

Cool Vendors in Business and IT Services, 2017

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This research profiles five vendors offering newer, disruptive, agile, collaborative and automated approaches to service delivery, and value propositions in supporting digital business initiatives. Sourcing and vendor management leaders spearheading digital initiatives should consider these vendors.

Key Findings

- These Cool Vendors are specialized application service providers and consultancies that offer new disruptive approaches and value propositions that align with evolving business requirements in a digital business world, ranging from intelligent automation and RPA to ethical hacking, digital innovation and microconsulting services.
- Three of the vendors use intelligent automation tools for cost-effective, high-quality services. By reducing the labor component, these vendors provide accelerated solutions in a significantly less expensive model than their larger competitors can provide today.
- Two of the vendors use crowdsourcing communities and platforms to provide access to a larger population of "market scarce" talented resources. The use of crowdsourcing communities is increasing as organizations recognize the benefits for the rapid turnaround of digital business initiatives.

Recommendations

Sourcing and vendor management leaders applying advanced service sourcing to optimize cost/value:

- Analyze these Cool Vendors in IT services based on their unique expertise, technology focus or delivery strategies to bring business value, or through their innovative approaches to resolve specific issues. Also, investigate whether they are more suitable for your smaller, quicker engagements where time and budget constraints dictate "fast" and "inexpensive."
- Evaluate these vendors' disruptive approaches and offerings, which represent cutting-edge trends that can help your organization stay ahead of its competitors.

- Develop a new sourcing strategy and criteria to identify and develop these newer types of disruptive vendors with the business owners.
- Determine whether these Cool Vendors are potential partners or potential "techquisition" opportunities to ensure appropriate or alternative speed to market, or to differentiate yourself in the market.

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Analysis

This research does not constitute an exhaustive list of vendors in any given technology area, but rather is designed to highlight interesting, new and innovative vendors, products and services. Gartner disclaims all warranties, express or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

What You Need to Know

These vendors are cool because they provide new disruptive solutions via their use of agile, collaborative approaches to assist organizations in achieving their digital business initiatives. They are also cool because of their use of digital solutions, such as intelligent automation and crowd-based solutions, thus reducing the cost and increasing the speed of delivery for their solutions. Some of these vendors will not succeed, while others will be acquired. However, these newer, agile and precise approaches are disrupting the status quo of traditional players. This is disruptive to traditional players even if the traditional players acquire the smaller companies. In other words, the new players are changing the rules. Sourcing, procurement and vendor management leaders should be monitoring and evaluating these trends.

As you examine ways to reinvent your IT services, consider this list of Cool Vendors (in alphabetical order) as illustrative, but not definitive:

- **Code121** operates as a marketplace where communities of developer experts offer one-on-one "microconsulting," paid by the minute.
- **Gigster** uses intelligent automation and a global network of vetted, talented application developers to provide a low-risk, fixed-price solution for application development projects.
- **Janeiro Digital** has invested in frameworks, tools, accelerators and a development platform, all of which are designed to move clients from vision to deployment as rapidly as possible.
- **RPA Technologies** sells robotic process automation (RPA) as a service on a usage basis to organizations for their proofs of concept (POCs), so its clients can try RPA before buying it.
- **Synack** uses its vetted crowdsourcing community of global ethical hackers and intelligent automation tools to assist organizations in finding and fixing security issues.

This research profiles five disruptive, innovative vendors that are redefining the types of offerings, delivery approaches and value propositions available in the market to support buyers' digital business initiatives. Sourcing and vendor management leaders who are assisting their business, IT security and IT application peers in directing digital initiatives should study these service providers and their offerings for specialized needs, and consider them on the innovative suppliers' list for POCs where applicable.

code121

Pleasanton, California (code121.keybeo.com)

Analysis by Fabio Di Capua

Why Cool: Code121 is cool because it is introducing the "extreme" time slicing in a service offering. More specifically, code121 offers one-on-one microconsulting paid by the minute. Each user has the opportunity to rate the consultant used with peer reviews, thereby allowing other users to find the exact person they need to learn a new skill, troubleshoot some tricky code, or get help designing a state-of-the-art cloud architecture. Every code121 area is managed by a community leader who is responsible for examining and evaluating each consultant application (that is, reviewing the application-provided information and using social crawling), reviewing any customer feedback, and ensuring that the area provides value to the customers.

Code121's structure is based on the Keybeo framework marketplace, which was developed with a strong focus on multidevice customer experience, allowing every user (customer or consultant) to easily access the needed resources without any specific training or tutorial. This was made possible by integrating instant messaging, videoconference and content-sharing capabilities.

