

Tata consultancy services essay sample

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1. INTRODUCTION

Tata Consultancy Services Limited (TCS) is an Indian Multinational Information Technology (IT) services, business solutions and outsourcing services company headquartered in Mumbai, Maharashtra. TCS is a subsidiary of the Tata Group and is listed on the Bombay Stock Exchange and the National Stock Exchange of India. It is one of India's most valuable companies and is one of the five largest India-based IT services firms.

The Company's full services portfolio consists of Application Development and Maintenance, Business Intelligence, Enterprise Solutions, Assurance Services, Engineering and Industrial Services, IT Infrastructure Services, Business Process Outsourcing, Consulting and Asset Leveraged Solutions. In addition, the Company has launched several new service offerings around Mobility, Social Computing, Big Data and Cloud.

The Company has built strong domain capabilities in a range of industry verticals, positioning itself as a strategic partner capable of reliably delivering innovative technology-led solutions to business problems. Key industry verticals serviced by the Company are Banking, Financial Services and Insurance, Retail and Consumer Packaged Goods, Telecom, Media and Entertainment, Hi-Tech, Manufacturing, Life Sciences and Healthcare, Energy, Resources and Utilities, and Travel, Transportation and Hospitality.

The Company has also been steadily expanding its geographic footprint. In addition to the traditional markets for its services - namely, North America, United Kingdom and Continental Europe, the Company has been expanding

its presence in emerging markets like Asia-Pacific, India, Latin America and Middle East & Africa.

In North America, the Company has strengthened its local presence by investing and recruiting talent in local centers such as Cincinnati, OH, Midland, MI and Troy, MI. TCS also opened a state-of-art office facility in Santa Clara, CA, which will serve as customer collaboration center and headquarter for mobility solutions unit and other upcoming technologies. As at March 31, 2012, TCS had 183 offices in 43 countries and 117 delivery centers in 21 countries. Tata Consultancy Services was founded in 1968. One of its first contracts was to provide punched card services to sister company TISCO (now Tata Steel). In the following years it worked on an Inter-Branch Reconciliation System (IBRS) for the Central Bank of India and provided bureau services to Unit Trust of India. In the early 1990s the Indian IT outsourcing industry grew rapidly due to the Y2K bug and the launch of a unified European currency, Euro. TCS created the factory model for Y2K conversion and developed software tools which automated the conversion process and enabled third-party developers and clients to make use of it. By 2004, E-Business was contributing half a billion dollars (US) to TCS.

Time Line of Progress:

On August 9, 2004 TCS became a publicly listed company, In 2005 TCS became the first India-based IT services company to enter the bioinformatics market. In 2006 TCS designed an ERP system for the Indian Railway Catering and Tourism Corporation. In 2008 TCS undertook an internal restructuring exercise which aimed to increase the company's agility. TCS entered the

small and medium enterprises market for the first time in 2011, with cloud-based offerings. In the 2011/12 fiscal year TCS achieved annual revenues of over U\$10 billion for the first time.

2. THE TCS ADVANTAGE

TCS has built a global reputation for its ability to help customers achieve their business objectives – by providing innovative, best-in-class consulting, IT and IT-enabled solutions and services. TCS' core set of values underpin all activities in the Company and these include leadership with trust, integrity, excellence, respect for the individual and learning/sharing. The Company plans to further strengthen and consolidate its position in the global IT industry as an integrated full services player with a global footprint in terms of innovation, operations and service delivery. TCS-“ True certainty of success comes from working with a partner you trust to provide the insight, support and expertise that will propel your business forward. Experience the TCS advantage.”

Customer-Centric Engagement Model

Deep-set commitment to TCS's customers defines how they do business, and years of experience working across industries underpin the vast array of services offered. They build teams around the customer's domain and technology requirements, offering specialized services and solutions that meet the distinct needs of its business. Global Network Delivery Model (Gndm™)

TCS' unique global engagement model allows customers to choose the sourcing strategy best suited to their business needs. TCS takes a follow-the-sun approach, meaning that no matter where the business is located, it helps the client to keep it running 24/7, while providing a seamless experience across all operations.

Full Services Portfolio

The full services portfolio combines traditional IT and Remote Infrastructure services with knowledge-based services such as Consulting and Business Process Outsourcing. This enables the company to provide integrated solutions that help the customer recognize value quickly by reducing costs and improving business agility. Innovation Labs And Co-Innovation Network (Coin™)

TCS helps the customer achieve and maintain a competitive advantage through their TCS Innovation Labs and Co-innovation Network. They offer research-based solutions in advanced technologies that help support the customer's business objectives. This Project focuses on The annual report of Tata consultancy services for the year 2011-12.

