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The Infosys pandemic pivot – how they transformed from media obsession to the industry’s safe pair of hands

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Defining Future Business Operations

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Just a few years ago, Infosys was grappling with a leadership transition and ruthless media attention that called into question many company actions. Spin forward to now and the company has found itself in a remarkable period of stability where it’s winning some iconic deals, it has a reputation for strong delivery, and has enough chops across digital and cloud to give anyone a run for their money. Nandan, Salil, Ravi, Mohit, and UB have proven to be a stabilizing and consistent leadership team, while Radha has quietly driven [its BPM business into a leadership position](#) in the industry. Even its flagship software investments like EdgeVerve and Finacle are performing better than they ever have.

At Infosys’ September 2020 Virtual Analyst and Advisors Event, HFS received an annual update from senior Infosys’ leadership and key clients. Not surprisingly, much of the event focused on their pandemic response and pivot to address the needs of enterprises.

For any event of this ilk, HFS is always looking to understand what’s new and what’s differentiated. Aside from being the best digital event forum we’ve experienced this year (Exhibit 1 - isn’t that Phil Fersht in the front row taking a pano pic?), our major take-away is that the pandemic has helped finally morph INFY into a trusted partner for digital transformation deals. This is perhaps more about a wonky alignment of stars than any sort of massive pivot, but the outcome is the same. Yeah, we know ‘digital transformation’ sounds very 2015, but this is new contextualized and accelerated digital. And IBM and Accenture can no longer claim exclusive ownership of this sweet spot.

Exhibit 1. Infosys’ 2020 Analyst event virtual forum makes you feel like you are there. Or at least somewhere.

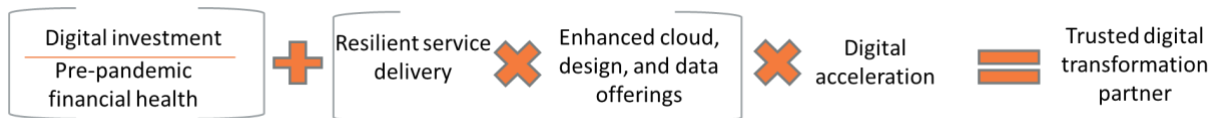


Source: Infosys 2020

How the stars aligned for Infosys

A global pandemic is an unlikely path to success, but it has played to INFY's strengths, showcasing them as financially strong, incredibly responsive, and aligned to quickly changing client needs. As enterprises fight back from simply surviving to thriving, they are sharply and ruthlessly refining their have-to-haves. Digital transformation is no longer an option; it is an imperative. Enterprises need accelerated cycle times and quick time to surefire value, supported by proven partners. Simply existing as a business is a gamble at the moment. So there is a certain comfort and confidence in working with proven partners. We've identified the elements we think have contributed to INFY's rise in Exhibit 2.

Exhibit 2. Infosys' success equation, literally



Source: HFS Research, 2020

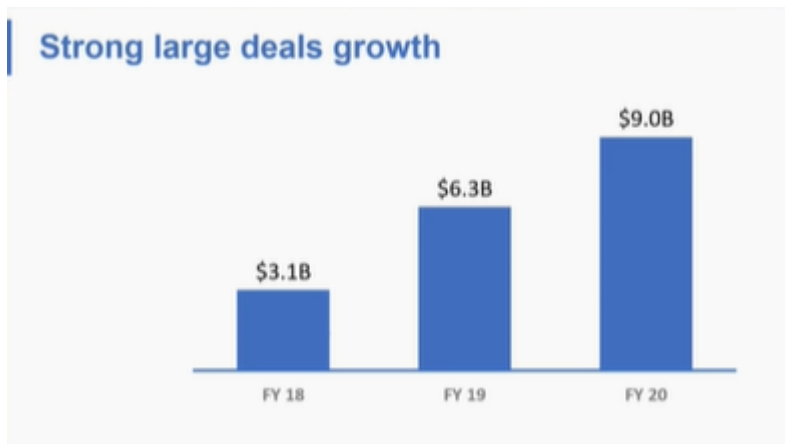
Breaking down the equation elements, here are our thoughts:

