Business Intelligence Case Study

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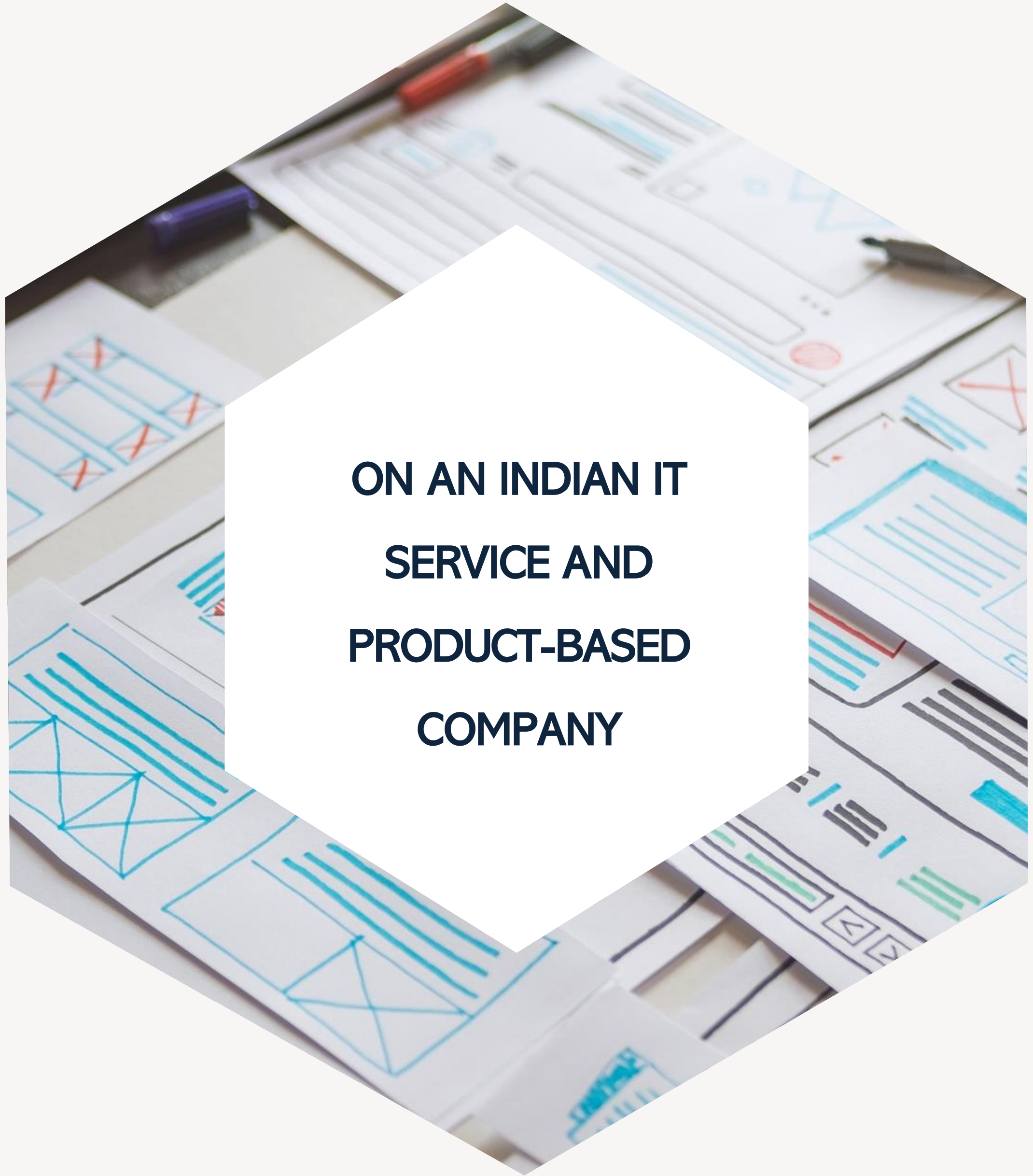
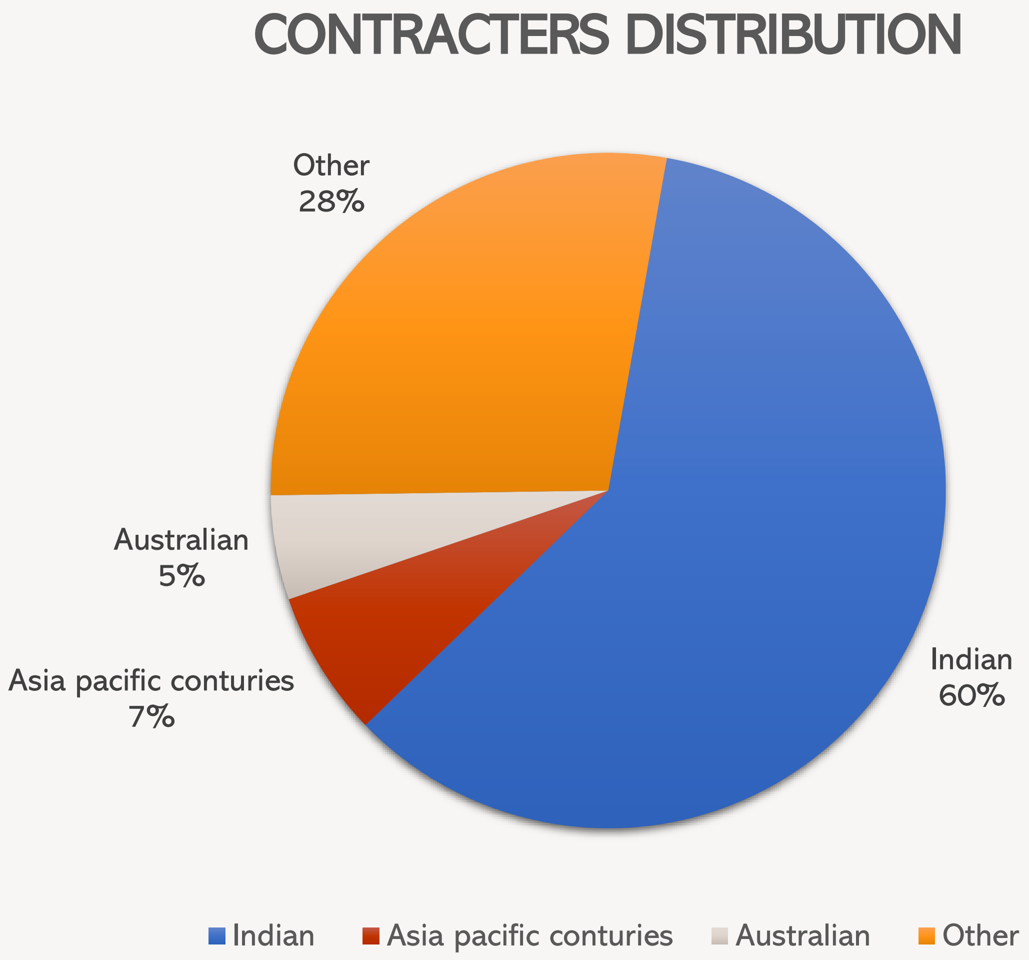


