

## Toolkit: Vendor Identification and Selection Guide for AI and Data and Analytics (D&A) Service Providers

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Initiatives: [Data and Analytics Programs and Practices](#)

D&A leaders are often challenged when evaluating AI and D&A service providers because there are thousands of options spanning a variety of capabilities. This toolkit provides a pragmatic approach for starting this process of a global market scan to create a manageable list of vendors to evaluate.

The primary focus of this toolkit is to assist buyers with the overall process of evaluating and selecting service providers. The tools to help with this process are captured below in Table 1.

**Table 1: Toolkit Deliverables for Vendor Identification and Selection Guide**

(Enlarged table in Appendix)

Toolkit Deliverables	Description
Excel: Vendor Identification for AI and Data and Analytics Service Providers	The primary deliverable is a spreadsheet called the Vendor identification for Artificial Intelligence (AI) and Data & Analytics (D&A) service providers. This is the starting point. This guide contains a long list of vendors, along with factual information for each vendor to assist buyers to downselect from the long list to a shorter manageable list of vendors for an RFP.
PowerPoint: Gartner's Approach for the Evaluation & Selection of Service Providers	This presentation provides a high-level overview of the key steps of Gartner's approach. Illustrative examples are provided in a graphical format in order to assist in the discussion with leadership teams.
Excel: Comparative Scoring of Vendors	This tool is designed to help structure and document one of the critical steps in the evaluation and selection of service provider. Use this tool to iteratively score vendors based on your evaluation criteria. For each score, it is important to capture the associated risks that align to the scores.
Excel: Reference Checking	This guide contains checklists of activities to aid in the reference checking of a shortlist of vendors in the final stages of the evaluation process. There are several different examples of questions for different types of reference checks (scope, audience, allotted time).
Excel: Due Diligence	This guide contains checklists of activities to aid in the due diligence (financial, regulatory, operational, etc.) of a shortlist of vendors in the final stages of the evaluation process.

Source: Gartner

## When to Use

This toolkit provides a pragmatic approach to assist buyers with the overall process of evaluating and selecting service providers. There are several tools in the form of excel spreadsheets designed to help structure and document the critical steps in the process. The premise of this toolkit is that the D&A team has worked with business and IT leaders to develop business cases and overall strategic approaches for outcomes.

## Background

The global business and IT services market is among the most fragmented across any buying category (hardware, hosting, middleware, software or telecom). There are thousands of service providers. The estimated overall sizing of the global IT services market is approaching \$1.3 trillion. <sup>1</sup> A subset of that market is D&A services (inclusive of AI). The worldwide D&A services market is forecast to reach \$167 billion in 2022, with a five-year compound annual growth rate of 15.8%. <sup>2</sup>

Many of the service provider markets are quite fragmented. And the markets for AI and D&A service providers is no exception. Gartner estimates that more than 80% of all the service provider options are composed of smaller, midsize, niche and specialty providers (which translates to service providers that have less than \$100 million in annual revenue). This market dynamic is the root cause that gives rise to one of the biggest challenges for organizations looking for providers – identifying the potential service providers that would be most closely aligned to their situational demand. For organizations that rely on service providers of all types (including consultants, systems integrators, outsourcers and cloud providers), it is vital that D&A teams find the right partners. Moreover, all of this must be done at a faster pace in today’s dynamic environment, meaning that it is essential to start at the right place to reduce costly mistakes as part of the overall evaluation and selection process.

When such a large market has only a relatively small number of select brand names with unaided name recognition, it becomes difficult for D&A teams to know where to start to find the right vendors. This is where a market scan comes into play. It accelerates the task of determining the initial vendor long list from such a large and fragmented market. A market scan is the initial early step of identifying a long list of vendors for further analysis, and then vetting the list to make it a shorter and more manageable list for side-by-side comparison.

