

Special Report

Top clients of Indian and Global IT companies



June 2024

CONTENTS



Executive Summary

Rationale for analysis, Management commentary uniformly cautious, Nuances in analysis of top-25 US clients for Indian and global IT companies

02

Management commentary indicating subdued growth

Management commentary on macro, BFSI, retail and other key verticals

03

News covering top US companies indicating weak macro

Recent news flow on top US companies

04

Revenue correlation with financials of top clients

Comparing revenue growth of Indian and global IT companies with revenue growth of their top clients

06

List of top-25 US clients

Detailed list of top-25 US-based clients across various verticals

07

Timeseries analysis of top-10 US client ranks

List of top-10 clients over 2021-23, Client stability and Client overlaps

09

Client addition and churn since 2021

Companies with highest and lowest client additions and client churn over 2021-23

10

Executive Summary

Rationale for this analysis and how to interpret it?

- IT companies seldom share client-specific information due to confidentiality concerns. However, labor certification applications (LCAs) provide some indications on who their US clients are. LCAs are pre-requisites for filing H-1B visas/work visas, where companies need to specify the number of visas sought for each client.
- While this analysis highlights the top clients of a company, there are additional factors that determine the size of a client. But, in the absence of any concrete information from the companies, we believe LCAs provide valuable insights. A caveat here is that while LCAs show meaningful relationships with the clients, the ranking could be inexact.
- Historically, the revenues of these IT companies have manifested a strong correlation with the revenues of their top-10 clients. With the macros and client businesses weakening vs. the pre-Covid levels, it is crucial to gauge top client exposures.

Management commentary uniformly cautious across Indian and global IT companies; clients resorting to lay-offs to enhance profitability impacted by weak demand

- The high inflation and elevated interest rates are some of the reasons for the weak macro environment for Indian and global IT companies.
- Management commentary across Indian and global IT companies indicates uniform caution due to i) pullbacks on discretionary spends by clients; ii) constrained client spending; iii) prolonged and volatile decision-making by clients; and iv) deal wins getting re-prioritized or cancelled.
- BFSI and retail clients are highly impacted by the weak macro environment, whereas healthcare remains defensive.
- Top US companies like Citi, Barclays and Apple are resorting to employee lay-offs to enhance profitability, which suffered due to the weak macro.

Top-25 clients of Indian and global IT companies highly skewed towards BFSI; weak presence of Indian IT companies in retail and of global IT companies in CMT

- For Indian and Global IT, among its top-25 US clients, the highest skew was observed towards BFSI where the management commentary indicates maximum caution. The BFSI vertical accounts for 19–38% of overall revenues for these IT companies.
- LCA filings indicate a higher skew towards BFSI, communication and media & tech (CMT) in the top-25 clients of Indian IT companies, with a lower exposure to retail accounts.
- Healthcare is the second-highest vertical for global IT companies in terms of the top-25 clients skew, while a lower skew was observed towards the CMT vertical.

Although global IT companies have the highest client churn due to the intensifying competition from Indian IT companies, the client scale-up has been much faster

- TCS/Wipro have the highest client retention within Indian IT companies and IBM/Accenture within global IT companies, as 7 of top-10 clients have constantly been in top-10 for the past 3 years.
- A total of 7 (out of the top-10) clients from 2021 churned in 2023 for Capgemini and Cognizant, while the churns at TCS and Wipro have been more stable. The intensifying competition from Indian IT companies and high management churn has impacted Cognizant's clientele.
- Compared to Indian IT companies, the number of top-10 clients who have scaled-up their ranks over the past 3 years is much higher for global IT companies, indicating significant business ramp-ups.
- Infosys and TCS share 4 of their top-10 US clients, indicating cut-throat competition between the two.
- Indian IT giant TCS seems to have slipped its rank in case of Apple, while Infosys/Wipro maintain their positions. In case of Citi, TCS seems to be holding up its position, Wipro seems to have gained, while Infosys has dropped.

Management commentary indicates subdued growth on prolonged decision-making and discretionary spend pullbacks

Management commentary of Indian and global IT companies unified on cautionary macro, prolonged decision-making and discretionary spend pullbacks. Management wary of BFSI, which accounts for the majority of revenue of IT companies.

