

Indian IT firms win more clients by banking on consulting

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Top Indian players plan to significantly increase consulting capabilities.

As Indian information technology (IT) services firms were trying to tide over the global uncertainties by winning quality clients and extracting more businesses from their existing accounts, consulting is set to play a major role in this effort.

Most of the Tier-I suppliers including TCS, Infosys, Wipro, Cognizant and HCL who started focusing on consulting practices at different points of their journey, have started to reap the benefits in recent times. These companies are seen aggressively increasing their consulting capabilities to become a preferred partner of their clients.

For example, Wipro started its consulting practice almost three years ago under the leadership of T K Kurien, the present CEO of its IT business. Since then, the share of consulting in their overall bouquet of offering has been steadily increasing.

The company started with a consulting-driven model of engagement with its mega and gama accounts almost 18 months ago, for better client mining. Today, the company says its average revenue from top 10 clients has gone beyond \$100 million as compared to about \$72 million a year ago.

“It is definitely having an impact. We pioneered this model with six of our top-20 accounts on a trial basis, and subsequently rolled out the remaining ones. Now, our consulting services is working closely with 22 of our top 60 mega and gama accounts. We plan to take it to the remaining accounts within 18 months,” said Kirk D Strawser, Managing Partner and Global Head, Wipro Consulting Services.

In the next three and a half years, Wipro plans to more than treble its number of consultants from 1,500 to about 5,000.

Infosys, which has recently announced to position itself as a global consulting and system integration major, leveraged its consulting capabilities to a greater extent to mine its accounts better. In the quarter ended June 30, the company’s number of \$50-million-plus customers has gone up to 31 from 28 a quarter ago. TCS, India’s largest software exporter, has increased its number of \$100-million-plus accounts to 10 in the first quarter of FY12 from eight in the previous quarter.

NEW WINDOW		
Name	Consulting revenue share (%)	No of consultants (Aprox)
TCS	2.2	(NA)
Infosys	25.0*	2,000
Cognizant	(NA)	2,500
Wipro	3.1	1,500
<i>*This includes Infosys' consulting and enterprise solutions revenue share. It does not give consulting revenue separately</i>		

HCL Technologies, which announced its financial results this week, leveraged the consulting strength of HCL Axon to successfully bid and win many large accounts during the period. In the first quarter of 2011, Cognizant had said its consulting strength played a major role in helping customers manage their businesses for generating additional revenues. Cognizant has over 2,500 consultants on its rolls.

“Our ability of winning deals in the area of business transformation has changed dramatically over the years. It is difficult to win a transformation deal of \$400 million today. But the journey what we have embarked upon will take us there,” says Infosys COO S D Shibulal, while talking about the company’s next phase of journey where consulting will play a major role.

Infosys currently has about 2,000 consultants and plans to add 8,000 more in the next three to five years.

Reasoning out Indian IT firms’ increased focus on consulting, industry analysts say that consultants help their respective companies to build a stronger relationship with the clients by offering end-to-end services.

“It is interesting to see that the Indian IT services players are winning lots of transformational deals leveraging the consulting capability and creating consulting and solution oriented module than transactional module,” said Amneet Singh, VP, Global Sourcing, Everest.

Among the India companies, Infosys is perhaps the earliest one to set up an independent consulting, on the lines of Accenture. Wipro started developing consulting capabilities about three years ago, leveraging its capabilities in the IT business. TCS’ approach was somewhat similar to that of Wipro. Cognizant followed a strategy of hiring MBAs and business graduates and leverage them in consulting roles.

However, Indian players are still in the early phase of the journey, say analysts. “The Indian firms have to cover a fair amount of ground with an aim to come closer to the likes of IBM, Accenture and Capgemini,” added Singh of Everest.