

## VENDOR PROFILE

### Evolution of Business Consulting: Wipro Enhances Business Consulting with Execution

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#### IDC OPINION

In early 2009, Wipro announced its new Business Transformation Practice (BTP) consulting practice as the continuation of the firm's realignment of capabilities in pursuit of a more strategic offering within its consulting evolution. This BTP service line is poised to engage senior executives, to deliver business consulting that is more firsthand and high-impact results driven for clients on a global basis. Wipro structures its BTP through three dedicated subpractices, including cost productivity optimization, product life-cycle optimization, and business transformation services. BTP enhances Wipro's consulting offerings to move upstream by becoming embedded in its clients' operations while defining long-term strategies. The firm is further focused on establishing its management of resources in this global consulting practice, as it aims to refine capabilities that address clients' most critical business objectives through a broad business transformation agenda. IDC finds:

- Wipro's BTP is designed to provide an optimal structure to engage with senior business executives, offering the option to pursue modular or cohesive subpractice specialties.
- Opportunities stem from current customer relationships particularly due to the nature of engagements focused on improvements to process, pricing, and products over the long term, which are advancements increasingly regarded as imperative.
- Wipro's BTP represents the potential for next-generation business consulting to extend engagements further along the relational continuum by delivering direct execution of operations on behalf of customers, driven by measured operational and cost improvements for a distinct point in time.

#### IN THIS VENDOR PROFILE

This IDC Vendor Profile describes the Business Transformation Practice recently launched within Wipro's consulting business. IDC examines the firm's business and go-to-market strategy related to BTP including the drivers behind this new practice, the structure of its service portfolio, methods of its services, business challenges, strengths, opportunities, and sales and pricing methodologies.

This document is part of a series of vendor profiles that will highlight various approaches to the business consulting marketplace.

## SITUATION OVERVIEW

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### Company Overview

Wipro Technologies, the global IT service business of Wipro Ltd., provides end-to-end technology solutions to large enterprises across the world, primarily in the United States and Western Europe. Its services portfolio consists of a range of offerings including IS outsourcing, business process outsourcing, IT and business consulting, architecture, application development and management, enterprise application, legacy migration, security, testing, IT infrastructure and support, and research and development services. Headquartered in Bangalore, India, Wipro generated a total of \$5.3 billion in revenue with a global workforce of nearly 99,000 at the end of CY08. The firm enjoyed double-digit growth of 25.3% that year.

Wipro Consulting Services (WCS) was formally organized in early 2008 to provide consulting services focused on business, process, quality, and technology on behalf of clients across many vertical industries, including financial services, IT, and manufacturing. WCS leverages its parent company's expertise in process engineering and IT and support services to define operational improvements. The firm's consulting practices have emerged from areas of recognized proficiency, as WCS approaches client engagements through established practical frameworks applied via delivery within the client's unique culture.

Wipro Consulting Services employs approximately 1,200 practitioners worldwide, across the United States, Western Europe, India, and Asia/Pacific. Revenue across WCS service lines accounted for more than \$100 million at the end of CY08, with an anticipated year-over-year growth rate of 20% in CY09. In its first year of operations, the Business Transformation Practice of Wipro Consulting had 20 engagements globally, with more than 100 dedicated consultants. The largest BTP deals are worth \$5 million to \$20 million and are typically multiyear contracts. Wipro's Business Transformation Practice is a global practice, with clients and local BTP teams in the United States, Europe, and JIMEA (Japan, India, Middle East, and APAC) that are supported by a global staffing model.

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### Company Strategy

While Wipro has long-established and deep industry-specific experience, only through the recent alignment under BTP has the firm formalized its offerings under a broad umbrella of business transformation. With the clear goal of extending its relationships with executive-level clients, Wipro has realigned its consulting competencies across technology, business, geographies, and industries to establish a distinct offering for business strategy. Wipro's BTP professionals seek to "change the conversation" they have with senior executives from suggestions for improvements to operations and technology to a conversation focused on broad business impact. The firm seeks to seize the opportunity to expand its client relationships upstream, by providing significant value to overall business planning and execution.