	Macro	BFSI	Retail	Hitech	Communication	Healthcare
TCS	<ul style="list-style-type: none"> Discretionary spending under pressure <ul style="list-style-type: none"> Client decision-making volatile 	<ul style="list-style-type: none"> Clients conserving cash and focusing on business-critical projects with immediate ROI Pent-up demand likely in the medium term 	<ul style="list-style-type: none"> Pressure due to economic slowdown, soft recession, high interest rate and geo tensions 			
Infosys	<ul style="list-style-type: none"> Discretionary and digital transformation spends being pulled back Deal wins getting either reprioritised or cancelled 	<ul style="list-style-type: none"> Cautionary stance due to high inflation and high interest rates Budgets to remain tight 	<ul style="list-style-type: none"> Pullbacks on discretionary spends exerting pressure on the vertical 	<ul style="list-style-type: none"> Likely to remain muted in FY25E 	<ul style="list-style-type: none"> New capex and budgets for communication clients are being kept under check 	
Wipro	<ul style="list-style-type: none"> Economic environment still uncertain and more challenges in the near term Discretionary spending remains slow 	<ul style="list-style-type: none"> Witnessing green-shoots in consulting, but sustenance is a key factor to watch 	<ul style="list-style-type: none"> Impacted due to a slowdown in discretionary spends and high inflation 			<ul style="list-style-type: none"> Defensive in nature; growth momentum likely to continue
HCLT	<ul style="list-style-type: none"> Discretionary spending yet to rebound Spending on AI cannibalising other IT budgets Clients have been consolidating spends over the past few quarters 					
Accenture	<ul style="list-style-type: none"> Client spends are constrained due to macro and decision-making delays 					
Cognizant	<ul style="list-style-type: none"> Client spends shifting from discretionary projects to cost-savings projects 	<ul style="list-style-type: none"> The impact of a discretionary spend pullback is the highest in BFSI than other verticals 			<ul style="list-style-type: none"> Small accounts severely affected due to discretionary spend pullbacks 	
Capgemini	<ul style="list-style-type: none"> Clients prioritising projects with immediate ROI and cutting down discretionary spends 	<ul style="list-style-type: none"> Impacted due to constrained spending 		<ul style="list-style-type: none"> Impacted due to constrained spending 		<ul style="list-style-type: none"> Impacted due to constrained spending

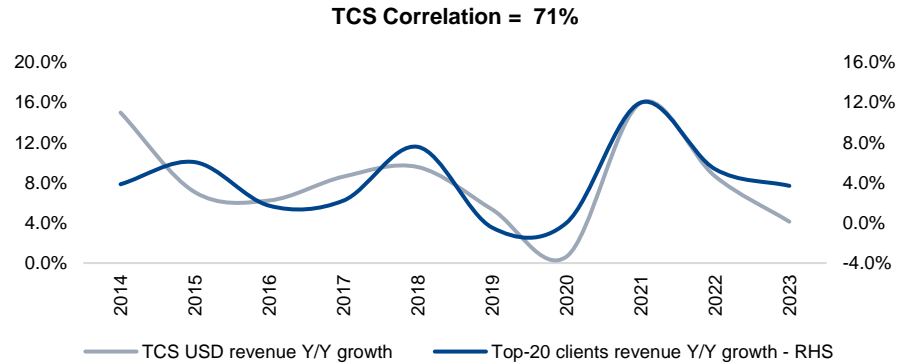
Top US companies resorting to employee lay-offs to enhance profitability, impacted due to weak macro

The weak macro environment forcing some of the top US companies to initiate restructuring programmes and commence employee lay-offs, mainly to improve their underlying profitability

Client	Recent News Flow
Citi Bank	<ul style="list-style-type: none">To streamline operations and improve underperforming profits, Citi Bank has started a restructuring programme, under which it foresees a decrease of 7,000 employees from its workforce, which could yield an anticipated annualised savings of USD 1.5bn.
Barclays	<ul style="list-style-type: none">Barclays is gearing up to reduce its workforce by several hundred positions in the investment banking division as part of a long-term strategy to reduce expenses and enhance profitability within the department.
Best Buy	<ul style="list-style-type: none">Best Buy has come up with a restructuring programme to better align the company's revenue outlook for FY25. Addressing the concern of 'lower business demand', Best Buy has cut its workforce significantly and laid off a number of employees.
McDonald's	<ul style="list-style-type: none">McDonald's CFO Ian Borden thinks that lower-income customers have been pulling back spending on fast food and other types of restaurants.
Apple	<ul style="list-style-type: none">Apple has laid off 600 employees across its self-driving car and smartwatch screen projects.
Cisco	<ul style="list-style-type: none">Cisco's restructuring plan will affect approximately 5 percent of its global workforce, resulting in an estimated 4,250 employees losing their jobs. The layoffs raise concerns about job security within the tech sector.

