

TCS: From Systems Integrator to Systems Innovator

CIMdata Commentary

Key takeaways:

- *Tata Consultancy Services (TCS), a global systems integrator, grew 16 percent to \$13.4 billion in its most recent fiscal year, and is a solid and growing player in the market for product lifecycle management (PLM) services and technology*
- *TCS is developing business platforms and associated technologies around the digital five forces driving information technology: social media, mobility & pervasive computing, big data & analytics, cloud computing, and artificial intelligence/robotics*
- *The TCS Co-Innovation Network (COIN™) provides the framework for uniting stakeholders on high-value problems and leading-edge solutions, leveraging a wide range of stakeholders and TCS' global talent pool*
- *This collaborative, innovation-centric approach is powering TCS' journey from a systems integrator to a systems innovator*

Companies of all sizes rely on enterprise software to help manage many aspects of their business. These solutions are often implemented by systems integrators (SIs), service firms specializing in the organizational and technological consulting necessary to adapt and connect software to meet corporate needs. For many SIs, this includes enabling product lifecycle management (PLM) strategies. CIMdata tracks this aspect of the services market as part of our global PLM Market Analysis Report (MAR) series.

Over the last several years, many large SIs have had mixed results both in PLM and in their broader services businesses. A bright spot has been Tata Consultancy Services (TCS), a global firm that posted a 16 percent gain to \$13.4 billion in its most recent fiscal year. With headquarters in India, TCS has over 300,000 consultants (of 118 nationalities) that work in 46 countries around the world. Its PLM-specific consulting has also produced solid gains, in part through its alliances with Dassault Systèmes, Oracle, SAP, and Siemens PLM Software. CIMdata had the opportunity to learn more about the firm at its 10th Annual Innovation Forum in Cincinnati, Ohio, on May 21 through 22, 2014, and at a subsequent visit to its Silicon Valley Customer Collaboration Center (SVCCC) in Santa Clara, California.

These interactions made clear that TCS is much more than a systems integration firm, illustrating the breadth of its vision, strategy, and execution. About fifteen years ago, TCS decided to expand its efforts on innovation. This is common among SI firms, as they seek to capture more of the value they add for their industrial clients, beyond just delivering services. For example, in the PLM economy, TCS is known for developing Teamcenter-based industry solutions in medical devices and retail for Siemens PLM Software.

TCS takes a much broader view, looking to create its own intellectual property, with a focus on collaborative innovation. The vehicle for its collaborative efforts is COIN, the TCS Co-Innovation Network. Led by TCS's Innovation Labs and leveraging TCS's global talent pool, the network includes academic institutions, start-ups, venture funds, strategic alliance partners, multilateral organizations, key clients, and other companies from the Tata Group. TCS has done quite well using this approach, with 129 patents granted to date. Their efforts are being recognized in the business world. For example, the most recent Forbes "Most Innovative Companies" list ranked TCS 57th, the top-ranked IT services firm.

TCS's current emphasis is on what it calls Digital Reimagination™, a trademarked phrase that is central to its strategy. TCS spoke about the “Digital Five Forces”: mobility and pervasive computing; big data and analytics; social media; cloud computing; and artificial intelligence (AI) and robotics. Using a combination of these digital five forces to reimagine business will drive fundamental change in business models and processes, products and services, customer segments, channels, and in the workplace. TCS believes that the winners in the next era in business will be those who reimagine themselves to best leverage these innovative solutions. TCS also believes that working with leading customers and through COIN, it can provide sustainable differentiation and competitive advantage.

The TCS Innovation Forum served to highlight its collaborative innovation efforts. Over 220 attendees heard presentations from a comprehensive mix of customers (from eight different industries, including P&G, Chrysler, Transalta, and Humana), partners (SAP, MIT, Stanford University, Middlesex University, Blumberg Capital), and TCS subject-matter experts. The first evening of the Forum also served as an inauguration of the TCS Innovation Lab – Cincinnati, at its Seven Hills park facility in Milford, Ohio. The 223-acre facility houses about 600 people, and was sighted to both support local customers and to take advantage of what TCS claims is a large local talent pool.

