Briefing Notes

NIIT Tech is Ahead of the Automation and Analytics Curve

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Stanton Jones

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Summary

NIIT Tech is one of several mid-sized Indian IT services firms that is growing revenues by double digits while their larger counterparts see growth stalling. We sat down with NIIT Tech leadership and a number of customers at the company’s recent analyst event in Boston where we had the opportunity to review the company’s strategy, results and product portfolio.

Net Takeaway: NIIT Tech is building co-innovation partnerships with customers to help them automate their back-office and to predict customer behavior in the front office. Combining these two areas with a specialization in a select number of industry verticals creates a unique value proposition to buyers, and is one of the primary reasons NIIT Tech is demonstrating strong growth and long-term client retention.

Briefing Notes

NIIT Tech is an industry specialist, and focuses on travel and transportation, insurance, investment banking, media and auto manufacturing. This specialization is timely, as buyers are increasingly looking for third-generation sourcing relationships with partners that have deep vertical expertise to help transform and digitize industry-specific middle- and front-office processes (7 Characteristics of a Generation-Three Relationship, 1834SST, 3June2016).

We came away from the event with the following three conclusions:

- **NIIT Tech demonstrates the most compelling automation case study we have seen to date.** The head of Global Sourcing for a financial services firm wanted to repatriate all the work that NIIT Tech was delivering from India back to the U.S. Instead of resisting, NIIT Tech helped the client reduce the number of NIIT Tech resources and helped the customer put into place several automation pilots. This particular customer has implemented the most thorough automation planning and thinking we have seen to date, and while NIIT Tech is not driving the overall strategy, it is acting as a key partner by delivering 1) digital labor that can perform mission-critical functions and 2) a compelling commercial solution that benefits both parties.

- **NIIT Tech’s Digital Foresight is ahead of the industry curve.** Digital Foresight is NIIT Tech’s advanced business intelligence platform, and though we are seeing prototypes of similar solutions at larger providers, we are not typically seeing them at firms the size of NIIT Tech. Digital Foresight focuses on understanding the “trajectory of customers tomorrow” and is targeted at the Chief Marketing Officer or the Chief Revenue Officer. In the case of wealth management, for example, the platform can combine geospatial intelligence and social graphing to target high net worth individuals down to a street level. While Digital Foresight is new—with one customer in production as of the writing of this note—it is an impressive platform and sets NIIT Tech apart from other mid-size IT services firms.

- **For mid-size companies in specific verticals, NIIT Tech can be a one-stop shop.** NIIT Tech has demonstrated it can provide outsourcing services beyond the data center. To one local media company, it is delivering traditional infrastructure, application, FAO and call center services in addition to creative
services, such as print, fulfillment and operations services. The media company is considering expanding the relationship with NIIT Tech to include design services as well.

**Net Impact**

NIIT Tech represents an emerging industry megatrend; a number of mid-sized, India-based IT services providers are choosing to go “deep” in a specific set of verticals rather than trying to be everything to everyone. The idea that a company can outsource its entire back and middle-office to a single provider that understands its industry is proving to be a compelling model for clients and a winning model for providers. When providers combine an industry focus with a portfolio of platforms and skills—including automation and analytics—that help customers reduce costs and get closer to customers, it creates a model that looks very attractive when compared to the legacy alternatives.

ISG clients should understand that while NIIT Tech has proven it can scale up to meet the requirements of contracts as large as $25 million in annual contract value (ACV), they are better positioned for contracts in the $5 to $20 million ACV range. NIIT Tech is well-positioned to 1) take over all back office work from mid-market companies where NIIT Tech has industry expertise, 2) portions of IT and business process work from larger companies where NIIT Tech has industry expertise (e.g. application testing for a set of applications for a large Financial Services company) and 3) as a “platform plus services” provider for companies looking to better understand and predict customer behavior.

**Summary Facts**

- NIIT Tech is headquartered in Noida, India; U.S. headquarters is in Atlanta, GA.
- 2016 revenue was $400 million; more than 9,400 employees.
- NIIT Tech provides IT and business process consulting and outsourcing services.
- NIIT Tech primarily competes against mid-size IT services firms and systems integrators.