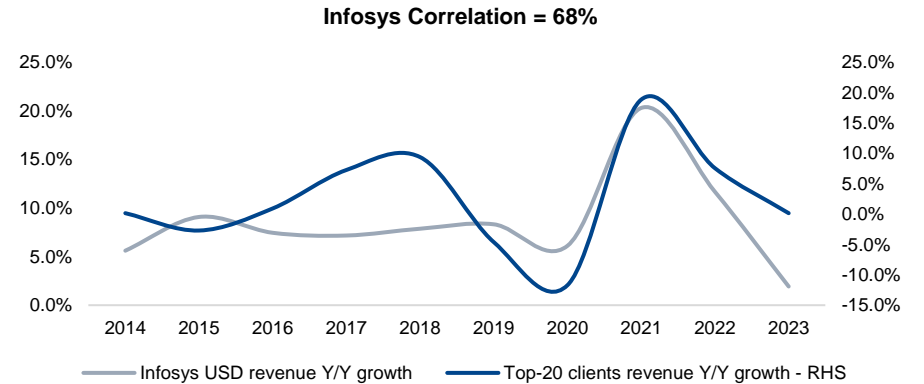
Revenues of Indian IT companies show a strong correlation with financials of top clients

TCS revenue has the strongest correlation within the peer set, especially after the pandemic



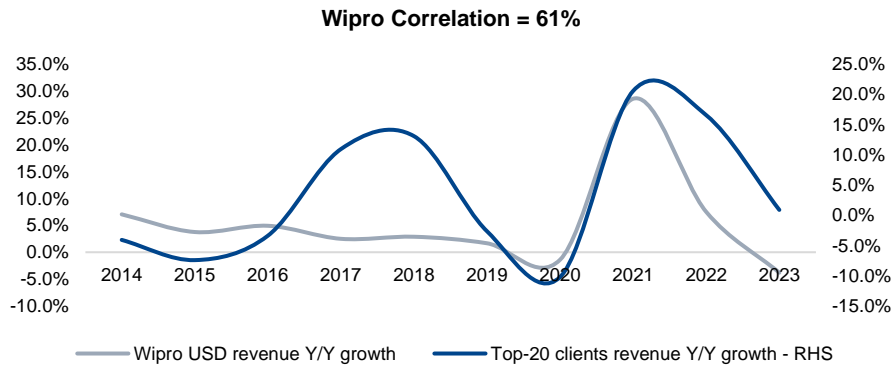
Source: Company

Infosys revenue growth lags vs. its top client's revenue growth, but depicts a strong correlation



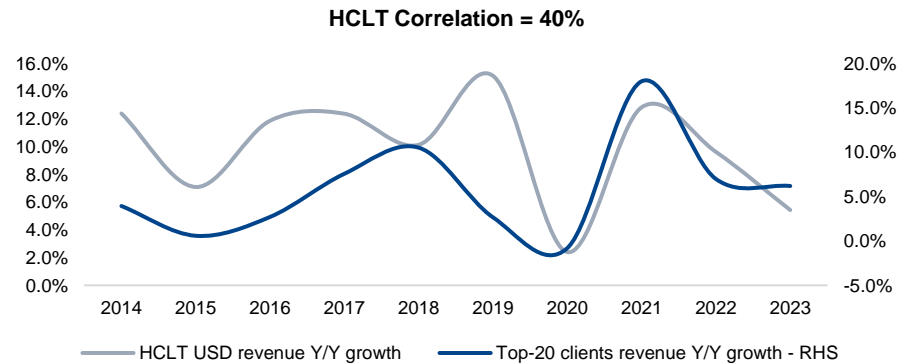
Source: Company

Highest client retention has helped Wipro maintain a high correlation with its top-20 clients, especially over the past 3-4 years



Source: Company

HCLT revenue shows a weak correlation with its top clients' financials, as its growth is mainly led by market-share gains



Source: Company

Unlike Indian IT companies, revenues of global IT companies show a weak correlation with financials of top clients

