

Rebirth of IT Services and The Rise of Experience Applications

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Accion Labs 2023 Customer Summit, Dubai



Discussion Topics Today

1. Major technology trends and their impact
2. Experience Applications
3. Low Code Application Platforms
4. RPA and Process Mining
5. Digital Twins and IoT Platforms

Key Takeaways

1. Digital Transformation will lead to a revival in IT services spending across customers. It's back to "build time" to gain a competitive advantage. (Short term macro environment is a dampener)
2. Open-Source technologies are blurring the line between what you call a product vs an accelerator or a solution.
3. The rise of Large Language Models (LLMs) and Other Open-Source AI models will tilt the balance even further leading to an entire category of "Experience Applications".
4. Emerging Technologies call for innovation in both solutions as well as business models especially around "outcome-based business models"

4 Emerging Technologies That Matter in 2023

Experience Applications

Applications that leverage either open source technologies to build horizontal or vertical applications or developments in AI to build newer analytical applications

RPA and Process Mining

- Robotic process automation (RPA) tools perform "if, then, else" statements on structured data, typically using a combination of user interface (UI) interactions or by connecting to APIs to drive client servers, mainframes or HTML code.

Digital Twins & IoT Platforms

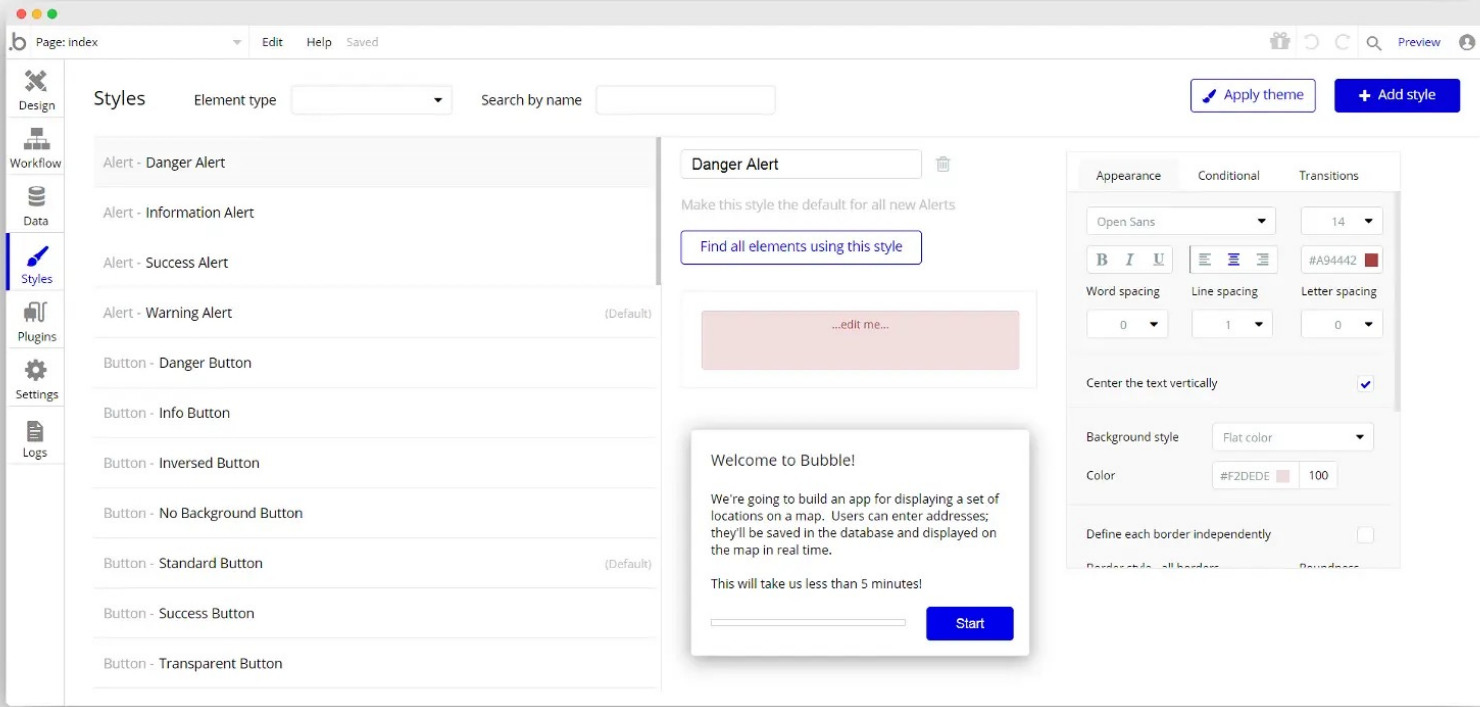
- A digital twin is a digital representation of a real-world entity or system. The implementation of a digital twin is an encapsulated software object or model that mirrors a unique physical object, process, organization, person or other abstraction.

