

# Management Discussion and Analysis.

## INDUSTRY OVERVIEW

### IT Services

Global economic activity experienced a sharper-than-expected slowdown in the fiscal year 2023. With central banks raising interest rates and food and energy prices coming down, global inflation is gradually subsiding. This has resulted in marginal improvement in business and household buying power.

The near-term outlook remains highly uncertain with downside risks from the unpredictable course of the geopolitical conflict in Europe, continued impact from tighter monetary policy, inflation and recession fears, pressures in global energy markets reappearing, and financial market volatility. Rapid tightening of fiscal policies has exposed vulnerabilities both among banks and non-bank financial institutions, with fluctuations in financial conditions due to shifts in market sentiment. This may result in slowdown in demand in certain markets and lead to delayed decision making.

Technology spending is forecasted to increase with enterprises investing in value-driven transformation focused on areas like cloud transformation, automation, integration of AI, data analytics and cyber security as their top priorities. The demand for digital transformation and infrastructure modernization will continue to drive growth for the industry with accelerated adoption of digital and emerging technologies, such as next generation AI, augmented reality (“AR”), virtual reality (“VR”), extended reality, web3 and metaverse, 5G and edge, cyber and bio convergence. While emerging technologies will disrupt industries, they will also pose new risks in the areas of data privacy, surveillance and ownership.

Global IT service providers are equipped to support enterprises across various industries to overcome the current challenges, with a wide range of offerings in software development, digital transformation, IT business solutions and consulting, research and development, technology infrastructure and business process services.

The IT services industry is expected to accelerate and drive decisions in fiscal year 2024 based on investments



made by clients in cost optimization, operational excellence, digital transformation, vendor consolidation, productivity improvement, customer experience programs, innovation in products and services, talent management, future of workplace and workforce, and environmental, social, and governance initiatives.

According to the Strategic Review 2023 published by NASSCOM (“**NASSCOM Report**”), revenue for the Indian IT services’ sector is expected to witness growth of 8.3% year-on-year in fiscal year 2023, led by IT modernization including application modernization, cloud migration and platformization. Digital revenues are estimated to account for 32%-34% of total industry revenue, growing at 16% annually in fiscal year 2023. IT services contracts will include a significant digital component, led by digital transformation, cloudification, platform engineering, AI, building software-as-a-service (“**SaaS**”) enabled products and associated consulting services.

According to the NASSCOM Report, next-generation technologies, such as sensor technology, smart robots, autonomous driving, computer vision, deep learning, autonomous analytics, AR/VR, sustainability technology, edge computing, distributed ledger, spacetech and 5G/6G are expected to witness twice the average growth in fiscal year 2023.

The NASSCOM Report estimates that revenue for the engineering services sector will grow 11% year-on-year,

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reaching \$41 billion in fiscal year 2023, led by increasing softwarization of equipment and devices, ad cloudification, next-generation connectivity solutions (e.g. Industrial IoT), autonomous tech, 5G, cloud engineering, EV technology (e.g. electric batteries) and digital engineering (e.g. platform engineering and device-as-a-service).

Enterprises are prioritizing cost takeout and operational excellence initiatives and are bearish on discretionary spends. Significant opportunities exist as clients realign vendor portfolios. Industry verticals such as Banking & Financial services, Hi-tech, and Retail & Consumer are showing signs of caution in their technology spending in response to financial market instabilities, cost pressures, lingering inflation, and weak consumer spending. Telecom clients are expected to prioritize monetizing their 5G investments while verticals such as Healthcare, Utilities, Automotive are expected to be the bright spots and stay resilient.

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### IT Products

According to the NASSCOM Report, India's domestic market for hardware is estimated to be \$17.4 billion in fiscal year 2023, compared to \$16.6 billion in fiscal year 2022, and overall revenue for the hardware industry is expected to be \$17.8 billion in fiscal year 2023, compared to \$17 billion in fiscal year 2022. The growth is expected to be driven by computer hardware and peripherals due to remote work, online learning, rise of e-commerce, and government initiatives that increase digital and internet connectivity. The Indian domestic hardware market will continue to grow due to the demand for remote networking infrastructures.

### ISRE

The Gol is accelerating digitalization initiatives, with increased IT spending driven by the its Digital India initiative, focused on citizen experience and digital inclusion. According to the NASSCOM Report, the Gol played a prominent role as both adopter and enabler for technology adoption through various Gol initiatives like 'Make in India' and the ease of doing business, and Production Linked Incentive (“**PLI**”) schemes for foreign companies, as well as by reworking legacy labor laws and agricultural policies.