3. CONTENTS OF THE ANNUAL REPORT

With reference to the annual report of Tata Consultancy Services for the financial year 2011-2012, following are the contents :

3. 1List of board of directors

3. 2Leadership team-

CEO and Managing Director- N Chandrasekaran

CFO and Executive Director- S Mahalingam

Executive Vice President and Global head HR- A Mukherjee

3. Financial Highlights

This is just a brief overlook in terms of statistics for judging the performance of the company. * The company has had a 31% revenue of Rs. 48894 crore in the current year crossing the 10 billion dollar mark. * The operating ratio stands at 29% the operating profit being Rs. 13517 crore * The net profit ratio is 15% the net profit being Rs. 10413 crore The company has had an impact on the economy as a whole

* Contributed to 3.35% of India's exports,

* 12% of India's oil import bill

* 4.7% weight age in BSE sensex

* 4% weight age in NSE Nifty

3.4 Chief Executive Officer's Address

Following is the highlights of what the CEO said in his letter to the shareholders: * TCS reached the 10 billion dollar mark in revenue in 2011-12 * The dividend payout is Rs. 25 per share including Rs. 8 proposed as final dividend and Rs. 8 as special dividend * The customer base of the firm has grown by 141 this year having an active customer base of 1076. * TCS has been a fast expanding organisation having inducted 70400 professionals in the last 12 months. The company continues to be a benchmark brand for development of young IT professionals. The success is mainly due to the dedication and commitment and performance of 238583 professionals who are the biggest asset of the company.

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* The company's employee initiatives have helped increase the talent retention rate to about 87.8% which is the highest in the IT industry * The company has increased their patent filing due to their innovations & research and development, 460 new patents were filed in several countries in 11-12 * To conclude he added that looking ahead in 12-13 global macroeconomic challenges persist. The world has been witnessing slower GDP growth as well as slower job growth across developed and emerging markets Currency volatility continues. This could cloud the prospects of the firm in short term. To outgrow this problem TCS is partnering with several customers across different areas of their business to help them in the process.

3.5 Director's Report

It is the mandatory report to be written by the directors stating the important information for the investors given along with the audited financial statements for the respective financial year. This mandate has been given by Indian Companies Act 1956. The Directors submit the Annual Report of the Company along with the audited financial statements for the financial year ended March 31, 2012. The Corporate Governance Report and Management Discussion and Analysis Statement form a part of the Directors report and are attached to it. The directors in their report focused on the following areas:

- * Dividend
- * Transfer to Reserves
- * Company's Performance

- * International Credit Rating
- * Strategic Alliance
- * Human Resource Development
- * Quality Initiatives
- * Corporate Sustainability
- * Awards/Recognitions
- * Directors' Responsibility Statement

This is the most important part of the report stating that the directors are agreeing that the financial statements are as per the law and accounting standards as required. This is a mandate as per section 217 of the Indian Companies Act 1956

- * Subsidiary Companies and Consolidated Financial Statements
- * Fixed Deposits
- * Directors
- * Auditors
- * Particulars of employees
- * Conservation of energy, technology absorption, foreign exchange earnings and outgo

3. Consolidated and unconsolidated Financial Statements

The Consolidated Financials are as Follows:

4. KEY FACTORS INFLUENCING THE COMPANY'S PERFORMANCE

During the financial year 2011-12, the volatility in the macroeconomic environment continued to cast its shadow and most of the markets where TCS operates in, were impacted. Even in this environment, the Company

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recorded industry leading financial performance. The major contributing factors for such all round performance across geographies and industry verticals were the Company's customer-centric approach and its ability to innovate customer specific solutions, focus on pricing, disciplined execution of complex projects and the rigor in following strong internal processes.

The Company has been making good progress in the strategic initiatives to drive its non-linear growth. Software products (Asset Leveraged Solutions) have added significant new customers during the year. Platform based BPO or process cloud have been offered in the areas of life insurance and pensions, analytics, finance and accounts, HR outsourcing and procurement. iON, the Company's cloud based platform for small and medium businesses launched in early 2011 has gained momentum in 2012.

Maintaining Quality

Sustained commitment to high levels of quality, best-in-class service management and robust information security practices helped TCS to attain a number of milestones during the year. TCS continues to maintain the enterprise-wide highest maturity Level 5 for CMMI®-DEV (Development) and CMMI®-SVC (Services) models. In the year 2011-12, TCS had set a new benchmark as the first publicly stated recipient to achieve a Multiple Simultaneous Appraisal against two constellations of the CMMI® model; and is also the first organisation in the world to be appraised at Level 5 of the CMMI®-SVC model, which underscores the maturity of the firm's fast growing business process outsourcing (BPO) and infrastructure services business.

