ISG Provider Lens®

Digital Engineering Services (DES) Midsize providers

Analyzing digital engineering capabilities from design to CX

Customized report courtesy of:

nagarro

QUADRANT REPORT | MAY 2026 | EUROPE

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Executive Summary

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Digital engineering transforms how enterprises build and run intelligent products via AI, platforms, and experience.

Mid-sized providers rise as agile co-engineers in Europe's digital engineering shift

Midsize digital engineering service providers in Europe are navigating a defining moment as enterprises recalibrate transformation priorities around measurable value, regulatory compliance and execution certainty. Positioned between niche specialists and global-scale providers, these providers are experiencing renewed relevance as clients seek partners that can combine deep engineering expertise with agility, proximity and accountability. As digital engineering evolves into an AI native, software defined and sustainability anchored discipline, midsize providers are increasingly stepping into roles that emphasize co engineering, focused innovation and pragmatic modernization.

European enterprises are moving beyond experimentation toward industrialized digital engineering, demanding rapid outcomes without compromising on security, compliance or resilience. In this environment, midsize providers differentiate themselves by working closely with client engineering teams, tailoring solutions to contextual requirements and delivering targeted transformations that address operational and business challenges. Their ability to balance innovation with discipline and specialization with flexibility makes them indispensable partners in Europe's evolving digital engineering ecosystem.

AI is reshaping the **value chain** of digital engineering from **design** to **operations** to **experience**.

Market Context: Convergence, compliance and complexity are redefining Europe's engineering landscape

Europe's digital engineering landscape is defined by the same macro forces that are shaping enterprise transformation across the region, irrespective of provider size. Cyber physical convergence, stringent regulatory scrutiny, sustainability imperatives and increasing product complexity are reshaping the way organizations design, build, operate and transform products and platforms. Engineering has transitioned from a supporting function to a strategic capability that directly influences competitiveness, resilience and trust.

At the core of this evolution lies the convergence of software, hardware, data and intelligence. As embedded systems, cloud platforms, AI models and connected devices become foundational to products and services, enterprises must align engineering domains that have historically operated in silos. This alignment requires interoperable architecture, shared data foundations and governance mechanisms that support traceability and accountability across the lifecycle.

Several structural forces continue to shape the market:

- Regulation and trust have become central to engineering decisions. European enterprises seek explainability by design, data minimization, security and auditability from the outset, particularly in sectors that are highly regulated and prioritize safety. Compliance is no longer addressed downstream; it is embedded into requirements definition, validation and lifecycle management.
- Resilience at speed is becoming increasingly critical. Supply chain volatility, energy uncertainty and competitive pressure demand short and fast innovation cycles while maintaining quality and reliability. Simulation led engineering, model based approaches and virtual validation are gaining traction as mechanisms to compress timelines without increasing risk.
- Talent constraints and delivery dynamics continue to influence sourcing strategies. Skills in systems engineering, AI, platform engineering, safety and cybersecurity remain scarce. Enterprises increasingly favor nearshore delivery, multilingual collaboration and partners that understand regional regulatory and cultural nuances.

Macroeconomic pressures have also reshaped buyer behavior. European enterprises are exercising much fiscal discipline, prioritizing initiatives that demonstrate near term productivity gains or operational efficiency. Large, monolithic transformation programs are giving way to phased, outcome oriented initiatives that deliver incremental value. As a result, buyers are seeking partner ecosystems, favoring providers that demonstrate relevance, focus and delivery confidence over only breadth.

In this environment, midsize providers face both opportunities and constraints. They must compete with large providers and associated expectations, but without the same scale advantages. At the same time, their proximity, adaptability and specialization enable them to align more closely with enterprise realities, making them suitable for Europe's compliance driven transformation landscape.

Enterprise Priorities: Intelligent, governed and outcome-driven engineering is becoming the enterprise imperative

Enterprise expectations from digital engineering partners in Europe have converged across provider segments, where business outcome rather than only technology adoption is the driver. For midsize, this factor is increasingly shaping engagement scope, delivery models and differentiation strategies.

A core requirement is the transition from AI experimentation to industrialized, governed AI, embedded across engineering and operations. Enterprises expect AI to enhance productivity, accelerate development cycles, improve quality and support intelligent decision making across design, manufacturing and service. However, European buyers are focused on responsible adoption, prioritizing transparency, explainability, robustness and regulatory readiness. AI is expected to augment human expertise, not replace it, particularly in contexts where security is critical.

Another priority is accelerating innovation while managing complexity. Shrinking launch windows, rising customization and increasing focus on integrated physical digital products require enterprises to rethink traditional engineering approaches. Virtual prototyping, simulation centric design and digital representations of products and operations are finding increasing relevance to reduce the need for physical iterations and improve confidence. Enterprises seek partners to supplement their R&D capacity, particularly for specialized skills or domain expertise.

Modernization of legacy estates has also emerged as a critical consideration factor. Enterprises are shifting toward platform centric, modular architectures that enable reuse, interoperability and continuous evolution. Rather than a complete replacement, the emphasis is on incremental modernization that ensures continuity while reducing technical debt.

Additional enterprise mandates include:

- Establishing end to end traceability across a product and service lifecycle, connecting requirements, engineering artifacts, operational data and sustainability metrics.
- Embedding sustainability considerations directly into engineering decisions, treating energy efficiency, material usage, and lifecycle impact as first order requirements.
- Strengthening data readiness and security, recognizing that AI driven engineering depends on governed, contextual, and high quality data across IT and operational environments.
- Adopting product centric operating models, where cross functional teams own outcomes across the lifecycle rather than discrete phases or functions.

Enterprises are also rethinking the way they engage service providers, where there is a clear shift toward long term collaboration, co engineering models and shared accountability for outcomes. Capacity based delivery is increasingly being supplemented or replaced by value aligned engagements that emphasize productivity, speed, quality, and risk reduction.

Provider Dynamics: Midsize providers differentiate through focused innovation and engineering depth

Midsize providers compete not on breadth or scale, but on clarity of focus, execution depth and relationship led delivery, with specialization being a defining characteristic of this provider segment. They are honing their portfolios around select industries, engineering domains or lifecycle stages rather than pursuing end to end coverage. This kind of specialization enables a deep understanding of client environments, fast onboarding and tailored solutions, particularly in regulated and complex domains.

AI adoption among midsize providers is pragmatic and targeted; rather than broad, platform driven initiatives, these providers focus on embedding intelligence into specific engineering workflows where value is most tangible. AI is used to automate repetitive tasks, improve design, enhance testing effectiveness and support decision making, with emphasis on governance, cost efficiency and explainability. Success is measured through productivity gains and quality improvements rather than scale of deployment.

Midsize providers are investing to strengthen their capabilities across model based engineering, simulation, virtual validation and digital representations of products and operations. These capabilities allow them to support clients dealing with complex systems, regulatory scrutiny and lifecycle traceability requirements without relying on heavy physical prototyping. In platform and application services, midsize providers help enterprises modernize at a pace aligned with operational realities.

Midsize providers also differentiate themselves through their delivery and commercial models:

- Engagements are often structured around small, senior heavy teams working closely with client stakeholders

- Providers demonstrate high flexibility, adapting rapidly to scope changes and evolving priorities
- Commercial models increasingly align with outcomes and productivity metrics, reinforcing accountability and partnership

Cultural proximity and trust play a significant role. Midsize providers are often associated with offering advantages such as close alignment with client teams, rapid decision making and an increasingly collaborative working style — benefits that enable them to act as true extensions of enterprise engineering organizations.