Low Code Application Platforms

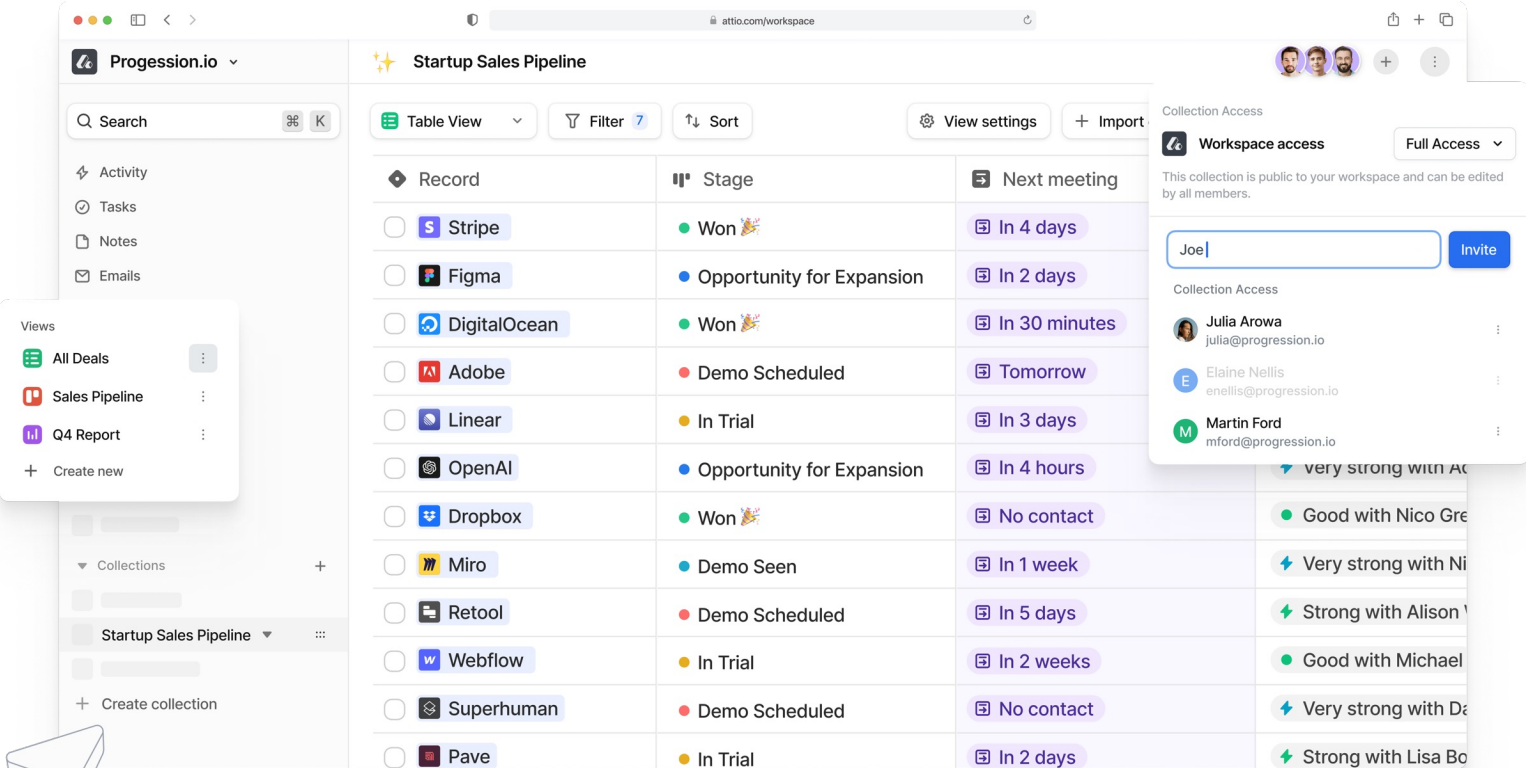
An Enterprise Low-code application platform (LCAP) provides rapid application development and deployment using low-code and no-code techniques such as declarative, model-driven application design and development together with the simplified one-button deployment of applications.

