

IT firms eye consulting business in US

Setting up units there for better ties, bigger deals

T. E. Raja Simhan

Chennai, April 8

India-based software vendors are expanding their consulting expertise and building offshore consulting resources in the US. They are also pursuing acquisitions to deepen client relationships and capture larger business opportunities.

For instance, HCL Technologies plans to hire 10,000 locals in the US and Europe by 2015 to drive tighter client relationships and obtain insights into new opportunities with current and potential clients, said Erin Hichman, analyst at Technology Business Research, Inc a US-based technology market research and consulting firm.

Tata Consultancy Services and Infosys have increased

their presence in the US last year.

Infosys last July opened a new delivery centre in Milwaukee to support clients such as Harley-Davidson, in the Midwest. A five-year engagement with the motorcycle manufacturer was the catalyst.

Infosys has 18 centres in the US. It hired 1,200 people there in 2011 and another 2,000 last year.

PRESSURE

Last September, TCS opened a centre in Minneapolis in Bloomington, Minnesota. The 50,000-sq. ft. facility is to serve as a hub for delivering technology services to customers in the region.

The biggest pressure for In-

dian vendors to expand abroad is to be competitive as many of them now are truly global and compete head-on with their new competitors, who are global players. Political pressure just accelerates and helps the decision along, said Siddharth Pai, Partner and President of research firm ISG's Asia Pacific region.

Multinational companies are also increasing their footprint in India. For instance, Capgemini in December appointed Natarajan Radhakrishnan as offshore consulting lead in India, indicating the firm will increasingly rely on low-cost resources to support global consulting capabilities, said Hichman.

Revenue opportunities from

legislative reforms and growing demand for healthcare services in emerging markets are driving vendors to invest in that sector to win larger deals.

HEALTHCARE

Cisco Services focused on capturing demand for healthcare services in emerging markets by implementing telemedicine and health-related technologies in Peru, Brazil and Uruguay. It also established a telemedicine centre in rural Rajasthan with its partner Telerad Technology.

Cognizant acquired MediCall, a US medical management services company with operations in the Philippines, which will expand its healthcare and business process capabilities.

Xerox Services won a five-year data centre management deal with US-based elderly care provider Harden Healthcare and has earmarked \$500 million for merger and acquisition spending in 2013, part of which will focus on expanding its ITO capabilities in high-growth verticals such as healthcare.

"Because vendors offering end-to-end BPO and ITO solutions are in the best position to capture these opportunities, vendors are emphasising their vertical-specific cloud, mobility, data storage and consulting services while leveraging alliances and acquisitions to fill gaps in IP assets," said Hichman.

raja.simhan@thehindu.co.in