

Revenue forecasts of IT firms signal high demand for cloud

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Major Indian IT firms upped their revenue growth guidance during the October-December quarter earnings season, indicating a strong demand from cloud and digital-led services as clients invest in different stages of their digitization journey. Infosys raised its FY22 revenue growth guidance to 19.5–20% in constant currency from 16.5–17.5% guided earlier, based on strong demand and execution.

“We are in a situation where all choices we made in the last several years on digital, cloud, and new areas, are in resonance with our clients...our execution has been good and that is what really gave us the confidence to increase our guidance,” Salil Parekh, chief executive officer and managing director (CEO & MD) of Infosys, said after the results.

Wipro, which guides for the fourth quarter revenue to grow 2–4% in constant currency, translating to a full-year growth of 27–28%. According to Wipro, its cloud ecosystem revenue grew at an accelerated pace of 30% year-to-date.

In an analyst call after declaring the results, Wipro chief executive Thierry Delaporte explained that till three to four years ago, cloud discussions would happen with CIOs, while CEOs would not focus much on it “because it was considered an infrastructure or back-office discussion”.



Indian IT biggies have upped their revenue growth guidance in the December quarter, indicating good demand.

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“Today cloud is a way for organizations to be giants, to be able to generate more opportunities, to be inventive, to develop solutions, connect with new clients. I do not think I have yet seen a company that can say that it has reached 50% of the cloud transformation. We are still in the early stage of the cloud transformation across industries, so it is a massive wave ahead of us,” Delaporte added.

Tata Consultancy Services (TCS) typically does not give a formal revenue growth guidance but it, too, indicated an upbeat outlook. “Cloud adoption will continue to drive significant amount of demand in the short term. We call this Horizon One, which essentially involves moving workloads onto the cloud, and using infrastructure-as-a-service as the primary value proposition

there,” said Rajesh Gopinathan, CEO & MD of TCS.

Even after the majority of the workloads have moved to the cloud, TCS sees opportunities in what it calls Horizon Two and Horizon Three.

“Horizon Two is when native capabilities of the cloud are leveraged to generate significant transformation at the

company level. These native capabilities could be seamless fabric of the cloud (like) security, analytics...between the three hyper scalers, we are tracking more than 250 native capa-

Wipro, which guides for the quarter ahead, expects its fourth quarter revenue to grow 2–4% in constant currency

bilities, that are now seeing greater adoption among our customers,” Gopinathan added.

Gartner expects cloud to be at the centre of new digital experiences as global cloud revenue is expected to hit \$474 billion in 2022, up from \$408 billion in 2021.