Outlook: Specialization, accountability and trust will shape the next phase of growth

The outlook for midsize digital engineering service providers in Europe is positive but characterized by clients being increasingly selective. As enterprises continue to rationalize partner ecosystems, opportunities will favor providers that demonstrate sustained relevance, execution confidence and measurable value creation.

Future success will depend on several factors:

- The ability to operationalize AI responsibly and pragmatically across engineering workflows
- Continued investment in engineering depth and domain expertise rather than horizontal expansion
- Alignment of delivery and commercial models to enterprise outcomes and long term value realization
- Maintaining agility while operating within Europe's evolving regulatory and sustainability frameworks

Midsize providers are well-positioned to play a pivotal role as enterprises seek partners that combine focus with flexibility and innovation with governance. The providers that sustain clarity of purpose and deepen their co engineering posture will strengthen their position in Europe's digital engineering ecosystem, complementing large providers while serving as trusted partners for targeted, high impact transformation initiatives.

Rising adoption of AI, cloud and connected systems in European enterprises is resulting in a high demand for digital engineering services for rapid innovation, intelligent operations, resilient platforms and measurable business outcomes, positioning service providers as the critical partners of transformation.

Provider Positioning

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	Augmented Design and R&D Services	Intelligent Operations and Connected Experiences	Integrated Platform and Application Services
Accion Labs	Contender	Contender	Product Challenger
Actemium	Not In	Contender	Not In
Altimetrik	Product Challenger	Not In	Product Challenger
AVL	Leader	Leader	Not In
Bahwan CyberTek	Product Challenger	Contender	Product Challenger
Bertrandt	Leader	Leader	Not In
Birlasoft	Not In	Product Challenger	Product Challenger
Bosch SDS	Leader	Leader	Market Challenger
Coforge	Leader	Leader	Leader
Cyient	Leader	Leader	Product Challenger

Provider Positioning

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	Augmented Design and R&D Services	Intelligent Operations and Connected Experiences	Integrated Platform and Application Services
EDAG	Market Challenger	Not In	Not In
FEV	Market Challenger	Leader	Not In
Happiest Minds	Product Challenger	Contender	Product Challenger
Hexaware	Leader	Not In	Leader
IAV	Market Challenger	Not In	Not In
IndX	Not In	Product Challenger	Not In
Infinite Computer Solutions	Not In	Not In	Contender
Infinite Uptime	Not In	Product Challenger	Not In
Innominds	Contender	Contender	Contender
Innover Digital	Contender	Not In	Not In

Provider Positioning

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	Augmented Design and R&D Services	Intelligent Operations and Connected Experiences	Integrated Platform and Application Services
Intellias	Product Challenger	Product Challenger	Leader
ITC Infotech	Leader	Leader	Rising Star ★
KPIT	Product Challenger	Product Challenger	Not In
LTTS	Leader	Leader	Leader
Mastek	Not In	Market Challenger	Leader
MHP	Product Challenger	Rising Star ★	Not In
Mindsprint	Not In	Product Challenger	Product Challenger
Motherson Technology	Product Challenger	Product Challenger	Product Challenger
Nagarro	Leader	Market Challenger	Leader
Ness Digital Engineering	Not In	Not In	Leader

Provider Positioning

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	Augmented Design and R&D Services	Intelligent Operations and Connected Experiences	Integrated Platform and Application Services
Persistent Systems	Leader	Leader	Leader
Quest Global	Leader	Leader	Product Challenger
R Systems	Not In	Not In	Product Challenger
Randstad Digital	Product Challenger	Product Challenger	Market Challenger
Simform	Not In	Not In	Contender
Softdel	Contender	Not In	Product Challenger
Tata Elxsi	Product Challenger	Product Challenger	Not In
TechWave	Not In	Not In	Contender
UST	Rising Star ★	Product Challenger	Rising Star ★
Virtusa	Not In	Not In	Product Challenger

Provider Positioning

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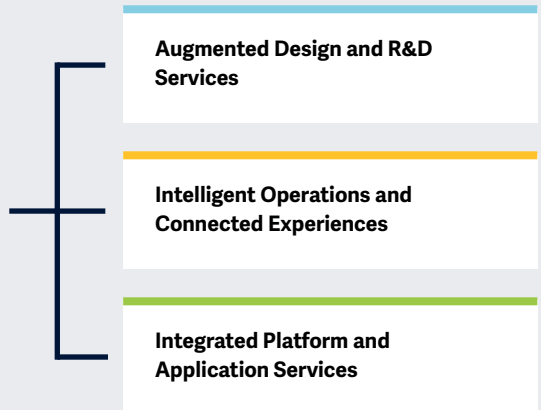
	Augmented Design and R&D Services	Intelligent Operations and Connected Experiences	Integrated Platform and Application Services
VVDN Technologies	Contender	Not In	Not In
Xoriant	Not In	Not In	Product Challenger
Zensar Technologies	Product Challenger	Not In	Leader

Key focus areas of Digital Engineering Services **(DES) Midsize** 2026 study



Simplified Illustration Source: ISG 2026

Definition

The ISG Provider Lens® Digital Engineering Services 2026 study offers the following to business and IT decision-makers:

- Transparency on the strengths and weaknesses of relevant providers
- A differentiated positioning of providers by segments on their competitive strengths and portfolio attractiveness
- Focus on different markets, including Europe and the U.S.

Our study serves as an important decision-making basis for positioning, key relationships and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their current vendor relationships and potential engagements.

Large Providers are those with revenues exceeding $2 billion and a workforce of more than 100,000 employees. They cater to multiple verticals, often spreading their resources across a broad range of industries. Their primary focus lies in serving large enterprises, often engaging in large transformation projects that require deep expertise, extensive resources and the ability to manage complex, enterprise-wide innovations. Their deep industry experience, broad service capabilities and strategic partnerships with technology giants position them as key players in the global digital services landscape.

Midsize Providers, on the other hand, generate less than $2 billion in revenue and typically specialize in 3-4 verticals where they hold strong capabilities and significant revenue share. With a lean workforce of less than 100,000 employees, these providers adopt an agile and flexible approach, making them well-suited to serve both large enterprises and midmarket clients with tailored, industry-specific solutions. They also have strong inherent capabilities and heritage in Digital Engineering services. This combination of domain expertise, flexibility and a strong focus on innovation positions them as effective partners for businesses seeking to implement cutting-edge technologies with a faster, more agile approach.

Scope of the Report

This ISG Provider Lens® quadrant report covers the following three quadrants for services: Augmented Design and R&D Services, Intelligent Operations and Connected Experiences, and Integrated Platform and Application Services.

This ISG Provider Lens® study offers IT decision-makers:

- Transparency on the strengths and weaknesses of relevant providers/software vendors
- A differentiated positioning of providers by segments (quadrants)
- Focus on the regional market

Our study serves as the basis for important decision-making by covering providers' positioning, key relationships and go-to-market considerations. ISG advisors and enterprise clients also use information from these reports to evaluate their existing vendor relationships and potential engagements.

Provider Classifications

The provider position reflects the suitability of providers for a defined market segment (quadrant). Without further additions, the position always applies to all company sizes classes and industries. In case the service requirements from enterprise customers differ and the spectrum of providers operating in the local market is sufficiently wide, a further differentiation of the providers by performance is made according to the target group for products and services. In doing so, ISG either considers the industry requirements or the number of employees, as well as the corporate structures of customers and positions providers according to their focus area. As a result, ISG differentiates them, if necessary, into two client target groups that are defined as follows:

- **Midmarket:** Companies with 100 to 4,999 employees or revenues between $20 million and $999 million with central headquarters in the respective country, usually privately owned.
- **Large Accounts:** Multinational companies with more than 5,000 employees or revenue above $1 billion, with activities worldwide and globally distributed decision-making structures.

