

IN BRIEF

Ford to shift plans again for underused Mustang plant



Ford Motor is changing course a third time in many years with its Mustang assembly plant in Michigan. It is nixing plans to make a new model there and tentatively shifting production to a factory in Ohio, according to people familiar with the matter. Ford no longer intends to build electric vehicles alongside Mustangs at its plant in Flat Rock. The product appears to be heading to the automaker's plant in Avon Lake, where the company is investing \$900 million to build an unspecified new product by 2023. The United Auto Workers outlined the Ohio investment on Friday, in a document highlighting the tentative agreement. Workers will start voting on the contract from November 4.

BLOOMBERG

MRG World to invest ₹200 cr on housing project in Gurugram



Realty firm MRG World will invest ₹200 crore to develop its new housing project in Gurugram in the affordable price category of ₹22-26 lakh. The company, which is into financial services, agro-trading and education, recently forayed into the real estate sector. MRG World has announced its second affordable housing project 'The Meridian'.

PTI

Xeraphin acquired by Droom to strengthen lending arm

Online automobile marketplace Droom on Saturday said it has acquired Xeraphin Finvest for an undisclosed amount, a move aimed at strengthening its lending arm Droom Credit. Droom Credit has already processed over 10,000 loans in the last 12 months. Droom Credit marketplace has onboarded lending partners such as IDFC First Bank, YES Bank, Tata Capital, Mannapuram Finance, Faircent, Hero Fincorp etc, a statement said.

PTI

Unichem Labs Q2 loss narrows to ₹22.2 crore

Drug firm Unichem Laboratories on Saturday reported a narrowing of its consolidated net loss to ₹22.2 crore for the quarter ended September 30, 2019. The company had posted a net loss of ₹41.03 crore for the corresponding period of the previous fiscal. Unichem Laboratories said in a filing to the BSE. Its consolidated revenue from operations stood at ₹295.6 crore for the quarter under consideration.

PTI

MSME sector secured ₹5,541 cr investments, says TN Minister

Tamil Nadu Minister for Rural Industries P Benjamin on Saturday said the state government has attracted ₹5,541 crore worth of investments from 3,573 small and medium enterprises during the second edition of the Global Investors Meet held in January last. The investments from micro, small and medium enterprises also enabled creation of 5.96 lakh jobs in the sector, he said.

PTI

Wonderla Holidays thanks TN govt for tax exemption

The management of Wonderla Holidays called on Tamil Nadu Chief Minister K Palaniswami on Saturday and thanked him for the government's decision to exempt them from entertainment tax for the park the company plans to build near. Wonderla Holidays had planned to establish the park at an estimated cost of ₹350 crore. The project was delayed because of tax issues.

PTI

Personalisation may drive IT sector

ROMITA MAJUMDAR
Mumbai, 2 November

Personalisation and end-to-end digital services will be the drivers of growth for the information technology services sector in the coming year, said analysts. Despite the overall slowdown in the economy, the companies have been reporting new deals, so the analysts do not see the sector slowing.

The companies have also invested heavily in digital marketing and improving consumer experience.

In the second quarter (Q2) of 2019-20 (FY20), Infosys reported 31 per cent year-on-year (YoY) growth, led by cloud, data and analytics. TCS reported 25 per cent YoY growth in digital, with a strong emphasis on longer duration and large-ticket size deals contributing to a third of revenue. The management said this growth was lower than earlier because of a strong revenue base.

While customer experience and overall digital experience are segments of the "new" and "digital" businesses that IT companies do not yet disclose revenue numbers for, it is certainly a fast-growing segment as seen from incremental numbers.

The game is to figure out where and how the software clients engage with their B2C customers and use that to drive the rest of their engagement.

"Transformation-led growth will



GARTNER'S TOP DIGITAL EXPERIENCE TRENDS FOR 2020

Multiexperience: Ensuring a consistent and unified user experience across web, mobile, wearables, conversational and immersive touchpoints irrespective of touch, voice and gesture inputs.