The marketplace can expand to cover multiple areas, technologies and solutions, from application development to architecture, specific software solutions, or application implementation methodologies like agile.

Challenges: Code121 will have to overcome a general business concern about microconsulting, where users deal with individuals rather than established organizations. The only payment method

accepted today is credit cards, and this may be a roadblock for organizations that require different payment methods and more stringent control on contracting external resources.

Who Should Care: (1) Sourcing leaders who are working with application development teams that need quick access to experts who are able to troubleshoot tricky code, design architecture and review integration problems; (2) small or midsize businesses (SMBs) that do not possess the resources to have in-house capabilities on every different technology; and (3) open-source software providers that are looking to provide premium support to users to fund their internal development.

Gigster

San Francisco, California (gigster.com)

Analysis by Kris Doering

Why Cool: Gigster is cool because of the way it uses intelligent automation to deliver application development services. It is a service provider that uses its own core team members, plus has access to a "vetted" crowdsourcing network team of more than 1,200 freelance developers, product managers and designers that offers "turnkey" fixed-price application development. Gigster uses intelligent automation tools to assemble its team, manage the team, review code to catch bugs and issues, and recommend code from its library of 5 million lines of code. Its fixed-price payment (and the payment of its crowdsourcing team members) is based on a true "at risk" commercial term structure based on client satisfaction and acceptance of the deliverables. All crowdsourcing members have a "karma score" (like a credit score), with increases or decreases based on their performance and feedback from clients and other team members. Gigster's acceptance rate on members looking to join its crowdsourcing community is around 1%.

Challenges: Some clients may not feel comfortable (because of security or intellectual property [IP] concerns) using a smaller service provider, where most of the work is done externally through their crowdsourced community. Gigster retains ownership of code by default, but if clients want to own their code, Gigster will allow it. Most enterprises choose to own their delivered code. Gigster's network of crowdsourcing team members is predominantly based in the U.S. Non-U.S.-based organizations should make sure that if a non-U.S. local cultural perspective is required, the resources can be found to deliver it. Additionally, the range of Gigster's projects is \$100,000 to \$1 million, so organizations that are looking for assistance on substantially larger application development projects might consider a traditional system integrator.

Who Should Care: (1) Sourcing and application leaders who are looking for access to scarce, talented resources for application development projects; (2) sourcing, procurement and vendor management organizations looking for a vendor that is willing to take on discrete, fixed-price engagements; and (3) application organizations looking to use precious budget money only for application development projects, based on their business end users' satisfaction with the deliverables.

Janeiro Digital

Boston, Massachusetts (<https://www.janeirodigital.com>)

Analysis by Patrick Sullivan

Why Cool: Janeiro Digital (JD) is a boutique digital business consulting firm that brings collaborative innovation to business initiatives. While there are many other digital consulting firms, JD is unique for a firm its size (less than \$20 million) because it has invested in frameworks, tools, accelerators and a development platform that are all designed to move clients from vision to deployment as rapidly as possible. JD strives to be an agile and humanistic alternative to larger consulting firms, and works collaboratively with business executives. JD uses a small team of consultants to jointly envision revised business operations, prototype solutions to refine this vision, and then deploy the solutions utilizing a proprietary methodology (Rapid Alignment, Design & Development [RADD]) and integration platform (XForm).

JD's ability to bring together ideation and development with a mix of business consulting, technology integration and creative design matches that of significantly larger firms. It does this with a culture of collaboration, innovation and energy that is typical of a digital consulting and design firm, but with the technical orientation of a sophisticated system integrator. To achieve the desired speed of deployment, JD utilizes a standard methodology framework, RADD, which enables rapid ideation through deployment that is visionary for a firm its size. JD also has developed a delivery platform, XForm, that accelerates development through an architectural approach to link new functionality with legacy applications by leveraging components and artifacts that are common across similar domains. JD's vision is to be an agile and humanistic alternative to digital consulting agencies with high client interaction and standardized consulting processes.

Challenges: JD's primary challenge is that its size and scale of around 100 consultants limit its market penetration to the U.S. and to clients that are looking for a dynamic business operational transformation. JD's second challenge is the large number of business and technology consulting firms, against which it competes, that bring large-scale investments in solutions, alliance partnerships and marketing. A third challenge is that JD does not focus on specific industries or domains, which makes it difficult to gain market awareness as a specialist. JD must compete based on its agility, culture, client intimacy, and its standardized approach to an innovation process that has been automated.