## Gartner Positions for Evaluation and Selection Process

### Position 1: Determining the “Top” or “Best” Providers Is in the Eye of the Beholder

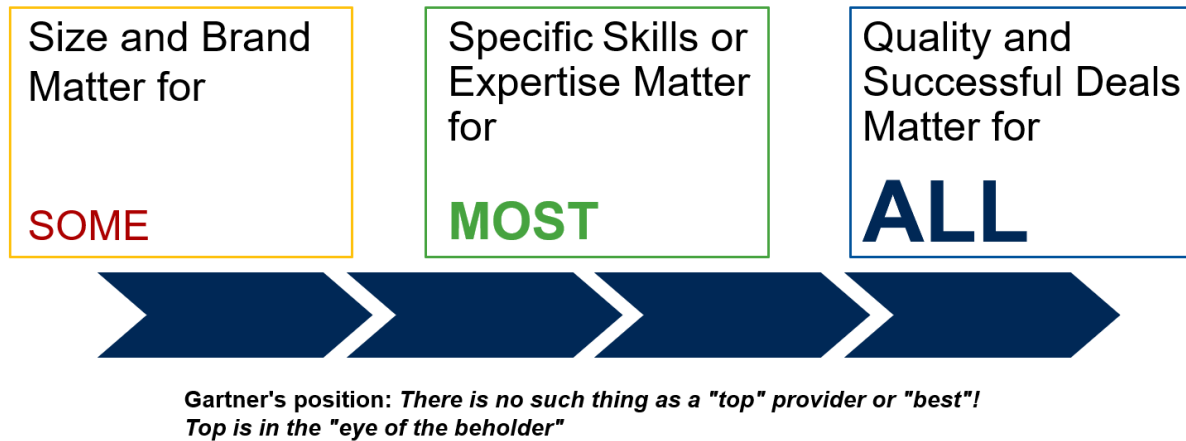
One of the most frequently asked questions of a Gartner services analyst is, “Who are the top service providers?” Gartner’s long-standing position is that there is no such thing as a “top” or “best” provider. The “best provider” is in the eye of the beholder. Only the organization making the buying decision can determine the provider best for that enterprise’s needs. Unless there is a measurement of something objective like revenue, headcount or market share to create a fact-based stack ranking, it becomes very difficult in the service industry to reach a conclusion of the “top” vendors. Gartner’s position is that the “right” service provider is the one that meets the client’s evaluation criteria, aligns with the scope of the deal and has the most suitable cultural alignment.

**Gartner’s position: There is no such thing as a “top” provider or “best”! Top is in the “eye of the beholder” Quote**

## Position 2: Bigger Is Not Necessarily Better

Gartner's position is that the sheer size of the provider (in revenue or headcount) does not determine quality. There are many quality small to midsize (also known as specialty or pure play) service providers that can be viable options for many service deals, as evidenced by examples in which these service providers have demonstrated positive business results for their customers.

**Figure 1: Quality and Successful Deals**



**Gartner.**

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Selecting the largest service providers is not always possible, nor is it even the best choice for any given deal. Some of the factors that drive these decisions include:

- **Scale:** How big is your deal?
- **Depth:** What are the specialty skills that require extensive depth in a service category? Sometimes it's interesting to uncover that large service providers do not always have depth.
- **Heterogeneity:** How many different categories of services or specific skill sets do you need in your deal?
- **Best-of-breed vendor strategy versus single-vendor strategy:** These are two distinct approaches that must be analyzed. They impact cost, time to value, flexibility, risk, vendor management and a number of important factors of the ongoing governance of the engagement.

## Position 3: Risk and Vendor Management Starts Now

Gartner's position is that as soon as the organization begins the evaluation and selection process of a service provider, the risk and vendor management muscles must begin working. In many ways, the most important deliverable for the team embarking on the evaluation and selection is not the recommendation of one or more vendors – rather, the ongoing risk register of items that need to be mitigated and managed as well as the critical weak spots of the vendor that will be actively revisited for the entire length of the deal. Every step of the evaluation and selection process involves capturing all the elements of risk and vendor management in order to ensure success. The attached powerpoint presentation in this toolkit provides illustrative examples of relevant risk management elements.

## Bottom Line

Every year there are literally hundreds of service provider selections – often with results that organizations live with for many years after the contract is executed. As a result, most organizations would benefit from consistent, structured and repeatable methodology that focuses on success while actively managing risk.

## Evidence

<sup>1</sup> [Gartner Market Databook, 2Q22 Update](#)

<sup>2</sup> [Forecast Analysis: Data and Analytics Services, Worldwide](#)

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