Despite Accenture's high correlation, its top clients' revenues have grown better, indicating high competition, especially from Indian IT companies

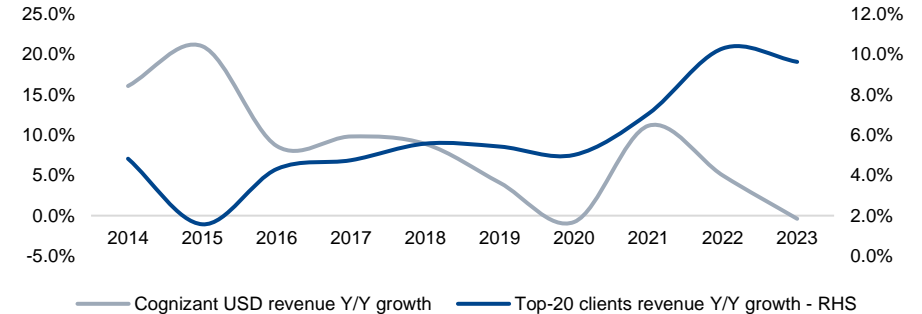
Accenture Correlation = 64%



Source: Company

High client churn due to market-share gains by Indian IT companies results in the lowest correlation for Cognizant

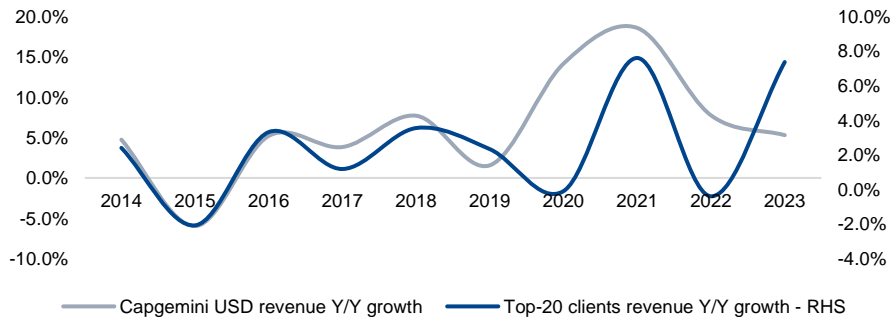
Cognizant Correlation = -63%



Source: Company

Capgemini's and its top clients' revenues were in tandem until 2019, but the correlation dispersed thereafter

Capgemini Correlation = 50%



Source: Company

IBM depicts a low correlation with its top clients' financials, despite the highest client retention

IBM Correlation = 28%



Source: Company

Top-25 US clients based on LCA filings – Indian and global IT companies skewed towards BFSI

Higher BFSI exposure at Infosys/Wipro/Cognizant/Capgemini, while HCLT is highly skewed to CMT and manufacturing. Indian IT companies have smaller exposure to healthcare accounts, rendering defensiveness to the overall growth