Who Should Care: Enterprises that are looking for creative and agile digital business operating model transformation or business function optimization should consider JD as an alternative to larger digital business consulting firms (such as Deloitte Digital, Accenture Digital or Sapient). This is particularly true when enterprises are open to utilizing JD's platform and frameworks, and desire an agile partner that is collaborative and adaptable to their unique needs.

RPA Technologies

Tokyo, Japan (rpa-technologies.com)

Analysis by Misako Sawai

Why Cool: RPA Technologies' BizRobo is cool because its business model is based on a new, innovative contracting and commercial term structure. BizRobo allows robotic process automation

(RPA) to be used for quick POCs and short-term projects, coupled with scalability over the long term, based on consumption-based pricing. For example, a buyer can pay \$200 to use a robot for a month. Another option is 5 cents per line of code, or from \$6,000 to \$10,000 to rent a robot in a business unit.

BizRobo is a sourcing service of robotic process automation that has mainly adopted several components of Lexmark's RPA, Fiddler, WinAutomation, and various APIs and emulators. In 2017, several components of Blue Prism's RPA and Nice's RPA were added to BizRobo as an option for quick POCs and short-term projects (see "Market Guide for Robotic Process Automation Software"). BizRobo is offered with contract options such as trial, pay-as-you-go and rental. Customers can select the best contract type to suit their purpose.

By providing these flexible contracting options, BizRobo can solve a problem, such that the license terms of general RPA tend to be inconvenient and expensive for short-term projects. BizRobo enables clients to try RPA, use RPA at specific events for a short period, and test a hypothesis on new business using RPA. It also allows SMBs to benefit from RPA, even though RPA has mainly been used by large enterprises.

RPA Technologies continues to strengthen its solution. In March 2017, it released BizRobo Station, which enables clients to try several major RPA products (from vendors such as Blue Prism, Lexmark, Nice, UiPath and Pegasystems) in a short period of time. BizRobo Stations will reduce the burden of product selection and encourage first buyers to try RPA.

Challenges: RPA Technologies faces a shortage of engineers in the market. Most first-time buyers of BizRobo need support or training from experts for effective implementation (for example, in order to select an appropriate process; improve a process; or build, adjust and keep scripts up to date).

The vendor offers these services with its 26 employees, with staff members of its group companies, and with staff members of its subsidiary company, which was established in February 2017. The total number of these service delivery staff members has reached 100 people. In April 2017, RPA Technologies also opened an Osaka branch to increase its geographical coverage. Although their engineering resources are the largest in Japan, the shortage of engineers is serious due to the strong demand for RPA.

RPA Technologies has established strategic partnerships with more than 40 diverse companies, such as consulting companies, staffing companies and system integrators. Although a few partners can cover all of Japan as well as various company sizes, the number and vertical coverage are not enough to meet clients' demand. In addition, these partners are mainly based in Japan. The company has use cases outside of Japan, too, and these users are overseas subsidiaries of Japanese companies. In order to expand its reach beyond the Japanese market, and to take advantage of rapid demand growth inside Japan, the vendor needs to enhance its strategy in order to increase engineers and its resell partners.

Who Should Care: Organizations with significant volumes of human-intensive, rule-based business processes should consider evaluating BizRobo. In particular, RPA Technologies can offer significant value for customers that have a temporary need for RPA, either due to a peak in work or to prove a concept.

Synack

Redwood City, California (www.synack.com)

Analysis by Gilbert van der Heiden

Why Cool: Synack is cool because it is able to harvest the power of real hackers — that is, individuals who often tend to outpace the regular security companies in terms of capabilities.

Synack combines vetted ethical hackers (from 46 countries) — who it calls "researchers" — with automation to identify exploitable vulnerabilities, and indicates how to resolve them. Synack refers to its combination of hackers and intelligent automation as Crowd Security Intelligence.

Synack offers a vulnerability analytics platform called LaunchPoint that clients can use to continually track and trace all researcher actions. Synack researchers document and communicate any identified exploitable vulnerability, and provide the steps to reproduce it as well as the required resolution. The researchers follow up in an agreed-on period to retest the asset and check whether the vulnerability has been resolved. LaunchPoint also includes automation to give clients the ability to check their applications against known vulnerabilities; coverage analytics so clients know what has been checked so they can identify not only what vulnerabilities may exist, but also what does not; and analytics to make it easier for the security team to report on progress.

