

Indian IT Sees Big Wins as Clients Consolidate Tech

Expects clients to turn from smaller, less capable vendors to larger, more capable ones

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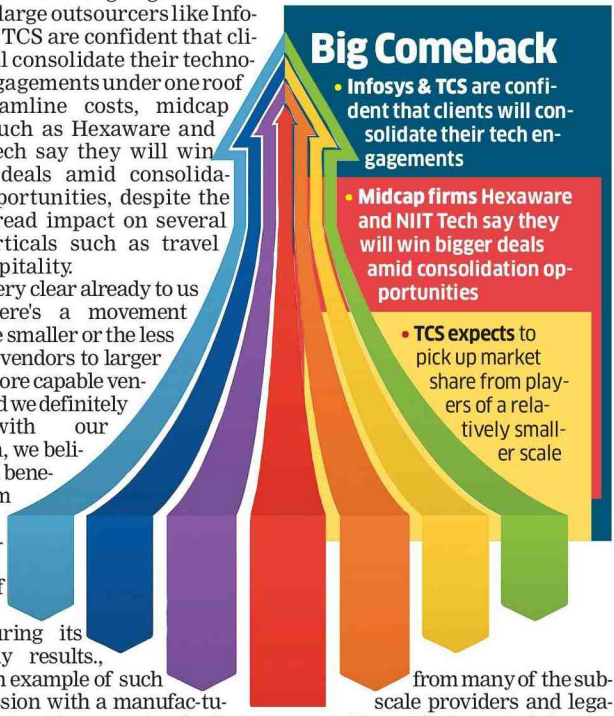
Mumbai | Bengaluru: As the Covid-19 pandemic hurts businesses across the world, Indian technology services providers — both large and small — think clients would prefer them over the other going forward.

While large outsourcers like Infosys and TCS are confident that clients will consolidate their technology engagements under one roof to streamline costs, midcap firms such as Hexaware and NIIT Tech say they will win bigger deals amid consolidation opportunities, despite the widespread impact on several key verticals such as travel and hospitality.

“It is very clear already to us that there's a movement from the smaller or the less capable vendors to larger or the more capable vendors, and we definitely see with our strength, we believe we'll benefit from that,” Salil Parekh, CEO of Infosys, said during its quarterly results, citing an example of such a discussion with a manufacturing client, without naming the firm.

Clients of technology services companies across industry sectors such as travel and hospitality and retail in the United States have either cut some existing outsourcing contracts or are seeking discounts. These companies, analysts said, are also seeing a sharp fall in proposed investment in new technology projects with much lesser discretionary spends by organisations. Tata Consultancy Services also said it expects to pick

up market share from players of a relatively smaller scale in the coming months, with CEO Rajesh Gopinathan expressing confidence in the company's technology platforms and execution of large scale projects. “We have been investing continuously and building out these capabilities. That positions us very differently



from many of the sub-scale providers and legal-ty providers. That's part of the reason why we believe that market share gains will also help as we look into two, three quarters forward and we start seeing decision making start factoring in many of these benefits,” he told ET.

Not to be left behind, midsize firms say they too are seeing opportunities to emerge stronger in the battle. Hexaware saw a 5.1% sequential decline in revenue in the first quarter in its travel and transportation vertical.