HFS

HFS Highlight: Infosys' chance to seize the Sustainability First narrative

April 2021

Josh Matthews | Associate Director, Research

Defining Future Business Operations

Infosys has marked sustainability services for rapid growth: from a growing baseline within Engineering Services, to being a native competency for all Infosys employees

In 2019, we *published a call* for Infosys to turn its corporate social responsibility (CSR) prowess into sustainability services for clients. Since then, Infosys has more publicly made sustainability a key driver across industries it services—especially within its Engineering Services division. Many of Infosys' direct competitors are developing distinct sustainability practices and services—with some aiming to embed sustainability in everything they do internally and with clients: *making sustainability "native"*. Infosys has the chance to drive its similar "Sustainability First" narrative throughout the market and show that sustainability services are a native part of its offering—as well as a core value for Infosys as an enterprise—across environmental, social, and governance (ESG) factors.

With clients including a leading oil major, search engine, software company, and several universities, Infosys Engineering Services is currently seeing dozens of proposals a month with sustainability in the service-level agreement (SLA); in a year, Infosys is expecting every Engineering Services proposal to go out with sustainability in the SLA. Infosys is expecting significant revenue in sustainability services to be coming in annually within 3 years through a mix of advisory and delivery—before anticipated "exponential" growth in the 2 years after that, as the rest of the Infosys business embeds sustainability:

"Everyone in Infosys will deliver sustainability services in 5 years: that's over 250,000 individuals."

Corey Glickman, Global Head Sustainability and Design Consulting Services at Infosys
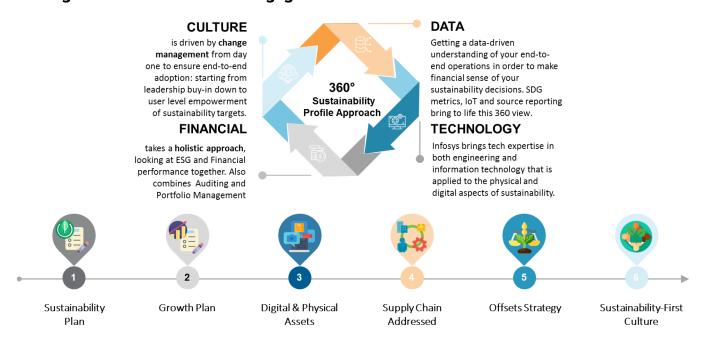

A core solution enabling this shift will be REF-OR-M Eco Watch that offers a pre-configured platform tailored to a variety of sustainability tracking and management use cases—including process flows and best practices from proven value-adding engagements. The next section details more on Infosys' approach to sustainability transformations.

Infosys has made itself *carbon neutral as an enterprise* through a mix of carbon reduction and science-based offsetting—which especially helps in conversations with clients looking for "360-degree" partnerships with their providers. Infosys itself *partners* with the Ellen MacArthur Foundation and its network that pioneers circular economy principles. Infosys can prove to clients it understands the metrics of sustainability and global reporting criteria; it has also been recognized through awards and involvement in broader CSR work.

Infosys presents a cyclical approach to the sustainability journey—covering data, technology, finance, and cultural transformations

The journey presented in Exhibit 1 is a crucial step in mirroring the HFS view for making sustainability a native part of enterprise and service provider portfolios—rather than a standalone strategy.

Exhibit 1: **Infosys Engineering Services' approach to sustainability is a step towards making it native in all its client engagements**

CULTURE
is driven by **change management** from day one to ensure end-to-end adoption: starting from leadership buy-in down to user level empowerment of sustainability targets.

FINANCIAL
takes a **holistic approach**, looking at ESG and Financial performance together. Also combines Auditing and Portfolio Management

360°
Sustainability Profile Approach

DATA
Getting a data-driven understanding of your end-to-end operations in order to make financial sense of your sustainability decisions. SDG metrics, IoT and source reporting bring to life this 360 view.

TECHNOLOGY
Infosys brings tech expertise in both engineering and information technology that is applied to the physical and digital aspects of sustainability.

