

# Vision and mission of infosys in consulting and it services business essay



**ASSIGN  
BUSTER**

Infosys is a reputed global consulting and IT services company established in 1981. This NASDAQ listed company was established in Pune, India by N. R. Narayana Murthy and six engineers with US \$ 250 as initial capital. Today with its strong business strategy and IT strength, it has grown to become a US \$ 4.8 billion company with a market capitalization of approximately US \$ 33 billion.

## **VISION AND MISSION**

### **INFOSYS' VISION**

“ To be a globally respected corporation that provides best-of-breed business solutions, leveraging technology, delivered by best-in-class people.”

Infosys does not just want to be a corporation which just focuses on increasing its business and revenue, rather its vision is to be a corporation which provides best business solution by indulging best talented people and eventually to become a reputed and respected corporation.

### **INFOSYS' MISSION**

“ To achieve our objectives in an environment of fairness, honesty, and courtesy towards our clients, employees, vendors and society at large.”

Infosys focuses on maintaining fairness, honesty and courtesy towards their clients, employees, vendors and society in their path of achieving their objective. They believe that these three key aspects were the main factors in achieving their vision.

## **GLOBAL FOOTPRINT AND OFFERED SERVICES**

Infosys has made his footprint globally with offices and development centers across the world. It has expanded its business globally by operating in 28 countries which covers Europe, America, Middle East, Africa, and APAC (Asia – Pacific and China).

Infosys offers various services to sustain in the competitive environment and to enhance their growth.

### **Services offered:**

Business and Technology consulting

Application services

Systems integration services

Product engineering services

Custom software development services

Maintenance services

Re-engineering services

Independent testing and validation services

IT infrastructure services

Business Process Outsourcing services

Infosys follows a blended offering of onsite high quality business consulting and offsite impeccable technology implementation. This eventually reduces the cost of taking the entire team of business consultants to a client site. In the application services, they offer application development, maintenance and modernization. They focus on delivering high quality, flexible applications that are easy to maintain. To deliver a world class process outsourcing, Infosys' BPO services combine technology, process skills and domain expertise.

In terms of industry segment, Infosys offers services to many industries which includes;

Aerospace and defence

Airlines

Automotive

Banking, insurance and capital markets

Communication

Manufacturing and technology

Logistics

Education

Healthcare

## **COMPETITIVE ENVIRONMENT OF INFOSYS**

Infosys being a leading company in India faces a lot of competition in local, national and international market. With its in-depth industry expertise, Information Technology and innovative strength, Infosys competes over its competitors, sustains its business and enhances its growth.

## **LOCAL AND NATIONAL COMPETITORS**

### **HEXAWARE TECHNOLOGIES**

Hexaware technologies is an IT and BPO service provider company based in Mumbai, India. In the local and national level, it makes a healthier competition with Infosys mainly in the banking and health care software services sector.

### **ATARI INFORMATICS**

Atari Informatics, an IT company based in New Delhi, India, is another competitor of Infosys in local and national level. It provides a healthier competition in BPO sector, mainly in local and national banking sector.

### **FINIX INFOSOLUTION**

Finix infosolution, based in Chennai, India is a challenging company offering a healthy competition in testing and networking services domain in local and national level.

Though these companies managed to compete with Infosys in the local and national market, these companies could not cope up with the standard offered by Infosys and these companies could grab only a small portion of business comparatively. In a poll conducted in 2010 by Finance-Asia, a

leading financial magazine, Infosys was selected as the best managed company in India by investors and analysts across Asia.

## **INTERNATIONAL COMPETITORS**

In the international market, a healthy rivalry in terms of competition is offered by TCS (Tata Consultancy Services), CTS (Cognizant Technology Solutions), Wipro, Accenture, Microsoft, IBM, HP, L&T Technologies. Infosys has a heavy competitive environment in all the services offered by them in the international market. With the impact of globalization, every organization is concerned about taking their organization into the global business field. The above mentioned competitors are globally very well established in terms of reputation and financial strength.