TCS is enterprise-wide certified against ISO 9001: 2008 (Quality Management), ISO 27001: 2005 (Security Management) and ISO 20000: 2005 (Service Management). TCS also continues to maintain domain specific quality certifications AS 9100 (for Aerospace Industry), ISO 13485 (for Medical Devices) and TL 9000 (for Telecom Industry). TCS is enterprise-wide certified against ISO 14001: 2004 (Environmental Management) and OHSAS 18001: 2007 (Occupational Health and Safety Management). These certifications demonstrate TCS' strong commitment to the environment and the occupational health and safety of its associates and business partners; and helps convey this to all its stakeholders, including customers. Research and Development

TCS conducts its R&D initiatives within the broad framework of innovation initiatives. TCS believes innovation can be broadly defined as an idea that makes a material difference to an organisation's current capabilities or creates a future capability. TCS organises its innovation initiatives into the following three categories:

- Derivative or sustaining innovation that continually provides improvements on current services and solutions
 - Transformational improvement or platform innovation that facilitates a swift move to ' visible adjacencies' in terms of emerging technologies as well as markets
 - Disruptive or breakthrough innovation that enables customers to access potentially game-changing or/and new market business models. As part of its disruptive innovation initiatives, TCS is working with partners in diverse domains such as Participatory Sensing, Sensor Informatics, Ultrasound, Large
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Data Handling, Context-aware Multimodal Human Machine Interface (HMI), Privacy and Trust to create several breakthroughs in developing an intelligent infrastructure platform. This platform will sense data from multiple systems ranging from sensors to social networks, extract information as well as sentiment, analyse this data and help stakeholders make informed decisions. This will make transportation systems, public utilities, tourism, public safety and the communities provide better services. TCS believes that this intelligent infrastructure platform will enable the Company's customers in different industries as well as city infrastructures to create new business models.

R&D organisations in TCS continue to engage actively with customers across all geographies and businesses, to identify potential opportunities to apply TCS Intellectual Property and capability to enhance and deepen the relationships. About 90 " Innovation Days" were held, where senior customer executives and scientists met TCS researchers towards solving specific problems. TCS Innovation Forum held in Silicon Valley, drew a good response from academia, partners and customers.

The intellectual assets created by the R&D organisations are deployed and monetised in different business units and internal functions, resulting in substantial savings on license costs. Over 850 person-years of productivity savings were measured in different engagements. TCS R&D has received several national and international awards, for example, the Infoworld Green15 Award, Information Week 500 Award, IEI Industry Excellence Award and Business World ICT Infocom Award. Internally, the Company has rewarded distinguished scientists, patent owners, and authors of papers. To <https://assignbuster.com/tata-consultancy-services-essay-sample/>

nurture the culture of innovation, TCS R&D has built platforms for ideas and interaction among new recruits and campus hires.

Customer centricity

Building and maintaining deep customer relationship is the key to the Company's mission to be a trusted business partner to global enterprises. The Company's industry- segmented, customer-centric organisation is an important enabler to achieve such mission. By building business units around groups of key clients in each industry vertical and giving end-to-end sales and delivery responsibility to the business head, TCS has ensured high levels of accountability, superior customer service and intimacy. The success of the strategy is visible from the movement of customers to higher revenue buckets as shown in the table below.

The table below gives details of the clients base of the firm (bucket wise)

Serving the customer

For small scale businesses launched a new software called iON iON, the TCS cloud-based comprehensive business automation platform for small and medium businesses (SMB), launched in February 2011, gained momentum in fiscal 2012. iON uses the very latest in scalable cloud-computing technology to deliver a shared, centrally-hosted, TCS-built world-class business automation suite to SMBs, eliminating the need for them to invest in any IT assets or employ IT staff. Clients pay a monthly rental for the software, as per usage, instead of the traditional one-time license.

The suite includes Human Resource Management, Customer Relationship Management, Payroll, Finance Management and niche industry-specific solutions in the manufacturing, education, retail, and healthcare verticals. These solutions are equipped with smart technologies like multi-channel interaction (mobile), smartcards, and social computing. iON is now marketed through an augmented channel partner network of 109 cloud service providers. Penetration of channel partners into tier two cities has been a significant development during fiscal 2012. As on March 31, 2012, iON had 256 mid-market customers. Some of the well known brands in India run their daily operations on iON.

TCS financial solutions

TCS financial solutions is a strategic business unit that enhances the competitive capabilities of banking, financial services and insurance firms in over 80 countries, using the Company's best-in-class portfolio of business application solutions marketed under the brand of TCS B&NCS.

TCS B&NCS product set is a component repository consisting of over 30 business components covering businesses such as core banking, insurance, payments, corporate actions, securities and treasury. Each of these components enjoys marquee client-base and recognition as leader in respective space by industry analysts. TCS financial solutions increased its substantive customer base by adding 39 new clients during fiscal 2012. In addition, 14 clients went "live" on TCS B&NCS solutions during fiscal 2012.

Platform based BPO

Platform based business process outsourcing or process cloud represents a new business model wherein TCS manages and executes customers' business processes using its own, centrally hosted technology platform. This involves combining intellectual property, infrastructure and BPO services into a bundled service offering that enables end-to-end execution of business processes.

