Wipro Steps Up Insurance Play for Bigger Share of BFSI Pie

With a stable team at the top and contracts worth $7 billion coming up for renewal, IT services major hopes to record better numbers in this segment

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Wipro believes it has turned the corner in engaging with customers in the insurance vertical and its renewed focus on disruptive technologies should help it climb up the pecking order in the banking, financial services and insurance (BFSI) space, which will see contracts worth $7 billion (742,000 crore) up for renewal by the end of 2014.

Wipro has for long lagged in the BFSI space, a third behind TCS and rival Infosys. However, a stable team at the top and focus on newer geographies should help the company’s third-largest IT firm record better numbers, said a senior executive.

“We have more than turned the corner in insurance,” said Shaji Farooq, chief executive — BFSI, Wipro. “We are increasing our penetration and continue to drive growth in the insurance sector using a focused solutions-driven approach in areas such as infrastructure, analytics, and insurance-specific product-based solutions (through selective partnerships with product companies),” Farooq told ET in his first interview since taking over as the boss of the business unit in December last year.

Some experts like Jens Butler of London-based IT research firm Ovum concede that companies need to transform as per client requirements in the insurance space if they aim to become a competitive player.

“There is an appetite for change in the industry, but much of this is through an increased focus on IT projects focused on legacy system transformation and replacement,” said Butler.

Wipro’s troubles in BFSI stem from the fact that it was a late entrant in the space. Mumbai-based TCS generates more than three times the revenues Wipro gets from its financial services segment. For the first quarter ended June 30, Wipro’s BFSI unit recorded a 0.7% sequential growth compared with a 1.8% growth at Infosys while TCS saw a de-growth by 30 basis points. However, BFSI accounts for almost 4% of TCS’ revenues of 781,800 crore against 27% of Wipro’s IT services revenues of $6.6 billion for the year ended March 2014.

“Most customers in the space (financial) are spending on digital transformation and compliance/regulatory issues,” a senior executive from Infosys earlier told ET. “(Hence) we have started offering solutions.” Wipro too is eying these segments and has already put in place specific teams to help close more large deals in newer geographies, including Continental Europe and Canada.

Wipro has also benefitted from a stable team at the top with the company reporting an even smaller attrition rate in BFSI than the company’s overall attrition level of 17% for the three-month period ending June 30.

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