Infosys offers a high competition to their rivals in the BPO sector and it won the Forbes magazine's ' Most Dynamically Developing BPO Center in Poland' award for the year 2010.

Infosys was ranked among the best in investor relations in APAC (Asia Pacific and China). In the International Association of Outsourcing Professionals ' Global Outsourcing 100', Infosys was ranked second.

Infosys planned and organized their services into different sectors, which helped them to increase focus and time managing ability. Infosys with their effective use of IT and strategic planning, made a global footprint with its presence in 28 countries across the world and offers a very healthy competition to its rivals and achieves business, awards and reputation in local, national and international market.

## **STRATEGIC ANALYSIS**

Strategic analysis can be defined as the process of conducting study on the business environment of an organisation. The strategic analysis process uses a number of tools, out of which SWOT and PESTEL analysis are used here.

## **SWOT ANALYSIS**

SWOT – Strengths, Weaknesses, Opportunities and Threats.

Ron Basu. (2004) states, “ A SWOT (strengths, weaknesses, opportunities and threats) is a tool for analysing an organization’s competitive position in relation to its competitors”

## **STRENGTHS**

Infosys considers diversity as an important asset and is one of the main strength. They attract and retain global talent by offering best diversity opportunities. Infosys has more than 100, 000 employees from 70 nationalities working together in an inclusive environment.

Infosys has marked its footprint in 28 countries and this enhances its capability to support the global operations of multinational clients.

Efficient and highly innovative Research and Development facility is the main strength of Infosys.

Infosys has a strong financial position. The present revenue is US \$ 4. 8 billion which shows an increase of 7. 3% compared to the previous year.

Impressive list of global 2000 clientele is an added strength.

## **WEAKNESSES**

Infosys' major revenue is from banking and financial sector and this sector is facing a crisis globally and even reduced their spending in IT.

Excessive dependence on US for revenue is a major weakness as most of the companies in US are cutting their IT budget.

Comparing to its international competitors like HP, EDS, IBM and Accenture its revenue is relatively low.

In the sector of high-end management consultancy, Infosys is weaker while comparing with Accenture and IBM which dominates this sector.

Since many of its competitors are US based, it struggles to achieve US Federal government contracts. Infosys could not grab these highly profitable contracts since there were political pressures on US government to offer these contracts to US based companies

## **OPPORTUNITIES**

Since there is a huge industrial revolution in China, there is a new and emerging market.

Access to new business market in oil and gas industry through their strategic alliance with Schlumberger Limited.

Many firms across the globe are adopting outsourcing at an increased pace. This increases the opportunities of getting more new clients, which are yet to adopt outsourcing.



Demand for IT services in Indian market is expected an increased growth of 20% and there is greater scope in product innovation and services domains like transportation and infrastructure.

## **THREATS**

Many global players have realised that the availability of low-cost and highly skilled labours in India. This makes Infosys compete with other global players for skilled labour. This eventually raises the wage levels and creates difficulty in retaining talented staff.

Policies made by US government against outsourcing to companies based other than in US.

Fierce competition from competitors with greater reputation and financial strength.

There is a large pool of low-cost and skilled labours in countries like Korea and China. New competitors may come from these countries and customers may switch to these competitors.

## **PESTEL ANALYSIS**

The PESTEL analysis helps to scan the external macro environment in which the company operates. PESTEL stands for Political, Economical, Social, Technological, Environmental and Legal. All these factors play a vital role in the value creation opportunities of a company's strategy.

## **POLITICAL**

The globalisation policies in many countries paved the way for many companies to invest in foreign markets. Even though globalisation policies helped Infosys to invest in many countries, it eventually increased the number of competitors in that field.