The strategic driver behind this offering is to address a customer's increasing need for greater efficiency, superior business performance and single point of accountability in the execution of business processes. High interest in cloud adoption, need for transformation of long-ignored core back-office functions and inherent need for analytics are the growth drivers leading TCS to believe that the environment is conducive for further growth. The model eliminates the need for the client to invest in on-premise IT infrastructure, software licenses and maintenance staff. Multi-tenancy of the platforms implies sharing of infrastructure and staff, which significantly reduces the per-transaction cost of technology. The Company's platform based offerings are in the areas of (1) life insurance and pension's policy and administration, (2) analytics, (3) finance and accounts, (4) human resources outsourcing and (5) procurement. In addition, niche offerings in the areas of warranty analytics and collection/ sourcing were rolled out in fiscal 2012.

Strategic acquisitions

The Company primarily focuses on organic growth. However, the Company is also open to selective strategic acquisitions in order to penetrate select markets, strengthen verticals as well as enhance offerings. The strategic

acquisitions over the years have been successfully integrated and have provided value enhancement.

With the objective of moving towards its goal of being amongst the top IT companies in the world, the Company has made acquisitions/alliances over the past few years either directly or through its subsidiaries. On January 24, 2012, Tata Consultancy Services Japan Limited, a wholly owned subsidiary, entered into an agreement with Mitsubishi Corporation, pursuant to which a new subsidiary company, Nippon TCS Solution Center Limited (NTSC) has been setup. NTSC will offer a full service suite of IT, BPO and infrastructure services to Japanese corporations Human Resource Development

Employees today are looking for development opportunities, future career options, empowerment and work-life balance in an organisation. To retain leadership position, the Company continuously innovates and customises its human resource (HR) strategy to meet changing employee needs.

The global diverse talent base of 2, 38, 583 competent people, consisting of 110 nationalities, 31. 6% women, 69% belonging to Gen Y is the key asset to retain the competitive edge and leadership position in the market. The Company's HR processes cope up with the scale and complexity to manage this diverse talent base spread across 55 countries. The Company continues to invest in its people to upgrade their technical, domain and leadership capability. A total of 9, 972 person years of effort were invested in the year 2011-12 on various learning and development programmes including the Initial Learning Programme (ILP) offered to trainees joining the Company.

During the year 2011-12, the consolidated gross addition of 70, 400 employees and net addition of 39, 969 employees was highest ever in the history of the Company. This included 1, 898 people in-sourced from customer organisations.

The academic interface programme (AIP) was strengthened and expanded to reach 673 institutes in India and 184 institutes abroad. The Company visited 389 campuses in India and released 43, 604 offers. The Company also conducted campus placements outside India especially in USA, Canada, China, Uruguay and Hungary.

The rigorous focus on talent engagement, deployment on right projects, role & career progression and benchmarked compensation & benefits helped the Company to attract and retain the best talent. The Company has launched Employee Assistance Programme, which would provide employees 24X7 confidential counseling services, to enable them to cope more effectively with stressful situations. The Company improved its talent retention globally which is reflected in the attrition dropping from 14. 4% in the year 2010-11 to 12. 2% in the year 2011-12. The Company sustained high utilisation rates throughout the year (82. 2% excluding trainees and 74. 4% including trainees). Such high level of utilisation could be achieved due to the robustness of the Company's sourcing to staffing process and talent management practices that ensured the availability of people with the right competencies at right places to meet the business demand.

Strategy of Non-linear growth

In order to strengthen future sustainability of the business model, the Company has been pursuing non-linear growth opportunities, which would bring in revenue growth without commensurate growth in headcount. Non-linearity in the current IT and IT enabled services businesses come from productivity-enhancing tools, frameworks, solution accelerators and managed services engagements. The Company is pursuing three strategic initiatives to drive non-linear growth, namely, (1) Software Products (Asset Leveraged Solutions) (2) Platform based BPO services (Process Clouds) and (3) iON - an IT-as-a-service solution for small and medium business.

5. PRIMARY ASSETS OF THE COMPANY

The Primary assets of TATA consultancy Services is the huge technical employee base that the company has. Being a company that delivers Services, the provider of the Services in this case the IT technicals are the most important part of the company.

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5. 1What the company does for the PEOPLE

(Human Resource Strategy)

The Company's innovative human resources management strategies supported its business growth in a challenging environment. The strategic initiative to recruit, integrate and retain a diverse workforce in the " One TCS" culture and build a competency-driven organisation has helped it retain its leadership position. The focus has been to create an environment where performance is rewarded, individuals are respected and associates get opportunities to realise their potential.