ON AN INDIAN IT SERVICE AND PRODUCT-BASED COMPANY

Analyzing the problem

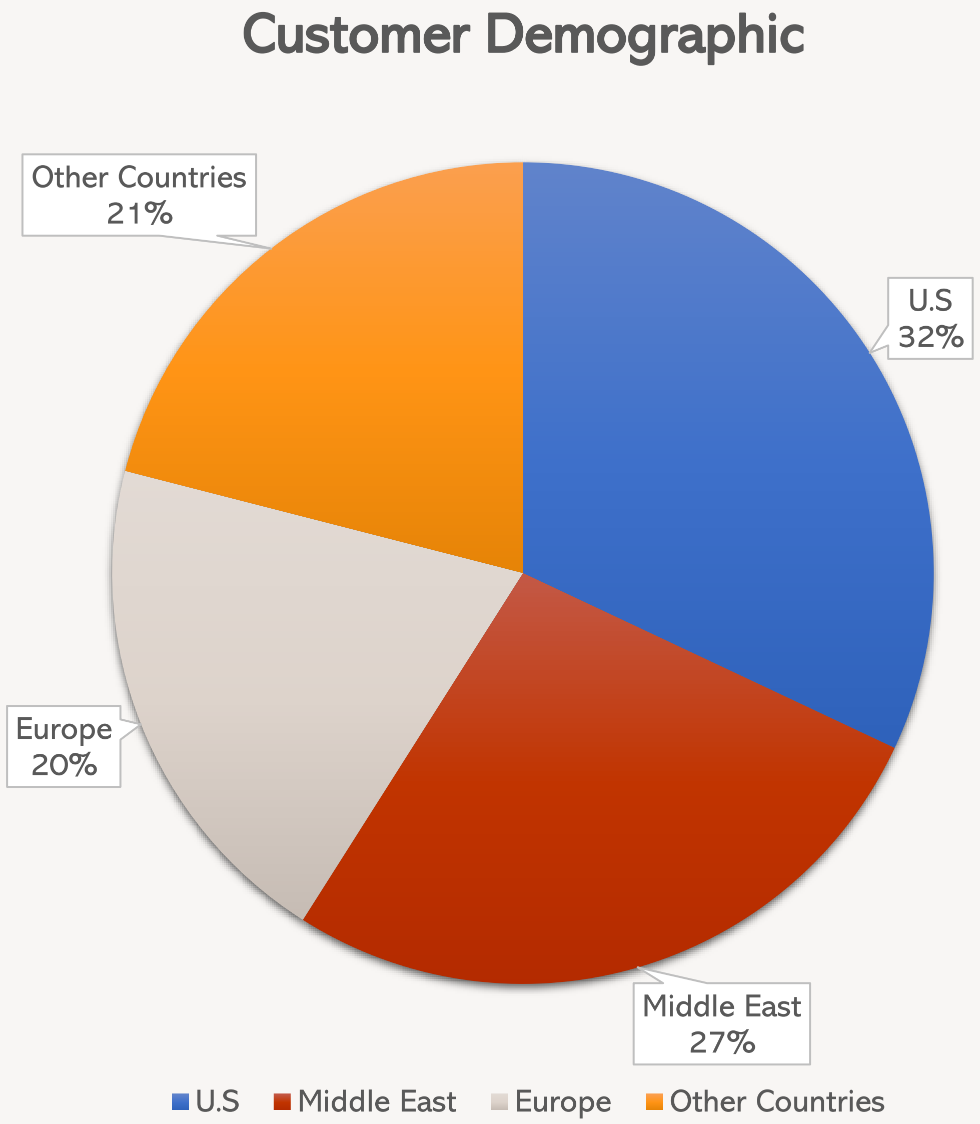
Employee Distribution

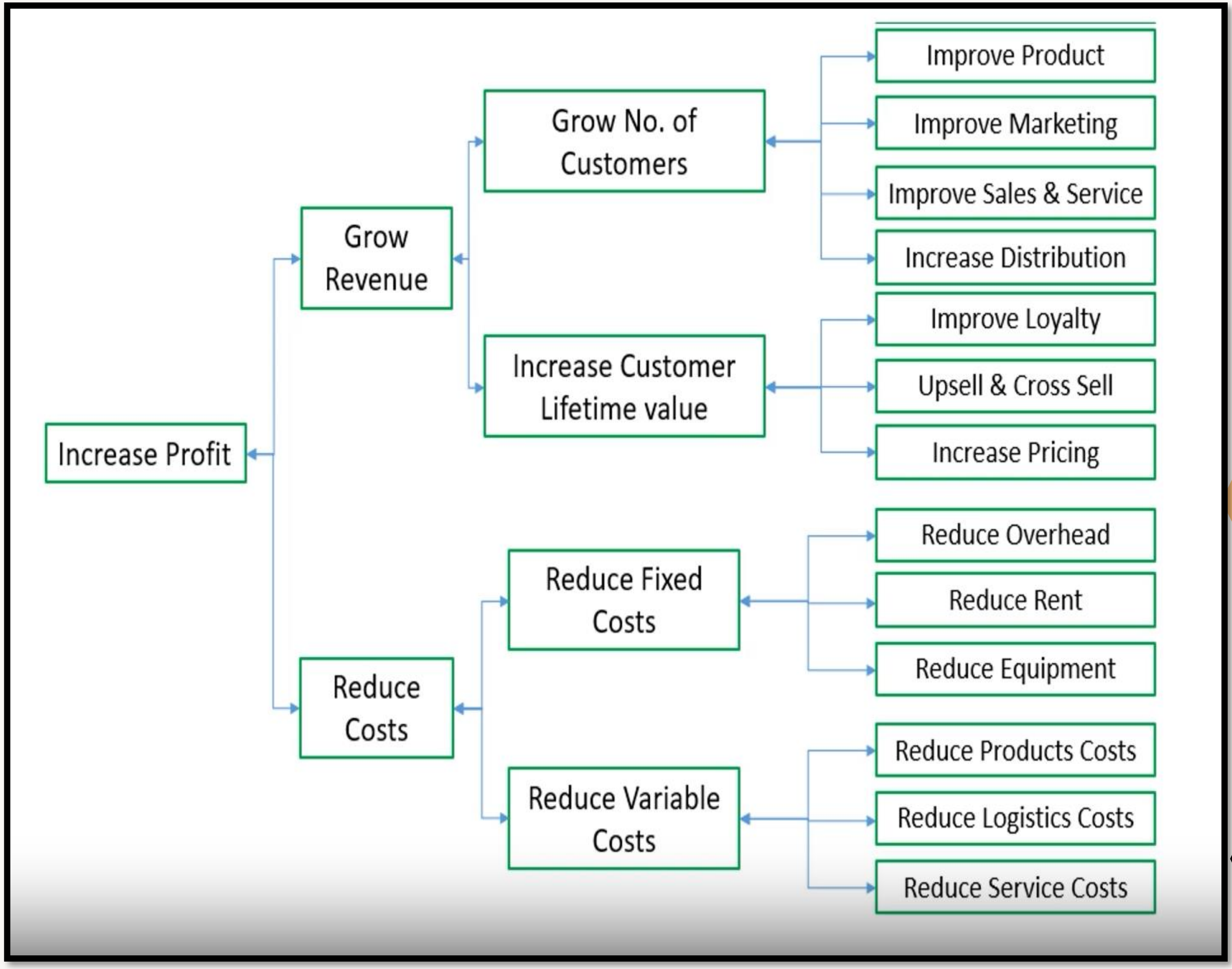
- The company has an employee base of over 5000+ employees all over the globe.
- Around 73% of the resources are based out of India (Mumbai, Pune, Hyderabad and Ahmedabad).
- The total employee strength includes 690 contractors with their distribution as shown in the chart
- These contractors are on an average 1.4 times costlier than permanent employees.