In fiscal year 2023, the Gol and Indian public sector enterprises are expected to spend \$9.5 billion on technology with an increased focus on cloud, with the NASSCOM Report indicating an additional investment of \$2-3 billion in cloud alone.

New-age technologies have been adopted across various industries, and India's central and state governments are expected to invest \$2-3 billion more in these technologies.

Per the Gol budget for fiscal year 2023, as well as updates to India's data protection laws, the Gol continues to encourage investment in data centers with the intent to make India a data center hub. Given the consolidation of trends and customer needs in the IT Services segment and ISRE segment, effective as of April 1, 2023, we will be merging the ISRE segment with the IT Services segment.



## BUSINESS OVERVIEW

With over 75 years of innovation, Wipro is a purpose-driven, global technology services and consulting firm with over 250,000 employees across six continents, helping our customers, communities and planet thrive in the digital world.

We are recognized globally for our strong commitment to sustainability. We nurture inclusivity as an intrinsic part of Wipro's culture. Our deep resolve to improve the communities we live and work in, is appreciated by our customers, investors, analysts, and employees.

We aspire to be a 'value orchestrator' to our clients – an end-to-end digital transformation partner that delivers personalized outcomes through holistic solutions. To achieve this, we proactively conceptualize, orchestrate and seamlessly deploy value by bringing together domain knowledge, technologies, partners and hyperscalers to solve complex problems for our clients.

Wipro's holistic portfolio of capabilities and ability to navigate vertically and horizontally across ecosystems helps our clients achieve competitive advantage. Our focus is to maximize business outcomes by converging themes across industry domains, products, services, and partners as we develop and deliver tailored business solutions for our clients.



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This combined with operational excellence, automation, higher productivity and integration of consulting and technology practices strengthens our ability to deliver industry solutions effectively and at scale.

We are focused on building long-term relationships with customers and tightly aligned visions and outcomes structured through a highly governed and co-managed engagement process.

Our IT Services segment provides a range of IT and IT-enabled services which include digital strategy advisory, customer-centric design, consulting, custom application design, development, re-engineering and maintenance, systems integration, package implementation, global infrastructure services, analytics services, business process services, research and development and hardware and software design to leading enterprises worldwide.

Our IT Products segment provides a range of third-party IT products, which allows us to offer comprehensive IT system integration services. These products include computing, platforms and storage, networking solutions, enterprise information security and software products, including databases and operating systems.

Rather than sell standalone IT products, IT products act as a complement to our IT services offerings. Our focus continues to be on consulting and digital engagements, with a more selective approach in bidding for SI engagements.

Our ISRE segment consists of IT Services offerings to organizations owned or controlled by the GoI and/or any Indian State Governments. Our ISRE strategy focuses on consulting and digital engagements with ISRE Customers.

## STRATEGIC OVERVIEW

### Our vision is to:

- Be a trusted partner to our clients in their transformation journey and enable them in achieving leadership in their respective industries;
- Orchestrate value for our clients as part of their transformation journey through sector focused 'Business Solutions', 'Digital' and 'Technology' capabilities, cutting edge innovation, leveraging our strategic ecosystem partnerships and our world class talent; and
- Stay resolute in our commitment to the environment, societies and communities in which we live and work.

It is our ambition to be the 'orchestrator of choice'— where we bring together entire ecosystems, technologies, partners, and hyperscalers to solve complex business and technology problems for our clients.

We aim to be a true global leader in our industry, one that is fast-growing, dynamic, and innovative, is constantly reinventing itself and is attracting the best talent from different industries.

We realize our ambition through our strategy, which is defined in the context of five strategic priorities: Accelerate growth, strengthen clients and partnerships, lead with business solutions, building talent at scale and operational excellence.

### 1 Accelerate growth—Focus and scale

We have prioritized specific sectors in the chosen geographies/markets, and we will accelerate efforts to drive market leadership in these areas.

Americas and UK continue to be large and key focus markets. Strong growth plans are driving our ambitions for Europe and APMEA.

Our choice of sectors in a market is being driven by both market attractiveness and by Wipro's competitive positioning and strengths. All SMUs and sectors grew during fiscal year 2023.