Citizen Developers are causing growth spurt in LCAP

1. Faster Prototyping and launching new accelerators at IT Services Firms
2. Digital Transformation initiatives is causing a return to custom build solutions
3. This has sparked the emergence of citizen developers outside of IT, which, in turn has influenced the rise in low-code.
4. All of the major software-as-a-service (SaaS) vendors currently provide capabilities that incorporate low-code development technologies.
5. As SaaS grows in popularity, and these vendors' platforms are increasingly adopted, the low-code market will see commensurate growth in LCAPs and process automation tooling.
6. Business technologists want to create and execute their own ideas to drive more automation across their business applications and workflows.



Is there a need for a new No Code Driven CRM?



Data Sync e.g. email, calendar

User Driven Workflows

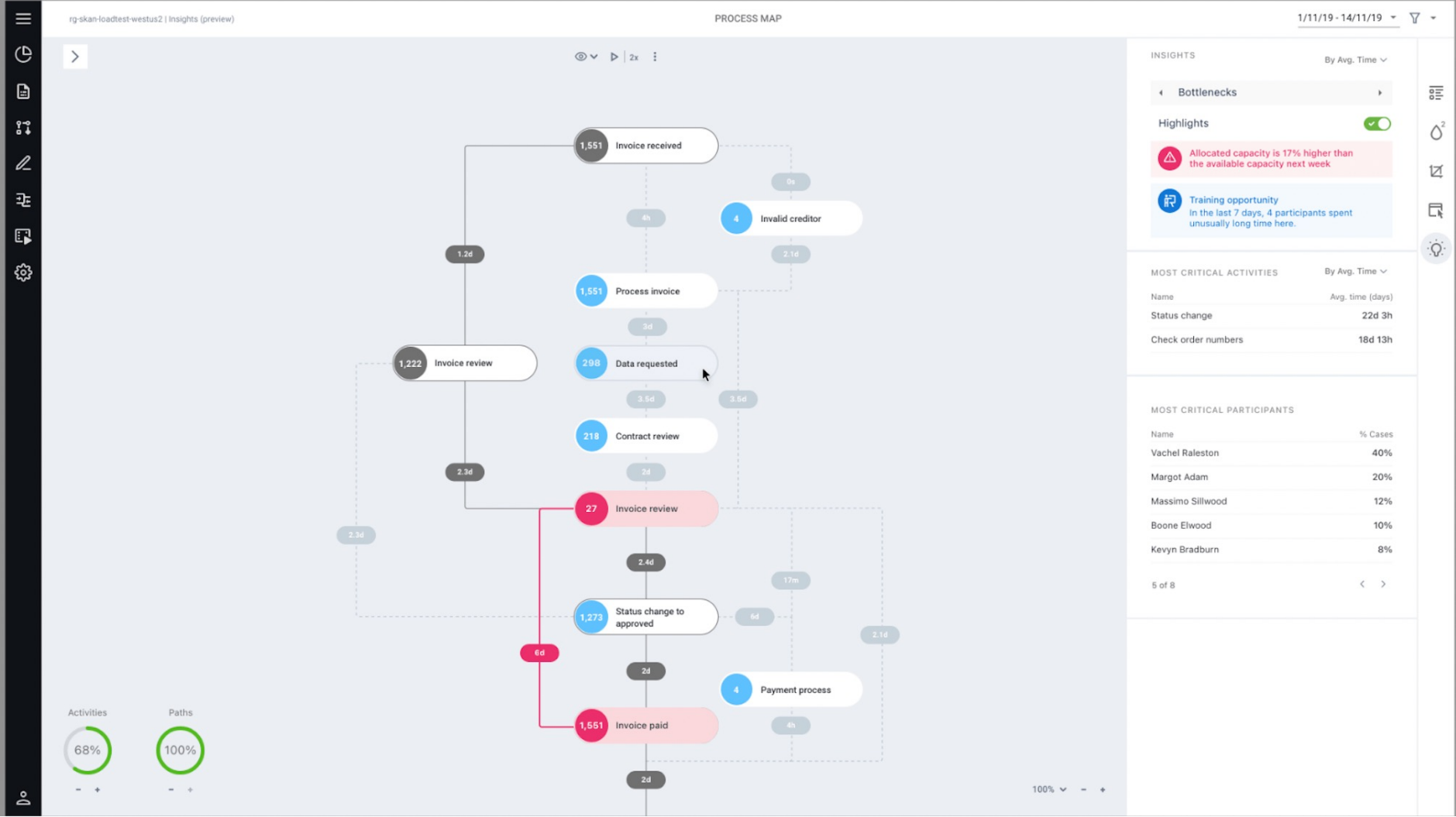
Real Time Collaboration with Users

User driven automations based on their own needs

RPA and Process Mining Opportunities

1. Global robotic process automation (RPA) software revenue is projected to reach \$1.89 billion in 2021, an increase of 19.5% from 2020, according to the latest forecast from Gartner, Inc. This means CSI revenue potential is almost \$4Billion dollars.
2. The majority of “new” spend will come from large organizations that are purchasing new add-on capacity from their original vendor or partners within the ecosystem.
3. Opportunities include
 - Process Discovery
 - Process Mining
 - Task Automation and Mining