The ISG Provider Lens® quadrants are created using an evaluation matrix containing four segments (Leader, Product & Market Challenger and Contender), and the providers are positioned accordingly. Each ISG Provider Lens® quadrant may include a service provider(s) which ISG believes has strong potential to move into the Leader quadrant. This type of provider can be classified as a Rising Star.

- **Number of providers in each quadrant:** ISG rates and positions the most relevant providers according to the scope of the report for each quadrant and limits the maximum of providers per quadrant to 25 (exceptions are possible).

Provider Classifications: Quadrant Key

Product Challengers offer a product and service portfolio that reflect excellent service and technology stacks. These providers and vendors deliver an unmatched broad and deep range of capabilities. They show evidence of investing to enhance their market presence and competitive strengths.

Leaders have a comprehensive product and service offering, a strong market presence and established competitive position. The product portfolios and competitive strategies of Leaders are strongly positioned to win business in the markets covered by the study. The Leaders also represent innovative strength and competitive stability.

Contenders offer services and products meeting the evaluation criteria that qualifies them to be included in the IPL quadrant. These promising service providers or vendors show evidence of rapidly investing in products/ services and follow sensible market approach with a goal of becoming a Product or Market Challenger within 12 to 18 months.

Market Challengers have a strong presence in the market and offer a significant edge over other vendors and providers based on competitive strength. Often, Market Challengers are the established and well-known vendors in the regions or vertical markets covered in the study.

★ **Rising Stars** have promising portfolios or the market experience to become a Leader, including the required roadmap and adequate focus on key market trends and customer requirements. Rising Stars also have excellent management and understanding of the local market in the studied region. These vendors and service providers give evidence of significant progress toward their goals in the last 12 months. ISG expects Rising Stars to reach the Leader quadrant within the next 12 to 24 months if they continue their delivery of above-average market impact and strength of innovation.

Not in means the service provider or vendor was not included in this quadrant. Among the possible reasons for this designation: ISG could not obtain enough information to position the company; the company does not provide the relevant service or solution as defined for each quadrant of a study; or the company did not meet the eligibility criteria for the study quadrant. Omission from the quadrant does not imply that the service provider or vendor does not offer or plan to offer this service or solution.

Augmented Design and R&D Services

Who Should Read This Section

This report is valuable for providers offering augmented design and R&D services in Europe to understand their market position and for enterprises looking to evaluate these providers. In this quadrant, ISG highlights the current market positioning of these providers based on the depth of their service offerings and market presence.

Design leaders

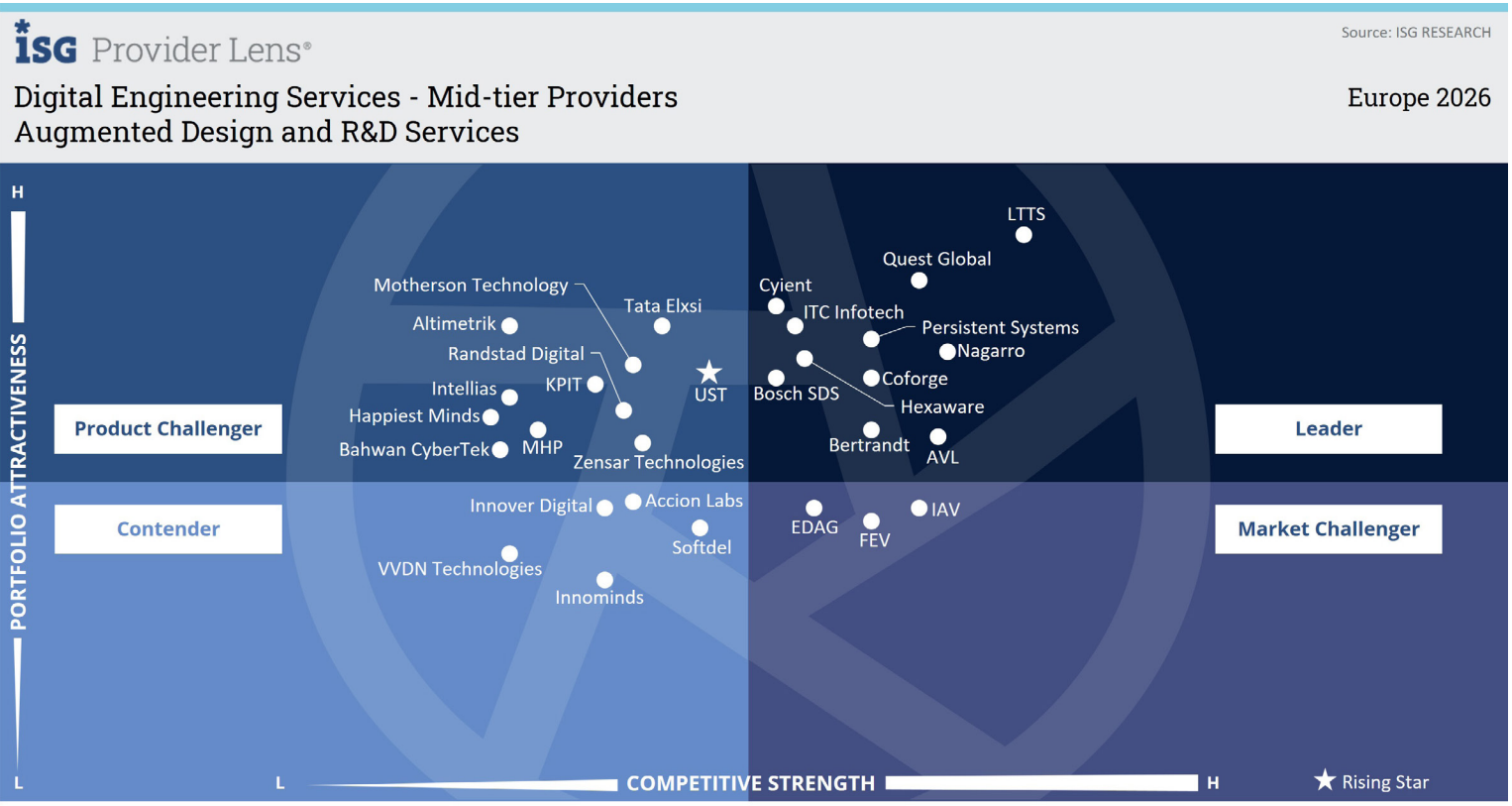
should read this report to understand the developments in the industry, enabling them to choose and partner with the right provider that can transform their digital landscapes. The report allows them to understand the provider capabilities in terms of their design capabilities, usage of latest technologies like GenAI and AgenticAI, MBSE, innovation abilities.

Engineering leaders

must read this report to comprehend the relative strengths and weaknesses of providers offering design and development services in the digital engineering space. The report also helps them understand the capabilities surrounding the use of advanced technologies such as GenAI or agentic AI, proprietary tools and intellectual property assets that could support enterprises in achieving business outcomes and value.

Software development and technology leaders

should read this report to understand the relative positioning of providers and learn how their digital engineering offerings can impact transformation initiatives. The report also details the strengths and opportunities of areas of providers, including connected platforms and ecosystems, personalization and GenAI and agentic AI.



