

# INFORMATION TECHNOLOGY BUSINESS



LTI's global headquarters in Powai, Mumbai,

## Overview:

Larsen & Toubro Infotech Ltd. (LTI) is a global technology consulting and digital solutions company helping more than 300 clients succeed in a converging world. With operations in 30 countries, it goes the extra mile to help clients accelerate their digital transformation with LTI's Mosaic platform enabling their mobile, social, analytics, IoT and cloud-based journeys. Founded 20 years ago as the information technology arm of the Larsen & Toubro group, LTI's unique heritage gives it an unrivalled real-world expertise to solve the most complex challenges of enterprises across all industries. LTI is headquartered in Mumbai and has a presence across the globe, significantly in North America and Europe.

Its clients comprise some of the world's largest and most well-known organisations, including over 65 of the Global Fortune 500 companies. LTI offers an extensive range of IT services to its clients in diverse industries such as Banking & Financial Services, Insurance, Manufacturing, Energy & Utilities, Consumer Packaged Goods, Retail and Pharma, High-Tech and Media & Entertainment. Its range of services includes application development and maintenance, enterprise solutions, infrastructure management services and cyber security, testing, analytics, AI and cognitive, enterprise integration and mobility and platform based solutions.

To augment its digital capabilities, LTI announced two acquisitions in FY19. In January 2019, it acquired Ruletronics, a Pure-play Pega® consulting and implementation company with offices in the UK, USA and India. In February 2019, it acquired Germany based NIELSEN+PARTNER (N+P), an independent Temenos WealthSuite specialist. This acquisition is synergistic to Syncordis acquisition that LTI announced in 2017. Together with Syncordis, N+P strengthens LTI's capabilities as a global expert in Temenos suite of products and enriches offerings to Banking clients.

LTI is at an inflection point. It is right sized to re-skill its employees with digital technologies while having the resources of an established player to invest in capabilities enhancement, which would power its multi-year growth trajectory.

## Business Environment

The global IT-BPM industry grew by 4.9% and the IT-BPM market excluding hardware stood at USD 1.4 trillion in FY 2018-19. Indian IT-BPM industry revenues excluding hardware stood at USD 162 billion in FY19. The industry added ~USD 11 billion in incremental revenues last year, representing year-on-year growth of ~7% in USD terms. IT-BPM export revenues for the industry for FY19 are expected to reach USD 136 billion, a growth of 8.3% over the past year. Domestic IT-BPM revenues are estimated at ₹ 1.5 trillion, a growth of 6.6% from ₹ 1.4 trillion in FY18.



*Mosaic Experience Center at LTI Headquarters, Mumbai*



*LTI's state-of-the-art Delivery Centre in Johannesburg, South Africa*

Digital revenues grew more than 30% to reach USD 33 billion and now represents over one-fifth of the IT industry revenue. Primarily there are six technologies from the suite which are driving this phenomenal growth – Intelligent Automation, Robotics, Cloud, IoT, Immersive Media and Blockchain. In the age of digital technologies, the IT industry has been adept at building the necessary skills and capabilities to address new and changing customer demands. Over the past few years, firms have made substantial investments in building their portfolio of capabilities around these technologies and have set up a number of labs and Centres of Excellence to deliver digital services to customers.

Technology-led operations is a big business driver for large Banking and Financial services clients and the business is also witnessing APification of the application landscape to drive simplicity. In the Insurance sector, digital is driving an unprecedented shift towards lower cost structures and greater agility while focusing on enhancing the customer experience.

In the manufacturing sector, especially in the automotive space, the OEMs are re-evaluating their spend priorities in the light of transformative changes based on the convergences of disruptive forces including connectivity, electrification and autonomy. These changes have provided LTI opportunities in digital customer experience, increased spending on analytics, platform for launch of mobility services, etc. Given the volatility in commodity prices,

energy clients continue to evaluate their capital spend with prudence to manage their profitability.

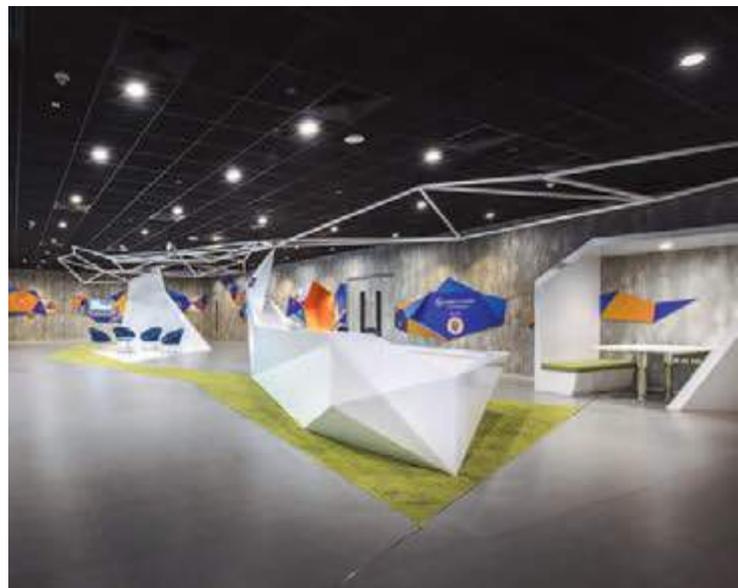
The advent of new technologies has flooded the market with new players and blurred the lines between Telecom, Media and Hi-Tech companies. Adding to these complexities, consumers are moving towards new digitalised sources for their content like voice command devices, wearable devices, application based streaming, etc. Amid all this technological change, media companies are forced to re-imagine both their business models and their systems to align to new market and digital realities.