Wipro Consulting Services has developed its practices with a focus on technology, process, and productivity optimization services for Fortune 1000 clientele. Through its Business Transformation Practice, Wipro seeks to leverage its 30 years of experience

in creating new operating models and improving business performance for clients for the most significant transformations. The vision for BTP is to address the needs of senior executive clients with a top-down approach that spans Wipro's spectrum of services from providing a road map to aligning clients' business objectives, to hands-on operational execution. The methods and design of this practice are aimed at helping customers realize improvements by performing operations directly in conjunction with defining the client's strategic business transformation needs. This combined approach allows Wipro's practitioners to distinguish areas for improvements that link directly to greater profitability while offering detailed insight into specific operational improvements beyond traditional "best practice" approach. The hands-on operational work boosts the level of engagement Wipro has with each BTP client. The goal of the dedicated consultants is to focus on further client involvement and deepen the functional relationship.

Support from the firm overall is critical for the success of this new practice, because BTP relies on leveraging existing Wipro client relationships, staffing, and sales organization. The firm's strategy that enables its BTP offerings focuses on the following:

- ☒ **Competency:** Wipro has invested in hiring seasoned senior leadership with distinct strategy consulting and industry-borne leadership experience. The firm is actively recruiting specific talent, from internal and external sources, to address senior executive needs as well as the needs of the consulting delivery organization within BTP.
- ☒ **Timing and resources:** Engagements under BTP combine customized advisory and hands-on delivery of operations on behalf of clients for a defined period of time — requiring the right consultants to be at the right place at the right time. Consultants and practitioners throughout WCS are identified through a system referred to as "soft tagging" to facilitate and identify the right resources at the right time. BTP has undertaken major networking, communication, and education activities within Wipro to accelerate collaboration with existing service lines (e.g., BPO and ITO) and vertical industry business units to bring its transformation offerings to market.
- ☒ **Location:** Client engagements are tailored to address geographic-specific considerations, such as regulatory, compliance, and local labor laws, as well as the specific needs of each client. Wipro has a roster of global locations of operation, including 55 centers of excellence, and infrastructure supported by the parent company throughout. BTP operates as one global practice, seeking to leverage its global consulting experience, across industry and geographic reach, to serve direct business result to executive-level clients. WCS aims to provide clients a blend of consulting and outsourcing services on demand and on location driven by their global footprint. The depth of Wipro's local market knowledge offers clients a substantial benefit, considering most client organizations that hire Wipro are large, complex global enterprises. The firm aims to serve the client in whichever markets it has locations of operation.

The size of Wipro's overall operations, combined with soft tagging its consultants, is fundamental to the offered value of WCS' Business Transformation Practice. The

approach to embed consultants within a client organization for a specific period of time can enhance the depth of insight these consultants gain into their customers, and is intended to increase senior executive interest in the findings. However challenges arise from blending consulting and outsourcing activities. The business model for consulting (time and materials) differs from outsourcing (fixed fee/duration).

A key characteristic the practice exhibits is the ability to provision for agility and flexibility. WCS seeks to balance an agile workforce and an optimal service offering. To appropriately assign resources, Wipro has developed the ability to soft-tag consultants with domain and client expertise and facilitate assignment based on those tags and client requirements. The benefits for clients are results-driven improvements delivered by appropriately experienced consultants that drive profitability and position Wipro for greater engagement with each client.

### ***BTP Market Positioning***

The Business Transformation Practice targets senior executives of both existing Wipro clients and potential new clients. Practice leaders expect approximately 60% of business to come from existing customers.

For existing clients, Wipro seeks to change the conversation with its traditional client base within IT and engage business leaders in discussions on how all of Wipro's services line helps to create "game changing" strategies and business models in their industries. The firm reports that these discussions are often initiated by customers that hope to pull improvements provided by one Wipro engagement (such as technology, a business process, or productivity innovation) into other areas of their business.