This quadrant covers providers enabling end-to-end **digital product design and R&D**, from ideation to prototyping. **GenAI-driven design exploration, simulation and virtual engineering** play a key role in accelerating innovation and enhancing design precision.

Srinivasan P N

Definition

This quadrant assesses providers' ability to deliver advanced, AI-enabled design and R&D services across the full product and service innovation lifecycle. It emphasizes generative design, behavioral intelligence and cloud-native engineering to accelerate ideation, simulation, prototyping and validation. Providers enable agile, data-driven, model-based engineering using digital twins to simulate real-world conditions.

The services in scope support smart, sustainable and hyperpersonalized products and experiences. Key capabilities include digital design failure mode and effects analysis (DFMEA), virtual validation, GenAI and LLMs to automate design and testing, accelerate time to market, improve quality and strengthen early-stage quality assurance. V&V is prioritized, with virtual prototyping tools addressing extreme test cases via GenAI.

The quadrant also covers AR/VR/MR, additive manufacturing, design for manufacturing – DFM and digital twins for collaborative design, rapid iteration and predictive simulation. Providers are expected to show maturity in managing complex engineering and adopting responsible, sustainable innovation practices.

Eligibility Criteria

1. Supporting **digital product development across both physical and virtual R&D** and **design strategies for new products, services and business models,** including integration and scaling across enterprise environments
2. Applying **design thinking, requirements analysis** and **iterative design** to drive creativity and innovation in product and service development while exploring thousands of options through iterative, parametric and sensitivity analyses to identify the optimal solution for each context
3. Delivering **human-centric design** through persona-based journey mapping, storyboarding, UI/UX, and industrial, service and interaction design, with GenAI-powered hyperpersonalization (for example, digital avatars as service assistants)
4. Enabling **model-based systems engineering (MBSE), digital twin, rapid prototyping and autonomous testing** using platforms and PLM tools, supported by data- and model-driven engineering
5. Integrating **AR/VR/MR, additive manufacturing** and **3D printing** to support immersive and extended reality-based design and validation
6. Demonstrating success stories in leveraging **GenAI** for design automation, simulation and product experience management, with a focus on **responsible and sustainable design**

Observations

Enterprises are focusing on high-velocity development of intelligent products, yet many continue to encounter challenges arising from system complexity, legacy engineering practices and limited access to specialized skills. As products increasingly combine hardware, software, electronics and AI, organizations are turning to midsize providers that can work closely with internal R&D teams as hands-on, co-engineering partners. They can support critical phases across the design and R&D lifecycle, from early concept refinement and engineering design to simulation, prototyping and validation, often within regulated and precision-driven environments.

Midsize providers bring value through focused domain expertise and adaptive engagement models that allow digital engineering to be tailored to enterprise context rather than imposed at scale. The adoption of GenAI is gaining momentum across early-stage design exploration, engineering knowledge reuse, documentation support and validation activities, enabling enterprises to improve accuracy and reduce manual engineering efforts, avoiding the destabilization of established workflows. Enterprises are increasingly leveraging digital twins, virtual prototyping and model-based approaches to shorten iteration cycles, enhance traceability and strengthen confidence in design outcomes, particularly for instances where certification readiness and auditability are critical.

This quadrant evaluates the extent to which midsize providers help enterprises accelerate design velocity, reduce dependence on physical iterations and improve engineering quality through targeted digital and AI-enabled capabilities. Providers that combine strong engineering fundamentals with the pragmatic use of generative design and simulation-driven validation stand out by delivering measurable gains in productivity, quality and time-to-market.

From the 43 companies assessed for this study, 30 qualified for this quadrant, with 11 being Leaders and one a Rising Star.

AVL

AVL brings a European engineering-first R&D model rooted in deep simulation, electrification and powertrain expertise. Its differentiation lies in combining physics-based rigor with expanding GenAI adoption to accelerate the development of next-generation mobility systems.

Bertrandt

Bertrandt reflects a German engineering-integrated R&D model shaped by OEM proximity and strict regulatory standards. Its next phase centers on expanding beyond embedded systems toward AI-driven, platform-led digital engineering for connected, software-defined products.

BOSCH

Bosch SDS unifies deep engineering heritage with domain-led design and AI-native accelerators to modernize products, compress development cycles and build intelligent, software-defined systems. Its engineering rigor supports scalable next-generation innovation.

Coforge

Coforge strengthens R&D with AI Studio, AgentSphere and domain-focused AI solutions that accelerate concepting, prototyping and validation. Its engineering intensity and industry specialization enable the delivery of robust, product-grade digital experiences.

CYIENT

Cyient advances *intelligent engineering* by integrating product, plant and network engineering with AI, GenAI and data engineering. Its Engineering Intelligence Platform (EIP) uses domain ontologies and agentic workflows to speed development and certification across industries.

HEXAWARE

Hexaware elevates R&D through product-centric advisory, rapid AI-powered prototyping, platform-aligned experience design and UX modernization tied to code transformation. Its integrated discovery-to-engineering approach improves development velocity and alignment.

ITC Infotech

ITC Infotech combines decades of CAD/CAE, plant engineering, Model Based System Engineering/ Model based design (MBSE/MBD) and Product Lifecycle Management (PLM) with GenAI-driven design automation and digital threads. It accelerates configuration, validation and documentation for complex products in manufacturing and infrastructure-heavy sectors.

LTTS drives AI-augmented product development using PLxAI, Design For Excellence (DFX) frameworks and AI engineering assistants to accelerate Product Development Lifecycle (PDLC) stages from concept and MBSE through virtual validation and FMEA, with strong execution across automotive, industrial and medtech programs.

Nagarro enhances R&D through product strategy, UX, synthetic research, AI-enhanced experiences and agentic SDLC acceleration. Its teams co-create digital products, modernize user journeys and embed AI into core experiences for enterprise clients worldwide.

Persistent Systems blends human-centered design with AI-led engineering, using SASVA and iAURA to accelerate modernization, reduce technical debt and elevate R&D productivity across regulated, industrial and software-driven environments through intelligence-first delivery.

Quest Global advances design and R&D with virtual validation, MBSE, autonomous system simulation, GenAI-based reverse engineering and AR- and VR-enabled training. Its chip-to-cloud engineering spans automotive, semiconductor and industrial domains with deep expertise.

UST (Rising Star) positions engineering as a full-stack capability across silicon, embedded systems, software, simulation, digital twins and GenAI workflows. It leverages its semiconductor, SDV/ADAS and digital engineering expertise, along with Engineering.ai, to deliver accelerated applied-engineering R&D.

Leader

"Nagarro blends engineering DNA, product strategy, human-centered design and AI-native workflows to accelerate digital product innovation, bringing Fluidic Intelligence into the core of the R&D lifecycle."

Srinivasan P N

Nagarro

Overview

Nagarro is a global AI-native engineering and transformation company, listed on the Frankfurt Stock Exchange. The company offers a comprehensive range of services, including digital product engineering, cloud, AI and CX solutions, across 38 countries with about 18,000 employees. Nagarro brings a mature, human-centered and AI-native design capability that blends strategy, UX, product innovation and AI-augmented design workflows. Its Fluidic Intelligence framework elevates design beyond aesthetics into outcome-driven product strategy, using synthetic research, modular accelerators and AI-enhanced journey creation to shorten concept-to-prototype cycles.

Strengths

Advisory-led product strategy with clear value mapping: Nagarro uses Fluidic Advisory to analyze friction points, quantify value pools and define AI-native use cases and product roadmaps. This enables a shift from loose concepts to a prioritized, ROI-linked product backlog supported by strategy workshops, product audits and fractional product leadership.