### 2 Strengthen clients and partnerships

We have four anchors for our growth. First, our portfolio of large clients; second, winning large deals; third, accelerating growth through our partnerships; and fourth, inorganic growth through M&A and Wipro Ventures.

We are accelerating growth by strongly aligning our organization around our key customers. Each of them has a Global Account Executive ("GAE")—a senior leader representing and taking the best of Wipro to the customer. GAEs are supported by a team of industry and technology specialists and delivery leaders for growing these accounts.

We are significantly concentrating on large deal origination and winning. We have invested in a specialized large deals team, composed of deal principals, financial and commercial modelers, experienced consultants and program directors.

In fiscal year 2023, our top five and top ten IT Services customers grew 11.8% and 12.3% year-on-year, respectively. Our large deal total contract value (i.e. deals greater than or equal to \$30 million in total contract value) in fiscal year 2023 was at \$3.9 billion, which grew 66.5% year-on-year.

We are co-investing, co-innovating, and co-creating with hyperscalers and industry leading platform players such as Amazon Web Services ("AWS"), Microsoft, Google, Salesforce, SAP and ServiceNow to drive leading-edge solutions. Some examples are our dedicated studios with partners like our @now studio with ServiceNow, Wipro-Google Cloud Innovation Arena in Bengaluru, Wipro AWS Launch Pad co-innovation center in São Paulo, Brazil. Together with our partners, we are seeing great traction in areas like cloud-led modernization, AI, machine learning ("ML"), industry and context-specific digital solutions and cloud-native architectures.

We are also bringing cutting-edge capabilities from the ecosystem to our clients through our investments through Wipro Ventures in early to mid-stage start-ups building innovative enterprise solutions and our academia partnerships.

As of March 31, 2023, Wipro Ventures manages 23 active investments. In addition to direct equity investments in emerging startups, Wipro Ventures has invested in eight enterprise-focused venture funds: B Capital, Boldstart Ventures, Gliot Capital Partners, Nexus Venture Partners, Sorenson Ventures, SYN Ventures, TLV Partners and Work-Bench Ventures.

Mergers and acquisitions are an integral part of our business strategy because acquisitions help us leapfrog in strategic areas. Our goal is to fast-track capability building in emerging areas and accelerate our access and footprint in identified markets. With a strong post-merger integration focus, we are committed to driving synergies and effectively integrating acquisitions. In the last few quarters, we have closed several acquisitions in US, Europe, Latin America, Australia, and India, including our acquisitions of Rizing and CAS during fiscal year 2023. These have strengthened our local presence, enhanced our capabilities, and significantly improved our positioning in key markets and segments.

We are also engaging our investments to drive a future-ready sales operating model with focused account segmentation, clear sales roles that drive impact and flying formation in deal pursuits that enables us to win and service our clients effectively.

### 3 Lead with business solutions

We are dedicated to building and multiplying business solutions that solve business and technology problems for our clients.

Wipro FullStride Cloud Services is an example where we bring together our portfolio of cloud offerings, talent, capabilities, and Cloud Studio assets under one umbrella to better orchestrate the cloud journey for our clients. We continue to make strategic investments in high-growth areas like data and AI, cyber security, and engineering.

We are accelerating investments and increasing our focus on driving certain industry themes, such as cloud, Intelligence Everywhere, Net Zero goals, Industry 4.0, 5G and Edge computing and the metaverse developed through our integrated internal talent pool.

We are taking our knowledge and applying our experience in ESG to help enterprises with their sustainability goals, strategies, impact compliance, disclosure/reporting, sustainable products/services and sustainable supply chains to optimize their transition to Net Zero and accelerate digital and sustainable transformation.

Lastly, we have also identified and are investing in emerging areas that will drive the technology-driven opportunities in the coming decade through Lab45, Wipro's Innovation lab. With an emphasis on areas like Talent Cloud, Brand of Trust, Autonomic systems, etc. Lab45 provides strategic guidance in futuristic technologies and

develops technological solutions by scaling new and existing platforms such as our talent cloud platform, Topcoder, the 'largest tech gig workforce' of 1.5 M+ members and DICE ID, a blockchain enabled platform to help issue and verify tamper-proof credentials.

We are also scaling our AI center of excellence and have partnered with leading generative AI providers and academia for research & development. We have invested in several AI pilot programs to build our own foundational models across areas like metaverse and digital marketing, Programming code and synthetic data, digital twin, simulation and testing, and enterprise knowledge and skill development.

