

# Mphasis expects three factors to drive future growth

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## Synopsis

**Nitin Rakesh, CEO, Mphasis, said that the overall growth environment was really robust for the rest of the year, and beyond the traditional tech spends, there were emerging trends that were pushing the addressable market higher for services companies.**

Mid-size IT services firm Mphasis said that it sees future growth being driven by three factors – growth of the tech services market, shift toward a subscription model of consumption and tech spends originating from new areas.

Nitin Rakesh, CEO, Mphasis, said that the overall growth environment was really robust for the rest of the year, and beyond the traditional tech spends, there were emerging trends that were pushing the addressable market higher for services companies.

“As clients move toward consumption in a service model and away from on-premise toward Cloud architecture, this is reducing capex and increasing spend availability,” said Rakesh. “We are seeing this play out among our top clients and could drive growth if we

are able to construct deals where we can enable the client to move in the direction of run versus change.”

For instance, one of the company’s top three clients is exiting its physical data centres to create some variability in its infrastructure, and Rakesh said that the company has created a construct where it has taken on the existing set of applications with a mandate to modernise and migrate them to cloud.

“The internal dynamics of the money that is being spent is changing, and this is releasing more money back into the system. The more you're able to move them to the cloud, the more they're able to release money back into additional spend areas to do new builds,” he said.

The other area that is now beginning to gain scale and critical mass is that every part of the client organisation is getting digitised and tech enabled. “Whether it is the product organization, the marketing organization or operations or contact centre...pretty much every part of the value chain is getting digitized and that’s opening a whole new series and segments of opportunities,” he said.

Beyond this, the tech services market continues to grow and is projected to remain elevated for the next few years. “Even if tech services don't grow more, there is enough and more coming out of the enterprise which gives us the ability to see these elevated growth rates for the next three to four years,” he said.

Mphasis reported revenues of Rs 2,869 crore, up 17.4% and a net profit of Rs 341.5crore, up 14.1% without adjusting for M&A charges for the quarter ended September 2021. It reported new deal wins worth \$241 million in direct business during the quarter, of which 68% was in new generation services. It added five new clients, adding one in the \$10 million bucket and two in the \$5 million bucket.

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