- **Pre-pandemic financial health.** Talking pre-pandemic may feel like a lifetime ago, but in reality, we only have to look back a couple of quarters. Infosys consistently posted quarterly revenue exceeding \$3 billion since Q1 2019, coupled with high single-digit growth; an impressive growth trajectory. However, as was the case with virtually every service provider, this was severely impacted by the outbreak of COVID-19, and in Q2 2020 Infosys' reported a 0.3% YoY revenue decline. This is actually quite a small drop compared to Infosys' peers, and the firm managed to maintain over \$3 billion revenue in the quarter, alongside a 22.7% operating margin. Its Vanguard mega-deal win ins July is only contributing to this financial resilience.
- **Digital investment.** Infosys' digital creative capability was showcased front and center at the event, with its sleek video production on display with each professionally curated clip between plenary sessions. Its acquisitions of the likes of Wongdoody and Brilliant Basics have demonstrated its eye on CX and creative design, placing Infosys as a **strong contender** squarely in the 'experience agency' competitive **cohort**. Wongdoody's Ben Wiener described the strategy as a "shift from designing for utility to designing for delight". Infosys is clearly on the track of connecting creative acquisitions to its tech enablement capabilities. The investment strategy seems to be paying off, with the firms reporting strong digital revenue growth (37.8%).
- **Resilient service delivery.** While INFY has focused heavily on localized resources over the past few years, it has also made continued investments in digital operations, to ensure they are their own version of their vision of the Live Enterprise. This massively helped their pandemic response - balancing employee safety and well-being with client commitments and service excellence. This has built massive client confidence.
- **Enhanced cloud, design, and data offerings.** Service providers are always a reflection of the market and client needs. In the current environment, cloud has become the poster child for enterprise resilience enablement. In support of this, INFY announced a new suite of cloud offerings called Cobalt. It is "a set of services, solutions and platforms for enterprises to accelerate their cloud journey. It offers 14,000 cloud assets and over 200 industry cloud solution blueprints." HFS is eyes wide open about this being a re-packaging exercise, but sometimes, like now, enterprises need

packaged and easy to consume offerings that deliver quick value. We also noted they have done an internal consolidation of its design assets under Wongdoody.

- **Digital acceleration.** The forced change of the pandemic has spurred a massive reprioritization of initiatives. Digital finally has recognized context – “not physical” although this may quickly morph into being synonymous with cloud. Salil referred to it as “digital acceleration”. At HFS, we refer to this as the rise of the “have-to-have” economy. At the heart of the have-to-have economy is the realization that digital business is a requirement, not an option.
- **Trusted digital transformation partner.** While Infosys has been courting “large deals” for years, it [won its biggest ever with Vanguard](#) in July. These big-uns have been steadily growing for several years (Exhibit 3). Salil noted in his keynote that they have made additional investments internally, creating a focused transformation program to pursue these mega engagements. INFY is doubling down on its role as a transformation partner.

Exhibit 3. A brief history of Infosys’ large deal growth



Source: Infosys 2020

Bottom line. The pandemic created the perfect conditions to elevate Infosys as a preferred partner for mega digital transformation deals. Now they need to strike the hard balance between delivering on the transformation promise while continuing to accelerate.

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Elena Christopher leads HFS’ coverage of automation with an emphasis on robotic process automation (RPA) helping to identify and articulate the value proposition for this important change agent. As a complement to her change agent focus, she drives the industry-specific research agenda for HFS, digging into the major trends impacting each in-scope industry. Elena’s industry coverage specialty is Banking and Financial Services.



Phil Fersht | CEO and Chief Analyst

Phil Fersht is a world-renowned analyst, writer and visionary in emerging technologies, automation, digital business models, and the alignment of enterprise operations to drive customer impact and competitive advantage.

Fersht coined the terms the “Digital OneOffice” and the “Hyperconnected Economy” which describe HFS Research’s vision for future business operations amidst the impact of automation, AI and disruptive digital business models. In 2012, he authored the first analyst report on Robotic Process Automation (RPA), introducing this topic to the industry and is widely recognized as the pioneering analyst voice that has driven the evolution of the RPA industry.



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Melissa O'Brien is Research Vice President, Customer Engagement, Retail and Travel Strategies at HFS Research. Melissa leads HFS’ research initiatives for digital front office services, including customer engagement operations, digital marketing, cognitive agents and CX design and consulting.



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Sam is a Senior Research Analyst at HFS. Sam is a recent graduate from Bournemouth University where he studied economics. During his studies, he took a particular interest in macroeconomics and global markets. Sam has also spent some time studying law, accounting, and investment management.

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HFS defines and visualizes the future of business operations across key industries with our Digital OneOffice™ Framework.

HFS influences the strategies of enterprise customers to help them develop OneOffice backbones to be competitive and to partner with capable services providers, technology suppliers, and third-party advisors.

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