Academic interface programme

A total of 673 institutes in India and 184 institutes overseas were involved in the Company's industry - academia collaboration network. These institutes as well as the Company have benefitted in the process. This initiative helps in developing skills which make the students better professionals and relevant for the IT Industry. The Company supports 82 research scholars pursuing their PhD in 26 institutes across India, through research scholarship programme. International Placement cell

The Company also conducted campus placements outside India especially in USA, Canada, China, Uruguay and Hungary.

The rigorous focus on talent engagement, deployment on right projects, role & career progression and benchmarked compensation & benefits helped the Company to attract and retain the best talent.

Employee Assistance Programme

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Learning and development

The Company continued to invest in updating and upgrading employee skills through channels such as classroom-based training, technology-enabled learning, external certifications, on-the-job-training and sponsorship for higher education. A total of 9,972 person years of effort was invested in

fiscal 2012 on various learning and development programmes, including initial learning programme (ILP) that 32, 263 trainees went through.

Talent management, leadership development and talent retention

The Company has been successful in building a performance driven culture through a systematic performance appraisal process influencing total compensation. Leadership development programmes (LDP) conducted at the leadership institute at Trivandrum training center help associates to identify, assess, educate and provide opportunities for experiential learning to the leadership talent pool. Continuous employee engagement through town halls, one-on-one meetings, regular communication and other modes helped the Company foster an open and transparent culture. Towards furthering a healthy work-life balance, the Company also organised fun events, sports, cultural activities and volunteering for social causes. Employees are encouraged to involve their families in these activities.

Employee well-being remained a priority and the Company continued its investments in various initiatives starting from comprehensive health insurance for its employees, providing gymnasiums, organising sports and enhancing employee awareness of typical health issues associated with the industry.

To conclude -Talent diversity

The Company's talent acquisition plan includes an optimal mix of fresh and experienced hires with diverse educational, cultural and national backgrounds. The diversity broadens the talent pool available to the Company and at the same time, enriches the quality of workforce coming

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from different cultures with different outlook, conducive for innovation and improved productivity. Efforts were also made to integrate differently abled individuals into the workforce. The Company's workforce comprises 110 nationalities and average age of an employee is 28 years.

6. FINANCIAL PERFORMANCE

6.1 Actual Performance

Looking at the Financials given above following can be inferred on the performance of the company in 2011-2012

In the financial year 2011-12, TCS continued its strong growth momentum across major markets. Revenue growth in the year remained high in North America (29.62%), UK (29.16%), Europe (41.62%), Asia Pacific (50.67%) and Middle East & Africa (43.38%). Other geographies also witnessed double digit growth rates.

In the financial year 2011-12, most of the industry verticals registered healthy growth rates. Revenue growth in BFSI (27.44%), Retail & Consumer Packaged Goods (45.05%) and Manufacturing (38.11%) were significant contributors. Revenue growth in "other industry verticals" was also significantly high at 37.27% - the major contributors were Life Sciences and Healthcare (33.10%), Hi-Tech (57.32%), Travel, Transport & Hospitality (42.85%).

The Company became the first Indian IT Company to cross the US \$10 billion milestone in terms of annual revenue. On consolidated basis, revenue for the year 2011-12 at Rs. 48,893.83 crores was higher by 31.00% (Rs. 37,324.51 crores in 2010-11), operating profit at Rs. 13,517.37 crores was higher

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by 29.44% (Rs. 10,443.10 crores in 2010-11) and the net profit for the year at Rs. 10,413.49 crores was higher by 14.84% (Rs. 9,068.04 crores in 2010-11). On unconsolidated basis, revenue for the year 2011-12 at Rs. 38,858.54 crores was higher by 32.73% (Rs. 29,275.41 crores in 2010-11), operating profit at Rs. 10,697.55 crores was higher by 30.05% (Rs. 8,225.71 crores in 2010-11) and the net profit for the year at Rs. 10,975.98 crores was higher by 44.99% (Rs. 7,569.99 crores in 2010-11).

6. 2Analysis of the Performance

During the financial year 2011-12, the volatility in the macroeconomic environment continued to cast its shadow and most of the markets where TCS operates in, were impacted. Even in this environment, the Company recorded industry leading financial performance. The major contributing factors for such all round performance across geographies and industry verticals were the Company's customer-centric approach and its ability to innovate customer specific solutions, focus on pricing, disciplined execution of complex projects and the rigor in following strong internal processes. Retail drives verticals, emerging markets the geographies, services broad-based: Vertical-wise, retail drove revenue growth (45% versus 31% total revenue) and profitability (315bps expansion), while geographically emerging markets like Asia Pacific (50.7%), Middle East and Africa (43.4%) were growth drivers.

