

Now, IT Cos Use Startup Tech to Win Large Deals

Move also helping cos project themselves as attractive partners to their clients

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Bengaluru: Indian IT giants are increasingly using technologies developed by startups in their own portfolio to win larger deals from big multinationals.

With the commoditisation of traditional IT services, the likes of Infosys and Wipro have started presenting and showcasing products and solutions of startups that they partner with through their venture capital arms to large customers such as Walmart and Citigroup.

"Working with startups is a very important part of our strategy," said Vishal Sikka in an interview last week. "Wherever necessary we will bring in startups into our solutions for clients and that helps to keep things swing in our favour," added Sikka.

Together, Infosys and Wipro have spent over \$50 million in picking up stakes in startups over the last year or so, as most of India's leading software exporters look to partner startups to fill gaps in

Jewels in the Crown



\$50 m

Spending by Infosys and Wipro in picking up stakes in startups over the last year

\$500 m

Corpus with Infosys to invest in startups, of which half has been committed to India

\$1.4 m

Money Infosys spent to acquire a minority stake in Bengaluru-based ANSR



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Vishal Sikka, CEO, Infosys

their own repertoire. "The way these startups are being directly pitched to clients — they are like the crown jewels in a large deal where these IT services firms are trying to impress a customer," said an executive at a large venture capital firm that has invested in companies such as Flipkart.

Wipro CEO designate Abidali Neemuchwala in an interview earlier this week said, "What we also do when we make those strategic investments is we give them an opportunity to talk to our sales teams, our business unit heads, how it can be incorporated into our business plans

so that we can take it to the customer." According to insiders, deals involving startups are structured differently. For instance, when a Fortune 500 client utilises the services of a startup, it counts as an independent agreement between the two parties.

"The IT companies benefit in a different way; they get to embellish their perception with the client. They are seen by the client as an attractive partner to work with," said Sharad Sharma, founder of software products think tank iSpirt.

Executives aware of the new

strategy, speaking on the condition of anonymity, said Infosys has recently helped US financial services giant Visa set up a new technology centre and held talks with Daimler AG on building a technology facility for the German automotive giant. In both these instances, Infosys used some of their own portfolio companies like ANSR Consulting to help these customers.

Infosys has a corpus of \$500 million to invest in startups, of which half has been committed to India. In an interview in November, Infosys' chief operating officer Pravin Rao refused to share client-specific information, but said the firm was working with ANSR Consulting to execute the strategy of helping customers set up captive centres.

Last year, Infosys spent \$1.4 million to acquire a minority stake in Bengaluru-based ANSR, which helps companies like Limited Brands, Lowe's and Target set up captive centres and corporate accelerator programmes.

Executives familiar with the development said that in some of the large deals that Infosys has won in the past three quarters such as Visa, Deutsche Bank, Saks Fifth Avenue and Mercedes Benz, the company used portfolio startup firms to address newer bets these clients were planning to make.