For new clients, the firm seeks to use the BTP as a strategic entry point to help executives address their "top of mind" business challenges. Companies across industries are rethinking their operating models to reduce costs and increase revenue to enhance their competitive position. Wipro finds these challenges to be especially relevant as the world economy recovers from the economic crisis, but is particularly acute in financial services, technology, telecommunications, retail, and manufacturing sectors, and is directing its resources toward these industries.

The transformation agenda addressed by BTP has been driven by customer demand. Clients ask the firm to partner with them to develop new operating models, and the corresponding business cases. Often, the same clients then pursue advisory for implementing recommendations, along with metrics that ensure they realize the full benefits from their new business operations. According to current IDC research, client organizations are focused on cost control and expense management, with nearly three-quarters of client organizations reporting a corporate strategy of managing costs through the downturn. And cost control will remain a dominant priority for clients through the beginning of the recovery cycle. And while cost control is a key corporate strategy, consultancies, like Wipro, should be aware that when enterprises engage business consultants, the focus of engagements is more equally split between controlling costs and expanding the business into new areas of opportunity. This is a shift from earlier in 2009, when more organizations were engaging consultants for

cost control projects only, and indicates that enterprises are increasingly looking for help to reposition their companies.

The current global recession intensifies the pressures on enterprises to reinvent their operating models in order to generate greater revenue at a lower cost. Wipro believes that most companies have already squeezed out easy costs and found the obvious, derivative revenue opportunities. The next level of performance improvement requires a more innovative and dramatic approach. Leaders of the Business Transformation Practice indicate that in 2009, demand increasingly stems from clients seeking to return to core business operations. This effort leads firms to offload noncore operations directly to Wipro as a business partner to share both the risk and the return. Wipro sees this fundamental opportunity to deliver performance improvement as the critical need that its Business Transformation Practice fulfills.

### ***The Subpractice Approach***

Nearly 80% of Wipro BTP's current engagements fall into one of the three major subofferings. Each of the three subpractices is an appropriate entry point for Wipro to expand the client relationship.

The three current subpractice areas under Wipro's BTP are:

- ☒ **Cost and productivity optimization:** It involves a methodical deep-dive into the various layers of an enterprise's business and IT operations to systematically impact the entire value chain, optimize spending, and improve productivity. Clients may pursue a CPO engagement when they need to gain capacity from the organization or if they are seeking new capabilities, or methods of expansion.

The CPO process is fully customizable to each client, yet is structured as a modular experience, allowing this approach to be applied across industries. CPO is designed to offer a flexible, efficient delivery timetable with lower capital expenditure. Experiential quantitative modeling tools are built using past engagement experience and industry benchmarking data to improve the efficiency of data collection and the quality of our cost optimization analysis. Analysis utilizes cost levers in operations, organization, governance, technology, and strategic alignment to reduce costs and better align spending with business objectives.

- ☒ **Product life-cycle optimization:** A process is designed to help clients realize additional value across product management activities from product commercialization through growth, maturity, and legacy support. Some clients may have to pursue radical transformation involuntarily, as a result of shifting market dynamics or reduced product viability.

The PLO offering helps product owners identify new product and market opportunities and prioritize large and profitable segments. By systematically incorporating customer input in the product planning process and defining product differentiators to position products against competitors, PLO helps reduce ongoing product engineering and support costs.

☒ **Business transformation services:** This allows clients to rapidly transform their business operations into more agile, growth-oriented, and customer-focused initiatives but is based on a less structured process than CPO or PLO. Regardless of the process, BTS engagements focus on three essential spokes: human capital management, process improvement/alignment, and technology/infrastructure optimization.

The offering leverages frameworks and tools to engage clients in designing, adopting, and running new business models efficiently. Leveraging frameworks also ensures that change occurs quickly enough to meet business requirements.

There does not appear to be a predetermined order to these engagements, rather the completion of one engagement could lead with equal frequency to each of the others. Clients may engage Wipro for a specific suboffering, though the aim of Wipro's BTP is to integrate each suboffering into broader more comprehensive engagements. In many cases, disciplines or capabilities from one suboffering will be drawn upon to achieve goals within another. Combinations and interactions between practitioners are quite common and often anticipated by Wipro engagement managers.

