



Perspective

Perspective: Infosys Confluence 2016 – New and Renew, at Zero Distance

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IN THIS PERSPECTIVE

This IDC Manufacturing Insights Perspective reviews the Infosys Confluence 2016 conference that was held April 27-29, 2016, in San Francisco. Renew and new has been the driving mantra for Infosys since Vishal Sikka came onboard as CEO 20 months ago. After a rough five-year stretch before Sikka joined because of the financial crash of 2008, the global economic slowdown, and reorganization, the ship has righted, so to speak, with 9% growth YoY for 2015-2016, \$9.5 billion in revenue in FY16, and continued expansion of consulting, design, and software capabilities.

Infosys Confluence 2016 opened with former U.S. Vice President Al Gore speaking about the urgent need for action on climate change, framing his presentation with three key questions: Must we change? Can we change? Will we change? Indeed, the statistics he showed were sobering and if you were in the audience, you couldn't walk out of the packed conference hall without thinking about what your company can do to help alleviate global warming, reduce stress on our energy grids, and, well, make the world a better place. Infosys, to its credit, powers its campus in Hyderabad, India, completely with a 6.6MW solar plant – which is a product of infrastructure limitations and is reflective of the company's desire to do its part for the environment.

Sikka, along with members of his immediate team, presented for much of the second day on what "Zero Distance" means, which is "closing the gap between code, clients, and end users" to solve business problems and challenges and enable ongoing innovation through an innovation framework. Infosys also spoke extensively about its continued foray into design thinking (25 customer projects currently) and a new software offering from the company called Mana, a knowledge-based artificial intelligence (AI) platform.

Articulating the Problem Is Half the Solution

Sikka quoted John McCarthy, an AI Ph.D. formerly with Stanford University, who said, "Articulating the problem is half the solution," to illustrate the point that processes, products, and business models can and will be disrupted by those that can get to "Zero Distance." Sikka stated that across industries, pervasive end-user centricity, intelligent systems and infrastructure, and extreme efficiency and disintermediation are driving transformation and disruption that companies can capitalize on, if they ask the right questions. For example, in retail, the worry should no longer be "keeping the lights on," but instead lighting up immersive experiences, incorporating virtual reality and chat and bot interfaces, and creating new ways to engage and fulfill consumers' needs, notwithstanding the all-important focus on the product. One example of intelligent systems, driverless trucks, will certainly enable yet another reinvention of fulfillment ecosystems and networks.

Two more presentations rounded out the general session talks nicely – one presentation on disruption from Bran Ferren, cofounder and chief creative officer of Applied Minds, and another from the MIT Media Lab's Hiroshi Ishii on physical-digital convergence. Both presentations were very well received and were interesting explorations into how companies have failed or succeeded at the hand of industry disruption, and how, again, seeking the right questions at any given time will reflect more than what even AI can yield at this time. Indeed, Ferren proclaimed that "we are really at the beginning of the computer revolution," citing evidence such as the fact that we are really only now achieving higher-order problem-solving with AI.

Service Providers as Product-Enabled Companies

The aforementioned software offering is an artificial intelligence platform called Mana, which aims to be the collaboration platform and presentation layer on top of the transactional layer of specific applications. Infosys' intention with Mana is to provide "a platform that brings machine learning together with the deep knowledge of an organization to drive automation and innovation." This move is consistent with what we see from other service providers that are adding software offerings to complement service and consulting expertise. Some of these offerings are point solutions as with Infosys' compliance tool, while others are cross-enterprise application program management layers, like Mana, that strive to bring an increasingly diverse, dispersed global technology landscape and team together – at Zero Distance, preferably for Infosys.

Basic analytics for processes and orders can be surfaced in the Mana UI, but the obvious opportunity is to expand this to be an all-encompassing analytics platform that provides insight into the people, operations, technology, and processes of design, engineering/R&D, manufacturing, supply chain, and service. Two executives from Johnson Controls – Vice President and CIO Jeff Augustin and Vice President, Product Development, Sudhi Sinha – spoke in support of Mana, stating that they think having a UI on top of engineering, operations, manufacturing, and supply chain will be beneficial to their company. With Mana, Johnson Controls has been able to shrink transactional system needs by applying higher-order automation, resulting in growth without added infrastructure requirements. The employees are more involved in change processes, and the leadership has bought into accelerated transformation with a focus on cycle time and quality versus cost, enabling revenue-generating service improvements.

A Confluence of Technology, Culture, and Analytics

Infosys Confluence 2016 strived to be a melding of business, art, music, and sport, true to the name of the event. We would not have been surprised if the musicians from the Confluence customer event came up on stage to talk about how they leverage Mana to blend different genres during songwriting or analyze past show performance.

