

DIGITAL MARKETING SERVICES VENDOR PROFILE OF:

# Infosys – Digital Marketing Services

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## 1. Background

Infosys Limited (Infosys) is a publicly held company headquartered in Bangalore, India. It went public in India in 1992 and was listed on the NASDAQ in 1999. Infosys is a multinational provider of consulting, information technology, software engineering, and business process outsourcing (BPS) services. It has ~199k employees globally and revenues of ~\$10bn.

Infosys' BPS subsidiary was established in 2002 and offers digital marketing services, sales, fulfillment, F&A services, legal processing, HRO, customer management services, knowledge services (KPO), sourcing, and procurement services. Since 2005, various parts of the organization (including customer management services and social media support) have provided publishing services to both industry clients and advertising agencies. In 2012, it carved out a separate practice called Digital BPS Services (Infosys Digital) to provide a wider range of digital marketing services. Currently, it offers digital marketing campaign and content management services, analytics, and consulting.

Infosys has ~5k employees in 30 locations in 15 countries, providing managed services to ~40 digital marketing clients. It has an additional ~25 clients for its digital marketing analytics services, and multiple projects for marketing consulting, delivered via its consulting practice.

Infosys has made various investments and acquisitions in machine learning, data wrangling, NLP, and automation providers, with use cases for marketing. In particular, in June 2015, it acquired Kallidus Inc. (operating as Skava) and its affiliate for \$120m. Skava provides digital experience software solutions including e-commerce and instore shopping experiences to the retail sector, including mobile wallets, apps, and web stores. Skava is headquartered in San Francisco, with offices in Atlanta, New York, London, and Coimbatore, India.

In August 2017, Infosys acquired London based digital innovation, product design, and customer experience studio, Brilliant Basics for estimated £7.5m.

## 2. Revenue Summary

For CY 2016, NelsonHall estimates Infosys' revenues to be \$10,085m. For the same period, it estimates Infosys' BPM services revenues at ~\$579m, of which digital marketing accounted for ~25%, or ~\$150m. Exhibit 1 shows Infosys' revenues, by digital marketing service line.

*Exhibit 1*

### Infosys' Digital Marketing Revenues by Service Line: CY 2016

Service	Proportion (%)	Revenues (~\$m)
Digital marketing content management	72	108
Digital marketing campaign management	12	18
Digital marketing analytics	6	9
Digital marketing consulting	10	15

*NelsonHall estimate*

Exhibit 2 shows Infosys' digital marketing revenues, by end user geography

*Exhibit 2*

**Infosys' Digital Marketing Revenues by Geography: CY 2016**

Geography	Proportion (%)	Revenues (~\$m)
North America	72	108
EMEA	18	27
APAC	8	12
LATAM	2	3

*NelsonHall estimate*

Exhibit 3 shows Infosys' digital marketing revenues, by client vertical.

*Exhibit 3*

**Infosys' Digital Marketing Revenues by Client Vertical: CY 2016**

Vertical	Proportion (%)	Revenues (~\$m)
Retail	24	36
BFSI	19	28
Healthcare	18	27
Manufacturing and high tech	17	27
Telecom and media	13	19
Energy and utilities	6	9
Travel, transportation, hospitality	2.5	4
Public	0.5	1

*NelsonHall estimate*

### 3. Key Offerings

Infosys has a dedicated Digital Factory offering which incorporates digital sales, marketing, and aftersales support. Services such as content management, digital marketing operations enhancement, analytics, and automation are offered under the Digital Factory.

Exhibit 4 shows Infosys' digital marketing offerings, grouped by service line.

*Exhibit 4*

**Infosys' Digital Marketing Offerings by Service Line**

Service	Offering
Digital marketing content management	<ul style="list-style-type: none"> <li>Reusable template and components creation</li> <li>Dynamic flexible services</li> <li>Plug and play authentication</li> <li>Content transfer mapping and configuration</li> <li>Functional testing</li> <li>SIT/UAT</li> <li>Metadata management</li> <li>Tagging</li> <li>Data cleansing</li> <li>Creative designs</li> </ul>
Digital marketing campaign management	<ul style="list-style-type: none"> <li>Campaign management and delivery</li> <li>Channel marketing including search, email, display, and programmatic</li> <li>Ad pacing</li> <li>Social media ads</li> <li>Loyalty management</li> <li>CRM helpdesk</li> </ul>
Digital marketing analytics	<ul style="list-style-type: none"> <li>Segmentation</li> <li>Web traffic and content analytics</li> <li>Marketing campaign insights</li> <li>Social media listening and sentiment analysis</li> <li>Data enrichment</li> <li>SEO/SEM</li> <li>PPC campaign setup</li> <li>PLAs</li> <li>Channel analytics</li> </ul>
Digital marketing consulting	<ul style="list-style-type: none"> <li>Personalization strategy</li> <li>Data strategy and KPIs</li> <li>Data measurement framework</li> <li>UI architecture and design</li> <li>Target operating model design</li> <li>Consumer and marketing insights</li> </ul>