Synack has been able to demonstrate that its platform provides a reliable model to engage ethical hackers. Reliability has been demonstrated by the simple fact that the government entities like the U.S. Department of Defense (DoD) and the U.S. Internal Revenue Service (IRS) have used Synack to investigate critical digital assets (for example, web and mobile applications, infrastructure, and the Internet of Things [IoT]). Synack provides access to a community of more than 500 ethical hackers worldwide, which is ready to start within 24 hours. All investigative actions are performed through LaunchPoint, which ensures complete traceability for the client. In addition, Synack uses machine learning to follow a hacker's investigation. It extracts the hacking process and creates automated scripts for similar situations, and for follow-up verification of the resolution of identified vulnerabilities. Clients can also deploy Synack's intelligent automation platform as an offensive hacking engine, because, at the back end, Synack keeps feeding it new vulnerabilities and exploits as well as the means to expose them. The additional hacker feeds ensure a continual evolution and provide for an up-to-date platform.

Challenges: Synack faces a couple of logical challenges; the main one is perception: As Synack works with hackers, how can it ensure that they are really ethical and not exploiting the vulnerability, or selling the knowledge on the vulnerability and not officially identifying it? In the same sense, why would an ethical hacker provide all credentials, go through extensive interviews, and allow himself or herself to be traced by intelligent automation and teach a machine its tricks? While there is never a 100% guarantee on the actual ethical level of a hacker, Synack applies a broad multistep technical as well as psychological vetting process. It further ensures that all hacking actions can be performed only through its LaunchPoint platform, by which client assets are exposed to the hackers. Many of the assets on which hackers work are private and accessible only through Synack's LaunchPoint infrastructure. In the same sense, hackers will only get paid based on the

work done and submitted through the platform. As such, the level of traceability — which is available to clients at all times — provides for a risk mitigation process that suffices for Synack's clients.

The other challenge is the competitive challenge: Crowdsourced ethical hacking is also offered by companies that apply a bug bounty model (for example, [HackerOne](#)); in addition, hacking services are offered by both specialist and large application service providers.

Who Should Care: Security is at the heart of a reliable digital service, and every executive in every company cares. Security breaches rapidly result in brand and financial damages, besides common business outages, which ethical hacking might have prevented. With every new technology development, new vulnerabilities are added that need to be exposed and resolved before they are exploited. Chief security officers (CSOs) should request that their sourcing and vendor management leaders investigate the options that Synack's Crowd Security Intelligence can offer in order to maximize the company's asset security.

Where Are They Now?

Clarice Technologies

Pune, India (www.claricetechnologies.com)

Analysis by Kris Doering

Profiled in "Cool Vendors in Application Services, 2015"

Why Cool Then: Clarice Technologies is a vendor that focuses on product development in the digital workplace through multiple offerings: (1) Clarice develops web-based products and native mobile apps for clients; (2) it assists clients in creating new technology-based products for their marketplace; and (3) it designs and develops user interfaces (UIs) for its clients' products (including front ends for IoT platforms). Clarice is very focused on improving its clients' UIs and user experience (UX) through the effective use of design and technology. Its designer-to-developer ratio is 1-to-3, which is very high compared with other service providers.

Clients and employees want to work in the digital workplace through web applications and apps on their mobile devices (such as smartphones and tablets) and other devices, including TVs. A key aspect of their satisfaction (and adoption and continued use of these apps) is the UI and UX. Organizations will either have to develop the design talent internally for outstanding UI and UX, or they will have to procure it from vendors. Organizations that are looking to quickly expand their internal design capabilities for mobile apps, product development and UIs would find value in a vendor like Clarice.

Where They Are Now: On 14 May 2015, Globant, a provider of technology services that is focused on software solutions, announced the acquisition of Clarice Technologies in order to strengthen its focus on UX, design and technology. The acquisition also expanded Globant's delivery capabilities for the first time outside the Americas because Clarice's operations are in India.

Who Should Care: The following should have discussions with Clarice: (1) product managers, CTOs and engineering heads for high-technology firms that sell products with a client or user interface; (2) chief digital officers who are interested in sourcing web application development and mobile app development from a firm with strong design skills and a deep understanding of user-centric mobile apps; and (3) entrepreneurs and CEOs of startups with a mobile access business model. Globant, together with the capabilities of Clarice Technologies, can now develop solutions using emerging technologies, and build software for global clients utilizing significant engineering, design and innovation resources.

Gartner Recommended Reading

Some documents may not be available as part of your current Gartner subscription.

"How to Respond to the 2017 Threat Landscape"

"Robotic Process Automation: Eight Guidelines for Effective Results"

"Hype Cycle for Application Services, 2016"

"Get Ready for Digital Business With the Digital Business Development Path"

"Market Trends: Application Service Providers Must Innovate to Deliver More Value Rapidly in a Digital World"

"Understand the Impact of Intelligent Automation Services on IT Service Providers' Strategy"

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