Research-driven, AI-enhanced experience design: Nagarro combines lean research, synthetic testing, product analytics and UX/UI expertise to shape human-centered products. It enhances journeys with AI-generated content, personalization and workflow automation, supported by scalable design systems used across industries such as travel, retail and BFSI.

Engineering DNA with Fluidic SDLC to accelerate R&D: Nagarro's engineering-centric culture is strengthened by its Fluidic SDLC framework, which brings agentic workflows, standardized patterns and AI-led automation into development and testing. With over 12,000 employees trained on AI stacks within months, it accelerates delivery while improving governance and engineering consistency.

Caution

Nagarro's product engineering capabilities are strong, but the narrative is expansive and would benefit from clearer articulation of measurable R&D outcomes and differentiation between advisory, Forge accelerators and product engineering value in Europe.

Intelligent Operations and Connected Experiences

Who Should Read This Section

This report is valuable for providers offering intelligent operations and connected experiences in Europe to understand their market position and for enterprises looking to evaluate these providers. In this quadrant, ISG highlights the current market positioning of these providers based on the depth of their service offerings and market presence.

Operations leaders

should read this report, as it presents a comprehensive evaluation of providers that improve operational efficiency by making them to be more intelligent, connected and smart. This report can help them select partners who can support their execution of strategic goals while ensuring resilient, compliant and high-performing operations.

Engineering leaders

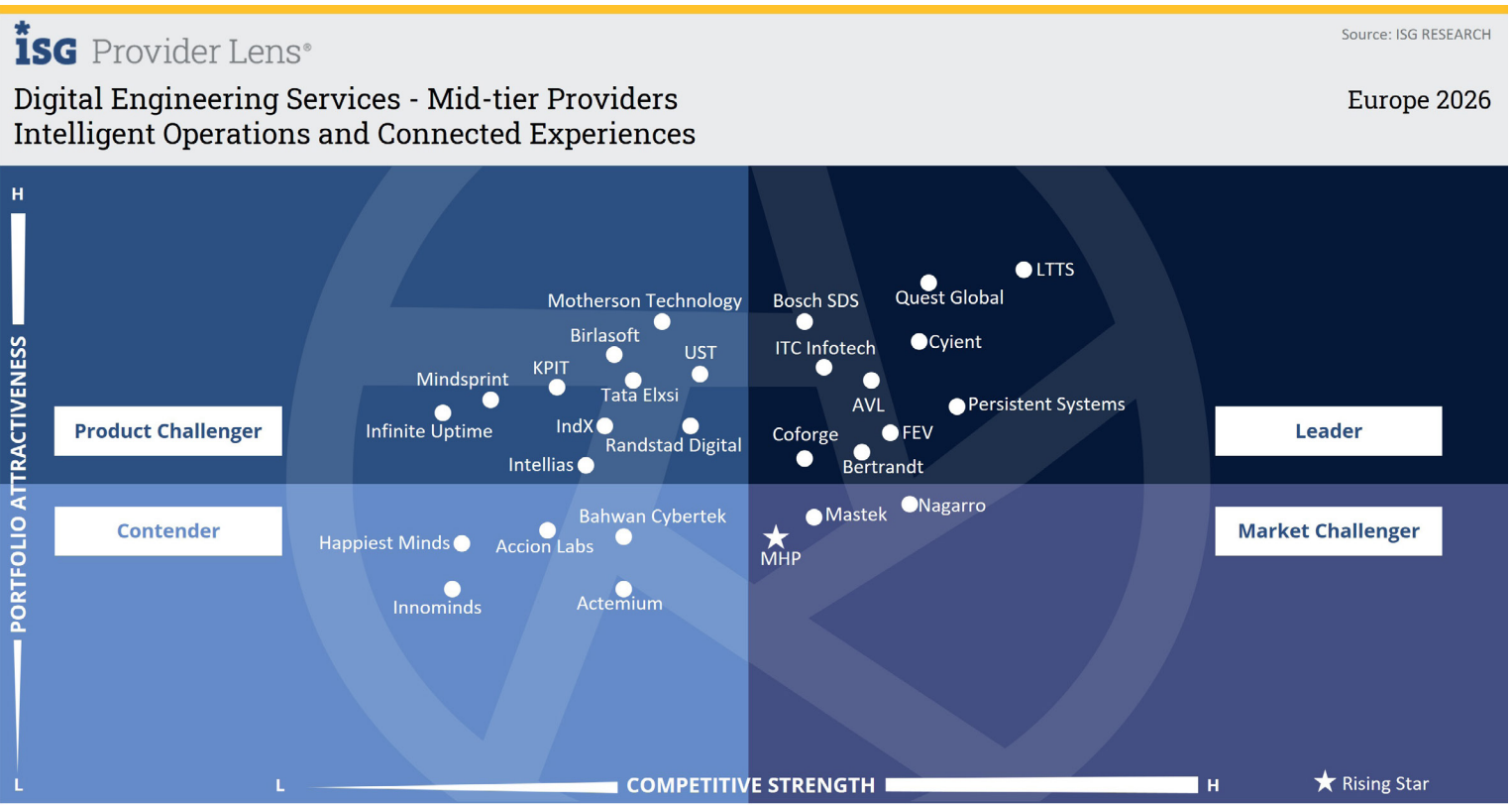
must read this report to comprehend the relative strengths and weaknesses of providers offering intelligent operations and connected experience services in the digital engineering space. The report also helps them understand the capabilities surrounding the use of advanced technologies such as GenAI or agentic AI, proprietary tools and intellectual property assets that can support enterprises in achieving business outcomes and value.

Software development and technology leaders

should read this report to understand the relative positioning of providers and learn how their digital engineering offerings can impact transformation initiatives. The report also details the strengths and opportunities of areas of providers, including connected platforms and ecosystems, personalization and GenAI and agentic AI.

Manufacturing leaders

should read this report to understand the relative positioning of providers and learn how their digital engineering offerings can impact an enterprise's transformation initiatives. The report also helps them understand the capabilities surrounding the digital supply chain, digital virtual assistants, proprietary tools and technologies used by providers to make legacy units smart and connected.



This quadrant evaluates providers that enable real-time, **connected and intelligent operations** by integrating technologies and supporting **predictive insights, connected worker experiences and unified operations** for better efficiency and responsiveness.

Srinivasan P N

Definition

This quadrant evaluates providers that deliver standardized, intelligent, connected and adaptive operations across industries, enabling seamless CX and UX. It merges traditional operational intelligence with modern experience orchestration, reflecting backend efficiency and frontend engagement, extending value beyond the enterprise firewall. Providers support Industry 4.0 and 5.0 paradigms, including smart factories, IIoT, digital twins and edge computing, while integrating GenAI and behavioral analytics to optimize workflows, predict failures and enhance service delivery.

The quadrant also covers experience management: UX/CX/DX orchestration, VoC integration and hyper personalized support via digital avatars and conversational AI. The scope includes CX management, agile supply chains, self-healing systems and remote operations, with an emphasis on sustainability, automation and real-time responsiveness. Providers must deliver intelligent, scalable and controllable operations with manual interventions aligned with Industry 5.0, tightly coupled with customer visibility, feedback and experience data.

