus on engineering-related learning content and delivery following its 2021 acquisition of Altran (now Capgemini Engineering)

- See an uptick in demand for tech services to drive the learner experience:

    - With a specific focus on tech evaluation, implementation, and administration services

    - Advising on LXP tech with new entrants like Microsoft Viva coming into the picture

- Accordingly, see a general increase in demand for consulting services

- Support clients with a mix of skilling to help them retain employees:

    - Some will be generic skilling (across multiple skillsets) leveraging a blended content approach (curated and created)

    - Other skilling will be specific (certifications in skillsets) such as AWS and RedHat, brought to its audiences via Academies; building on the 2021 launch of its AI Academy, leveraging an extended enterprise platform

    - Skilling in newer subject areas (resilience and wellbeing)

- Launch its Cloud Campus to its clients/other organizations, following its successful launch in late 2021

- Continue to work on its India Industry Platform project, creating a holistic experience-based space designed to develop sector expertise for its employees (from awareness to certification). It will develop relevant content via Industry Academies for multi-dimensional upskilling on functional, technical, business, and soft skills

- Continue rollout of its Connected Manager program to Capgemini middle managers to help them change mindsets, behaviors, and practices to become better managers/leaders; it aims to launch the program to its clients

- Increase community learning via its live RISE events, with its pipeline of 50,000 participants from different communities

- Enhance its existing proprietary tech (Next and Academy 2.0) while exploring new technologies

- Continue to target energy/utilities, financial services, manufacturing, and engineering (following its Altran acquisition)

- See growth in Continental Europe, APAC (especially in ANZ), and North America to a lesser extent

- Aim for 20% growth.

Learning Services Market Summary

Overview

Skills shortage will be the most significant challenge organizations face for the rest of the decade.

The post-pandemic era brings additional challenges as the workforce re-evaluates its priorities around the future of work. Organizations must adapt accordingly to retain existing talent and attract new talent. Companies must showcase their workplace cultures: well-being; health; psychological safety; diversity, equity, inclusion, and belonging (DEIB); and flexibility. Therefore, businesses must prioritize skilling their workforce on these issues and the in-demand digital, soft skills, and future of work skills (especially if they struggle to hire talent). Alongside, the rapid evolution of technology continues apace.

All sizes of organization require help in evolving their learning functions to be future-fit. Vendors must guide their clients in all learning domains (services and technology), hand-holding them to make step changes at their desired pace towards a digital learning future. Education is needed around learners' changing needs/preferences (bite-sized, speedy, personalized learning paths). Also, the business benefits of data/ analytics/insights on learners and learning, and the importance of a top-notch pull learning experience are key to driving organizations' competitive edge in the marketplace.

Leading vendors offer next-generation experiential learning platforms and evolve their services to tackle their clients' challenges head-on. Clients embracing and embedding digital learning cultures, having taken on board their provider's advice, are reaping the benefits in 2022.

Buy-Side Dynamics

All learning services buyers seek advice personalizing the learning experience, creating engaging digital content, skilling/reskilling/upskilling, and learning technology/tools. The post-pandemic period, fueling the Great Resignation and increased employee turnover levels, has emphasized new priorities around leveraging learning to improve employee engagement, retention, and preparing for the future of work (whatever that may bring).

Buyers increasingly want to outsource more of their administrative learning tasks (such as supplier management) and get advice beyond their internal know-how on evolving their entire learning functions. Priorities are to be future-fit (for a highly digitalized, distributed, and hybrid world of work), meeting their workforces' learning/career needs, and being aligned to the broader strategic ambitions of their organizations. In a very competitive market, priorities are improving learner engagement and satisfaction, increasing the adoption rate of learning/training, and accelerating the learner time to competence. There is a noticeable emphasis on mapping skills gaps to identify skilling needs, improving insights through learner data/analytics to enable learning optimization, and leveraging intelligent tech (with advanced RPA and AI) to underpin all other requirements.

Organizations have adapted to at least a partially remote (nearshore/offshore), if not fully remote, service delivery model. Localization of service delivery is offered (onshore/onsite) for cultural and language reasons.

Factors inhibiting the take-up or progression of learning services are market conditions (COVID variants and economic volatility), limited budgets (with other projects taking priority over learning), and organizational culture/behaviors (resisting change).

Market Size & Growth

As skilling becomes a C-suite talking point, the future of the learning services market looks strong. The global learning services market was worth ~$3.9bn in 2021 and will grow at 11.9% per annum to reach ~$6.9bn in 2026.

The North American market will show the most substantial growth with 14.7% revenue growth, followed by the U.K. (12.0%), then CEMEA (7.3%), and APAC (6.1%). The most buoyant sectors will be Banking, Energy, Financial Services, Healthcare, Manufacturing, and Pharmaceuticals.

