

Our focus is to continue growing above the industry average: Mphasis CEO

VENKATESHA BABU

Bengaluru, December 6

Blackstone-backed mid-sized IT company Mphasis has had a good growth track record over the last three years, which has been recognised by the market.

Mphasis' shares have increased more than five-fold in the last five years, bettering market returns than some of its large peers like TCS and Infosys.

A large part of the credit, in terms of turning around the company's fortunes, should go to Nitin Rakesh – the CEO of the company – who has led a strategy of mining deeper, existing clients, even as he has added new lines of business.

In an interview with *BusinessLine*, the CEO spoke about the strategies to sustain and accelerate the growth

momentum for the future. Excerpts:

Mphasis has had a good growth track record over the last couple of years after a few stumbles.

What changed?

It has definitely been a good couple of years in terms of growth, positioning and momentum. This is evident in our revenue growth, or other metrics like deal wins and so on. This is not something that happened out of the blue. There were a lot of things that came together. Planning is everything.

We were at the right place with the right services and at the right time. The bets we made in 2017-18 are the reason why we are in the position where we are today, gaining disproportionate share in

wallet gain and market share with some of our large clients.

From a momentum perspective, we have demonstrated the fact that in our chosen size, markets, and set of services, we have been able to carve out a position for ourselves, which we believe is unique and sustainable. All our top clients have grown nicely.

In the direct segment of business, all our top 10, top 20 clients have grown in

double-digits over the last 12-18 months. In the current financial year, just last quarter, we spoke of top 5 clients growing 22 per cent, top 10 clients growing by 28 per cent CAGR on an annualised basis.

That is some-

thing that is driving a lot of growth momentum. The positioning we have created of driving transformation, change, helping our clients accelerate the change they are trying to bring into their business models, that also has helped our growth.

Was your ability to mine existing clients for additional business the primary growth driver?

The starting point of our journey has always been what more value can we deliver to our existing clients. The ability to drive wallet share gain among existing clients is as much a part of our journey because if current clients don't

buy from us, we have no right to go to new customers.

I am also not of the camp that farming (providing additional services to existing clients) or hunting (looking for new clients) are two distinct activities. We are dealing with some very large customers and there is no question that we have maxed out or the customer has become 'mature' to us from a revenue standpoint.

The next part of our growth journey is three-fold. First is the expansion of new client business overall. For instance, our new client business has grown at a CAGR of 60 per cent over the last two quarters on a y-o-y basis. The second is our ability to hunt for new customers in our home markets like the US and Europe. The third is our ability to offer newer services

to both existing and new clients.

How do you view secular growth for the entire sector versus Mphasis' growth momentum?

There is a substantial tailwind that is driving growth for the sector as a whole. The digital transformation taking place is a huge opportunity.

There is a lift in tech spending in the addressable market. New pockets of tech spend are coming out – marketing, product development, operations, contact centre, customer experience, cyber security – all are new areas of additional spend, which have expanded in the last 12-18 months. Of course, managing this growth is a challenge.

At Mphasis, our focus is on

going up the value chain. What used to be in demand even two years ago is no more relevant, as today there is a massive diversion of resources to all things cloud. Book of business is changing dramatically, people have to be upskilled, it is like changing wheels of a moving car.

We have to change faster than clients. Investing in new talent, creating new capabilities, investing in all things digital is the need of the hour. Unlike others, I see the tightness in the labour market as actually our biggest tailwind.

I don't see demand-supply mismatch going away anytime soon. We are in it for the short to medium term, which means at least a couple of years. Our focus will be to continue growing above the industry average.

THE
BL
INTERVIEW



There is substantial tailwind that is driving growth for the sector as a whole. The digital transformation taking place is a huge opportunity

NITIN RAKESH
CEO, Mphasis