Tata Consultancy Services (TCS)

TCS in 2012 was, and continues to be a strong company in 2016, with healthy profits and market cap. Several areas were identified, including “Digital” to future-proof the company. Chandra and his team have responded splendidly to the guidance of the Board and have met challenges head on.

Building the digital blue print for TCS required close coordination between Chandra, his leadership team, myself and the Board. The transformation of a Company which was already a successful market leader, called for working on mind sets and culture in addition to the harder elements of change. A lot of work is being done to future-proof the growth and leadership position of TCS and I believe the best is yet to come for your company.

Strengthening the Digital Strategy

1. **Talent Transformation:**
   - Ongoing changes in technologies and service offerings is necessitating changes in skills. Significant effort was undertaken to upgrade skills of the existing workforce as well as increased focus on hiring specialized talent.
   - TCS has created a world-class Digital Learning Platform - an integrated ecosystem that combines virtual, physical and experiential learning, with high quality content available anywhere, anyplace, anytime and on any device.
   - Over 120,000 TCS employees leveraged the platform to acquire digital skills in FY 2016

2. **Digital Re-Imagination Studio:**
   - TCS launched the Digital Re-Imagination Studio in Santa Clara, staffed with top-notch and diverse global talent to facilitate co-creation with customers. The studio allows customers to experience how these new digital technologies work in different consumer contexts across various industries

3. **Digital Experience Center:**
   - TCS launched the “Executive Briefing Centre” in Mumbai designed for next-generation immersive customer engagement. Digital and display technologies as well as interactive content foster new ideas and innovation, leveraging TCS’ rich experience of digital transformation across industries
4. **Digital Platforms:**
   - TCS strategic bets in “ION™” for the Education sector have performed well.
   - TCS’ neural automation system Ignio™, launched in 2015, is gaining good traction.
   - TCS continues to further invest in digital platform solutions for key industries, horizontal functions as well as technology assets.

**Maximising revenues from traditional revenue streams:**

5. Our challenge has been to increase penetration in existing customers, at the same time defending price premiums from aggressive competition at a time where global recession was threatening IT spending by customer industries. The following charts depicts the success in this area in comparison with the past as well as competition.

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I am proud that the company in the last three years has been able to attract and retain a disproportionate share of key customers.

**Addressing the ‘Immigration Debate’ – strengthening the brand to become a local partner**

6. TCS initiatives such as goIT which inculcated STEM education in USA, has helped us integrate into the social fabric of the countries in which we operate and in the process becoming a local technology partner to our clients. The company is also one of the top recruiters of U.S. IT Services talent, working in collaboration with many of the nation’s top colleges.

During this period your company rose rapidly in brand rankings in the US. In August this year, your company announced its ranking as the 58th most valuable U.S. brand in the annual ‘Top 500 U.S. Brands’ survey by Brand Finance®. TCS is one of only four global IT Services companies recognized as a Top 100 Brand in the U.S., and is the sector’s most powerful brand.
Cash Conversion:

7. Improving its ability to convert profits into cash and dividends for shareholders and building up a war chest for potential inorganic growth opportunities was a key imperative for TCS. Chandra and his team have responded to these suggestions and have helped improve the cash conversion from 49% in 2012 to 92% in 2015. It is to be noted that despite growth in Dividends paid, the Cash and cash equivalents in TCS continue to grow.

Spurring investments into new areas:

8. There were several emerging technologies in which advances were poised to alter the landscape with many real-world applications. It was important to ensure TCS explore investing sufficiently in spaces such as Cyber security, Education, IOT and Bioinformatics to stay ahead of the curve and build its own IP. These I believe will be needed to ensure TCS retains its leadership position in the future.

TCS outperformed its peers and the broad sensex over the last 4 years.

Your company’s growth is powered by a young and ambitious workforce that is fully geared towards delivering its customer promise. The company continues to innovate at its many design and support centres and I strongly believe that the best is yet to come for TCS.