Source: Infosys

Infosys' digital marketing offerings are targeting four core client needs:

- Hyperconnected customer: where the number of digital customer touch points has increased dramatically over the last few years, due to a decline in print and an increase in digital channels. Infosys offers omnichannel marketing consumption, consolidating the traditionally multiple moments of truth to a single moment of truth, regardless of the initiating channel
- Customer experience focus: where Infosys targets customer-centric marketing delivery and improvement of the UI
- Requirements for efficiency and effectiveness through contextualization: which Infosys delivers by offering personalization and segmentation based on data analytics
- Data and technology capabilities in digital marketing: including data transparency and technology integration experience as differentiators, compared to delivery scale.

Infosys Digital starts digital marketing transformation engagements with a design thinking workshop to identify opportunities for digital enablement, followed by a consulting stage for the optimization of the UI, provided by Infosys' Consulting practice, often as standalone projects. Next, Infosys consultants advise on the technological infrastructure to support the transformation and create the business case for the proposed implementation.

Finally, on behalf of the client, Infosys runs digital programs such as display advertising, paid social management, search, and email campaigns; and manages web presence such as global and local websites, intranet site, social media properties, and e-commerce sites. For e-commerce sites, it provides catalog management including translation and localization. For example, for a British pharmaceutical company Infosys manages ~100 websites (and ~500 microsites spread globally, which the provider translates and localizes using its internal nearshore resources). When the requirement is for new content creation, the provider uses external providers such as TransPerfect. Working with the client, Infosys customized the Brandage platform to manage the digital asset library, reusing templates, and repurposing and tagging content.

In campaign management, Infosys offers marketing back-office services such as SEO, SEM, and PPC campaign setup, directly serving clients or the clients' ad agencies. It also offers help with launch, positioning, and advice on improving the conversion rates for online ads, by using dedicated staff for the different search engines: ~200 for Yahoo and ~100 for Microsoft (Bing).

In terms of social media, it uploads and removes ads, listens and monitors user sentiment, and provides reporting and analysis of performance. For example, for a global consumer electronics OEM, Infosys runs weekly social sentiment health scorecards. It offers campaign modeling and execution by cleaning, collating, and analyzing captured customer data to contextualize campaigns. It then uses tools such as Salesforce Krux to automate this personalization at the customer level, and DataXu for programmatic advertising with real-time bidding of advertising inventory.

Infosys' analytics services for digital marketing clients include reporting and dashboarding, gathering data to generate insights (using tools such as Omniture), and NLP and cognitive analytics. Insight generation is often bundled with campaign management, where Infosys analyzes conversion rates, bounce rates, and open rates. It also offers analytics as a separate service, primarily social media analytics to B2C clients.

In 2016, Infosys developed a cognitive based toolbox to drive digital spending effectiveness. The toolbox, called Customer Genome, utilizes Infosys' modular AI platform, Nia. Customer Genome supports the 'data to insights' process for the retail sector, by analyzing data from different entities of the customer interaction, such as the company tracking history of the website experience, e-commerce and order management systems, and the HR database. It brings the information together and processes it using a UI based information modeling tool. It creates networked data products for the various customer dimensions and employs pre-fabricated customer DNA to analyze the frequency of purchase, monetary value, recentness of complaints, frequency of browsing, and social media interaction.

Customer Genome also features a business semantic engine to facilitate self-service exploration, and a model library and analytics workbench for insight generation. It also uses machine learning to identify patterns susceptible to automation. For example, at a customer level, which web pages the customer has browsed in the past, and the customer's purchase history and demographic profile. It creates insights based on this information to auto trigger a marketing campaign with a customized message.

## 4. Delivery Capability and Partnerships

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### 4.1 Delivery Capability

Infosys has ~5k employees providing digital marketing services operational support, analytics, and consulting, spread across 30 locations shared with Infosys Limited. Approximately 75% of the staff works from the offshore centers in India, with ~10% in the U.S., where the consulting resources are located, and the remainder spread across EMEA and other APAC countries.

The company does not have permanent resources on the client sites, but the requirement to understand the local markets creates a need for a domestic resource to interact directly with product managers.

Infosys Digital's locations for marketing delivery include:

- Bangalore, Gurgaon, Jaipur, Pune, Chennai, Mysore, and Hyderabad: India
- Fargo, ND; Des Moines, IA; Phoenix, AZ; Atlanta, GA; Milwaukee, WI: the U.S.
- Monterrey: Mexico
- San Jose: Costa Rica
- Aguadilla: Puerto Rico
- Belo Horizonte: Brazil
- Dublin: Ireland (this center was opened in 2016)
- Eindhoven and Utrecht: Netherlands
- Brno: Czech Republic
- Lodz: Poland
- Prague: Czech Republic

- Johannesburg: South Africa
- Dalian and Hangzhou: China
- Manila: Philippines
- Singapore
- Sydney, Brisbane, and Perth: Australia.