Top-25 US Clients	TCS	Infosys	Wipro	HCL Tech	Accenture	Cognizant	Capgemini	IBM
BFSI	<ul style="list-style-type: none"> ▪ Citi Bank ▪ USAA ▪ BoFA ▪ PNC Bank ▪ Morgan Stanley ▪ Amex ▪ MetLife ▪ State Street ▪ PwC 	<ul style="list-style-type: none"> ▪ BoFA ▪ SunTrust ▪ Citi Bank ▪ Amex ▪ Charles Schwab ▪ Capital Group ▪ Wells Fargo ▪ Citizens Bank ▪ Allstate Insurance ▪ UBS Group ▪ Goldman Sachs 	<ul style="list-style-type: none"> ▪ Charles Schwab ▪ US Bancorp ▪ Citi Bank ▪ State Street ▪ TD Bank ▪ Mastercard ▪ PNC Bank ▪ UBS Group ▪ S&P Global ▪ Northwestern Insurance 	<ul style="list-style-type: none"> ▪ USAA ▪ Deutsche ▪ Fidelity ▪ State Street ▪ PenFed Credit Union 	<ul style="list-style-type: none"> ▪ Travelers Corp ▪ BoFA ▪ Chubb ▪ State Farm Insurance 	<ul style="list-style-type: none"> ▪ JP Morgan ▪ Travelers Corp ▪ Hartford ▪ TIAA ▪ Key Nationals Bank ▪ Amex ▪ Truist ▪ Liberty Insurance ▪ Ally Financials ▪ Capital Group ▪ AIG 	<ul style="list-style-type: none"> ▪ Citi Bank ▪ State Farm Insurance ▪ Discover Financials ▪ Morgan Stanley ▪ Wells Fargo ▪ Hartford ▪ Fidelity ▪ Vanguard ▪ Barclays ▪ TIAA ▪ Chubb 	<ul style="list-style-type: none"> ▪ Truist ▪ Amex ▪ USAA ▪ Chubb ▪ State Farm Insurance ▪ Standard Insurance ▪ Barclays ▪ Prudential
Retail	<ul style="list-style-type: none"> ▪ Home Depot ▪ Walgreens 	<ul style="list-style-type: none"> ▪ Nike 	<ul style="list-style-type: none"> ▪ Best Buy ▪ Kellogg's 	<ul style="list-style-type: none"> ▪ Keurig Dr. Pepper 	<ul style="list-style-type: none"> ▪ Best Buy 	<ul style="list-style-type: none"> ▪ Pepsi ▪ Nike 	<ul style="list-style-type: none"> ▪ McDonald's ▪ Meijer ▪ Coca-Cola ▪ Subway ▪ Altria Group 	<ul style="list-style-type: none"> ▪ Pepsi ▪ Albertsons
Travel & Logistics	<ul style="list-style-type: none"> ▪ Delta Airlines ▪ UPS Group 	<ul style="list-style-type: none"> ▪ BNSF Railways 	<ul style="list-style-type: none"> ▪ FedEx 	<ul style="list-style-type: none"> ▪ FedEx ▪ BNSF Railways ▪ Collins 	<ul style="list-style-type: none"> ▪ Marriott 		<ul style="list-style-type: none"> ▪ Penske Group 	<ul style="list-style-type: none"> ▪ United Parcel Services
Manufacturing	<ul style="list-style-type: none"> ▪ General Electric ▪ FCA US LLC 	<ul style="list-style-type: none"> ▪ Boeing ▪ Toyota 	<ul style="list-style-type: none"> ▪ Ford 	<ul style="list-style-type: none"> ▪ Siemens ▪ Boeing ▪ Caterpillar 	<ul style="list-style-type: none"> ▪ Milwaukee tool 	<ul style="list-style-type: none"> ▪ Toyota 	<ul style="list-style-type: none"> ▪ General Electric ▪ Rockwell Automation 	
Energy and Utilities		<ul style="list-style-type: none"> ▪ BP Corp ▪ Southern California Edison 	<ul style="list-style-type: none"> ▪ Chevron ▪ BP Corp ▪ National Grid 	--				<ul style="list-style-type: none"> ▪ Oncor Electric ▪ National Grid
Communication, Media & Tech	<ul style="list-style-type: none"> ▪ Comcast ▪ Verizon ▪ Apple ▪ Cisco 	<ul style="list-style-type: none"> ▪ Charter Comm ▪ Comcast ▪ AT&T ▪ Apple ▪ Cisco 	<ul style="list-style-type: none"> ▪ T-Mobile ▪ Apple ▪ HP Inc. ▪ Microsoft ▪ Cisco 	<ul style="list-style-type: none"> ▪ Disney ▪ T-Mobile ▪ Verizon ▪ Cisco ▪ Google ▪ Facebook ▪ Intel 	<ul style="list-style-type: none"> ▪ AT&T ▪ Comcast ▪ Google 	<ul style="list-style-type: none"> ▪ Comcast 	<ul style="list-style-type: none"> ▪ NBC Universal ▪ Charter ▪ Cox Communications ▪ Cox Communications ▪ T-Mobile 	<ul style="list-style-type: none"> ▪ AT&T ▪ T-Mobile
Healthcare	<ul style="list-style-type: none"> ▪ Cigna ▪ CVS Health ▪ J&J ▪ Kaiser ▪ Eli Lilly ▪ Humana 	<ul style="list-style-type: none"> ▪ CVS Health ▪ Pfizer ▪ Molina Healthcare 	<ul style="list-style-type: none"> ▪ United Healthcare ▪ J&J ▪ Change Healthcare 	<ul style="list-style-type: none"> ▪ J&J ▪ Abbot ▪ Becton Dickinson ▪ Merck ▪ Baxter 	<ul style="list-style-type: none"> ▪ Kaiser ▪ Bristol Myers ▪ Pfizer ▪ Cigna ▪ Blue Cross ▪ Merck 	<ul style="list-style-type: none"> ▪ CVS Health ▪ Cigna ▪ AbbVie ▪ Anthem Health ▪ HSCC ▪ Kaiser ▪ Gilead ▪ Merck ▪ Emblem Health 	<ul style="list-style-type: none"> ▪ Abbott 	<ul style="list-style-type: none"> ▪ Anthem Health ▪ J&J ▪ Amerisource ▪ Bergen ▪ Abbott ▪ Pfizer