The enacted legislation by some U. S. states which restricted government agencies from outsourcing their Information Technology solutions and back office processes to the companies outside U. S. is also a threat. This may some time extended such that the private U. S. companies, some of which are Infosys' clients may also be restricted to outsource their works related to government. If this policy was made, then Infosys may face adverse impact.

The decision made by Government owned companies and public sector units in India to give more IT projects to Indian IT companies is a great advantage to Infosys.

The politics in many countries are very instable which eventually affects the markets of Infosys. It is very essential that for a firm to be successful, it has to adapt to the changing policies made by the local government and should find way to overcome those issues.

## **ECONOMICAL**

Infosys' majority revenue comes from the clients in U. S. The economic activities in U. S. decreased due to the current economic downturn. This made a great impact in the major economies of the world where Infosys have their business.

The economic downturn progress may force the companies to reduce their information technology outsourcing budgets.

In recent days real estate prices has reduced in India. This eventually reduced the rental expenditures.

Since Infosys' business depends upon overall demand for IT and the economic health of their clients, the weak economic condition, reduced outsourcing budgets and currency fluctuation will affect their demand and eventually result in reduced revenue.

## **SOCIAL**

IT and offshore outsourcing services companies are highly competitive and they are served by many global, national and local companies. Many of the global competitors of Infosys' have greater financial, marketing and technical resources and greater name recognition than Infosys.

In India there are many technical institutions and universities that offer IT education and this increased the availability of more technically sound candidates in IT field. The working age population is also high in India.

There is a threat from client side that they may choose those companies with greater resource and reputation.

Salaries and related benefits constitute a major portion of total cost. Most of Infosys' employees are based in India and wage costs in India have historically been significantly lower than wage costs in United States and

Europe for comparably skilled professionals, and this has been one of Infosys' competitive advantages.

## **TECHNOLOGICAL**

The rapid technological change, new product introduction, evolving industry standards and changing client preferences characterises the IT and offshore outsourcing services industries. In these modern technology era, for every second there is some development in every field and that too in IT field, the technological development is very rapid. To withstand in this rapid growing field, updation and adaptability to change of technology is very important.

The second largest telephone network after China is the Indian telephone network. This increased the number of outsourcing projects in this field and Infosys bags numerous BPO and research related projects in this field.

Infosys clearly focuses on technological factors and it has a very good infrastructure and its research arm is highly focused in innovation and updation of the technologies used in their business.

## **ENVIRONMENTAL**

Infosys is more concerned about the environment. Infosys believes that the environment can be a participant and a beneficiary of progress. Infosys wishes to be recognized as a company committed to high standards of environmental management by all stakeholders, including customers, employees, vendors, share owners and community at large. Infosys pays keen attention in providing a safe and healthy environment to its contractors, consultants and employees.

Infosys considers every means of reducing the carbon footprint, water consumption and energy utilization. Infosys pay more attention towards the environmental factors as they believe that these factors contribute to their social respect and eventually to their business and reputation.

## **LEGAL**

For providing a sound legal environment for the IT companies, the IT act, 2000 in India is being strengthened by the India government. This particularly focuses on issues like security of data in storage and transmission.

IT companies in India are offered with tax and fiscal benefits and can set up Special Economic Zones with a minimum area of 10 hectares.

Globally there is a huge debate regarding the bonds under which employees are required to work. This is followed in many countries and this is not legally required. This causes difficulties in attracting global talents.

## **INFOSYS' STRATEGY AND THE IMPACT**

Johnson, G. & Scholes, K. (1999) states, “ Strategy is the direction and scope of an organisation over the long-term: which achieves advantage for the organisation through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfil stakeholder expectations.”`

Infosys strongly believes that their client-focused strategy is the key factor that helps them to achieve growth. Infosys believes that choosing their client is also a factor that determines their reputation. Their strategy focuses on

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limited number of large reputed organization that pays attention towards quality in products rather than focusing on numerous small organizations without quality concern. Beyond a certain limit, Infosys does not negotiate over margins and at times rather than compromising on quality for low cost contracts, it prefers to walk out from that business. Their strategy focuses on building an image for quality driven model rather than cost differentiating model.

