

# IT firms ride on cloud to expand digital revenue

Demand for these services is growing at a faster pace in a covid-altered landscape

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Information technology (IT) services companies are ramping up their cloud portfolio to capitalize on the need for such services in the post-pandemic world.

Demand for these services is growing at a faster pace than traditional services such as infrastructure and application development, and maintenance.

Infosys Ltd, India's second-largest software exporter, is doubling its investment in cloud as clients opt for remote working solutions, new business models and business continuity plans. In August, the company launched Infosys Cobalt, comprising a set of services, solutions and platforms, to help clients build cloud-first capabilities. Cobalt is one of its largest organic investments in recent times. Infosys also acquired leading Salesforce partners Fluidio in 2018 and Simplus in 2020. In September, it entered into an agreement to acquire Europe-based GuideVision for up to €30 million to augment its Cobalt portfolio.

"Cloud has been gaining ground in the last 2-3 years as it helps bring agility to business and reduce costs, but the pandemic has further accelerated demand," said Narsimha Rao Mannepalli, executive vice president and head of cloud and infrastructure solutions, Infosys.

Nasdaq-listed Cognizant Technology Solutions Corp, which employs over 200,000 people in India, is also betting on acquisitions to build its digital business and has made six cloud-related acquisitions

## Riding the new wave

Here's a snapshot of cloud services offered by Indian IT services firms and their growth strategies.

### INFOSYS

- **COBALT** to help clients build cloud-first capabilities
- **ACQUIRED** Simplus, Fluidio, GuideVision

### COGNIZANT

- **CLOUD 360**
- **ACQUIRED** Code Zero, El Technologie, Lev, Collaborative Solutions, New Signature, 10th Magnitude

### HAPPIEST MINDS

- **CLOUD** comprises 43.7% of the company's digital revenues (only company to break up digital component)

### TCS

- **FOCUSED** on organic growth
- **UPSKILLING** of talent
- **ACQUISITIONS** for strategic capabilities

### WIPRO

- **CLOUD** Studio, a one-stop cloud marketplace
- **ACQUIRED** Apprio, 4C

Source: Mint Research

so far this year. "I believe we are in the early stages of digital and that covid-19 has accelerated digital adoption. Digital creates an enormous opportunity for Cognizant and we intend to capture this. We

14% from a year earlier in the June quarter, accounting for 42% of its total revenue. This compares with Infosys's digital revenue growth of 25.5% in constant currency terms and a contribution of 44.5% to its

40-50% of their overall digital business," said Nitin Bhat, technology sector leader, EY India.

For Happiest Minds Technologies, 97% of the revenues come from digital, much higher than its larger peers where the average contribution from digital stands at 30-50%. Within digital, cloud comprises 43.7% of its revenue.

For TCS, the primary growth strategy for its cloud business is organic, said Krishnan Ramanujam, president, business & technology services.

Wipro said it's seeing a good pipeline for its cloud offerings as they are enabling customer employees to work from home and remotely.

## SILVER LINING

**IT** firms are aspiring to rapidly grow their cloud revenue to 40-50% of their overall digital biz

**CLOUD** has been gaining ground in the past 2-3 years as it helps bring agility to biz and reduce costs

**INFOSYS** is doubling its investment in cloud as clients opt for remote working solutions

**WIPRO** is seeing a good pipeline for its cloud offerings as they enable clients to work remotely

have complemented organic investments with a targeted M&A (merger and acquisition) strategy focused 100% on digital," said Brian Humphries, chief executive, Cognizant. Cognizant's digital revenue grew

total revenue. Of late, Tata Consultancy Services Ltd and Wipro Ltd have stopped reporting digital revenues separately.

"Companies are aspiring to rapidly grow their cloud revenue to