Europe, excluding the UK, grew at a robust pace (41.6%). From a service line perspective, all services with the exception of business intelligence clocked growth of 26-55%, implying broad-based revenue growth. Employee

data: TCS added a gross of over 70, 000 employees in FY12, its highest ever. Laterals accounted for over 40% of the gross addition. Trailing 12-month (TTM) attrition for the year declined to 12. 8% from 15. 9% in FY11. The employee base stood at 238, 583. Employees are the most important assets for the company there by adding to the revenue. Operating metrics: TCS' average revenue/employee stood at Rs2. 24mn (US\$46, 527) in FY12 (7. 6% growth in rupee terms, 2% in dollar terms). I believe improving revenue productivity is critical for Indian IT firms including TCS, as is the need to add an element of non-linearity to revenue.

Cost/employee rose 2. 3%. TCS was able to absorb wage hikes owing to strong revenue growth. As regards return ratios, RoE showed a decline. (approx 94bps decline). RoE has steadily declined over the past five years (from FY07) mainly due to a fall in asset turnover and leverage ratio along with a rise in tax rate. Related-party transactions: TCS had transactions with 35 fellow Tata Group companies during FY12, apart from the holding company, Tata Sons, relating to revenue, interest, dividend, loans and advances, debtors, creditors, inter-corporate deposits, purchase of investments, debentures and purchase of goods and services. In most cases, the pecuniary value of its transactions with these entities was in low single digits with respect to the total.

Working capital requirement up on higher debtor days, unbilled revenue and higher taxes: While TCS reported strong growth in operating profit (EBIT) in FY12 of 29% YoY to Rs135bn, OCF after accounting for working capital grew just 6% to Rs70. 1bn. This was due to a rise in working capital requirements, mainly debtors and unbilled revenue. Debtor days in FY12 rose to 86 (80 in <https://assignbuster.com/tata-consultancy-services-essay-sample/>

FY11), while unbilled revenue days rose to 17 (13 in FY11). Taxes paid also surged nearly 80% to Rs40. 7bn (Rs22. 6bn in FY11). Thus, mainly owing to these factors, OCF growth significantly trailed EBIT growth.

Vertical revenue split: In FY12, it was the retail and consumer packaged goods (CPG) vertical that posted the highest growth for TCS, an impressive 45. 1% to Rs59. 5bn. This was led by several transformational deal wins and leveraging TCS' deep domain expertise by offering an integrated suite of IT services. The retail and CPG vertical has been a major out-performer for TCS over the past few years, having clocked an impressive CAGR of 33. 3% in dollar revenue over the period FY07-12, which is considerably above the company's average CAGR of 18. 9% over the same period (rupee revenue CAGR of 35. 3% over the same period versus 21. 3% company average). Retail and CPG accounted for 12. 2% of consolidated revenue in FY12 as compared with 6. 9% in FY07. Retail and CPG vertical - Strong out-performer

On the other hand, the key banking, financial services and insurance (BFSI) vertical grew 27. 4% to Rs210. 6bn, which is slightly below company's average revenue growth of 31% and is by far the largest BFSI practice among all Indian IT firms. Revenue growth in this vertical was led by investments in new technologies like mobility and compliance spending. The manufacturing (MFG) vertical posted healthy growth of 38. 1% to Rs38bn with clients investing in business transformation programmes with a focus on analytics, mobility, social media and eco-sustainability and also on new product introductions and cost optimisation.

The telecom, media and entertainment (TM&E) vertical clocked a 17.2% revenue increase to Rs62bn (US\$1.3bn). This vertical grew well below the company's average and continued to under-perform, as clients like British Telecom cut down on global IT spending and focus on reduction in costs. The 'Others' segment including sectors such as life sciences and healthcare, energy and utilities, travel, transportation and hospitality (TT&H), and hi-tech grew by a healthy 37.3% to Rs118.7bn. Within this, it was the life sciences and healthcare (33.1% growth), hi-tech (57.3%) and TT&H (43.9%) segments that drove growth.

6.3 Efforts undertaken in 2011-2012 for the above results

The Company has been making good progress in the strategic initiatives to drive its non-linear growth. Software products (Asset Leveraged Solutions) have added significant new customers during the year. Platform based BPO or process cloud have been offered in the areas of life insurance and pensions, analytics, finance and accounts, HR outsourcing and procurement. iON, the Company's cloud based platform for small and medium businesses launched in early 2011 has gained momentum in 2012.

With the objective of moving towards its goal of being amongst the top IT companies in the world, the Company has made acquisitions/alliances over the past few years either directly or through its subsidiaries. On January 24, 2012, Tata Consultancy Services Japan Limited, a wholly owned subsidiary, entered into an agreement with Mitsubishi Corporation, pursuant to which a new subsidiary company, Nippon TCS Solution Center Limited (NTSC) has

been setup. NTSC will offer a full service suite of IT, BPO and infrastructure services to Japanese corporations.

