INFOSYS

CRITICAL ANALYSIS

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CHRISTINA GEORGE   3/18/19   BMIB 3 (COMMONWEALTH)

INFOSYS LIMITED

Infosys was Co-founded by Narayan Murthy CEO, and six other engineers who left their employment with the firm Patni Computer systems and started with a meagre USD.250 and is now a multinational and multibillion company having branches worldwide. Their Head office is located in the IT Hub of Bengaluru, India Infosys has around 890 clients across 30 countries. Infosys are shifting most of their operations to USA, Europe. Their flagship product is Finacle which is a modular banking system for corporate, retail and banks.

SWOT ANALYSIS

Strength

- High standards of skill level in IT field.
- Strong financial position and caters to a large workforce
- Good reputation of delivering big projects efficiently
- Stronger technical skills than
- The wages they pay is comparatively lower because of its headquarters in India.

Weakness

- Smaller revenue in comparison to Accenture, TCS, cognizant.
- Weak in management consultancy and finds it difficult to win US federal Government projects.
- Employees tend to shift to greener pastures after a two year stint at Infosys as they don't see future prospects as bright as the other giants of IT
- Infosys is not covering the markets that have potential.(emerging)

Opportunity

- Infosys expects to finish by March 2019, the sale of its subsidiaries Skava and Panaya. The consolidated revenue was 60.4% from North America, 23.7% from Europe, 12.7% from rest of the world and 3.2% from India, year ending 2018.
- The constant increase in demand for cloud based solutions.
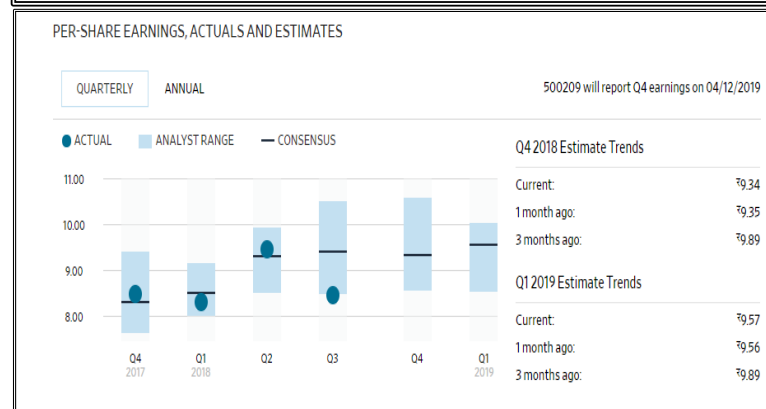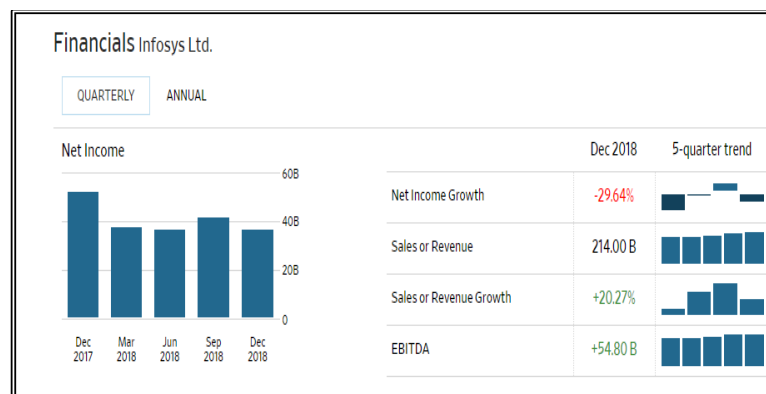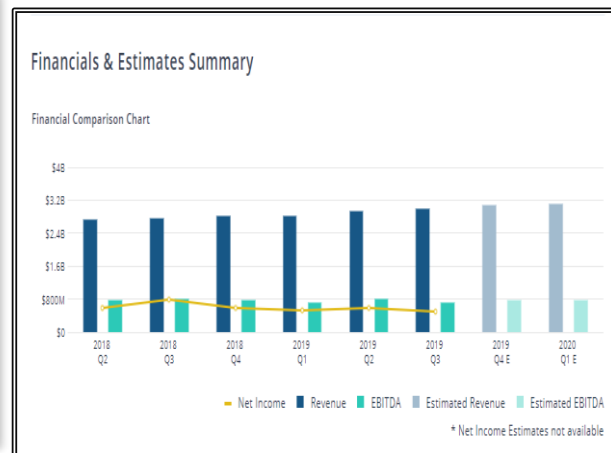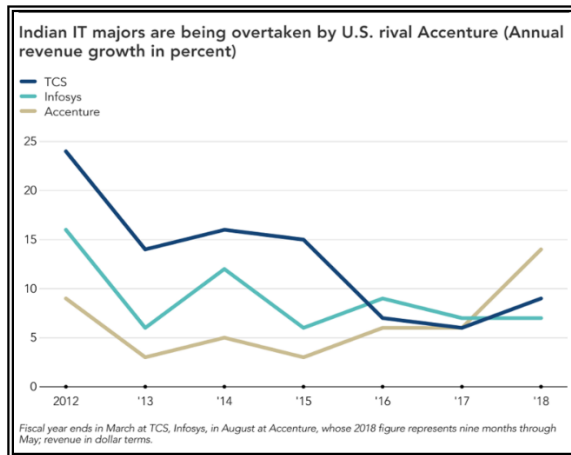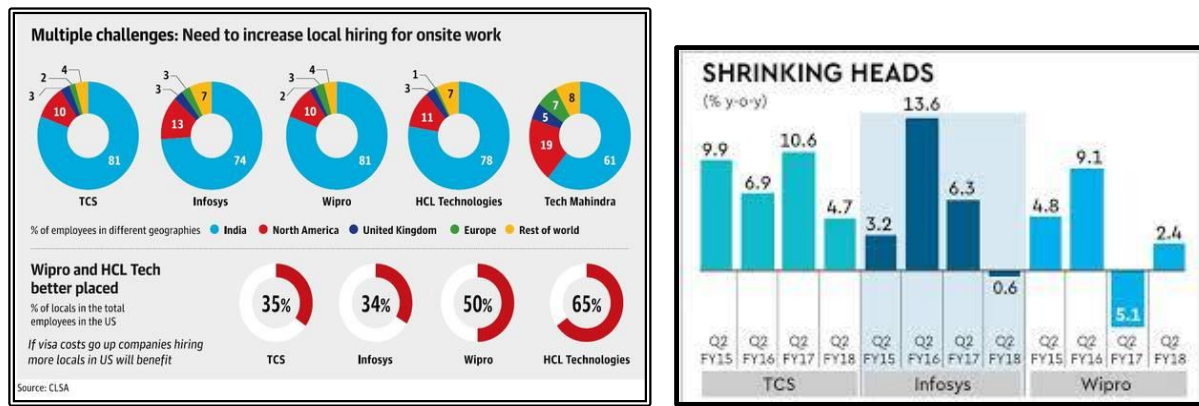- They should invest in upcoming technology companies.
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Threat