An example of this interconnectivity is a client that seeks to lower the net cost of servicing customers through support channels. That client may initially engage with Wipro for a PLO engagement; however, the process optimization skills and techniques from the CPO team are also leveraged to fulfill the objectives.

Flexibility of either single modular engagement or comprehensive servicing is essential to the value of the BTP. Further, the ability of the practice to integrate with the broader WCS consulting service lines provides senior leaders with increased flexibility for optimal effectiveness.

Wipro anticipates each of these three subofferings will individually be in demand during the coming 12–18 months, as each area addresses critical business issues that are top of mind in today's challenging business environment. However, in the current economic environment, comprehensive BTP engagements, which typically take several years to complete, will be unlikely.

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## **Managing Delivery of Wipro's BTP**

The WCS Business Transformation Practice operates globally as a single practice staffed by a combination of dedicated and shared resources. Senior practitioners go to market in "major theaters" of APAC, Europe, and the United States, with a delivery organization in each geographic location. While the BTP itself is small relative to the delivery organization, access to market-specific resources allows for on-demand utilization of consultants within a region. Teams can also be staffed with practitioners from multiple geographies by way of Wipro's soft tagging related to each consultant's specific field of designation.

Wipro's ability to exhibit flexibility in staffing the Business Transformation Practice will be a key to its success. The firm "soft tags" its consulting practitioners to enable a flexible staffing approach by having its consultants designate to an area of strength or

an area of interest and facilitate managers selecting team members based on those designations.

To ensure consistent delivery, Wipro has designated a global practice leader for each BTP suboffering. The BTP practice leader has primary accountability for:

- Ensuring engagement quality and success
- Defining the suboffering
- Establishing frameworks, methods, and tools to ensure quality deliverables

Wipro intends to leverage internally created thought leadership to create marketplace visibility. White papers, articles, and speaking engagements that disseminate their approach and understanding of transformation issues present opportunities for the practice to showcase senior BTP practitioners' experience. Wipro has codified this expectation within the goals and objectives of senior BTP practitioners, and senior leaders actively track progress against these goals.

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## **Servicing Clients**

Overall, Wipro services its clients through a combination of traditional and original methods. Each client is assigned to an Account Executive, who is responsible for nurturing relationships with the client to identify, pursue, and manage Wipro's business with that client. Individual service lines such as BTP work with and through the Account Executive to understand and address client needs.

A senior member of the BTP team manages engagements with accountability to the client Account Executive. Because of the often broad and strategic nature of these engagements, the engagement team is frequently staffed with practitioners from both BTP and other service lines. For business transformation engagements, the client Account Executive, Industry Vertical Head, and BTP Group Head are each alert to delivery or business issues to ensure quick resolution and ultimate client satisfaction.

In 2009, WCS has hired more than 20 senior level consultants, with highly specialized vertical backgrounds. This group of consultants works directly with clients in an effort to establish expectations that clients will have access to top advisory consultants.

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## **Go to Market: BTP's Metrics for Success**

Throughout WCS, realized bill rates are tracked at the practice level. Wipro believes this is a useful measure of its ability to position the BTP value proposition with clients and deliver on that expectation. Wipro believes billable work is only one metric for success. BTP has a broader goal of generating wider and deeper engagements of Wipro Consulting and Wipro Technologies to create transformation business value for clients.

The firm tracks the interplay between BTP and the broader WCS practice areas. Wipro measures the effect BTP has on the broader WCS by tracking leads it passes on to the other consulting lines. The rate of referral from one practice to another is

also an important metric for BTP. Wipro expects BTP engagements to involve other Wipro service lines and at least 80% of engagements to generate additional business opportunities for those services lines.