## 4.2 Platforms and Intellectual Property

Infosys has partnerships with (and serves as a reseller for) digital marketing platforms such as Unica and Eloqua, but also has a network of partner providers including:

- HP TeamSite: for web content management
- Oracle Eloqua: for marketing automation
- Tableau: for data visualization and visual analytics
- Linkdex: for SEO
- SDL Tridian: for content management, translation, and localization
- IBM Unica: for omnichannel marketing
- Adobe Experience Manager: for enterprise content management
- Salesforce Marketing Cloud: for email marketing automation
- Fredhopper: for onsite search, navigation, and visual merchandizing
- SAP Hybris: for e-commerce marketing management
- Adobe Communicate 5 (CQ5): for web content management
- Brandwatch: for social listening
- inRiver: for product information management (PIM)
- DataXu: for marketing analytics
- Google Analytics: for website analytics
- Salsify: for product content management
- Marketo: for marketing automation
- Sprinklr: for social media management
- Hubspot: for inbound marketing and sales
- Tracx: for social media management
- Radian 6: for Salesforce marketing cloud.

Infosys' proprietary platforms and subsidiaries used in marketing services include:

- Infosys Nia: a modular AI platform that converges the big data/analytics, machine learning, knowledge management, and cognitive automation capabilities of Infosys' Mana platform; the RPA capabilities of AssistEdge; the advanced machine learning capabilities of Skytree; OCR and NLP capabilities; and infrastructure management services
- EdgeVerve: an Infosys subsidiary developing industry-specific cloud based automation platforms
- Infosys Information platform: an open data analytics platform
- Skava: an Infosys subsidiary offering cloud based e-commerce and instore solutions
- Panaya: an Infosys subsidiary providing ERP project automation tools.

### 4.3 Pricing and Commercial model

The pricing for digital marketing consulting services is usually built in the overall price for the managed marketing services. Typical pricing models are per FTE, a fee per campaign, or a fixed amount for the analytics work.

For a transformational project where Infosys provides a full range of marketing services, the pricing usually includes a significant outcome based element, for example, by receiving a share of the revenue from an increased conversion rate.

Transformational projects have an average contract duration of three years.

## 5. Target Markets

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The majority of Infosys Digital's marketing clients also have contracts with the wider Infosys Ltd. Digital marketing clients typically combine content management with content optimization and e-catalog. Target clients are from the BFSI sector, and tend to be organizations which need to manage their existing content and create new content. From the retail sector, the focus is on clients wanting to maintain their expanding product catalogs. Another typical bundle is the management of an online, social media, or email ad budget for a specific campaign, combined with supporting analytics to improve the campaign effectiveness. Target sectors for these services are B2C sectors, particularly retail and CPG.

Client drivers for adopting the managed services model are achieving transparency on ad spending (traditionally run and published by ad agencies), and improved data governance and insights generation (which was hindered by the ad agencies' control of data). Marketing clients also have a greater need for technological solutions such as automation, used to contextualize ads by implementing programmatic advertising.

Inhibitors to the adoption of the managed marketing services model are the initial set up cost for new platforms and the bandwidth required to pull all different marketing providers into a single vendor. Another structural issue is that product management, marketing, e-commerce, and brand management functions are not centralized at the client level or the country level. These challenges limit companies to looking for design thinking projects which focus on the brand, instead of undertaking an overhaul of marketing back-office.

One solution for Infosys is to target the clients by product line or service unit, for example managing a part of the lifestyle brands for a Dutch multinational consumer and healthcare electronics manufacturer.

The financial services sector is the fastest growing sector for Infosys, spurred by the increasing complexity of the products and the need for companies to communicate over digital channels and explain the features in one-to-one marketing.

Examples of Infosys' digital marketing clients include:

**A marketing agency which was looking to optimize the digital ad process and achieve cost savings:**

- This digital marketing agency was looking to partner with a shared services provider to manage its digital services back-office, provide analytics insights, and improve performance
- Infosys began the engagement in July 2013 offering SEM, SEO, social media reporting, campaign set up and optimization, ad trafficking, and ad operations. The company has 75 FTEs operating out of India and the U.S. Infosys designed an optimized campaign management and implemented programmatic ad management
- As a result of the automation, an agency client, a global hotel chain, achieved a revenue increase of \$1m. Also, the client experienced an 18% reduction in time to market, CSAT improvement from 3.3 to 4.2 across clients, and freed up 25% of staff client-facing time to dedicate to strategy.