- The biggest barrier to digital transformation in 2019 are 22% inability to experiment quickly, insufficient budget 30%, legacy systems at 41*%.*
- Inflation rates are rising year and are very unpredictable.
- IT industry being on One of the most Upcoming sectors, there is an Intense completion between various firms.
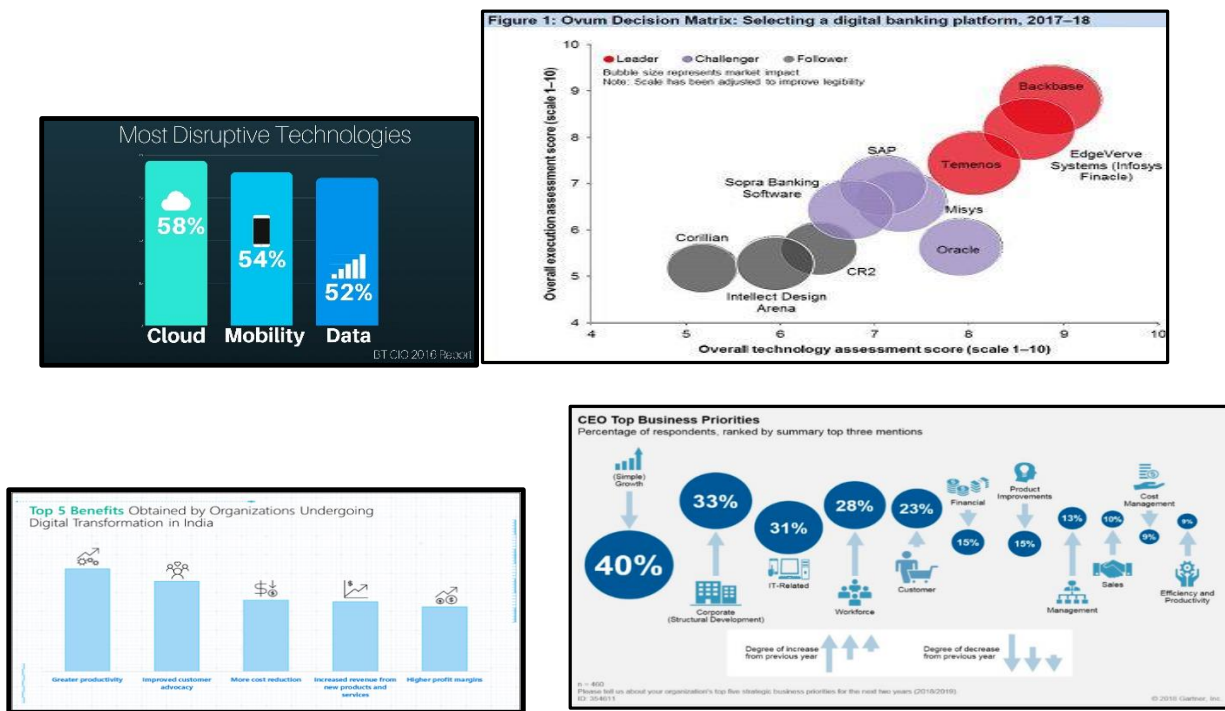
RECOMMENDATIONS