Wipro's BTP practice attempts to distinguish itself by moving toward a more risk-reward pricing model, which the firm believes will become increasingly attractive to its consulting clients. In outcome-based pricing, Wipro identifies areas of cost reductions and factors a gain sharing arrangement into the contract fee. The firm believes this method leads them into bigger, more complex engagements, because the firm and client are sharing the risk and reward. They have found that these engagements meet profitability targets for Wipro and payoff targets for its clients.

While the vast majority of engagements remain fixed deliverable type contracts, the firm reports that about 20% of its BTP engagements are risk-reward arrangements. The firm also uses a time and materials approach if the scope and outcome are unclear.

### ***Competitive Differentiation***

As a large, global provider of IT, outsourcing, and consulting services, with a current workforce nearly 100,000 strong, Wipro offers tremendous scale opportunities across all major industries and geographies. The firm is thus well positioned to serve the largest and most complex enterprises with deep and broad change.

By closely monitoring demand for various services, BTP provides services in all geographic markets their clients operate. As demand for services shifts from one location to another, an on-demand delivery model allows Wipro to expand or contract its delivery capability. Such agility allows the firm some control over its profitability in each region. Successful use of tagging consultants and other professionals for BTP engagements may lead to more extensive tagging of resources to better service geographically dispersed clients.

Wipro believes its Business Transformation Practice business will come from both existing and new clients, driven by client requirements to get operationally "leaner" and remove costs from product development processes. BTP is regarded within WCS as the "thin layer," where a heavy amount of business operations and strategic configuration takes place. The ultimate goal for the BTP is thus to either create spin-off engagements or receive spin-off work from other Wipro consulting clients.

## **FUTURE OUTLOOK**

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### **Challenges and Opportunities**

In its first year of operations, Wipro has made a strong commitment to support the launch of its Business Transformation Practice. Wipro has made significant investments in networks and communications that allow practitioners to tap into broader WCS assets and resources and facilitate cross-practice collaboration. Senior practitioners with industry-specific experience have been hired from strategic consulting competitors.

Initial marketplace response among both current and new clients appears encouraging. To date, Wipro has completed several dozen engagements across the three major subofferings over the past few years, including the period before the formal practice formation. BTP leaders report having more than 20 engagements under way worldwide in 3Q09, contributing more than \$100 million in consulting revenue.

The significant challenges and opportunities faced by BTP in 2010 that initial investments and early marketing suggest are explained in the sections that follow.

### ***Wipro's Key Challenges***

- ☒ Wipro faces formidable competition among legacy strategy firms and must prove its credibility in order to migrate its brand as an experienced strategic consulting firm.
- ☒ Dedicated sales and marketing resources must overcome longer selling cycles during a challenged economy and position this practice appropriately in different geographic regions.
- ☒ Proving its capabilities and expertise value in a competitive marketplace of strategy consultancies poses a significant challenge. Wipro may still have to make significant investments in hiring before it can close the credibility gap with some of its toughest competitors in this space, such as Accenture, Deloitte, PwC, and IBM.
- ☒ New challenges arise from blending consulting and outsourcing services.
- ☒ The recessionary economic climate generally creates a lower threshold for business risk. Many clients will need to make a business case to executives and boards where the question will be raised if 2010 is the best time to consider dramatic upheaval or invasive approach to product/pricing and process transformation.
- ☒ Achieving a balance between point-in-time consulting engagements with defined goals and outcomes that may lead to repeat business engagements from clients and remaining onboard as a continuous business partner. Finding a balance of resource allocation and growth opportunity may be part of the learning curve in determining how this service line fits into the overall WCS and Wipro economics.

### ***Wipro's Key Opportunities***

- ☒ Offering its subpractice areas in a modular and/or comprehensive fashion allows executive customers to initiate and deploy change in one area, incrementally build upon that change, and then tie it all together through a unified, strategic approach. Executive clients are more apt to respond to the incremental services for both fiscal and results-focused decision making.
- ☒ Through the modular implementation approach, WCS will more clearly understand the specific areas of concern in key sectors, enabling the BTP to formulate industry-specific models over time.

