Infosys
Application Outsourcing

Vendor Assessment
Report Abstract

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Who Is This Vendor Assessment For?

NelsonHall's Application Outsourcing Vendor Assessment for Infosys is a comprehensive assessment of Infosys' application outsourcing offerings and capabilities, designed for:

- Sourcing managers monitoring the capabilities of existing suppliers of IT services and identifying vendor suitability for application outsourcing services

- Vendor marketing, sales and business managers looking to benchmark themselves against their peers

- Financial analysts and investors specializing in the application services, application support and maintenance sectors.

Key Findings & Highlights

Infosys is the second largest India-headquartered IT services and BPO services vendor after TCS. In its fiscal year (FY) 2014 (year ending March 31, 2014), Infosys had revenues of $8.2bn, a growth of 11.5%. Calendar year (CY) 2013 revenues were ~$8.1bn, up 12%.

Headcount at end of FY 2014 was 160k.

Like other Indian IT services vendors, Infosys based its initial success in IT services around application development and management (ADM), initially through contracts on applications maintenance, support and enhancements (or application management/AM).

The June 2013 return of NR Narayana Murthy as Chairman re-energized the company, and led to a renewed focus on core IT services such as application development, application management and IT infrastructure management contracts.

Part of the reason for the renewed focus on IT outsourcing is that Infosys still derives ~64% of revenues from its core IT services and needs to win large outsourcing contracts to drive revenue growth, since PPS and Finacle only represent ~6% of revenues.

The company, like the rest of the industry, has acknowledged several times that it was facing fierce price pressure in application outsourcing, due to competition. Infosys has realigned its business approach towards client intimacy, increased share of wallet and service portfolio differentiation.

Infosys is using its Strategic Global Sourcing (SGS) unit to target contracts with TCV of over $50m, looking at recompetes and new scope opportunities in application outsourcing, IT infrastructure management, and software testing. In Q2 and Q3 FY 2014, Infosys has won $1.5bn in ITO contract TCV, the revenue of which is ~8% in the first year.

The company highlights that it secured 12 large deal wins in Europe over the last 12 months. NelsonHall has identified examples of these large wins, including RWE (application management) and BMW (IT infrastructure services) in Germany.

Other relatively large contracts outside Europe have included:

- U.S: Harley-Davidson, a food product company and a large sport CPG (all three are multi-scope IT outsourcing contracts)

- Australia: a large bank (software testing) and Telstra.

May 2014

Infosys has been working for several years on further increasing the productivity within application management services delivery in order to reduce the cost of service.

Scope of the Report

The report provides a comprehensive and objective analysis of Infosys' application outsourcing offerings, capabilities, and market and financial strength, including:

- Analysis of the company's offerings and key service components

- Revenue estimates

- Identification of the company's strategy, emphasis and new developments

- Analysis of the profile of the company's customer base including the company's targeting strategy and examples of current contracts

- Analysis of the company's strengths, weaknesses and outlook.

Contents

Report Length

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