Eligibility Criteria

1. Having proven experience in **design, implementation and operation of technologies and processes** aligned with Industry 4.0 and 5.0, including smart production, intelligent supply chains, CX (physical and digital) and service operations
2. Delivering **connected operations** across diverse industries, with regional relevance and scalability
3. Integrating **IT/OT/ET environments,** covering data, security and workforce aspects, supported by robust OT solutions
4. Having capabilities in **asset performance monitoring, predictive maintenance** and **lifecycle optimization** using AI, ML and digital threads
5. Using **GenAI** for predictive analytics, process optimization, documentation automation and quality control
6. Delivering **experience management** through UX/CX/DX orchestration, real-time feedback loops and VoC integration
7. Supporting **remote operations, business continuity** and **self-healing systems** using AR, VR, drones and digital avatars
8. Using **conversational AI, NLP/NLU/NLG** and virtual agents for intelligent customer support and knowledge curation
9. Showcasing success in **hyperpersonalization, targeted content delivery** and **feedback-driven operations improvement** using GenAI

Observations

Enterprises are under increasing pressure to evolve into intelligent, adaptive and human-centric operational environments that integrate product, process and experience data into unified decision frameworks. However, fragmented IT and OT estates, inconsistent data foundations and siloed operational processes continue to impede the ability to act on insights at speed. As connected systems, edge intelligence, GenAI and predictive capabilities mature, enterprises are increasingly engaging midsize providers to operationalize these technologies in a way that is controlled and scalable.

Midsize providers play an important role in executing operational intelligence strategies through targeted transformation initiatives rather than large-scale disruptions. They support enterprises in implementing connected worker solutions, predictive maintenance workflows and experience-aware operational models that enhance safety, reliability and responsiveness. They offer value via tailored, industry-specific solutions that integrate with existing operational environments and are adopted by frontline teams effectively.

Real-time operational intelligence is becoming a key differentiator, enabling enterprises to align experience signals with process telemetry and move from reactive response models to predictive and proactive decision-making. This quadrant assesses how effectively midsize providers integrate intelligence, connectivity and experience design to deliver tangible operational outcomes. Providers that demonstrate strength in edge-aware architectures, operational visualization, human-in-the-loop intelligence and scalable orchestration enable enterprises to improve asset performance, enhance workforce experience and achieve continuous operational improvement without introducing excessive complexity or risks into their environment.

From the 43 companies assessed for this study, 28 qualified for this quadrant, with 10 being Leaders and one a Rising Star.

AVL

AVL anchors its positioning in engineering-led operations, excelling in validation, test automation and mobility analytics. Continued growth depends on expanding into broader IT/OT convergence and experience-driven operational models for next-generation mobility systems.

Bertrandt's

Bertrandt's strength lies in engineering operations spanning validation, testing and production support. Its next phase requires deepening connected operations, IT/OT integration and AI-enabled operational intelligence to evolve beyond traditional engineering boundaries.

BOSCH

Bosch SDS elevates operations with cognitive factories, digital supply chains, AI co-pilots, predictive maintenance, low-code/no-code automation and platform-aligned CX. Its industrial AI stack and OT/IT depth enable real-time optimization and productivity in manufacturing-heavy enterprises.

Coforge

Coforge enhances intelligent operations through AgentSphere, TrustAI, Quasar and vertical AI solutions that enable autonomous processes, governed AI interactions and personalized omnichannel experiences across diverse industry environments.

CYIENT

Cyient focuses its intelligent operations on asset and service lifecycle, factory digitization, quality and compliance. Using AI, data engineering and EIP, it optimizes condition monitoring, spares, safety and service contracts across mining, energy, utilities, aerospace and medtech sectors.

FEV

FEV maintains strong engineering-led operations in validation, testing and mobility data ecosystems. Its evolution depends on expanding into experience-oriented operations and strengthening IT/OT convergence supported by AI-enabled operational intelligence.

ITC Infotech

ITC Infotech delivers ISA-95-aligned smart factories, supply chain planning and connected products. Its Spectrum control towers, shopfloor twins, GenAI assistants and fleet solutions provide real-time visibility and decision support for manufacturing, CPG and logistics-intensive clients.

LTTS drives intelligent operations with industrial automation, smart factory solutions, digital twins and AI agents supporting line control, OEE, asset health and inspection. Its FactoryNext and AIM roadmaps anchor execution across manufacturing, aerospace and transportation.

Persistent Systems enables intelligent operations through IT/OT integration, predictive maintenance, IoT platform operations and agentic AIOps. These capabilities enhance uptime, reliability and lifecycle management across manufacturing, energy and connected device ecosystems.

Quest Global advances operational modernization via Industry 4.0/5.0 consulting, connected asset ecosystems, predictive analytics, transcription-based CX automation and hyperpersonalized assistants. Its strengths span manufacturing, renewables, industrial equipment and automotive.

MHP (Rising Star) brings a manufacturing-led intelligent operations model with strong IT/OT convergence and experience integration. Its future differentiation hinges on moving beyond SAP-centric ecosystems and accelerating GenAI-enabled autonomous operational capabilities.

Integrated platform and Application Services

Who Should Read This Section

This report is valuable for providers offering integrated platform and application services in Europe to understand their market position and for enterprises looking to evaluate these providers. In this quadrant, ISG highlights the current market positioning of these providers based on the depth of their service offerings and market presence.

Chief digital officers

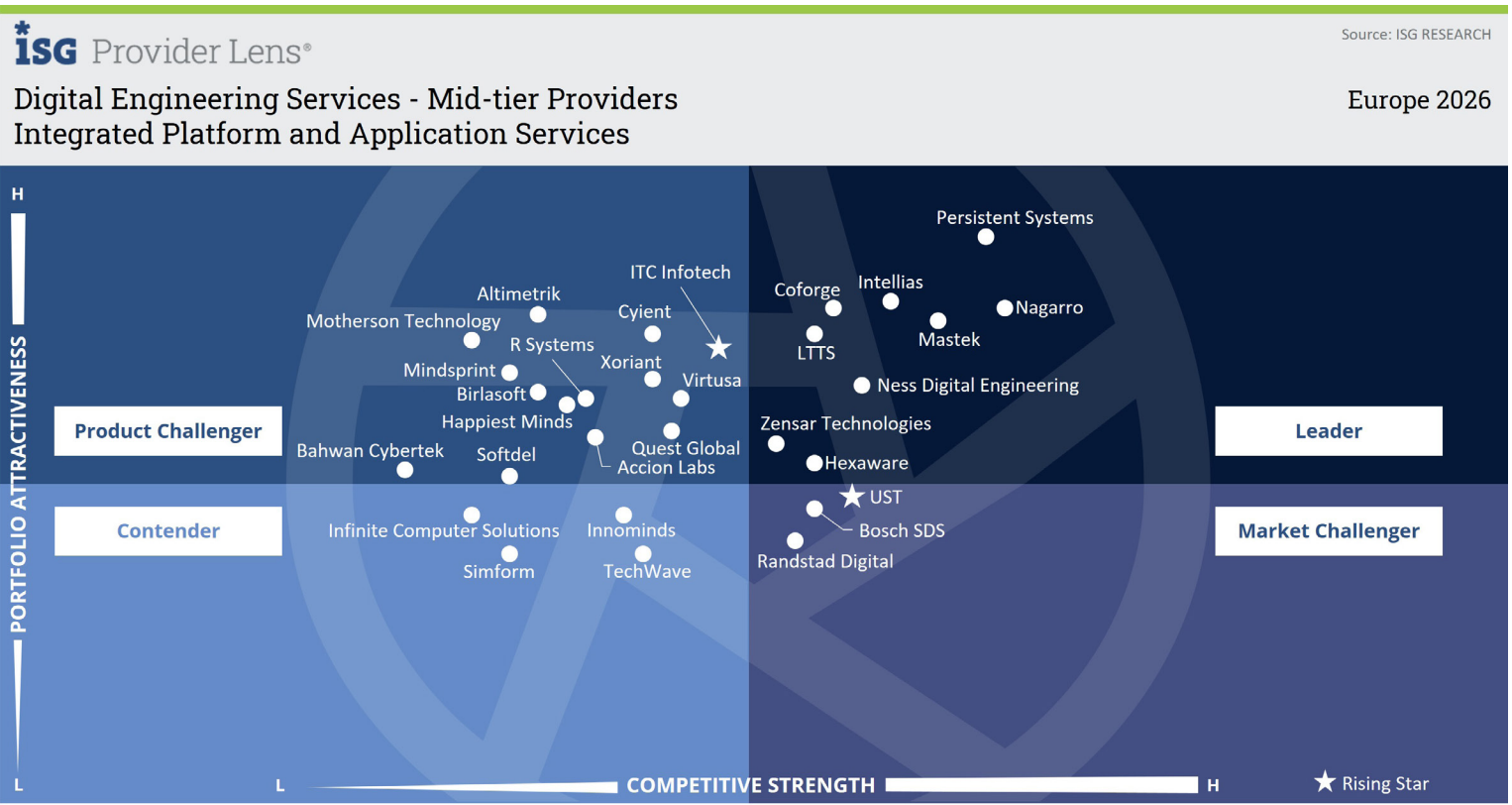
should read this report to understand the developments in the industry, enabling them to choose and partner with the right provider that can transform their digital landscapes. The report allows them to understand the provider's capabilities in terms of their execution competencies, delivery landscape, innovation quotient and strengths/opportunities areas.