Agent Interfaces: Interfaces that employ AI to predict what users intend to do from user input and other contextual cues like chatbots.

Facial Recognition Payment: This will disrupt the widespread use of QR code payments and

further diminish the use of bank cards and cash.

Inclusive Design: Originating as an approach to design for people with disabilities, inclusive design will expand to accommodate cultural sensitivities and behavior patterns.

Design to Code: Enables the dynamic and ongoing creation of templates, modules and components — both as design patterns and reusable code.

be key for many IT services organisations and a significant portion of the revenue will come from this. Slowdown in economy may, however, impact some of this growth, but in the current situation, it appears to be promising," said D D Mishra, senior director, Gartner. Mishra said enterprises are shifting investment from traditional run parts of the business, which continue to shrink. They transform and grow a part of the business which is why investments are going to be there for now.

TCS CEO Rajesh Gopinathan said some of the company's innovative product solutions are improving customer experience for their

clients as a part of what they call "mass personalization".

"We worked with a leading American electronics retailer who were worried about customers using their expertise/reviews to buy products from ecommerce platforms. We helped them create a model to monetise this expertise as a personalized service through an app. It has turned around their customer base, as they became a preferred digital advisor to them and the company captured a huge market share again," said Gopinathan.

TCS recently announced the renewal of their decade old partnership to use analytics and artificial

intelligence (AI) to further improve VIL's customer acquisition and work on bringing integration synergies in Vodafone's and Idea's systems.

Recent research from Accenture found that while only one-sixth (17 per cent) of nearly 1,000 CMOs surveyed know how to transform their operating models to deliver hyper-relevant customer experiences at a global scale, organisations that do deliver such experiences generate shareholder returns 11 per cent higher than those of their industry peers.

Accenture has opened its largest experience activation centre in Mumbai. The solutions here will focus on data analytics and insights,

L&T Infotech targets double-digit revenue growth on large deals

DEBASIS MOHAPATRA
Bengaluru, 2 November

Despite facing client-specific issues in the last two quarters, mid-sized information technology (IT) services company Larsen & Toubro Infotech (LTI) is hopeful of posting double-digit growth in revenue in constant currency terms during the ongoing financial year.

The IT firm, which has seen some softness in the banking, financial services and insurance (BFSI) vertical, is also expecting rise in client spending in the second half of this financial year.

"Looking at the large deal ramp-up and our deal pipeline, we are going to grow in double digits (this financial year)," said Sanjay Jalona, chief executive officer & managing director at LTI, adding, "We have not seen any delay in closure of large deals."

LTI's revenues from BFSI (banking, financial services) have been adversely impacted in the last two quarters, owing to insourcing by some large banking clients, such as Citi.



The IT firm is expecting a rise in client spending in the second half of this financial year

However, the IT firm sees growth revival in this key vertical from the third quarter onwards. "One of our largest customers has cut down spending in the BFSI vertical. Growth in this vertical was flat and we expect it to pick up, starting from the third quarter," said Jalona.

He also said that out of three large deal wins in the second quarter (Q2), one came from the BFSI vertical. Financial services vertical is one of the key business seg-

ments for the IT services firm, as the company drew close to 30 per cent revenue from BFSI in 2018-19, while insurance contributed close to 18 per cent in this period.

Apart from financial services, the hi-tech vertical also witnessed some growth bumps as one of the large clients ramped down their engagement with the L&T Group company. "We had seen some ramp-down by one of our hi-tech clients. If you take out that account, we had

an overall handsome growth in Q2. We are optimistic about the growth in this vertical in the coming quarters," said Jalona. In the Q2 ended September, hi-tech, media & entertainment, contributing around 11 per cent of total revenue, saw a decline in growth by 12 per cent on a sequential basis. However, all other verticals of the company grew handsomely on a sequential basis. The IT firm, which has acquired Bengaluru-based cloud consulting firm Powerupcloud Technologies, said it would look at acquisitions for building up specific capabilities. "This is our fourth acquisition in this calendar year. Our theory is that if you build capabilities, customers will come and stay with you," said Jalona.