## **INCREASE BUSINESS FROM EXISTING AND NEW CLIENTS**

Infosys pays more attention in increasing its recurring business by providing software re-engineering, maintenance, business process management and infrastructure management services which require frequent contact with clients and are long term in nature. By leveraging its in-depth industry expertise, it provides value added solutions to its new clients and sustains their business with their new clients.

## **EXPAND GEOGRAPHICALLY**

Expanding its geographical reach is one of the Infosys strategic objectives. To achieve this they establish new offices in many countries. Through Infosys China, Infosys Australia and Infosys Mexico, it increases its presence in China, Australia and Latin America respectively. Through its Infosys BPO, it increases its presence in Czech Republic and Eastern Europe.

## **ENHANCE SOLUTION SET AND BRAND VISIBILITY**

Infosys focuses on emerging technologies and innovation. They added new service offerings like system integration and infrastructure management in

recent years which enhanced their growth. By investing and participating in media, industry analyst events, trade shows and community outreach programs, Infosys enhances its brand visibility.

## **ALLIANCE AND STRATEGIC ACQUISITION**

Infosys makes alliance with many leading technology providers to strengthen its service and business solutions. They pay attention on acquiring companies that are in line with strategic goals.

## **GLOBAL DELIVERY MODEL**

Infosys focuses on achieving cost advantage by their global delivery model. They follow the principle of producing where it is most cost effective and selling where it is most profitable.

## **MOVING UP THE VALUE CHAIN**

Moving up the value chain is one of the objectives of Infosys' strategy. They believe that getting involved at the earliest stage in a software development project would make them to be in the leading position in the competitive environment.

Ansoff, I. & Mc Donnell, E. (1990) states, “ Strategic management is a systematic approach for managing strategic change, which consists of the following:

1. Positioning of the firm through strategy and capability planning
2. Real-time strategic response through issue management
3. Systematic management of resistance during strategic implementation”

Infosys has a very good strategic planning and management capability, which enhances their growth. The major and brilliant advantageous development of Infosys' strategic planning is the development of SET Labs. The research arm of Infosys is the Software Engineering & Technology Labs (SET Labs). Infosys defines its R&D concept as a different concept from its competitors and terms it as Applied R&D. They perform research on their own after a lot of environment scanning and look at what would add value for Infosys and eventually to its clients.

To overcome the problem of economic slowdown, Infosys developed new business models using IT. They focused on developing industry specific and domain specific solutions. They introduced the Platform – BPO concept which allows their customer to follow the pay-as-you-go pricing mode. Infosys managed to withstand their business during economic slowdown by introducing Platform – BPO. They pay more attention in their IT and IT strategy which eventually enhances their new technology adaptation and innovation.

The below table shows the geographical revenue break-up for the year end, March 31, 2010

(All denominations in Indian Rupees)

PARTICULARS

NORTH AMERICA

EUROPE



INDIA

REST OF THE WORLD

TOTAL

REVENUES

YEAR ENDED MARCH 31, 2010

14972 Crores

5237 Crores

270 Crores

2263 Crores

22742 Crores

The revenue for the year end March 31, 2009 is 21693 crores Indian rupees. Thus with their effective strategy, Infosys achieved an increase in revenue by 1049 crores Indian rupees.

## **CONCLUSION**

From the above study, one can infer that Infosys has grown as a leading company with its IT and strategic planning. Strategic planning plays a major role in analysing and gaining knowledge about the issues that the company has to tackle in the near or far future. Infosys with their strategic planning and management strived hard and even managed to be in the competitive environment even in the period of global economic down turn. They still

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have to focus on the internal and external factors which contribute to the weakness and threats so as to overcome all near and far future issues. It is clear from the analysis that Infosys has proved to be reputed company with good growth.