Re-skilling employees helps top IT companies thrive

Software firms reported higher revenue per employee and lower hiring in Dec quarter

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Re-skilling employees and better employee utilisation enabled top software companies in the December 2017 quarter earn higher revenue per employee when compared with a year ago. It also helped them recruit lesser number of employees, as was evident from December 2017 quarter numbers when compared with a year ago.

Infosys said improvement in its portfolio towards newer and faster growing services and continued adoption of automation in traditional services resulted in a 1.9 per cent increase in revenue per employee to nearly $53,700 during December 2017 quarter.

While Infosys' revenue grew 6.5 per cent in first nine months this financial year when compared with the same period last year, the number of employees went up by just 1 per cent during the period under review. In the past, there was a direct correlation between revenue growth and increase in the number of employees. This trend changed in the last four quarters due to better employee utilisation and employee reskilling, said sources.

Lower employee addition, higher utilisation and productivity improvement led to higher per employee revenue, Infosys' CFO Pravin Rao told analysts.

At Wipro, nearly 90,000 technical employees have been trained and certified in digital in the last one year. As a result of IP, and automation implementation with clients, revenue per employee increased by 7 per cent in the last four quarters, a company official told analysts, without giving data.

Similarly, Cognizant last year skilled over one lakh associates in high-end digital capabilities in areas such as data science, design thinking, cyber security, Internet of Things, Artificial Intelligence and automation. This year, the company will continue to invest in training its associates, said its CEO Francisco D'Souza.

Hiring

Software companies are adopting more of need-based and outcome-based hiring to help them earn more revenue, said an official of a large IT company.

Infosys was the only company among the top four to report higher net employee addition during December 2017 quarter when compared with the same quarter a year ago. In December 2017, Infosys' net addition was 3,251.

On whether TCS was hiring in a controlled way, Ajoy Mukherjee, Head, Global Human Resources, TCS, told analysts that in the last four quarters, at a gross level, the company added about 59,000. In previous year, it did campus hire and gave about 40,000 offers.

The company built capacity and invested to create a pool required to meet customer demand in terms of digital skills. The whole talent development was done to build and upskill employees, giving them opportunity to learn new technologies and learn new ways of doing things, be agile trained and aware of technologies and get more competencies. That is why hiring is more controlled at this point in time, he said.

Net hiring		
Company	Dec 2017 qtr	Dec 2016 qtr
TCS	1,667	6,978
Cognizant	3,900	4,400
Infosys	3,251	(66)
Wipro	(1,206)	4,385

Source: Company data