LTI, which draws close to 40 per cent of its revenue from digital services, also said it would grow further in the coming quarters. The IT firm posted revenue of \$364 million for the July-September quarter, a growth of 2.4 per cent sequentially and 11.9 per cent on a year-on-year basis.

Odisha aims to be IT, ITes hub

JAYAJIT DASH
Bhubaneswar, 2 November

Known to be one of the firsts to get the top four IT companies to set up centres on its turf, the Odisha government is sensing an opportunity to be the hub for accommodating the next phase of ramp-up by information technology (IT) and ITes (IT enabled services). The state government is keen to rope in IT and BPO (Business Process Outsourcing) firms who want to expand footprint, but are mindful of the costs of organic growth. As a destination, Odisha offers both skilled and an industry ready workforce with a cost advantage not matched by many.

"We are looking at IT firms and BPO units who want to create and sustain jobs in Odisha. Our intent is to engage companies who are willing to expand their base in Tier-II and Tier-III locations. We have initiated a direct dialogue with these companies and are also reaching out to them through industry bodies like the National Association of Software and Services

Companies," said Manoj Mishra, secretary, electronics & IT department, Odisha government. Apart from domestic bigwigs in the IT space, Odisha is eyeing to tap players who are keen to shift their entrenched bases from China to congenial and cost competitive locations. "In its geographic location, Odisha has many inherent advantages. We have an abundance of rivers and some well-developed ports. Efforts are also underway to develop air cargo facilities to fulfil industry requirements. Our competition is not just with peer states but with nations like Vietnam too," Mishra added. In addition to the big four—Tata Consultancy Services (TCS), Infosys, Wipro and Tech Mahindra, Odisha is home to a software development centre by Mindtree Consulting. Of late, Capgemini, which was operating out of rented premises, has shifted to their own office space in Bhubaneswar. Odisha offers 600 acres of land at Infovalley on the outskirts of Bhubaneswar.

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Economic gloom no glitch for tech majors

BLOOMBERG
2 November

After a year of tough headlines, the world's biggest technology companies showed this week that they're powering through, continuing to rake in cash and invest in future growth as demand for their goods and services shows little sign of slacking.

Amazon.com, Apple, Microsoft, Alphabet and Facebook all showed increases in revenue beyond what analysts' had expected in the third quarter. Facebook, one of the most maligned tech companies this year, added 36 million new daily active users around the world and posted its biggest increase in sales in more than a year. Apple, which sagged a bit in August amid concern the latest iPhones would underwhelm, wound up selling more than analysts' expected and showed a surge in interest for its wearable gadgets and services. Alphabet, Amazon and Apple all notched a decline in profit, but they are plowing money into research and big bets, such as cloud computing for Google, where it's playing catchup to Amazon and Microsoft, and faster, one-day shipping for the Seattle-based retailer. Apple's results belied several challenges facing the industry. There are more than a dozen federal, state and congressional investigations into Big Tech, ranging from calls to break up some of them, to stringent regulation that could force a change to the way many do business. A trade war has been raging between China and the US, threatening to increase the costs of everything from iPhones to laptops and crimp the business of companies like Intel that sell to Huawei Technologies. The president himself hasn't shied away from making his displeasure known in a series of angry tweets.

Investors haven't shown much concern. Shares of Apple and



Microsoft are at record highs and Facebook has logged more than double the gains of the S&P 500 this year. There have been wobbles. The biggest impact came in June on news that the US Federal Trade Commission and Department of Justice were preparing to open antitrust investigations of Facebook and Google. That lopped off \$52 billion from Google's market value and \$41 billion from Facebook.