7. FUTURE PROSPECTS

Tata Consultancy Services (TCS) became the first \$10-billion Indian IT company in March 2012 and this significant achievement is fueled by the solid base it created over the past few decades and the domain depth & expertise it has acquired across different domains. Despite the persisting macroeconomic challenges, slower GDP growth & job growth, and continued currency volatility, TCS, in FY2011-12, registered 15 % increase in net profit to Rs 13, 517 crore, while its revenue increased 31% to Rs 48, 894 crore. TCS believes there is significant potential for growth as the addressable market is still large which is also expanding continuously and market growth is further assured with relatively low current level of penetration. To further fuel the growth momentum TCS is focusing its efforts to generate more revenue from its non-linear businesses that includes three strategic initiatives- software products (TCS financial solutions), platform-based BPO, and iON (IT-as-a-service solution for small and medium businesses). It is also planning to increase its focus on new technologies such as smart phones, mobility and cloud to drive growth and has made significant investments in these areas.

TCS, with a brand value of \$4. 1 billion is competing with the big boys like IBM, HP and Accenture. TCS Financial Solutions increased its client base by adding 39 new clients in FY12. TCS BaNCS is a market ready universal financial platform for banking, capital markets and insurance, offered by TCS

FS. Recently Malaysia-based financial services group AmBank has decided to deploy ' TCS BaNCS', integrated banking suite, spanning conventional and Islamic banking, will support both retail banking and lending functionalities and also has bagged a contract from South Africa's Nedgroup Insurance Company (NIC) for deploying TCS BaNCS Insurance, part of the its financial services platform, will serve as the new policy administration system for Nedgroup short-term insurance services. TCS also announced that Letshego Holdings (LHL), a leading consumer lending company based in Botswana, has selected the TCS BaNCS suite as the core banking system for its Greenfield venture into retail banking in Africa.

The integrated core banking solution will process loans and deposits across seven countries in Africa — Botswana, Swaziland, Tanzania, Uganda, Zambia, Namibia and Mozambique. TCS is increasing its focus on Africa as it is trying to increase its revenues from the region. iON uses scalable cloud computing technology to deliver automation suite to SMBs, eliminating the need for them to invest in any IT assets and requiring them to pay monthly rentals rather than a one-time license fee. The suite includes human resource management, customer relationship management, payroll and finance management solutions along with niche industry-specific solutions. iON is being marketed through a channel partner network of 109 cloud service providers and has 256 mid-market customers.

The company also said that it wants to ramp up over 1, 000 customers this year and targets a revenue of \$1 billion in the next five years. Through its Platform-based BPO offering, it offers services in segments like Life Insurance and Pension Policy, Analytics and Finance and Accounts. TCS was the first <https://assignbuster.com/tata-consultancy-services-essay-sample/>

Indian IT Services Vendor who initiated platform-based BPO in 2007 as the then CEO, S Ramadorai felt that platform-based services can be 'templatised' and some processes can be leveraged across different sectors. This strategy has been successful for TCS as it yielded dividends and this offering has been well received by TCS clients, which has been proven by the fact that TCS has bagged multi-million dollar deals in life insurance and pension policy, analytics and finance and accounts verticals.

For example, since some processes in retail are similar to manufacturing which will eliminate the need to develop applications or write codes from scratch. Diligenta, UK subsidiary of the company has won the Friends Life Deal based on its insurance platform offerings. TCS has aggressively invested in developing its Platform BPO offerings in the past few years. According to Motilal Oswal Report on TCS, as a part of its disruptive innovation strategies, TCS is increasing investments in many areas including new sensor-based technologies, intelligent infrastructure, platforms for genomic research, information fusion for enterprises and green technologies. The company has significantly increased its intellectual property (IP). It filed 460 patents in FY12. Cumulatively, TCS has filed 855 patents till date, of which 72 have been granted. In the recent TCS Annual General meeting, Ratan Tata announced TCS's growth plans, " Our focus is to find a balance between traditional markets like the US and Europe and other emerging markets like Australia and the Middle East, which present good opportunities.

Going forward, TCS will be focusing on non-linear growth since the situation in the West continues to be a concern." Future opportunities for TCS are extremely good and banking, financial services and insurance (BFSI)

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segment continues to be the thrust area for the company, TCS CEO and MD N Chandrasekaran added. The company has opened multiple development centers in Latin America, China and Philippines. With all these initiatives, TCS is hoping ride over the economic volatility and demand concerns and company is all set to a lead revenue growth in FY13 too. TCS expects analytics, mobility, cloud computing and non-linear platform-based services to contribute 10% of its total revenues by 2014-2015, which will be around \$1 billion given the company's \$10 billion-plus revenue last fiscal.

CORPORATE SOCIAL RESPONSIBILITY:

NURTURING PEOPLE AND PLANET

TCS has created process documents, which use specific indicators to identify significant communities in the geography within which they operate. The Strategic Planning document and the Community Locator identifies steps leading to a customized and strategic CSR plan for developing and deploying an initiative in a particular geography.