We heard from Murray Swartzberg, SVP of Information Technology (IT) and Digital Media at ATP Tour Inc., the world professional tennis tour, who spoke about his organization's use of analytics to keep track of the details of every tennis match, including points won/lost and such information as when those lost points occurred (beginning or toward the end of a match – i.e., "crunch time"). For analytics, Infosys leverages a Hadoop back end and a Spark infrastructure while adding its own IP for a user interface as per the specifications of the customer. In the future, ATP plans to leverage its analytics capability to provide player-specific data as a training and improvement tool for these players, as well as an engagement tool with fans.

Design Thinking as a Catalyst for Innovation

We were able to participate in an introductory design thinking workshop that was initially intimidating but ultimately enlightening and fun. One can see how this line of thinking (i.e., asking the right questions to answer problems) in a collaborative, unstructured way with people of diverse personal and professional backgrounds can lead to new ideas and rapid problem-solving approach – an ideal approach for enterprises that need to transform, compete, and differentiate. Over 90,000 Infosys employees are trained in design thinking methodology – a complementary knowledge set to their systems integration (SI) and consulting expertise.

The front end of innovation has long been underserved by technology and service, so this is a refreshing divergence. As products, demand, and supply chains become increasingly complex and dynamic, it's imperative to establish a design and ideation process that addresses customer needs, feeds a portfolio of new products, and maintains a high level of product and process quality.

What's Next?

It would also be appropriate to ask this question of other large services companies. Much as manufacturers across industry are going through their own digital transformation initiatives, services providers are also transforming to differentiate their offerings beyond systems integration and beyond consulting to design thinking, education, and software.

Sikka stressed that Infosys is not looking to become a software provider, rather to provide software to augment people – its own team and its clients. But, of course, software does mean higher margins, improved SI capability, and differentiated offerings. Infosys has taken this tact at program management, compliance, and analytics levels with Mana and its product compliance offerings. It remains to be seen whether this list will expand – we expect that it will.

The company recently announced a partnership with GE, incorporating the Predix manufacturing analytics and MES platform to its offerings; actually, the two companies, according to one Infosys executive I spoke with, were appearing together the same week as Confluence at the HANNOVER MESSE trade fair in Germany. As information technology and operational technology (OT) continue to converge, a service provider's capabilities in manufacturing need to improve to support the need for technical, process, and organizational integration and unification – much as with the front end of innovation, IoT and analytics, and combined SI/consulting offerings, manufacturing still presents an opportunity for service providers to differentiate.

Acting as a catalyst for innovation, as Infosys is trying to do with its set of tools (design thinking, Mana, analytics, education), is another area of potential differentiation for service providers. That is, essentially getting manufacturers to think differently about innovation and how they use existing product and process information to make new products or take new approaches – whether that is, as exemplified in the future of the design segment of Confluence 2016, digital ink, biologic interfaces, technology storytelling, or crowdfunded educational training for computer science.

Although we can see that Infosys is working to demonstrate its ability to lead companies to the future, with industry-specific capabilities and a combination of services and tools that can appeal to both IT and the line of business, Sikka missed an opportunity to bring this point together. Manufacturers and retailers that are considering Infosys for future projects or are expanding their relationship with Infosys should consider what type of relationship they ultimately want from the company – IT and/or business related, efficiency focused, or a partnership that guides digital business transformation. Closely

evaluate how your relationship will evolve and what resources or skills you want to leverage from Infosys. The more innovative or strategic your expectations, the more effort you also need to put into your relationship. As Infosys evolves over the next year and beyond, we will continue to analyze its development in a highly dynamic, increasingly Zero-Distance marketplace.

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Related Research

- *IDC MaturityScape: Omni-Experience Digital Transformation in Retail* (IDC #US40523515, April 2016)
- *IDC MaturityScape: Product Innovation Platform* (IDC #US40541016, March 2016)
- *IDC MaturityScape: Information Digital Transformation in Retail* (IDC #US40705415, December 2015)
- *IDC MarketScape: Worldwide Manufacturing PLM Strategic Consulting 2015 Vendor Assessment* (IDC Manufacturing Insights #US40637915, December 2015)
- *IDC FutureScape: Worldwide Manufacturing 2016 Predictions* (IDC #259783, November 2015)
- *IDC MarketScape: Worldwide Manufacturing PLM Systems Integrator and BPO Services 2015 Vendor Assessment* (IDC Manufacturing Insights #MI259496, October 2015)
- *Business Strategy: The Evolution of Manufacturing Supply Chains – Networked, Collaborative, and Transparent* (IDC Manufacturing insights #MI255229, April 2015)
- *IDC PlanScape: Building the Product Innovation Platform* (IDC Manufacturing Insights #MI255220, April 2015)

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