Engineering leaders

must read this report to comprehend the relative strengths and weaknesses of providers offering design and development services in the digital engineering space. The report also helps them understand the capabilities surrounding the use of advanced technologies such as GenAI or agentic AI, proprietary tools and intellectual property assets that could support enterprises in achieving business outcomes and value.

Software development and technology leaders

should read this report to understand the relative positioning of providers and learn how their digital engineering offerings can impact transformation initiatives. The report also details the strengths and opportunities of areas of providers, including connected platforms and ecosystems, personalization and GenAI and agentic AI.



This quadrant assesses providers that **modernize and unify** application and platform ecosystems. Its focus areas include **cloud-native engineering, platform engineering, AI-enabled automation** and secure, composable architectures that improve speed, scalability and reliability.

Srinivasan P N

Definition

This quadrant evaluates providers' ability to design, build and manage digital platforms and applications that serve as the foundation for scalable, secure and intelligent enterprise operations, covering lifecycle management for both physical and virtual aspects of the product. The focus is on modular, cloud-native and API-driven architecture that enable rapid innovation, seamless integration and consistent UX.

Providers in this quadrant are expected to deliver platform-as-a-product capabilities, orchestrate digital ecosystems, and support microservices, containerization and behavioral intelligence. The quadrant also covers real-time experience management, multi-platform integration and the use of GenAI for content development, knowledge curation and platform augmentation.

The goal is to assess how providers help enterprises shift from product-centric to platform-centric models, enabling plug-and-play operations, simplified maintenance and enhanced reliability across the value chain.

Eligibility Criteria

1. Using **digital ecosystem orchestration platforms** to build and operate common platforms that reduce complexity and accelerate time to market
2. Delivering **integrated digital technology platforms** that connect systems, hardware and software across multi-disciplinary, cross-functional enterprise environments
3. Having the ability and implement **API strategies, microservices** and **containerized solutions** for scalable platform engineering
4. Using **cloud-native platforms** and **digital-native design** to support smart and connected product development
5. Applying **behavioral intelligence** and **predictive analytics** to real-time data from users and devices
6. Synchronizing **UX** across platforms in real time to ensure consistency and responsiveness as a feedback loop for continuous improvement across the value chain
7. Delivering **ADM capabilities** for platform and app modernization, including DevSecOps and CI/CD
8. Demonstrating experience in **multi-platform integration, code capability** and reusable module development running in parallel and in close sync with physical product platforms to support the iterations and product variants
9. Proven success in using **GenAI** for platform augmentation, content development and intelligent knowledge curation in customer-centric use cases

Observations

Enterprises seeking to modernize and scale digital engineering capabilities continue to face challenges arising from complex legacy applications, fragmented platforms and siloed data ecosystems that slow innovation and increase operational risks. As enterprises shift toward cloud-native architectures, platform engineering and product-centric operating models, they require partners that can simplify these environments while establishing secure, modular and future-ready digital foundations. Midsize providers are often engaged to address these challenges through focused, incremental modernization efforts, aligned with enterprise realities.

Midsize providers focus on composability, interoperability and architectural stability, helping enterprises with staggered modernization while maintaining business continuity. They support the unification of applications, data layers and integration frameworks to reduce technical debt and improve operational coherence. As AI becomes embedded across the development lifecycle, enterprises work with midsize providers to introduce GenAI-enabled development acceleration, automated testing, observability and governed security practices that balance innovation with control.

European enterprises also expect platform and application modernization to align with regional regulatory requirements, data governance needs and architectural sovereignty considerations. Midsized providers differentiate themselves by tailoring digital foundations to these constraints while ensuring alignment across IT, operational and engineering systems. This quadrant evaluates how effectively these providers deliver cohesive, scalable platform foundations that support continuous change. Providers that demonstrate strong platform engineering discipline and robust governance enable enterprises to shorten release cycles, improve reliability and modernize with confidence.

From the 43 companies assessed for this study, 30 qualified for this quadrant, with nine being Leaders and two Rising Stars.

Coforge

Coforge modernizes applications using cloud-native engineering, domain-driven architectures and accelerators such as CodeInsightAI and Data Cosmos. Its strong vertical depth supports product-grade, large-scale modernization of platforms and applications.

HEXAWARE

Hexaware advances transformation through cloud-native engineering, modernization frameworks, composable architectures, full-stack development and its RapidX/Tensai AI platforms. Strong low-code and hyperscaler partnerships accelerate modernization and governance.

Intellias

Intellias brings senior heavy engineering, AI-augmented SDLC models and industry-aligned reference patterns to drive outcome-focused platform and application transformation across complex enterprise environments.

LTTS delivers cloud-native engineering, integration, SRE, cybersecurity and data/AI platforms, enhanced by the Intelliswift acquisition. It supports chip-to-cloud programs, SDV platforms and industrial solutions, embedding AI and automation across the SDLC.

Mastek

Mastek delivers AI-augmented modernization, cloud-native engineering, enterprise integration, platform engineering, next-generation QA and identity/fraud analytics. Its integrated AI SDLC agent ecosystem supports accelerated delivery in regulated, mission-critical domains.

nagarro

Nagarro provides cloud-native modernization, microservices, IoT platforms, data engineering, AI and ML, RAG and agentic frameworks. Its platform services support multi-tenant architectures, hyperscaler-aligned scaling and enterprise-grade reliability for global clients.

Ness Digital

Ness Digital combines intelligent engineering, cloud modernization, data/AI platforms and agentic automation to deliver platform-centric application transformation. Its cloud-native architectures enable modernization at scale for global enterprises.

Persistent

Persistent Systems drives platform engineering, modernization and cloud-native transformation with SASVA, iAURA and GenAI Hub. Its integrated data, cloud and quality engineering approach modernizes legacy estates and enables scalable enterprise platforms across industries.

zensar

Zensar Technologies modernizes application and integration estates through AI-led discovery, domain-structured platforms and factory-style execution. Its Zens.AI and Zenci stacks unify engineering, workflow automation and autonomous operations with strong cross-industry validation.

