Project - 1

A)Root Problem :

An Indian IT service sector is facing problem in being par with the other IT sectors as their Year on Year improvement is 11% but the other companies have it to 26%.

Why are the margins low?

- Higher number of Contractors.
- Majority of employees work in low-margin regions.
- High dependency on Service Business.
- Dependency on one market(Digital Marketing).

B)We will be applying MECE(Mutually Exclusive,Collectively Exhaustive) principle to solve this problem

We will be splitting the problem to two parts
1)Revenue Problem
2)Cost Problem

1)Revenue Problem

a)Revenue from IT Solutions & Maintenance

- 46% = BFSI Sector(42% margin)
- 21% = Healthcare Sector.
- Rest sectors(Retail(39% margin), Public sector, Manufacturing, Travel, Entertainment).

b)Revenue from Products

- DevOps Bundle.
- Cybersecurity.
- Digital Marketing(90%of product revenue).

2)Cost Problem

a)Employee & Contractor

- Employee strength includes 690 contractors(1.4 times costlier than normal employees).

b)Operational

- Weaker employee strength in Australia(5%) and Asia Pacific centres(6%).

c)Product and Service delivery

- IT solutions require more resources.
- Product R&D not optimized.

C)Profitability Tree Analysis

a)Revenue Growth

- Focus on BFSI and Retail sectors that enjoys good margin on regions with higher business like US and Europe.
- Increase its product offerings by including DevOps and Cybersecurity to compete with global IT trends.
- Acquire smaller business with niche technologies to increase the customer base.

b)Cost Problem

- Increase the permanent employees and reduce the high cost contractors.
- Use employees more effectively in different regions and give more work to regions that earns more profit.

D)Recommendations

- Increase the work focus to US and Europe especially in BFSI and Healthcare sector.
- Focus on DevOps bundle and Cybersecurity.
- Acquire smaller organisations with niche technologies to increase the business.
- Make daily operations more efficient.