### 4 Building talent at scale

We have a contemporary and diverse senior leadership, including in our client-facing GAE roles. We have moved our leadership closer to clients. Our leadership team has a good mix of lateral hires, and internally promoted high-performing leaders. All through our organizational transformation, we have continued to reinforce the spirit and values of our Company.

We have an ambitious program to hire the right talent with diverse backgrounds and skills covering deep domain, design, market making and technology expertise. We are growing our existing talent by upskilling and reskilling them in client relevant areas by investing on digital learning platforms that enable 'anytime, anywhere' learning, social and community learning, mentoring networks and talent champions. We are expanding Topcoder Talent Cloud to enable enterprises access to top talent across the world anytime and anywhere and, in turn, provide the talent with a world of options.

We have created leadership development programs across business, technology and functions with dedicated mentors for succession planning, function rotation, for better business understanding and as rewards and recognition programs to recognize the efforts and value.

We continue to invest in building world class talent in areas such as front-end, consulting, architects, domain, and cutting-edge technologies such as AI, data sciences, cybersecurity, engineering and niche areas such as Web3, 5G and quantum computing. For example, we have built a workforce of specialists in cyber security called 'CyberSecurists' who not only bring in cyber technical expertise but are subject-matter experts in industry leading vendor-solutions.

We are also working with our hyperscaler partners such as AWS, Microsoft, Google, Salesforce, SAP, ServiceNow to enable skilling through certifications and hands-on learning on their platforms.

We are committed to significantly improving gender and ethnic diversity in our leadership ranks. In the last 24 months, we have increased the number of women leaders from 7.3% to 17.3%.

We are relentlessly driving a cultural transformation to build an organization that is bold, that drives a high-performance mindset, and nurtures diverse ideas and teams. Our Five Habits fuel this transformation and provide the foundation for who we are, how we act and how we grow. We are elevating our employee experience to build belonging, connectedness and pride in being a part of Wipro, significantly reinforcing our ability to attract, nurture and retain diverse and best talent.

### 5 Operational excellence

Our operating model is anchored in sectors and markets. Our four SMUs (Americas 1, Americas 2, Europe and APMEA) are primary axis for go-to-market strategy.

- The Americas 1 and Americas 2 SMUs are structured by sectors; and
- The Europe and APMEA SMUs are structured by countries, with dedicated focus on identified sectors.

Our capabilities and offerings are currently under two GBLs:

- **IDEAS**, comprising of Integrated Digital, Engineering and Application Services; and
- **ICORE**, which is Infra Cloud, Operations, and Risk and Enterprise Cybersecurity.

However, effective April 1, 2023, we now organize our capabilities across four new GBLs. The four GBLs will deepen alignment to clients' evolving business needs and capitalize on emerging opportunities in high-growth segments of the market.

The new model reflects our Company's continued pivot toward strategic bet areas and its focus on leveraging the power of 'One Wipro' to deliver on clients' entire spectrum of business and technology transformation goals. This will accelerate speed-to-market, streamline decision making, and allow us to channel investments more effectively and efficiently.

### Our capabilities are classified under four new GBLs.

- **Wipro FullStride Cloud**  
Brings our entire suite of cloud capabilities under a fully integrated, full stack offering creating an end-to-end cloud services delivery engine;
- **Wipro Enterprise Futuring**  
Offers clients forward-looking solutions for large-scale enterprise transformation by bringing together intelligent insights, enterprise data and applications platform, digital operations and cybersecurity risk services and leveraging advanced technologies such as AI, AR/VR;
- **Wipro Engineering Edge**  
Expands our capabilities and services in emerging technologies such as cloud, 5G, Industry 4.0, IoT, Silicon Design, embedded systems, data and AI platforms.
- **Wipro Consulting**  
Brings together Capco, Designit and Wipro's domain and consulting business under a global line, driving enhanced experience sharing.

This enables focused growth, combines global expertise with local geography-focus in building capabilities, and ensures dedicated sales presence, led by proximity to clients.

We are centering our efforts on driving operational excellence to harness our new operating model. A key element of our simplified operating model is about driving delivery excellence.

Core to this is our focus on workforce transformation, program management and the new ways of working enabled by our **"4M" framework of Model, Method, Machinery and Mindset**. 'Model' is about driving global, distributed and boundary-less ways of working; 'Method' is about agile and no-shore services; 'Machinery' is about leveraging our AI and automation assets; and 'Mindset' is about problem discovery, customer intimacy and constant learning.