Process Mining Is Challenging How to Think of Process Discovery



Digital Twins at the intersection of AR and IoT Platforms

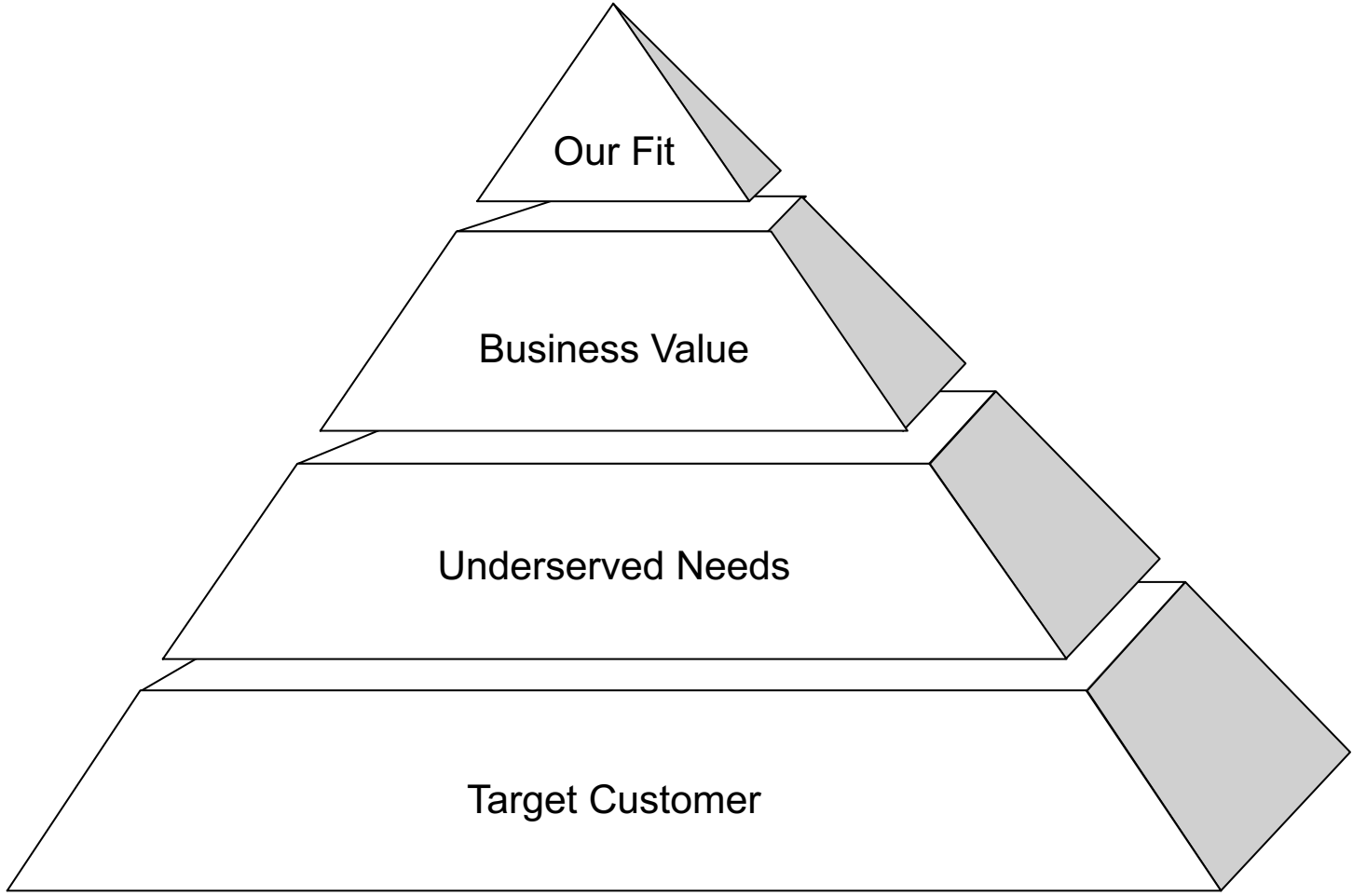
Opportunities exist around

- Creating AR assets
- 3D Modelling
