Wipro Sees Sun Shine in Energy

Co president Anand Padmanabhan says many top clients setting up India R&D centres

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Bengaluru: India’s third largest software exporter Wipro expects a pickup in its key energy and utilities business, as top clients look to increase outsourcing in a desperate bid to cut costs, amid a tough operating environment due to falling oil prices that have collectively wiped off about $400-billion worth of market capitalisation for the world’s largest oil and gas companies. Some of the company’s top clients are planning to shift a large number of their technology projects to low-cost destinations such as India and in the process are setting up large R&D centres in places like Bengaluru, said Wipro president Anand Padmanabhan in an interview on Wednesday. These clients are also looking to outsource more work to vendors such as Wipro, which has traditionally been a strong player in the energy space.

“If you look at (global) capital spend reduction, it’s about $150 billion annually — that’s the amount of impact it (oil prices) has had in a year. So what (oil companies) are doing is significantly reducing spending and driving work to low-cost locations. So Bengaluru and other locations in India have become very attractive for setting up R&D and IT centres,” said Padmanabhan.

As part of its strategy for the next 3-4 quarters, Wipro is significantly scaling up automation for clients in the energy and utilities space and looking to enter new oil-rich geographies such as South Africa and the Middle East, through increased investments and small acquisitions, Padmanabhan said.

To accelerate automation, Wipro is taking some of its new-age technology platforms, such as its cognitive computing platform Holmes, to top energy customers. Padmanabhan, however, conceded that the company had been impacted by a clampdown in budgets from some of its top oil and gas customers who have been hamstrung by falling oil prices over the past year.

“In the short term, as long as the reduction happens there will be a clampdown in IT spending and there will be some impact — which is what has happened in the last one and a half quarters. The immediate short-term impact will be there, but the upside will kick in over the next few quarters,” said Padmanabhan, who has now headed the energy and utilities business for over five years. Over the past 12 months, the world’s largest oil and gas companies have been hamstrung by falling prices.