Top-10 US clients of Indian IT companies based on LCA filings

TCS: Low churn in the top-2 clients over the past 3 years; BoFA seems to have materially scaled-up as a client

TCS

Client name	2021	2022	2023
Citi Bank	2	1	1
USAA	3	4	2
Humana	7	12	3
BoFA	28	9	4
Home Depot	6	6	5
Apple	1	2	6
Walgreens	8	4	7
Johnson & Johnson	9	8	8
Pnc Bank	10	5	9
CVS Health	4	13	10

Source: US Department of Labor. Cells highlighted in green indicate that those clients were in top-10 over the past 3 consecutive years.

Wipro: High client retention as 7 out of top-10 clients have been in the top-10 cohort over the past 3 years

WIPRO

Client name	2021	2022	2023
Charles Schwab	3	3	1
US Bank	7	1	2
Apple	2	2	3
HP Inc	11	13	4
Citi Bank	7	4	5
Microsoft	26	12	6
FedEx	5	8	7
State Street Bank	1	5	8
Chevron	19	10	9
Cisco	6	6	10

Source: US Department of Labor. Cells highlighted in green indicate that those clients were in top-10 over the past 3 consecutive years. Names highlighted in red indicate overlap with TCS.

Infosys: Top client has been inconsistent for Infosys; 6 out of top-10 clients are skewed to the BFSI segment

INFOSYS

Client name	2021	2022	2023
BoFA	24	8	1
Apple	2	1	2
SunTrust Banks	3	18	3
CVS Health	5	2	4
Citi Bank	4	7	5
Amex	1	4	6
Charles Schwab	6	6	7
BP Corp	12	3	8
Southern California Edison	13	31	9
Capital Group	11	24	10

Source: US Department of Labor. Cells highlighted in green indicate that those clients were in top-10 over the past 3 consecutive years. Names highlighted in red indicate overlap with TCS.

HCLT: Top client has been consistent over the past 3 years, with a diversified clientele; significant scale-up by Johnson & Johnson

HCL TECH

Client name	2021	2022	2023
USAA	1	1	1
Johnson & Johnson	39	14	2
Google	4	2	3
Merck	2	3	4
T-Mobile	3	5	5
Becton Dickinson	15	4	6
Deutsche Bank	30	7	7
Abbott	9	10	8
Cisco	5	6	9
Verizon	16	11	10

Source: US Department of Labor. Cells highlighted in green indicate that those clients were in top-10 over the past 3 consecutive years. Names highlighted in red indicate overlap with TCS.

Top-10 US clients of global IT companies based on LCA filings

Accenture: Low churn in the top-3 clients with a high skew for BFSI and healthcare; BoFA has materially scaled-up its business as a client

ACCENTURE

Client name	2021	2022	2023
Kaiser	1	1	1
Travelers Corp	4	5	2
AT&T	5	2	3
BoFA	87	31	4
Blue Cross Blue Shield	7	8	5
Bristol Myers	2	4	6
Pfizer	10	15	7
Best Buy	3	3	8
Chubb Insurance	52	24	9
Cigna Healthcare	8	7	10

Source: US Department of Labor. Cells highlighted in green indicate that those clients were in top-10 over the past 3 consecutive years.

Capgemini: Market-share gains in 6 out of 10 clients, who have significantly scaled-up their businesses over the past 3 years

CAPGEMINI

Client name	2021	2022	2023
General Electric Group	2	2	1
Citi Bank	39	4	2
State Farm Insurance	3	9	3
Discover Financial	44	3	4
Morgan Stanley	16	1	5
McDonald's	34	30	6
Wells Fargo	20	27	7
Hartford Insurance	6	8	8
Fidelity Group	NA	12	9
Vanguard	NA	26	10

Source: US Department of Labor. Cells highlighted in green indicate that those clients were in top-10 over the past 3 consecutive years. NA indicates that client was not a client in that year.