ITC Infotech (Rising Star)

ITC Infotech (Rising Star) links mature ADM skills with accelerators, cloud modernization and data/AI services. It emphasizes faster build-test-run cycles, large-scale cloud migrations and GenAI-enabled QA and knowledge automation across enterprise application estates.

UST

UST (Rising Star) leads platform-led transformation through SmartOps, PACE, CyberProof, iDEC and Sentry Vision AI and IQ, supported by BridgePoint's GenAI engineering framework. Deep hyperscaler alliances and flexible IP and joint venture (JV) models enable co-innovation and modernization at scale.

Leader

"Nagarro integrates cloud-native engineering, platform modernization, data intelligence and agentic architectures to build scalable, AI-powered digital platforms."

Srinivasan P N

Nagarro

Overview

Nagarro is a global AI-native engineering and transformation company, listed on the Frankfurt Stock Exchange. The company offers a comprehensive range of services, including digital product engineering, cloud, AI and CX solutions, across 38 countries with about 18,000 employees. Nagarro brings a mature, human-centered and AI-native design capability that blends strategy, UX, product innovation and AI-augmented design workflows. Its Fluidic Intelligence framework elevates design beyond aesthetics into outcome-driven product strategy, using synthetic research, modular accelerators and AI-enhanced journey creation to shorten concept-to-prototype cycles.

Strengths

Cloud-native modernization backed by opinionated accelerators: Nagarro modernizes legacy cores using Atlas, mainframe modernization components and MDM/data migration assets. This is combined with API-first design, microservices, containers and DevSecOps to move clients from monolithic workloads to resilient, cloud-native platforms with embedded observability and automation.

Agentic platform layer through MosaicAI and NIA: Nagarro's MosaicAI provides the context-engineering and orchestration layer for enterprise-grade agentic systems, covering ontologies, business vectorization, evaluation frameworks and playbook sandboxes. NIA agents plug into enterprise workflows to drive cross-system automation, enabling platforms to execute multi-agent reasoning beyond simple co-pilots.

Strong data and AI platform foundations: With approximately 1,000 data/AI engineers, more than 400 projects and partnerships across Snowflake, Databricks, Dataiku and hyperscalers, Nagarro builds governed, scalable data platforms. Accelerators such as DEP pipelines, GenomeAI (Customer 360) and Causal Intelligence help clients operationalize forecasting, diagnostics and generative use cases on unified data foundations.

Caution

Nagarro's platform narrative is strong but broad. The extensive catalog of accelerators, practices and partnerships may require sharper prioritization and clearer articulation of platform IP versus custom engineering for large enterprise buyers.

Appendix

The ISG Provider Lens® 2026 – Digital Engineering Services (DES) Midsize providers study analyzes the relevant providers in the global market, based on a multi-phased research and analysis process, and positions these providers based on the ISG Research methodology.

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The research and analysis presented in this report includes research from the ISG Provider Lens® program, ongoing ISG Research programs, interviews with ISG advisors, briefings with service providers and analysis of publicly available market information from multiple sources. The data collected for this report represent information that ISG believes to be current as of May 2026 for providers that actively participated and for providers that did not. ISG recognizes that many mergers and acquisitions may have occurred since then, but this report does not reflect these changes.

All revenue references are in U.S. dollars ($US) unless noted otherwise.

The study was conducted in the following steps:

1. Definition of Digital Engineering Services (DES) Midsize providers market
2. Use of questionnaire-based surveys of service providers/ vendor across all trend topics
3. Interactive discussions with service providers/vendors on capabilities and use cases
4. Leverage ISG's internal databases and advisor knowledge & experience (wherever applicable)
5. Detailed analysis and evaluation of services and service documentation based on the facts & figures received from providers and other sources.
6. Use of the following key evaluation criteria:
   * Strategy and vision
   * Innovation
   * Brand awareness and presence in the market
   * Sales and partner landscape
   * Breadth and depth of portfolio of services offered
   * Technology advancements

Lead Analyst

Srinivasan P N
Senior Lead Analyst

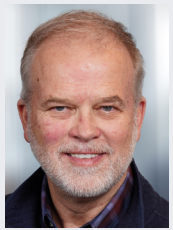
Srinivasan PN is a Senior Lead Analyst at ISG Research with over 12 years of experience in the technology and market research industry. He specializes in Digital Engineering Services, the AWS cloud ecosystem, and broader digital transformation trends, with a strong focus on how emerging technologies are reshaping enterprise IT landscapes. In his current role, Srinivasan leads and co-authors ISG Provider Lens® studies, particularly across Digital Engineering and AWS Ecosystem domains. He is responsible for developing quadrant assessments that provide actionable insights for enterprises and service providers. His work combines deep domain expertise with rigorous primary and secondary research methodologies. Srinivasan is also an active contributor to ISG's thought leadership, authoring research articles and papers that analyze market developments, technology evolution, and competitive positioning. He works closely with advisors to support enterprise clients through tailored, ad-hoc research engagements, delivering insights across industries and use cases. Prior to his current role, Srinivasan was involved in end-to-end research delivery, building strong capabilities in both primary and secondary research. His analytical rigor and industry perspective enable him to translate complex technology trends into strategic insights for business and IT stakeholders.

Study Sponsor

Iain Fisher
Director, Research

Iain Fisher is ISG's head of industry research and market trends. With over 20 years in consulting and strategic advisory, Iain now focuses on cross industry research with an eye on technology led digital innovation, creating new strategies, products, services, and experiences by analysing end-to-end operations and measuring efficiencies focused on redefining customer experiences. Fisher is published, known in the market and advises on how to achieve strategic advantage. A thought leader on Future of Work, Customer Experience, ESG, Aviation and cross industry solutioning. He provides major market insights leading to changes to business models and operating models to drive out new ways of working. Fisher works with enterprise organizations and technology providers to champion the change in customer focused delivery of services and solutions in challenging situations. Fisher is also a regular Keynote speaker and online presenter, having authored several eBooks on these subjects.

IPL Product Owner



Jan Erik Aase

Partner and Global Head – ISG Provider Lens®/ISG Research

Mr. Aase brings extensive experience in the implementation and research of service integration and management of both IT and business processes;. With over 35 years of experience, he is highly skilled at analyzing vendor governance trends and methodologies, identifying inefficiencies in current processes, and advising the industry.

Jan Erik has experience on all four sides of the sourcing and vendor governance lifecycle - as a client, an industry analyst, a service provider and an advisor. Now as a partner and global head of ISG Provider Lens®, he is very well positioned to assess and report on the state of the industry and make recommendations for both enterprises and service provider clients.

ISG Provider Lens®

The ISG Provider Lens® Quadrant research series is the only service provider evaluation of its kind to combine empirical, data-driven research and market analysis with the real-world experience and observations of ISG's global advisory team. Enterprises will find a wealth of detailed data and market analysis to help guide their selection of appropriate sourcing partners. ISG advisors use the reports to validate their own market knowledge and make recommendations to ISG's enterprise clients. The research currently covers providers offering their services across multiple geographies globally.

For more information about ISG Provider Lens® research, please visit this webpage.

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The firm, founded in 2006, is known for its proprietary market data, in-depth knowledge of provider ecosystems, and the expertise of its 1,600 professionals worldwide working together to help clients maximize the value of their technology investments.

For more information, visit isg-one.com.

ISG Provider Lens®

MAY, 2026

REPORT: DIGITAL ENGINEERING SERVICES (DES) MIDSIZE PROVIDERS