### Major Achievements

1. A leading payments company in the Nordic region chose LTI as its primary IT partner post vendor consolidation
2. A world leader in vertical transportation has chosen LTI as its strategic partner for implementing Microsoft Dynamics 365 as their core platform to transform their services business in the areas of Sales, Call Centre and Field Services
3. Selected by a global fintech company to provide agile assurance support for building an industry leading wealth management platform
4. A global life sciences major, a new client, has awarded LTI a multi-year strategic deal for end- to-end SAP support, maintenance, analytics and enhancement



LTI's Delivery Centre in Warsaw, Poland



Lobby area at LTI Headquarters, Mumbai

5. Awarded Cybersecurity project by a global energy giant to implement, configure and integrate Micro Focus ArcSight and Splunk Enterprise Security
6. Multi-year, multi-million dollar managed services deal across the globe for a world leader in the pharma space
7. A US Insurance major has engaged LTI as strategic IT partner for its largest technology modernization programme using the Guidewire product suite
8. A global financial services group headquartered in Europe selected LTI to transform user experience across their branches in Africa
9. Multi-year multi-million dollar deal in the area of ERP, Data and Analytics with a global consumer and pharmaceutical conglomerate
10. Selected as the strategic IT Partner by a global electric manufacturing major for complete transformation of its legacy IT systems globally
11. A global auto major selected LTI for a SAP security engagement and to build an enterprise outreach platform using Big Data Analytics and enterprise integration that will cater to all the client's recalls

### Significant Initiatives

Client centricity is at the nucleus of LTI's corporate strategy. Customers are now more focused on their Digital Transformation than ever before and LTI helps its clients

in their digital transformation journey by being sharply focused on their business outcomes. Some of the practices used to attain this are:

- Operate to transform- leveraging automation in everyday operations and solving for the unstated needs
- Empowering clients to be data-driven organizations by harnessing the power of analytics
- Helping clients experience transformation for their customers and/or employees
- Digitise the core by leveraging our real world know how of the client's industry domain

LTI is making significant investments in augmenting its existing capabilities like Cloud services and Analytics, incubating newer service lines like Blockchain and Cybersecurity and expanding its portfolio of offerings through acquisitions.

Recognizing LTI's consistent ability to outperform competitors across domains and services, the Company topped the list of 'Challengers' in the Everest Group's PEAK Matrix™ Service Provider of the Year 2019, for the second year in a row. The Challengers List includes companies with revenues less than USD 2 billion.

### Human Resources

LTI crossed the milestone of having more than 25,000 employees during FY19. Hiring, engaging, retaining talent

with gender diversity continues to be the major focus areas for LTI. As a talent and innovation driven organisation, LTI's top priority is attracting the best people and investing to further develop their highly specialized skills. Strengthening the commitment to nurture the biggest asset - People, LTI started an HR transformation initiative - Mission Ubuntu. This initiative is steered by a cross-functional taskforce to enhance every aspect of employees' work-life through policy intervention and process improvement. Mission Ubuntu sketches an employee's journey through LTI as a nine-step process starting from his/ her onboarding.

LTI has also institutionalized five key beliefs across the organization:

- Be agile • Go the extra mile • Push frontiers of innovation
- Keep learning • Solve for society

These five guiding principles have helped the employees to be nimble towards changes, work beyond the call of duty to serve its clients and innovate on a day-to-day basis to transform the approach to work.

### **Risks and Concerns**

Failure to align the services portfolio with newer and in-demand technologies, may lead to lower operating

revenue. Evolving geo political and economic conditions may affect the client's business and/or the entity's delivery. This may impact the business opportunities and business operations. Changes in immigration policies of countries where LTI has significant business may affect ability to position consultants at client locations.

With a majority of the revenue being foreign currency denominated, the business carries translation and transaction foreign exchange risks. However, expenses in respective currencies provide a natural hedge.

Employees are the real assets for the IT industry. In order to compete effectively, the ability of the business to attract and retain qualified employees is critical. Attrition of experienced and talented employees impacts organisational knowledge and relationships.

### **Outlook**

A healthy deal pipeline, continued large deal momentum and uptick in digital services across all verticals gives a sense of optimism for future growth. With deep-rooted industry experience and one of the industry's most dynamic teams, LTI is well positioned to solidify its position as next-gen IT services Company.