- ☒ The combined consulting and embedded outsourcing approach allows Wipro's practitioners to distinguish areas for improvements that link directly to greater profitability while offering highly customized, detailed insight into specifics beyond traditional best practice approach.
- ☒ The hands-on operational work boosts the level of engagement Wipro has with clients, deepening its relationship with BTP clients through dedicated focus and client involvement.
- ☒ The risk-reward pricing model is an opportunity to demonstrate commitment to client success. The firm believes this model will become increasingly attractive to clients and will enable the new BTP to win some of its early engagements.
- ☒ Difficult economic conditions often result in involuntary transformation requirements. Focusing on both the transformation and the execution provides BTP with a strong offering to assist clients facing difficult circumstances.

WCS is creating its assets (methodologies and frameworks) and solutions by drawing upon the firm's resources of matured service lines in IT and operations. Through developed, efficient replicable frameworks, Wipro can increase its ability to win contracts that leverage the best practices customers are already pursuing with the firm.

Clearly defined metrics enable the client success rate for BTP to be measured against the overall WCS capability and make contributions visible to the internal organization, allowing for a distinct business case to be made for ongoing collaborative relationship between BTP and other WCS service lines.

## ESSENTIAL GUIDANCE

### **Success Criteria When Changing Corporate Strategy**

It is clear that Wipro is continuing its evolution as a consulting provider. And, like other providers, Wipro faces difficulties and opportunities with this evolution. Changing strategic relationships with clients is particularly difficult. IDC will be watching Wipro and other providers to observe their ability to maximize:

- ☒ Distinctive capabilities such as particular skills, process and culture, and/or positioning, such as access to resources, locations, technology, or customers relative to competitors
- ☒ Sustainable distinctiveness that cannot easily be copied and will not soon disappear
- ☒ Opportunities for growth in customer segments targeted by the value propositions

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## Advice for Wipro and Other Consultancies

Wipro is dedicated to evolving its consulting business throughout times of broad growth, but also during recessionary economies. Expansion on a global basis has remained the firm's business approach since the 1990s; however, the extension from technology-based consulting and into business consulting is clear only in the past decade.

The firm needs to demonstrate and promote its distinctive capabilities as a strategy firm, as it competes against traditional firms such as McKinsey, Bain, and PwC, which can cite experience and successes over the long term. Wipro is able to leverage its process product engineering and core technology assets to attract clientele from these key industries. Any noncore work Wipro undertakes from its clients outside of these areas must fit within strategic objectives.

Consultancies that pursue global growth opportunistically must complete regional and vertical analysis before committing finances and resources. Determining the added value from both broad and deep shifts in approach requires predictive analysis toward investment allocation — which Wipro must assess for profitability.

Wipro must protect its core business to grow its new business across multiple regions. Managing costs down and leveraging resources to both senior advisory and operational levels requires both macro- and microlevel monitoring of business success.

The firm must distinguish itself as a brand in the competitive consulting marketplace. It has been recognized for its abilities to help its clients capitalize on broad waves of change during previous periods of economic challenge. Wipro stands to receive credit for seizing the same opportunities for itself.

## LEARN MORE

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### Related Research

- ☒ Economic Crisis Web page: [www.idc.com/research/economic\\_crisis/index.jsp](http://www.idc.com/research/economic_crisis/index.jsp)
- ☒ *Worldwide and U.S. Business Consulting 2009–2013 Forecast Update: Recovery in Sight* (IDC #220344, October 2009)
- ☒ *Summer Nurture, Fall Harvest — Cost Control May Be the Fertilizer to Growth* (IDC #cUS21960409, August 2009)
- ☒ *Worldwide and U.S. Business Consulting Services by Service Line 2009–2013 Forecast* (IDC #218171, May 2009)
- ☒ *Worldwide and U.S. Business Consulting Services 2009–2013 Forecast* (IDC #218122, April 2009)
- ☒ *IDC's Worldwide Services Taxonomy, 2009* (IDC #216433, March 2009)

☒ *Economic Crisis Response: Worldwide and U.S. Business Consulting 2008–2012  
Forecast Update (IDC #215587, December 2008)*

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