**A U.S. search provider which was looking for a vendor to take over the back-office activities:**

- This search provider was looking for a vendor to offer search support for its business customers
- Infosys began the engagement in October 2014, and currently has 65 FTEs in India and the U.S. offering editorial account management, ad content review, advertiser website review, fraud filtering, investigation, and competitor monitoring and trademark compliance
- Infosys built a scalable delivery model to support the market expansion and has delivered a 12% increase in contract renewals, a 10% reduction in revenue leakage, and an 18% reduction in time to market.

**A Dutch consumer and electronics manufacturer which was looking to improve the customer experience and increase ROMI:**

- This Netherlands based multinational electronics OEM began its engagement with Infosys Digital in 2014, for several of its product lines. Infosys offered SEO, e-commerce support, content management, campaign management, analytics, reporting, and market intelligence across the global market in which the company operates
- Infosys has 145 FTEs operating from India and the Netherlands. Over the course of the engagement, the client has experienced a 58% cost savings benefit from the consolidation of the marketing operations, a 28% cost saving from the implementation of new operational models and tools, a 38% reduction in time to market, and improvement of the CSAT from 2.7 to 3.9 for the geo marketing team.

**An Australian and New Zealand marketing agency which wanted to outsource its search support:**

- This ANZ marketing agency was looking to outsource its SEM, tag management, and website creation to a third party
- Infosys began the engagement in 2011, introducing an offshore delivery model from India, with 65 FTEs, offering complete independent account management
- Over the next five years, the client experienced a 12% increase in revenues, a 28% ROI increase through search campaign optimization, and CTR improvement from 2.1% to 4.3%.

## 6. Strategy

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Infosys is looking to capture first time marketing buy-side clients by showcasing possible improvements in ROI on advertising spend from the managed service model, which could be delivered through improvements in data management and provided insights, the saving from the delivery scale, and from technological capabilities (primarily in automation). Infosys estimates a 28% increase in return on marketing investment by the adoption of a managed services model. It identifies the relevant executives for these sales efforts by working less with product and brand managers and more with CMOs, chief innovation officers, and even CIOs (with the latter interested in the possible cost saving through the implemented automation).

The client focus on generating insights drives Infosys' development in AI. It is partnering with several analytics startups such as DataXu and is working on the Customer Genome to support the data to insights process for the retail sector. This solution already has several use cases, and Infosys is targeting another B2C client where the main requirement is the availability of the customer database.

To meet cost savings requirements, Infosys is increasing nearshore delivery capacity for marketing services for EMEA (from Eastern Europe), Japan and Korea (from China), and the U.S. (from LATAM).

Aiming at transformational marketing programs, Infosys Digital is driving its consulting services to develop from standalone projects delivered by the consulting practice to integrated programs. These will involve Infosys' digital unit working in conjunction with Infosys Consulting to run the marketing design workshop to understand the true requirements, define the optimal product, and provide recommendations for tools and platforms (for Infosys Ltd to implement). Finally, Infosys Digital will operate the program on an ongoing basis. Currently, ~15%-20% of its marketing services contracts are these end to end projects, and these are growing at 20% annually.

One aspect of Infosys Digital's efforts to offer comprehensive services is the potential M&A deals and strategic partnerships at the global level in the creative space, where Infosys wants to provide core agency services such as photoshoot and video creation. Part of this strategy is the August 2017 acquisitions of London design studio Brilliant Basics.

## 7. Strengths and Challenges

### 7.1 Strengths

- Sizable onshore, nearshore, and offshore delivery network covering North America, EMEA, APAC, and ANZ
- A consulting practice with a portfolio of digital marketing projects
- A portfolio of transformational projects covering content or campaign management
- A proprietary marketing analytics toolbox with models, predictive analytics, and AI capabilities focused on the retail sector
- An ecosystem of digital marketing partnerships and strategic alliances
- Strong investments in the adoption of automation in marketing operations
- Access to Infosys Ltd.'s ITO capabilities for the implementation of digital marketing infrastructure.

### 7.2 Challenges

- Lacks dedicated digital marketing innovation and design labs to showcase its capabilities
- Lacks implementations in emerging marketing technologies such as VR and emerging channels such as social messaging and IoT.

## 8. Outlook

Expect Infosys Digital to continue to focus on North America and EMEA for digital marketing services by increasing its nearshore delivery capabilities.

Using its Customer Genome capability, the company is targeting the retail and CPG sectors; and applying its automation capabilities with a focus on BFSI clients.

The increasing demand for comprehensive marketing services with a strong transformational element will drive Infosys' M&A activity in the creative space, as well as its increased efforts to align standalone consulting and analytics projects with offerings of the Infosys Digital unit. Look for a steady increase in digital marketing transformational deals for the company.



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### Sales Enquiries

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