#1 Almost 80% of the company is based in US and Europe. This can be a handicap in future and they must spread their market more globally and so they don't miss the potential of growth for future. I would take a decision of covering new markets all across the world. Recent study shows that Accenture has overtaken all the giants of the IT market and are the leaders. Accenture has added $3.63 billion in incremental revenue which is almost the total new business of TCS, Cognizant, Infosys and Wipro Put together in 2017-18. Now is the time to diversify your field of operation to emerging markets worldwide and be a step ahead.

Indian IT majors are being overtaken by U.S. rival Accenture (Annual revenue growth in percent)

Fiscal year ends in March at TCS, Infosys, in August at Accenture, whose 2018 figure represents nine months through May; revenue in dollar terms.

Financials & Estimates Summary

Financial Comparison Chart

Financials Infosys Ltd.

	Dec 2018	5-quarter trend
Net Income Growth	-29.64%	
Sales or Revenue	214.00 B	
Sales or Revenue Growth	+20.27%	
EBITDA	+54.80 B	

PER-SHARE EARNINGS, ACTUALS AND ESTIMATES

500209 will report Q4 earnings on 04/12/2019

Q4 2018 Estimate Trends

Current:	₹9.34
1 month ago:	₹9.35
3 months ago:	₹9.89

Q1 2019 Estimate Trends

Current:	₹9.57
1 month ago:	₹9.56
3 months ago:	₹9.89

#2 IT industry has become highly competitive with major firms like Oracle, TCS, Accenture and Capgemini making their presence felt in the market. This along with the changes in the US Immigration laws getting stricter will put additional pressure on IT firms. Rising wages in India also affects Infosys and they have to gear up to face this new situation and stem the flow of trained employees to other firms with better offers. Infosys has to overcome management disputes, visa problems especially in USA, competition from other IT Giants which can impede the progress of the company. I would improve on the weakness of the management and try to make them more and more efficient and thus reduce the defection of staff to other similar firms. Improve pay scale of Engineers and staff to motivate them.

#3 Infosys at the moment is not able to create a world class digital marketing product and their flagship software Finacle is old and out of date. Steps must be taken to work on a new software better than Finacle . The Global spending on Digital Transformational Technologies are expected to grow at a CAGR of about 17%.

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Accenture poised to outpace TCS, Cognizant, Infosys, Wipro in 2017-18file