At the evening session, which featured work with two COIN Partners (Sourcemap and Solace Systems), attendees engaged in one-on-one interactions with TCS researchers focused on:

- Improving Lives with Modern Healthcare Techniques
- Reliable & Sustainable Consumer-Centric Utility
- Next Gen Solutions for the Manufacturing Industry
- Reimagining Retail
- Security & Privacy
- Connected Solutions for Connected Opportunities

An example from the Forum illustrates just how TCS is helping its leading customers with a combination of TCS-developed technologies, and targeted services, to rethink its business in light of one digital force, mobility.

Eaton is a global power management company with 2013 revenues of \$22 billion. Its 103,000 employees develop products sold to customers in more than 175 countries. To support that global reach, Eaton must produce and distribute up-to-date product information to employees, partners, and customers, in far-flung locations. Historically that meant printed catalogs. Eaton knew that mobile was the answer for easy-to-access information, and turned to its strategic partner TCS for help.

Eaton wanted to provide timely access to accurate product information to its increasingly mobile audience. The goal was to develop one single global application, providing consistent functionality and user experience for employees, channel partners, and end users to select and purchase electrical products. Eaton established a global mobility council to approve all functionality and to support global deployment that included representatives from both IT and global marketing. This new platform, POWEREDGE™, launched for iOS in December 2011, and now boasts 14,000 users globally, in fourteen different countries and in eleven languages. Users can search catalogs, view product videos, find local channel partners, and launch product-related tools, like calculators and selectors. Users can also tailor the content,

building their own custom libraries and favorites. Usage is fairly balanced between iPhone (54 percent) and iPad or iPod (46 percent).

Eaton's success with POWEREDGE did not go unnoticed. In 2012, CIO Magazine named Eaton to its CIO 100, referring to POWEREDGE as "indispensable." Internally, Eaton estimated they saved \$2 million in printing costs and improved sales force productivity while also improving customer satisfaction. Going forward Eaton plans global rollouts to thirteen new countries in three new languages in 2014. An Android version will also be released in 2014. New versions will support improved product data hub integration and enhanced functionality. For TCS, it was work with customers like Eaton and others for which TCS was recognized in 2014 as a leader in mobile development and deployment by IDC.

Following the TCS Innovation Forum, CIMdata visited the TCS Silicon Valley Customer Collaboration Center in Santa Clara, California, which drove home just how central that collaborative innovation is to the TCS strategy. Our sessions graphically illustrated how TCS is leveraging the energy, ideation, and spirit of the Silicon Valley to provide a "garage" for its customers—providing access to the best and brightest, brainstorming on ideas, and backing this up with its vast global talent pool. Some customers work on site, but most collaborate remotely. The management team in Santa Clara has a very strong background: solid technical skills, experience with start-ups and new industries, while maintaining its connections to work the network for the benefit of TCS and its customers. The Collaboration Center includes an in-house incubator for early-stage firms, a user experience design lab that partners with the design school at Stanford and includes advanced eye tracking, and other leading edge research tools.

In summary, this deep dive with TCS illustrated how its focus on innovation is really staging an organizational and technological platform that anticipates its clients' needs. Its solutions are going far beyond just services improvements to build business platforms for the industries it serves. This focus on platforms is consistent with CIMdata's recent work emphasizing the importance of business platforms in the PLM economy. Building consistent platforms and tools helps put quality into the solutions delivered that is less affected by staff turnover, delivery location, and other issues associated with the SI business. TCS' business platforms will help clients innovate faster, getting to market earlier to capture first-mover advantages. Collectively these actions have helped to reimagine TCS itself, powering its evolution from a systems integrator to a systems innovator—a company that builds intellectual property as a means to an end, not just for license fees. These early returns bode well for the future. This approach should continue to serve TCS, its customers, and the broader economy well, as those incubated businesses and technologies take root and grow.

About CIMdata

CIMdata, an independent worldwide firm, provides strategic management consulting to maximize an enterprise's ability to design and deliver innovative products and services through the application of Product Lifecycle Management (PLM). CIMdata provides world-class knowledge, expertise, and best-practice methods on PLM. CIMdata also offers research, subscription services, publications, and education through international conferences. To learn more about CIMdata's services, visit our website at <http://www.CIMdata.com> or contact CIMdata at: 3909 Research Park Drive, Ann Arbor, MI 48108, USA. Tel: +1 734.668.9922. Fax: +1 734.668.1957; or at Oogststraat 20, 6004 CV Weert, The Netherlands. Tel: +31 (0) 495.533.666.