The company does not believe that it has any significant negative impact on any community where its operations are based, so community initiatives are largely preventive in nature, rather than curative.

The core areas of focus for TCS' CSR initiatives are:

Education Health

Affirmative action and Environment. TCS has chosen the following channels to drive its CSR initiatives This year TCS associates volunteered 58, 362 hours on CSR initiatives and through these initiatives reached out to 57, 90, 604 beneficiaries.

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The Company's community initiatives are delivered using four different approaches:

- (i) Leveraging the Company's core competencies in technology
- (ii) Creating conditions for employee participation through volunteering
- (iii) Building synergistic partnerships with clients and other partners like NGOs
- (iv) Financial sponsorships

In the Education and Skill Building area, the primary programs are:

(i) Computer-based Functional Literacy (CBFL) program helps teach illiterate adults how to read and write. The literacy software was enhanced to support writing and numeracy in four additional local languages (Bengali, Oriya, Marathi, and Tamil). A total of nine languages are now covered under CBFL. TCS collaborated with Directorate of Adult Education under Saakshar Bharat Scheme to run camps in eight languages in India. More than 11, 100 adults were made literate using the CBFL software.

(ii) InSight, addressing school children to develop their communication skills and giving them an exposure to IT Industry. (iii) GoIT, addressing school children in Cincinnati, USA around the Company's campus and giving them exposure to the IT Industry and an opportunity to work on latest technology in the Company's research labs.

(iv) mKrishi - Enhance farmer's knowledge about their crops and provide solutions to their problems over mobile phones.

(v) Advanced Computer Training - The Company organises training for

visually impaired candidates to improve their employability in IT/ITES industry. Two batches were completed during the year 2011-12.

(vi) Skill Development - A special programme to develop skills of NGOs to help them manage their operations and finances better along with Yale University and one of the Company's large customers in the financial industry.

(vii) TCS Research Scholar Scheme supporting students who wish to pursue PhD in India.

(viii) Academic Collaboration by conducting faculty development programmes, workshops for students and establishing joint research labs in the Institutes.

In the area of Health, the primary programmes are:

(i) Developing applications and Portals. During the year 2011-12, systems were developed and maintained, where necessary, for Lady Tata Memorial Trust in UK, Impact India, Smile Train, Childline, Mumbai Mobile Crèches, Cancer Institute (Chennai) and Tata Medical Centre.

(ii) Creating awareness - HIV and AIDS awareness programmes were conducted by TCSers who have formed Club RED to drive this initiative. In addition, TCSers in USA participated in a number of Walks, sometimes for causes supported by the Company's customers to increase awareness of diabetes and cancer.

(iii) Blood donation camps - These camps are organised regularly across the delivery centers in India and a similar drive was organised in Singapore in association with Red Cross.

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(iv) Today is a Good Day - A programme to increase awareness of cancer in UK.

(v) WebHealth Center - Providing free medical consulting and advice over the web.

To promote wellness and raise money for local charities, TCS supports a number of sporting events, like Mumbai marathon, TCS World 10K race, TCS Amsterdam marathon as well as the New York City, Boston and Chicago marathons.

In the area of Affirmative Actions, the primary programme is as follows:

Enhancing Employability and Create Employment - The Company initiated a programme to train economically deprived and socially disadvantaged candidates for BPO jobs and absorb some of them based on the Company's requirements and their performance during training.

The Company trained 7, 828 economically weaker candidates during the year 2011-12, out of which 3, 071 were socially disadvantaged candidates. Post completion of training, 1, 018 offers were given, out of which 313 were socially disadvantaged candidates. During the year 2011-12, a total of 717 candidates offered (in the year 2011-12 and last quarter of the year 2010-11) joined TCS, out of which 326 are socially disadvantaged candidates.

In the area of Environment, the primary programmes are:

(i) Enhancing awareness - Organising different events to enhance awareness.

(ii) Reduction of carbon footprint and waste within the organisation by following Reduce, Reuse and Recycle themes.

Other measures undertaken include sewage treatment and reuse, rain water harvesting, waste management- paper management, e-waste management, hazardous waste management. TCS celebrated the environment week, conducted awareness campaigns and helped in maintaining biodiversity at office locations. This is just a brief of the corporate social responsibility that Tata consultancy Services undertakes and the proof of this being the number of awards that TCS have received. CONCLUSION- A LEARNING EXPERIENCE

The IT industry is progressing in India in spite of the slowdown in other sectors. Continuous innovation in IT services makes this industry a competitive one. Major players in this industry in India include Infosys, Tata consultancy services, techMahindra, L & T InfoTech, Wipro etc. Through this Project I could get a broader perspective on the It T industry by studying Tata Consultancy Services. Thorough reading of the annual report helped in understanding how the company functions, How is performance measured in the company and what are the key aspects that lead to the performance in the current period.

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