Wipro bags LIC’s 5-yr IT outsourcing deal

BIBHU RANJAN MISHRA
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In another affirmation of its growing clout in the domestic market, Wipro Infotech, the India and Middle East information technology services business of Wipro Ltd, has clinched an IT outsourcing deal from Life Insurance Corporation (LIC) by piping its large Indian rivals.

The contract, which involves upgrade of LIC’s front-end IT application programmes (FEAP) to make these accessible through the web, is said to be worth about Rs 200 crore, and will be done over five years, a highly-placed source told Business Standard. By making applications accessible through the web, LIC expects to reduce the load on its servers and improve the processing time.

Sources said LIC expected to drastically reduce the cost of running the applications by making processing happen on the desktop.

It is understood that most large Indian IT outsourcing companies, including TCS, Infosys and L&T Infotech, had competed for the contract. It was considered prestigious, not because of its size but because it involved a prestigious public sector organisation like LIC.

Aman Sankaran, head of the India and Middle East business of Wipro, said, “Discussions are still underway and therefore it won’t be possible for me to firmly comment on this.”

Analysts say the recent deals that Wipro has won, coupled with the strong pipeline the company has in the domestic market, is expected to make it the second largest player in the domestic market after IBM, which earns over $2 billion revenue from India. Sources in Wipro say that if one discounts IBM’s product revenues in India, the gap between it and Wipro’s services business in India is only about 10 per cent.

LIC is an existing customer of Wipro, which has implemented all the data warehousing for the insurance major. In the financial services sector in India, HDFC Bank and Dena Bank are two large customers.

Wipro has become aggressive in the domestic market as deal flows from the US and Europe have waned during the past two quarters in the wake of the global financial meltdown. Last quarter, Wipro won a six-and-a-half-year mega outsourcing e-governance deal from Employees State Insurance Corporation (ESIC), beating TCS and Infosys. The deal, valued at Rs 1,182 crore, involves modernisation and automation of the entire healthcare benefits administration set-up of ESIC.

Recently, the company bagged a nine-year contract from telecom services provider Unitech Wireless to set up and manage the company’s entire IT applications. The deal, said to be worth over Rs 2,200 crore, is the largest-ever win by the company in the Indian market. It is also understood to be in the race for a large outsourcing deal from Swan Telecom.

The price quoted by Wipro in most of the recent bids is said to be below industry standards. For instance, the company’s quote of Rs 1,182 crore for the ESIC bid was much lower than TCS’ Rs 1,530 crore and Infosys’ Rs 1,791 crore.

“Wipro was always present in India through Wipro Infotech and is now looking towards the domestic market due to the pressure from other geographies, which is helping them to win significant deals in the domestic market,” said Sabyasachi Satpathy, co-founder and director of Complex Consulting. Wipro derives about 22 per cent of the IT business’ revenue from India.

Infocrossing gets $34 million contract extension from Sunoco

Wipro subsidiary Infocrossing has gained a $34-million contract extension for four years from petrochemical company Sunoco, according to a Wipro release on Wednesday.

Infocrossing has been a Sunoco vendor since 1998, providing managed infrastructure outsourcing services, including servers, storage and network devices, to the latter.

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