As organizations look to transform their learning functions digitally, future-fit interdependent services and technology will become increasingly important in learning services programs. These offerings drive top-notch personalized learning journeys that businesses desire, significantly contributing to vendors' revenue growth.

Challenges & Success Factors

Several challenges in learning services abound. Firstly, maximizing vendors' profits while enabling cost savings for clients in an economically-challenging market. Success requires vendors to get leaner in the short-term to become fitter long-term through optimizing operating models to eliminate inefficiencies and re-allocating staff to the most in-demand services. Processes must be agile and automated, while services must adapt to clients' changing needs.

A second challenge is vendors' abilities to meet the post-pandemic demand for learning services due to shortages of skilled learning talent. Vendors must be proactive and creative in navigating these 2022+ talent challenges: extending talent programs to wider audiences, 'walking the talk' on upskilling in new areas, long-term career planning, and offsetting costs elsewhere in their businesses without impacting service.

The stalled shift to digital learning is due to 2022 external market forces. Success requires vendors to showcase the digital learning benefits of addressing their most pressing challenges, notably skills shortages. They must seek quick wins for clients, educate them on ROI, and focus on the services that bring them results by spending the smallest budget as a taster to other possibilities.

Outlook

The learning services market outlook is buoyant, as many organizations of all sizes seek expertise to navigate their learning/skills and broader talent challenges. Hence, opportunities abound to expand services.

Merger, acquisition, and divestiture activity will likely continue as outsourcing vendors in the talent space tussle for market share as talent development, acquisition, and management become aligned. There will be a further blending of talent acquisition, management, and development. Inorganic growth will bring instantaneous opportunities with new audiences (whether geos, size of organizations, etc.) as ranges of services and tech portfolios merge.

The less mature learning services regions (MEA and LATAM) will not be priority growth regions for several years while opportunities abound in North America, the U.K., Continental Europe, and, to a lesser degree, APAC. Growth has returned to all sectors, but the high-growth industries will be those undergoing a significant transformation over the next five years led by changes driven by global PESTLE factors.

As organizations reinvent themselves for the future of work, choosing what processes to keep internally or outsource, learning services will evolve to meet their needs. The range of innovative, 'out-of-the-box' thinking seen in 2021 and being delivered in 2022 services, will continue.

To ensure their clients' infrastructures can sustain user volume and security requirements, vendors will continue to invest significantly in proprietary and third-party technology (platforms and infrastructure). There will be formal launches of next-generation LMXP and LXP platforms. The choice and take-up of modality-specific platforms (notably, VR/AR/XR) will accelerate. The integration drive will continue, with far-reaching integrations into broader tech, especially as all talent domains will work more holistically. As companies come together, there will be some consolidation of platforms, taking the best features and functionality into a single offering. Advances will continue in intelligent tech (RPA, AI, ML, advanced analytics, blockchain, voice).

However, learning services vendors will need to operate with agility and efficiency to offset rising costs. They must aim to lower their overall costs to support their cost-conscious clients/buyers, as the global economic challenges of 2022 will likely prevail for several years to come.

One thing is sure, the learning services market is stronger than ever, but juggling the challenges and priorities is also more complex than ever before. It is about striking the right balance in order to prevail.

NEAT Methodology for Learning Services

NelsonHall's (vendor) Evaluation & Assessment Tool (NEAT) is a method by which strategic sourcing managers can evaluate outsourcing vendors and is part of NelsonHall's *Speed-to-Source* initiative. The NEAT tool sits at the front-end of the vendor screening process and consists of a two-axis model: assessing vendors against their 'ability to deliver immediate benefit' to buy-side organizations and their 'ability to meet client future requirements'. The latter axis is a pragmatic assessment of the vendor's ability to take clients on an innovation journey over the lifetime of their next contract.

The 'ability to deliver immediate benefit' assessment is based on the criteria shown in Exhibit 1, typically reflecting the current maturity of the vendor's offerings, delivery capability, benefits achievement on behalf of clients, and customer presence.

The 'ability to meet client future requirements' assessment is based on the criteria shown in Exhibit 2, and provides a measure of the extent to which the supplier is well-positioned to support the customer journey over the life of a contract. This includes criteria such as the level of partnership established with clients, the mechanisms in place to drive innovation, the level of investment in the service, and the financial stability of the vendor.