1. Sustainability Plan
2. Growth Plan
3. Digital & Physical Assets
4. Supply Chain Addressed
5. Offsets Strategy
6. Sustainability-First Culture

Source: Infosys, 2021

Infosys' value map for sustainability covers the key tenets we're seeing throughout the broader sustainability services ecosystem:

1. **A sustainability plan** must involve selecting metrics, key data, and science-based targets before determining how to collect that data for monitoring, compliance, and operational purposes, and all manner of forward-thinking.
2. **Growth plans** cannot work without sustainability—they intersect with and accelerate each other—it's not either-or.
3. **Digital and physical assets** must support the sustainability plan alongside service delivery; physical assets are easier to understand than digital—with digital agendas having been prevalent for a few years but sustainability's overlap with that being somewhat less understood.
4. **Supply chains** present a wide-ranging complexity—as does determining how far to drill down into your ESG footprint.
5. **Offset strategies** come next, alongside investments, carbon trading, green bond issuing, and CSR; CSR is often equated with "greenwashing" but in reality, it is an essential part of meeting the social aspect of ESG (if done well!).

6. **The "Sustainability First" culture** mirrors the HFS view for sustainability to become a native part of enterprise and provider strategies.

Infosys is promoting a "Sustainability First" culture within its organization and with its clients

Infosys sustainability services are beginning to span a broad range of enterprise demands. For example, Infosys is providing advisory services around traceable and sustainable finance for all enterprises in all industries—alongside its sustainability work for banking and financial services (BFS) firms—as well as services spanning data, technology, and culture change management through advisory services, platforms and solutions, and service integration.

BFS is one industry that epitomizes the need to make sustainability native. BFS has been getting over its digital challenge for the past decade or more—but avenues are now opening up to advise clients on measuring and monitoring climate risks in lending, broader financial services, and their own portfolios. Advice includes investment in low- and zero-carbon technologies, which combined with a view for the data aspects of assessing the sustainability of entire companies, supply chains, portfolios, and industries, serves to proliferate sustainability towards making it a native "have-to-have" competency. BFS firms are also seeking advice on how to "talk tech", and on the science, strategy, and more technical aspects of climate change.

Another challenge of measuring and monitoring climate impact appears in the story of a global lubricant giant, that produces lubricants for all manner of industrial and everyday uses; operations and immediate supply chains are fairly obvious direct sources of emissions, but this lubricant firm and Infosys are beginning to account for wider impacts down the value chain. For example, the firm in question makes spray coating for cereal boxes: so where does the tracking and reporting responsibility lie, and how is it split between a lubricant firm and a cereal company, packaging company, farmer, or any other stakeholder?

As well as turning its technology and services to sustainability services, Infosys is also improving the sustainability of those offerings—which in turn improves the sustainability of the enterprise customer. Through its cloud platform, Cobalt, Infosys can alternate the source of computing power based on "load balancing" to reduce the emissions footprints of cloud storage and operations. This mirrors *the efforts of cloud hyperscalers* and enterprise platform providers, along with other advisory firms and system integrators (SIs), as the data, measuring, monitoring, and reporting of sustainability become a more essential part of all enterprise functions.

The Bottom Line: Infosys must double down and own the Sustainability First narrative as it becomes a core part of its broader portfolio.

A wide variety of firms are mirroring this. Infosys can leverage the opportunity to partner and compete on a new level as enterprises from all industries move towards making sustainability native—taking on board Infosys' Sustainability First approach. Enterprises are past the point where they have a choice in making this transition: their service providers must be ready to take them on that journey through advisory, delivery, data, and technology solutions.

HFS Research author

[Josh Matthews](#) | Associate Director

Josh Matthews is Associate Director at HFS Research, based in Cambridge following a Master's programme covering Engineering Management at Cambridge University's Institute for Manufacturing (IfM). His research tackled operational and environmental improvements in industry, and the implementation and management of sustainable initiatives. On behalf of the university, Josh worked on consulting projects with Unilever, as well as SMEs in the tech and marketing spaces.

Josh had previously graduated from Loughborough University with a first-class master's in Chemical Engineering; over the course of this degree he spent a year at Total in the oil refining industry, and a semester at UC Santa Barbara, publishing work which is currently being commercialised on low-CO_2 hydrogen production.

Josh is a keen cricketer, former competitive swimmer, and dabbles in racket sports... while also being partial to a Sipsmith perfect serve and most things edible.

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