If anything, the threat of antitrust action is only increasing as Senator Elizabeth Warren — the presidential candidate who has been leading the charge to break up the tech companies — is gaining support among Democratic voters. Mark Zuckerberg, chief executive officer of Facebook, faced sharp questioning from Congress last month, confronted with a long list of grievances ranging from the company's policy of not fact-check political ads to continued problems with election interference heading into the 2020 election and critiques of its record on workforce diversity.

ability to charge consumers a premium for its products, even if it has had to lower prices on some iPhone models.

Apple Finds Ways to Juice iPhone Sales in Saturated Market

Overall sales are up 2 per cent in the fiscal fourth quarter at Apple, and the company predicted more revenue growth for the holiday shopping season. Still, the results, which included a 9 per cent decline in iPhone revenue, were more of an endorsement of Apple's strategy of expanding sales from services and selling accessories to iPhone owners than they were a return to growth of its main product. "We obviously want that to be better," Cook said. "But we feel good about how we're doing."

Amazon appeared to have a pretty serious miss, reporting profit that declined 26 per cent from a year earlier due to massive spending on trying to get its delivery times in some places down to a single day. The company's shares fell 9 per cent after hours, but pared that to a 4 per cent drop by the time the market opened the next morning. Most analysts remained positive on the stock and several advised to buy the dip, arguing the investment is necessary for the company's future success. They cited bright spots like advertising, which is quickly becoming a solid, third pillar of revenue for the company, after e-commerce and cloud services. A week later, shares are essentially back where they were.

"The whole picture points to short-term pain for a visible long-term gain," Bloomberg Intelligence analyst Jitendra Waral said.

Microsoft scored twice, posting profit and revenue up double digits in its fiscal first quarter, surpassing analysts' estimates, and just days later winning a surprise \$10 billion Pentagon contract for cloud-computing services, beating the presumed winner, Amazon.

Infosys bets big on engineering services

DEBASIS MOHAPATRA
Bengaluru, 2 November

IT services firm Infosys is betting big on the engineering services segment, as enterprises operating in telecom, manufacturing and life sciences sectors spend more on new technologies like 5G and internet of things (IoT).

Nitesh Bansal, senior VP & global head of engineering service, Infosys told *Business Standard* that its current engagement levels with enterprises go far beyond providing embedded software.

"Today, there is not a single aircraft in the world where Infosys doesn't have a role to play. These engagements are critical and go far beyond embedded software," said Bansal. "As companies operating in the engineering services segment are bound by extreme confidentiality clauses, information on their work is never public."

According to the IT firm, the engineering services segment spreads across communication, manufacturing, retail & CPG and life sciences verticals. In the communication vertical, 5G related spend is the major growth driver. "Infosys has an early mover advantage in 5G, as we have set up five 5G labs across the world. As 5G has already become a reality in many parts of the world, initial



spending has already been visible from operators," Bansal said.

In a recent survey done by Infosys called 'State of 5G - The Road Ahead', it was found that 5G would create a new revenue stream for enterprises. In the September quarter, the communication vertical that constitutes around 13 per cent of its total revenues grew close to 20 per cent year-on-year basis. "Engineering services is the single largest component in the media and communication vertical, and significant amount of this growth is coming from 5G (related spends)," said Bansal.

Apart from telecom, Infosys' engagements with aerospace and automotive segments is also witnessing

sound growth. The Bengaluru-headquartered firm was selected by Rolls-Royce in March as one of its strategic long-term partners to deliver digital and engineering services. Analysts pointed out that the Rolls-Royce deal was significant, as it was in turbo engine space. "Demand environment in engineering services remains robust and we don't see any slowdown as our engagement levels with manufacturing companies are old," said Bansal. Though Infosys doesn't report revenue contribution from individual practices such as engineering services, sources in the know said that revenues from this segment stand around \$1 billion. The IT services firm is also partnering with start-ups across the world for offering innovative solutions in the engineering services segment.