The vendors covered in NelsonHall NEAT projects are typically the leaders in their fields. However, within this context, the categorization of vendors within NelsonHall NEAT projects is as follows:

- **Leaders**: vendors that exhibit both a high capability relative to their peers to deliver immediate benefit and a high capability relative to their peers to meet future client requirements

- **High Achievers**: vendors that exhibit a high capability relative to their peers to deliver immediate benefit but have scope to enhance their ability to meet future client requirements

- **Innovators**: vendors that exhibit a high capability relative to their peers to meet future client requirements but have scope to enhance their ability to deliver immediate benefit

- **Major Players**: other significant vendors for this service type.

The scoring of the vendors is based on a combination of analyst assessment, principally around measurements of the ability to deliver immediate benefit; and feedback from interviewing of vendor clients, principally in support of measurements of levels of partnership and ability to meet future client requirements.

Note that, to ensure maximum value to buy-side users (typically strategic sourcing managers), vendor participation in NelsonHall NEAT evaluations is free of charge and all key vendors are invited to participate at the outset of the project.

Exhibit 1

'Ability to deliver immediate benefit': Assessment criteria

Assessment Category	Assessment Criteria
Offering	Learning content creation/development services
	Learning content curation services
	Content Digitalization/ Transformation
	Range of modalities
	Learning administrative services (range, sophistication, pivot)
	LMS/LXP (+ other learning tech) services
	Other broader tech/tools services
	Learning consultancy services (core)
	Strategic Learning consultancy services (learning roadmap strategy, future skills, insights, data/analytics, etc.)
	Specialist services (Sourcing Talent as a Service, etc.)
	New + Adapted Services (includes broader talent)
	Reskill/upskill
Delivery	Global
	North America
	U.K.
	Continental Europe
	Middle East/Africa
	APAC
	LATAM
	Traditional learning facilities
	Digital learning facilities
	Range of suitable/adapted learning modalities (delivery)
	Provision of skilled instructors, etc. for learning (reskilled/upskilled)
	Delivery support mix (onshore, nearshore, offshore, etc.)
	Application of service automation
	Flexibility, scalability, agility in service delivery
	Range/sophistication of LMS, LXP, + other learning platforms (XR, curated content)
	Use/sophistication of advanced analytics, RPA, AI, ML, VR, AR, etc.
	Learner experience (personalized, mobile, self-service)
	Next Gen Services Innovation
	Next Gen Tech Innovation *Continued…*

Presence	Size Mix
	Large Organizations
	Mid-size Organiations
	Small Organizations
	North America
	U.K.
	Continental Europe
	Middle East/Africa
	APAC
	LATAM
	Single Country
	Multi-country (One Region)
	Multi-region
	Global
Benefits Achieved	Cost savings
	Accelerated time to learner competence
	Improved (digital) learning content
	Improved delivery agility/flexibility/ scalability
	Improved learner satisfaction/ engagement
	Improved adoption rate/usage of training
	Improved compliance
	Using latest learning technology
	Perceived ROI/value for money
	Improved overall learning outcomes

Exhibit 2

'Ability to meet client future requirements': Assessment criteria

Assessment Category	Assessment Criteria
Ability to Meet Future Learning Needs	Ability to Reimagine Service Offerings (aligned to market/global trends)
	Vendor Knowledge and Expertise
	Best Caliber Personnel (includes proactiveness)
	Strength of Partnership
	Flexibility of Approach
	Ability to Scale/Pivot at Speed (Agility)
	Digitalization/Transformation Capability
	Continuous Improvement Mindset
	Recommendation
Market Momentum	Learning services market momentum
Ongoing Offerings Development	Overall future learning needs
	Future-fit content (created or curated) services for reskilling/upskilling
	Future-fit learning admin services (digital, data, analytics)
	Future-fit learning delivery (digital, blended, eLearning, modalities) -
	Future-fit learning consultancy (future of work learning, tech)
	Future-fit tech services (Learning platforms, tools, for new era of learning)
	Advanced learner data/analytics for Informed Insights
	Deployment of intelligent tech/tools to enhance learning (RPA, AI, ML, etc.)
	Future-fit service delivery
	Mechanisms in place to drive innovation in services
	Mechanisms in place to drive innovation in tech/tools
	Mechanisms in place to drive personalized learning experiences
	Mechanisms in place to support on the future of learning (emerging trends)
	Mechanisms in place to drive service delivery/ operational excellence
	Mechanisms in place to drive the journey to future learning transformation
	Roadmap in place to evolve appropriate tech/tools strategy
	Future holistic talent journey (strategizing for future workplace/workforce skills needs)

For more information on other NelsonHall NEAT evaluations, please contact the NelsonHall relationship manager listed below.

Sales Enquiries

research.nelson-hall.com

NelsonHall will be pleased to discuss how we can bring benefit to your organization. You can contact us via the following relationship manager:

Guy Saunders at guy.saunders@nelson-hall.com