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Wipro Is A Leader In Global IT Infrastructure Outsourcing

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EXECUTIVE SUMMARY

Forrester evaluated leading global IT infrastructure outsourcing service providers across 31 criteria — including an additional 25-item reference client survey — and found that IBM and the combined HP/EDS firm both stand out from the rest in their current offerings for clients. India-based giant Wipro had among the best overall scores based on a sound current offering, good market presence, and an excellent strategy for the infrastructure space. Not surprisingly, the Leaders also included Accenture and Capgemini, both of which have a solid legacy foundation of consulting and technical capability. Although dwarfed in size by the legacy global service provider firms, India-centric firms — including Cognizant, HCL Technologies, Infosys, and TCS — also landed among the Leaders by showing good delivery capability and generally strong forward-looking strategies for the global infrastructure services business.

Wipro's aspirations have rightly gone beyond competing against India-based competitors, and the firm was second only to IBM in overall ranking. With broad and growing global capability — including a solid partnership strategy — there is strong evidence of a nonlinear relationship between client geographical distribution and infrastructure staff distribution. Wipro also has some compelling ideas on how to deliver value via innovation and continuous improvement. Wipro needs to continue to improve its global delivery presence and its consulting offering in the infrastructure space, but its clear and effective strategy will help sustain or grow its competitiveness. Wipro should continue to gain the scale to be competitive for multiple global deals, but with good profitability and growth in the infrastructure business, Wipro is proving that its strategy and execution capability are working well and will likely continue to do so.



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Figure 1 Wipro Evaluation Overview

CURRENT OFFERING

Global delivery model	Wipro's key infrastructure management delivery centers are located in the US (Mountain View, Calif.; Norcross, Ga.; Brea, Calif.; Tempe, Ariz.; Leonia, N.J.; and Omaha, Neb.); Canada (Windsor, Ontario); Asia (including seven locations in India; Kuala Lumpur, Malaysia; and Cebu, Philippines); Europe (Reading, UK, and Bucharest, Romania); and the Middle East (Dubai, Egypt, and Saudi Arabia). In the past year, Wipro opened up global command centers for remote monitoring and support services in Mysore, India, and Kuala Lumpur in addition to 10 existing global command centers. Wipro's acquisition of Infocrossing gives it additional delivery capability for the NA market (including five US-based data centers). Wipro wisely built service delivery partnerships with firms like BancTec, DecisionOne, Getronics, and others. There is strong evidence of a nonlinear relationship between client geographical distribution and infrastructure staff distribution (suggesting good capability at balancing cost and requirements for clients).
Global geographic staffing distribution	Wipro has a fairly well-distributed infrastructure workforce, but the vast majority of employees still deliver RIM services from India. Americas — 1,798 employees; percentage of total: 13% EMEA — 1,553 employees; percentage of total: 11% AP — 10,650 employees; percentage of total: 76%
Global client geographic distribution	Wipro's client base is well distributed globally. Americas — Total number of firms: 236; percentage of total: 41% EMEA — Total number of firms: 77; percentage of total: 13.4% AP — Total number of firms: 259; percentage of total: 45%
Operations and strategy consulting	Although still a relatively small offering, Wipro is developing a sound story around strategy and operations consulting in the infrastructure space. Its infrastructure business has a consulting practice with more than 160 dedicated employees that deliver strategic and operational support to clients. Offerings include guidance and support for transformation, infrastructure processes, systems integration, and security. This will likely get stronger if Wipro develops a stronger integration between infrastructure service delivery and consulting.
Ecosystem participation	Wipro has strategic technology alliances with Cisco, EMC, and Microsoft. In addition, the firm has deliver partnerships with firms like A&O Systems, BancTec, Cable & Wireless, DecisionOne, Getronics, Jardine One (ASEAN), The Missing Link (Australia), Phoenix IT Services (UK), PT Visionet (Indonesia), and Telstra International. Wipro wisely emphasizes the business outcomes of partner relationships and it aligns based on strategic fit, agreed working terms, and governance practices. Wipro commonly works as a prime, sub, or ecosystem partner in multiple provider environments and clearly demonstrates its intent to work well in this context.

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Innovation and continuous improvement	Wipro has some interesting and compelling ideas on how to deliver value via innovation and continuous improvement, and the firm maintains that more than 8% of global revenues are a direct result of its innovation strategy and investment. Wipro runs an innovation council consisting of 14 Wipro customers, industry experts, analysts, and thought leaders to identify new ideas for practical application. There are also 55 centers of excellence responsible for developing forward-looking market solutions based on emerging trends. Wisely recognizing the contract implications of continuous improvement, Wipro established a contracting center of excellence to create practices and guidelines for creating contracts that enable new ideas in delivery and processes in the real world.
Client feedback on implementation	Wipro scored 3.92 out of 5.00.
Client feedback on account management	Wipro scored 3.64 out of 5.00.
Client feedback on service quality	Wipro scored 3.76 out of 5.00.
Client feedback on general satisfaction	Wipro scored 3.71 out of 5.00.

STRATEGY

Customer value proposition and vision	Wipro's infrastructure value proposition is rightly based on the notion of being able to deliver value based on a robust global delivery model that includes on-site, nearby, and remote service delivery. The firm also wisely frames its value proposition with the recognition that cloud-based services are a pending major shift in technology. Also strong is Wipro's recognition that services deals will increasingly leverage provider capabilities to deliver infrastructure, application, and BPO services. Wipro is also demonstrating a willingness to explore innovative contract configurations that link IT outcomes to business results.
Planned enhancements	Wipro has planned technical improvements loosely around globalization, automation, virtualization, transparency, and sound delivery management. In addition, the firm has a strategy for utility computing over the next two years as well as plans for standard solutions with Cisco, EMC, and Microsoft. In line with becoming a more broad utility technology provider, Wipro also is now piloting remote management of non-IT devices (soft drink vending machines in this case). Notably, the firm is targeting the infrastructure business specifically with the planned ramp-up of a school of infrastructure management over the next year.
Plans for growth	Wipro has expanded its footprint globally over the past couple of years and intends to continue this growth trajectory. It continues to develop a "follow the sun" delivery model and is strengthening its presence in Europe, Latin America, and Asia Pacific. In the last year, Wipro opened development centers in Atlanta, Ga.; Dubai; Egypt; Kuala Lumpur; the Philippines; Poland; Portugal; and Sydney, Australia. In the next 24 months it plans to open development centers in China, Korea, Taiwan, and Thailand in the AP region. Building on the significant acquisition of Infocrossing last year (which included five US-based data centers), Wipro is now building out additional data center capability in India, and the recent acquisition of Citi Technology Services also enhances the firm's global delivery capability. Wipro also continues to mature its offering in core infrastructure services with an eye on next-generation services such as unified communications, cloud/utility infrastructure services, etc.
Investment to support strategy	Wipro invested 5.5% of its revenue into R&D.

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MARKET PRESENCE	
Service market presence	Wipro demonstrated a significant strength in overall service market presence.
Financial strength	Although still relatively small compared to some of the massive global firms in this study, Wipro was in the middle of the pack in overall financial strength. Good profitability and solid growth help Wipro score well here.
Infrastructure services client base	Wipro counts 572 IT infrastructure services outsourcing customers for FY 2007 to FY 2008.
Vertical alignment	Wipro's key verticals include: BFSI (24% of revenue); media and technology (24% of revenue); energy and utilities (23% of revenue).
Infrastructure service employees	Wipro counted about 14,000 infrastructure service employees in FY 2007 to FY 2008.
Total employees	Wipro counted 95,000+ employees worldwide (57 nationalities) for FY 2007 to FY 2008.