Customer Distribution

- The customers are across 35 countries mainly in the US (32%), Middle-east (27%) and Europe (20%).
- . Though they provide IT solutions in all the domains, 46% of their revenue comes from BFSI sector, 21% is from the Healthcare sector and the rest from other sectors like Retail, Public sector, Manufacturing, Travel, Entertainment etc..





Mutually Exclusive Comprehensively Exhaustive principle Visualized using the Issue tree

Using the MECE principle, let's break down the problem and analyse the root causes of the company's low margin improvement rate and identify potential strategies for improvement.

REVENUE DISTRIBUTION

I. IT Solutions and Maintenance:
   I. Revenue from BFSI sector: 46%
   II. Revenue from Healthcare sector: 21%
   III. Revenue from other sectors: 33%
II. Products:
   I. Digital Marketing product: 90% of revenue
   II. DevOps bundle: Remaining revenue (5%)
   III. Cybersecurity: Remaining revenue (5%)

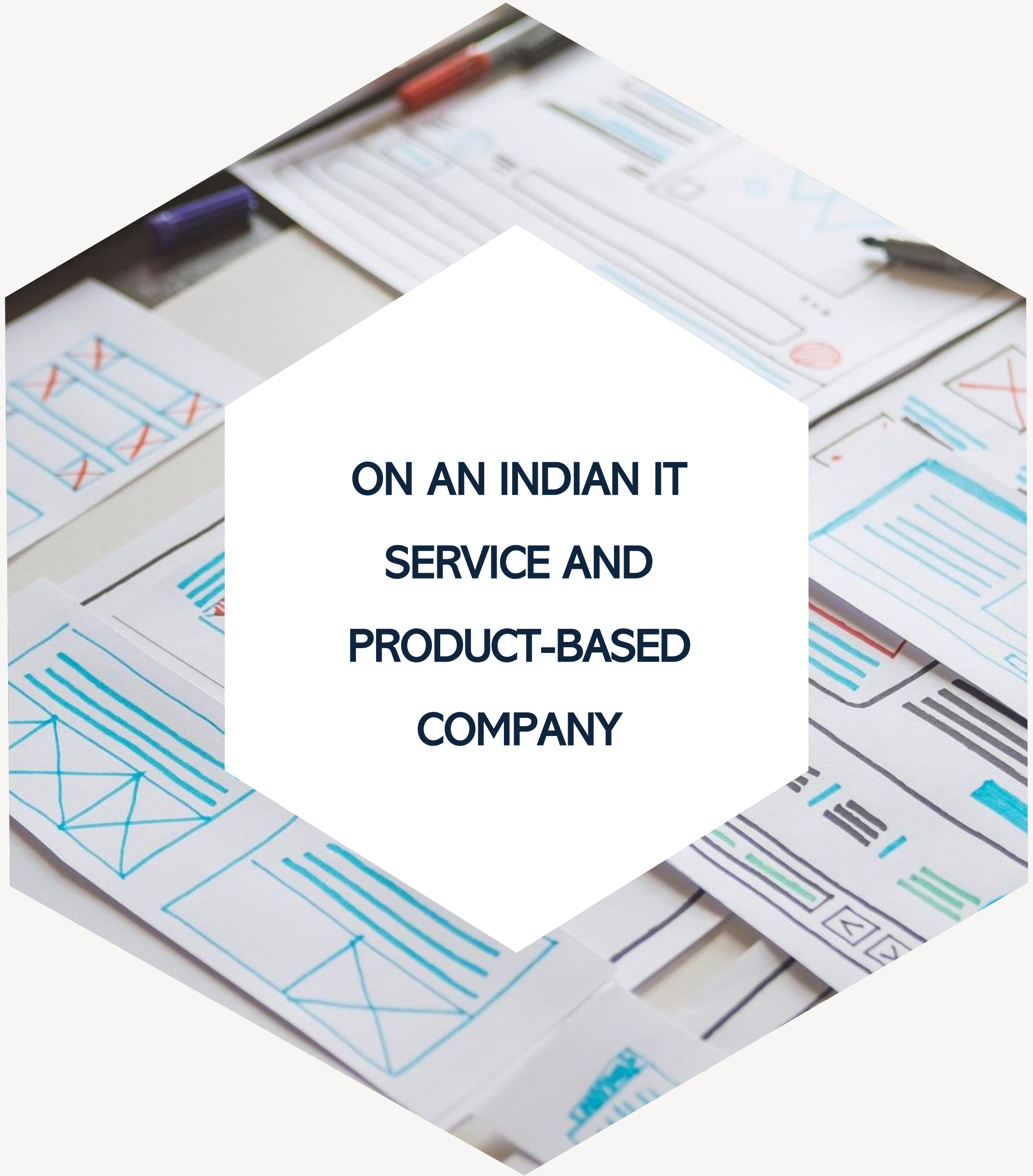
COST DISTRIBUTION

I. Permanent Employees:
   i. 73% based in India
   ii. 27% based outside India
   iii. Cost of permanent employees
II. Contractors:
   i. 60% in India
   ii. 5% in Australia
   iii. 7% in Asia Pacific centres
   iv. Contractors are 1.4 times costlier than permanent employees

OTHER DISTRIBUTIONS

1. Geographical Revenue Distribution:
   - US: 32%
   - Middle-east: 27%
   - Europe: 20%
   - Rest of the world: 21%
2. Margins:
   - High margins: BFSI (42%), Retail (39%), US (48%), Europe (44%)
   - Low margins: India (9%), Asia Pacific countries (14%)

Solving the Problem



ON AN INDIAN IT SERVICE AND PRODUCT-BASED COMPANY

OBSERVATIONS

i. Revenue:

   i. The company heavily relies on the BFSI sector (46%) and the Healthcare sector (21%) for its revenue. Diversifying into other sectors can help reduce dependency and increase revenue streams. Explore more opportunities in sectors like Retail, Public sector, Manufacturing, Travel, and Entertainment.

ii. Cost:

   i. Most permanent employees are based in India (73%). However, the company can explore the option of hiring more permanent employees in regions where it has high revenue potential, such as the US and Europe. This can help reduce costs associated with contractors.

   ii. Evaluate the cost-benefit ratio of contractors and assess if their services can be replaced with permanent employees in certain regions.

OBSERVATIONS

I. Geographical Revenue Distribution:

   I. The US and Europe are promising markets for the company's services. Investing more resources and expanding operations in these regions can lead to increased revenue. Focus on the healthcare sector in the US and Europe, as it shows potential for growth.

II. Margins:

   I. Identify the factors contributing to low margins in India and Asia Pacific countries. Analyze the cost structure, market dynamics, and competitive landscape to determine strategies for margin improvement.

   II. Acquiring smaller organizations specializing in niche technologies can provide cross-sell opportunities and enhance the company's capabilities. However, thorough due diligence should be conducted to ensure the acquisition aligns with the company's strategic goals and has the potential to improve margins

Summary

- Diversify revenue streams by expanding into sectors beyond BFSI and Healthcare.
- Focus on regions with high revenue potential, such as the US and Europe, while leveraging the company's strengths in India.
- Assess the cost structure and explore opportunities to reduce costs, such as optimizing the contractor-to-employee ratio and evaluating the effectiveness of contractors versus permanent employees.
- Conduct a detailed analysis of low-margin regions (India and Asia Pacific) to identify root causes and implement targeted strategies for margin improvement.
- Consider acquisitions of smaller organizations that align with the company's strategic goals and can provide cross-sell opportunities, niche technologies, and a larger customer base.




Thank you

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