- Overlaying real time data using IoT Platforms
- System Integration around OT systems and Sensors
- Process Improvement and Predictive Maintenance using data historians



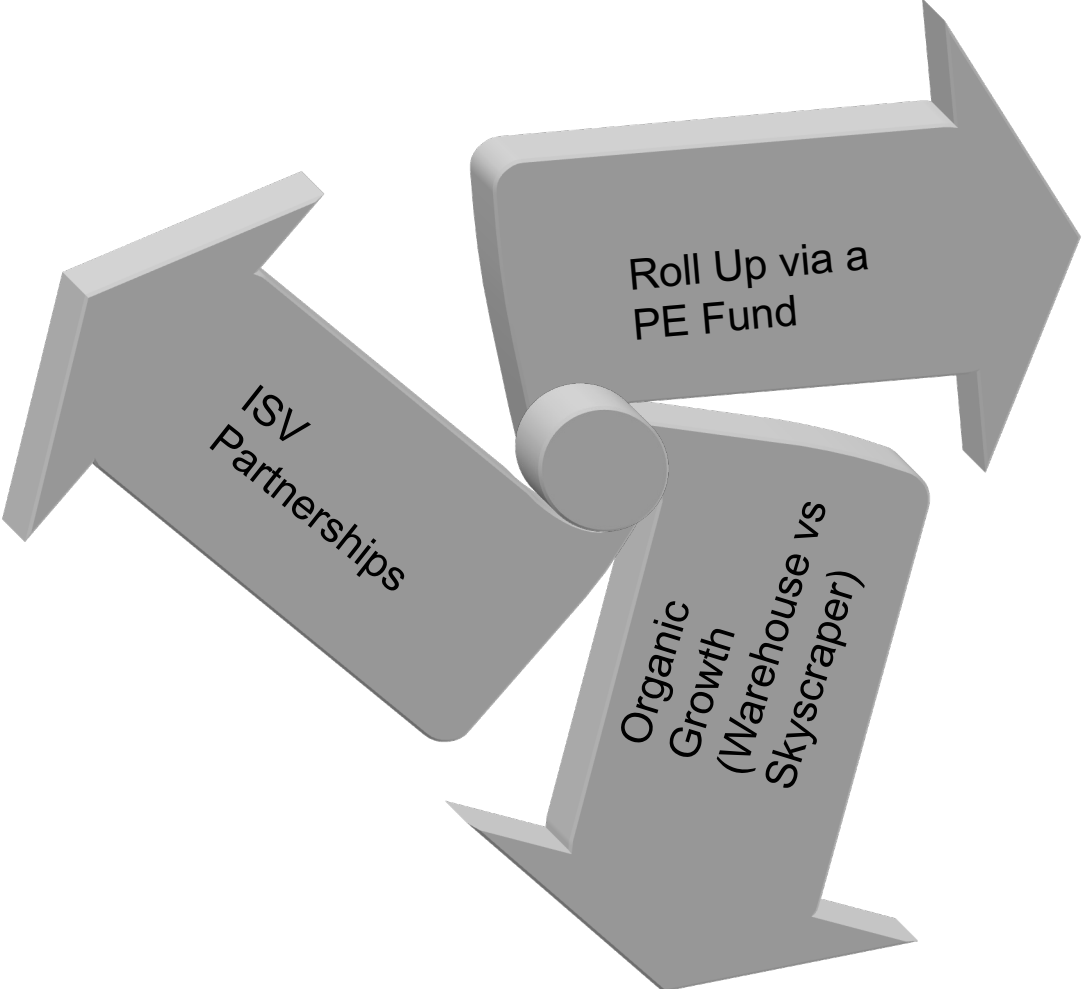
What is Service Market Fit and How to measure it?

