

Wipro 2014 Analyst Event: Leading the Change

CIMdata Commentary

Key takeaways:

- *Wipro held their 2014 Analyst and Advisor Day in Boston, MA, an event bringing together over 200 Wipro staff and key influencers from across a range of industries*
- *TK Kurien, Wipro's CEO, updated the crowd on the big changes afoot in IT that lead to changes in his business*
- *Leading customers are facing those same trends; using Wipro for some IT services allows them to focus on delivering applications that provide differentiating value*

Wipro Ltd (NYSE:WIT) held their 2014 Analyst and Advisor Day in Boston, MA on September 24, 2014. The event drew analysts from a range of firms covering the wide variety of industry segments that Wipro supports. Wipro is a global information technology, consulting, and outsourcing company with over 147,000 employees serving clients in 175+ cities across 6 continents. The company posted revenues of \$7.3 billion for the financial year ended Mar 31, 2014. Their PLM business fits within their Media and Telecom & Product Engineering Services group, one of seven groups in the company. CIMdata estimated their 2013 PLM-related revenues at \$131 million. The agenda included a mix of executive presentations, customer presentation, and panels, and allowed generous time during the day for networking and meetings with Wipro executives. The day concluded with a reception.

TK Kurien, Wipro's CEO focused on the future of Wipro. While his comments were forward looking, he emphasized that Wipro must continue to execute at a high level on their current business. It is the present that funds the future. In the present, consumers have more technology than most enterprises. Consumerization, driven by the megatrends of social, mobile, big data/analytics, and cloud, will have a huge impact on IT and Wipro's business. First, everything will be digital. It will also be increasingly open. According to Mr. Kurien, about 70% of their customers are experimenting with open source in their IT stack. The Internet of Things (IoT), and specifically the Industrial Internet, is a place where Wipro believes they have a strong play, and Mr. Kurien thinks big things will happen in the next few years. CIMdata agrees that areas like IoT, the cloud, and open source will be important growth areas in the coming years. Like some other system integrators, Wipro adds artificial intelligence to big data/analytics. They have been working over the last two years to integrate AI into their services framework, with about 200 people developing processes and patentable technology. Mr. Kurien believes that this technology could cause a fundamental disintermediation in the services business. In the part, the management structure was a pyramid, where people can come in, mature, and advance. Using AI, the pyramid will change to an hourglass, where it will be harder to move to the top. CIMdata believes this is a challenge for which Wipro has yet to craft a solution.

To meet this challenging future head on, Wipro is supplementing their considerable internal resources with a venture capital fund, an expanding patent portfolio, and new partnerships. They will continue to revamp their organization design to best support this new future. Their venture fund gets a significant budget allocation each year, and has made two investments, one in IoT and one in big data. In years past, Wipro would file 70 to 80 patent applications per year. Last year it filed 250, and this year will pass 400. Next year's target is 900, and Mr.

Kurien believes there is enough IP across the four target areas (digitization, open source, IoT, and AI) to make a substantial difference in their business in the next 3 to 5 years.

Three large Wipro customers, a leading healthcare provider, a materials science company, and a global leader in health sciences and products, spoke about their on-going IT transformations. The healthcare industry is undergoing fundamental changes itself, above and beyond the tectonic shifts in IT. Consumerization of IT is having a big impact, and is one of many areas the first of these healthcare providers stated they must address. Their materials sciences customer is a long-lived company, but they are quite nimble in business, research, and manufacturing. But, like many companies, a large portion of their IT budget was going to support what the customer speaker, a Divisional CIO called “non-differentiating conversations,” often around utility services like telephony that are part of their IT budget. Wipro is helping by taking over and improving the provisioning of those services, as well as working to advance their IT organization to provide more strategic applications and support. Just as at Wipro, a big part of the change at this company is organizational. This is a challenge at a place where the speaker, a 16-year company veteran, is usually the junior person at most meetings. Their presenter from the health sciences and products customer spoke about the complexity of their IT environment. For example, they have over 100 SAP instances. They face the same issue as the other companies: IT must dedicate more of its resources to delivering strategic applications that provide competitive advantage, and less to “keeping the lights on.”

The business environment for many large systems integration firms has been difficult over the last few years. The dynamic changes in the business and IT landscapes are forcing these firms to change their business models, develop more differentiating technology, and to innovate and collaborate in new ways. Wipro is early in this journey, and is making solid moves to build IP and new age services. Success is not assured, but Wipro has little choice if it wants to survive and thrive in this challenging future. CIMdata looks forward to the next Wipro Analyst event to hear the next chapter.

About CIMdata

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