Cognizant: Highest client churn due to intense competition from Indian IT companies; high churn at senior management levels

COGNIZANT

Client name	2021	2022	2023
CVS Health	1	NA	1
JP Morgan	17	2	2
Travelers Corp	13	17	3
Hartford Insurance	4	10	4
Cigna Healthcare	9	7	5
Teachers Insurance	18	18	6
AbbVie	12	3	7
Comcast	28	13	8
Anthem Health	6	11	9
Key Bank National Association	11	21	10

Source: US Department of Labor. Cells highlighted in green indicate that those clients were in top-10 over the past 3 consecutive years. NA indicates that client was not a client in that year.

IBM: Highest client retention along with Accenture; top-10 clients have materially scaled-up over the past 3 years

IBM

Client name	2021	2022	2023
UPS Group	8	4	1
Anthem Health	3	6	2
Truist	1	1	3
Amex	10	2	4
USAA	6	5	5
AT&T	13	3	6
Oncor Electric Delivery Co	20	11	7
Chubb Insurance	7	10	8
Blue Cross Blue Shield	5	7	9
PepsiCo	14	18	10

Source: US Department of Labor. Cells highlighted in green indicate that those clients were in top-10 over the past 3 consecutive years.

Client addition and churn since 2021

Top-10 clients in 2021 that have churned in 2023: Capgemini and Cognizant have seen the highest churn, while TCS and Wipro have been more stable

Capgemini	Cognizant	Infosys	HCLT	IBM	Accenture	Wipro	TCS
7	6	4	4	3	3	2	1
Residential Address	Blue Cross Blue Shield	Wells Fargo	Disney	AmerisourceBergen	Google	Capital One	Amex
Abbott	Truist Inc	Citizens Bank	Boeing	MetLife	Blue Cross Blue Shield	Nike	
Chubb	Capital Group	Verizon	Fidelity	Prudential Financial	Comcast		
Global Payments	American Express	Cisco	Meta				
Goldman Sachs	MetLife						
Meijer Inc	Kaiser						
Barclays Bank							

Source: US Department of Labor

Top-10 clients in 2023 added after 2021: Owing to a high churn, Capgemini and Cognizant added the highest number of clients skewed toward BFSI

TCS	Wipro	Accenture	IBM	HCLT	Infosys	Cognizant	Capgemini
1	2	3	3	4	4	6	7
BoFA	Microsoft	BoFA	AT&T	J&J	BoFA	JP Morgan	Citi
	Chevron	Chubb Insurance	Oncor Electric Delivery Company	Becton Dickinson	BP Corp	Travelers Corp	Discover Financial
		Disney	Pepsi	Deutsche Bank	Southern California Edison	TIAA	Morgan Stanley
				Verizon	Capital Group	AbbVie	McDonald's
						Comcast	Wells Fargo
						Key Bank	Fidelity
							Vanguard

Source: US Department of Labor



2500+

Global clients

500+

Strong, professional team across
multi-disciplinary domains

120+

Sectors and sub-sectors
researched by our analysis

80+

Countries where we have
delivered projects

ABOUT ARANCA



Growth Advisory

CXOs in Strategy, SBUs, Sales, Marketing, CI/MI, Innovation



Technology | IP Research & Advisory

R&D, Tech Scouting, Open Innovation, IP Teams, Product Development



Valuation & Financial Advisory

CFOs in Start-ups, PE/VC Firms, Corporate M&A Teams, Mid-market Companies



Investment Research & Analytics

Brokerage, Hedge Funds, IRPs, I-Banks, AMCs, Investor Relations

Connect with our Team



Yash Joglekar

Assistant Manager,
Investment Research

yash.joglekar@aranca.com



Vishal Kumar

Senior Manager,
Investment Research

vishal.kumar@aranca.com

For more details: www.aranca.com | <https://www.linkedin.com/company/aranca> | <https://www.aranca.com/knowledge-library>

Decide Fearlessly

From startups to the Fortune 500, private equity and global financial firms, Aranca is the trusted research and advisory partner for over 2500 companies



www.aranca.com



This material is exclusive property of Aranca. No part of this presentation may be used, shared, modified and/or disseminated without permission.
All rights reserved.