Unit of measure

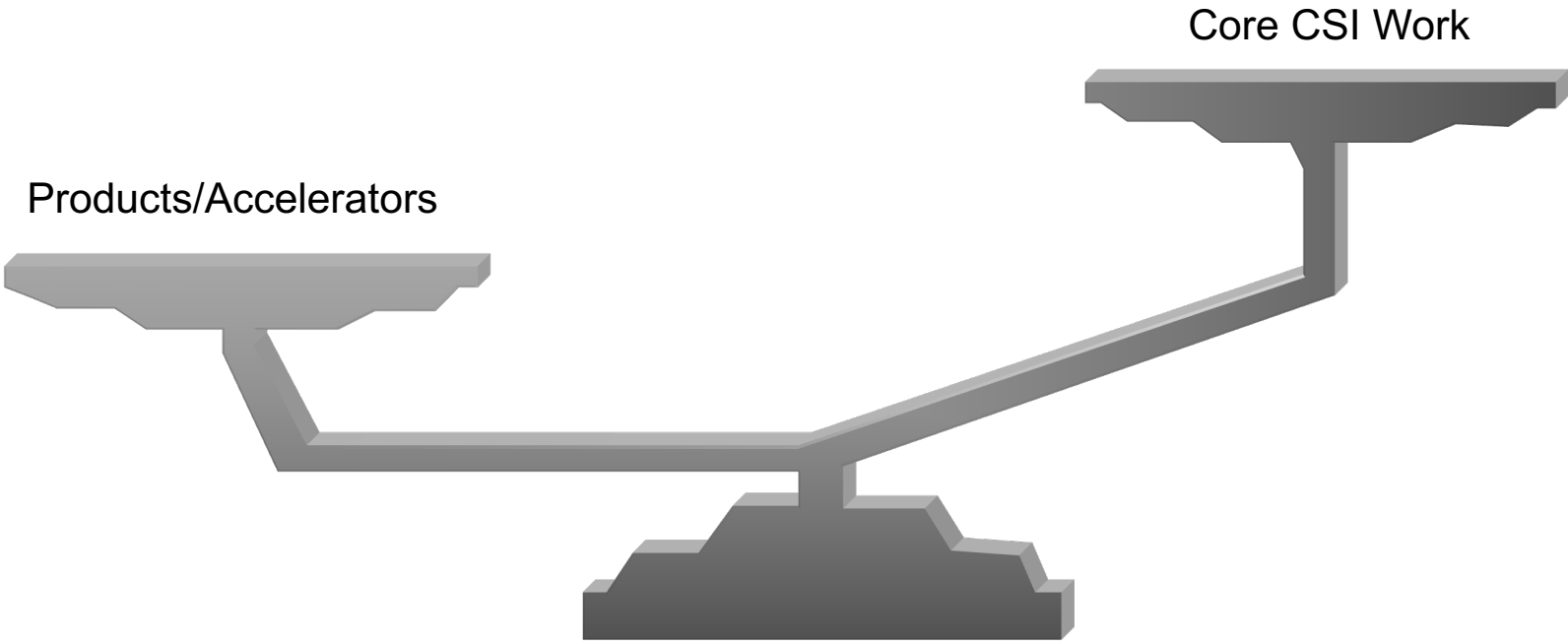


At a Macro level IT Services Companies follow 3 growth strategy playbook

Sometimes all 3 can possibly be executed at the same time



The Million Dollar Question: Should CSI Firms Build Products/Accelerators?



Conclusion

1. Pay Attention to your business model: \$50,000 revenue per employee and upwards of 20% EBITDA margins are important benchmarks.
2. Keep non-billing staff at less than 15% of the employee count.
3. Labour arbitrage is the only way to scale and build an IT services business. Incentivize your Program Management structure to offshore more and more. Ideally offshore to onsite mix should be 90:10.
4. Experience Applications is a legit GTM, especially when paired with the App Stores of enterprise software companies. It takes \$100m in funding to take a software company public so lot of opportunities for IT services companies.

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