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Infosys BPM joins the three-comma club, crossing \$1B in revenues

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Defining Future Business Operations

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That's Billion with a capital B

Infosys Ltd. recently announced its financial performance for the FY ending March 2020. The top-level results are great - the \$35B firm registered growth of 9.8% and operating margins at 21.3%. But what HFS found particularly noteworthy among these FY2020 announcements were the results from Infosys BPM (the BPO subsidiary). The business process services line at Infosys has officially crossed over a billion dollars in revenue, an important milestone with implications on the future of the company as a whole.

How they got there: M&A, digital-enabled back-office services, and vertical domain capabilities focus

Over the last 18 years, Infosys BPM has steadily built its capabilities along two tracks –

- **Expansion of back-office operations including finance and accounting, procurement, and customer service operations.** Its investments and focus on growing horizontal BPS services paying off – HFS ranked Infosys BPM as #4 for Procurement and #5 for F&A services in our 2019 Top 10 reports on these markets. Infosys BPM is particularly highlighted in these studies as having a strong focus on embedding emerging technologies within business operations, such as its AI-based suite of procurement solutions, and investments in blockchain, digital twins, RPA, and AI in finance. This has resulted in significant non-linear revenue growth for the service provider compared to its peers. Infosys BPM has built this business with both organic expansion, and M&A-fueled growth, with acquisitions such as Portland group for procurement (2011), HiPUS (Hitachi-Panasonic) JV in Japan (2019) and customer experience center expansion with Eischtec in 2019.
- **Focused M&A to build industry-specific solutions.** Infosys BPM's success in the insurance domain and, more recently, banking, with the ABN AMRO joint venture of Stater, has seen it emerge as a serious competitor in industry domains. The service provider acquired insurance BPaaS firm McCamish Systems Ltd in 2009. More recently, in 2019, Infosys BPM acquired a 75% stake in Stater, taking on mortgage admin services capabilities from ABN AMRO.

Capability and regional expansion is one thing, but ultimately to grow, clients have to believe in your success. This is one area where we have seen Infosys BPM shine; it rates #1 in voice of the customer in multiple Top 10s at HFS, including Source-to-Pay and Insurance Services. Many of Infosys clients are its biggest advocates, and unlike some of its other billion-dollar BPO contemporaries, Infosys BPM also has the access and respect of the clients of its larger IT organization. HFS CEO Phil Fersht noted this fact late last year, stating "Infosys has benefitted well from keeping its BPO business separate from its mainstay IT services business for many years and enjoying cross-pollination of sales across accounts. Today, Infosys BPM is a tier 1 business services competitor that can hold its own against the likes of Accenture, Genpact, TCS and Wipro".

The bottom-line: With this size and scale milestone behind it, Infosys BPM must now look at new avenues to generate its next billion.

Size and scale have brought the big TWITCH providers this far, and Infosys BPM's latest revenue milestone is testament to that fact. Steadily adding talent through organic and inorganic growth has brought Infosys BPM to its 43,000 strong workforce. It must now focus even more on digitally-enabled business operations, working to embed the triple A trifecta of automation, analytics, and AI into the majority of its services. In the post-COVID world, clients have even more of a burning platform for digitizing and streamlining their business processes, and the extent to which partners like Infosys BPM can deliver on that will define how quickly it generates its next billion. The good news is that the service provider is already on this track, reporting "digital revenues" of \$280.2M that contributed to 28% of its overall revenues. Now is the time for Infosys BPM to more heavily leverage its IT ecosystem and resources as technology and operational transformation increasingly come together.

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Reetika Fleming is Research Director, Insurance & Smart Analytics at HFS Research. Her research extends into defining future business operations for property and casualty, life, and annuities and reinsurance companies. She studies the broad use of data and analytics within enterprises, with a new research focus on machine learning and AI techniques to improve business decision making.



2020 DEFINING BUSINESS OPERATIONS IN THE NEXT DECADE

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HFS defines and visualizes the future of business operations across key industries with our Digital OneOffice™ Framework.

HFS influences the strategies of enterprise customers to help them develop OneOffice backbones to be competitive and to partner with capable services providers, technology suppliers, and third-party advisors.

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