

THE WITCH REPORT: 2020 MID-YEAR REVIEW

A review of the financial and market performance
of global technology consulting firms in
healthcare



Infosys®

TATA
CONSULTANCY
SERVICES

Cognizant

HCL

accenture

Atos

Deloitte

DXC.technology

IBM

NTT Data

OPTUM®

Tech
Mahindra

About the Report

The WITCH Report is one-of-a-kind assessment of global IT services firms that has been published since 2015. It is a detailed overview of the financial and market performance of major global technology consulting firms, specifically in the healthcare segment. The focus of the report is on market presence, customer wins, partnerships, M&A activities, new product initiatives, and leadership announcements with a specific emphasis on IT services in the payer and provider segments. The key sources of the research and analysis presented in this report are from DamoIntel™ ongoing research initiatives, briefings provided by the interested healthcare IT service providers, and publicly available information from reliable sources. For consistency, timelines are referred to in calendar quarters, though the fiscal year periods are different for the companies covered here. The duration of this report's coverage is the first six months of the year 2020.



Who should read this report



Marketing and sales leaders of healthcare IT service providers should read this report to understand the current demand environment of the healthcare IT services across the U.S. This report also provides a detailed overview of the competitive landscape with key coverage of their financial performance, customer wins, partnerships, products & solutions launches, and leadership changes, which helps the leaders understand their peers and build better sales and marketing strategies to increase their business.



IT leaders of healthcare organizations should read this report to understand and keep track of the healthcare IT services vendor's capabilities and performances, as these companies actively support the healthcare organizations deploy digital, cloud, infrastructure, and other services. The WITCH Report provides in-depth insights on the healthcare market presence of global IT services firms which may be used to evaluate their fit for planned IT initiatives in client organizations.



Digital startups executives should read this report to understand how prominent healthcare IT services companies cater to the needs of the healthcare organizations, which are either core IT or disruptive services, and also to understand the competitive services and opportunities for partnerships/collaborations.



VC/PE firms' leaders should read this report to understand the healthcare focus of the IT services companies around technology, investment, deals and engagements areas and also to keep a track of high-level trends and demand environment in the healthcare IT industry.



Healthcare leaders of big technology firms should read this report to understand the system integrators landscape and to look for opportunities to extend their relationships with existing partners or finding new alliances.

The *DamoIntel™* platform is a comprehensive database of digital health programs and technology initiatives across healthcare. The platform provides accurate and relevant information, curated from a wide variety of public and independent sources including Damo Consulting's ongoing work in healthcare advisory services. The platform provides healthcare executives, technology vendors, and the digital health ecosystem with timely and pertinent information on digital health and digital transformation priorities in their markets. B2B Health IT companies from startups to global providers rely on DamoIntel™ to guide their innovation, investment, new product launches, territory expansion, M&A, strategic alliances, and other business acceleration strategies. Competitive advantage is available on demand. For a subscription to the research platform, please reach out to info@damoconsulting.net

The impact of COVID-19 on healthcare IT services market

Our mid-year analysis of global IT services firms indicates that the initial slowdown due to COVID-19 has given way to new demand for IT services, largely with a focus on cost reduction. The good news is that most of the firms have done well in their healthcare segment revenue growth relative to overall company revenue growth, which is an indication of the continued attractiveness of healthcare markets for the firms. IT services firms report an increase in infrastructure support outsourcing among providers, BPO transactions among payers, and new technology initiatives around cloud migration as key opportunity areas. IT services firms are also seeing demand for telehealth and other patient-facing initiatives, leading to demand for CRM and data management infrastructure solutions.

As before, our analysis of IT services firms differentiates firms based on their strengths in the payer and provider segments, and between traditional IT services and emerging technology areas. Our commentary in the individual company overviews provides guidance on these aspects. We have initiated coverage of Tech Mahindra in this report, primarily based on

the HCI Group, which is the market-facing organization for Tech Mahindra's health and life sciences business. The HCI Group, which was acquired by Tech Mahindra in 2017, has a significant presence in the provider market by virtue of its EHR consulting business.

We hope you find this report informative. We would love to hear from you. Write to me at paddy.padmanabhan@damoconsulting.net with your comments and suggestions.

To receive monthly updates of the WITCH and other companies covered in this report, [subscribe](#) to our newsletter.



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September 08, 2020



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SECTION 1

Financials and market performance: the WITCH group

January 2020–June 2020



The WITCH group: 2020 mid-year performance and outlook

Performance highlights

- The WITCH group of companies collectively grew their healthcare and life sciences (HLS) revenues by \$226 million, from \$4.67 billion to \$4.90 billion or by 4.84% during the six months in 2020 compared to the same period in 2019. The overall HLS operating margins (OM) for the three companies that reported revenue by segment OM's (Wipro, Infosys, CTS) was 24.69%, compared to 25.03% for the same period in 2019.
- During this period, except for Wipro, the HLS sector growth outperformed overall company revenue growth, indicating strong demand in the healthcare IT markets relative to the overall market conditions in the post-COVID-19 scenario.
- Among the WITCH group, the HLS segment had single-digit growth for Infosys and HCL, while TCS recorded double-digit growth. TCS and HCL healthcare businesses were the most resilient among the other verticals amid the crisis. The companies expect increasing demand for their healthcare solutions and services from payers, providers, pharma, and life sciences companies to combat the COVID-19.
- All companies responded proactively to the COVID-19 by providing critical services for healthcare companies.
 - Wipro enabled virtualization and automation of clinical trials for their clients.
 - Infosys developed a contact tracing app for the State of Rhode Island.
 - Scientists from TCS Innovation Labs identified 31 potential molecules that could target the proteins on the coronavirus.
 - Cognizant helped a life sciences supplier fast-track COVID-19 diagnostic kits, expedite COVID-19 clinical trials, and develop an online test booking facility for a retail pharma chain.
 - HCL supported virtual clinical trials for their clients.
- The current crisis has boosted the demand for digital technologies, mainly around cloud adoption and virtual workplace. Wipro, Infosys, and TCS partnered with IBM for IBM public cloud to accelerate their clients' digital transformation. They also launched many solutions around the virtual workplace.

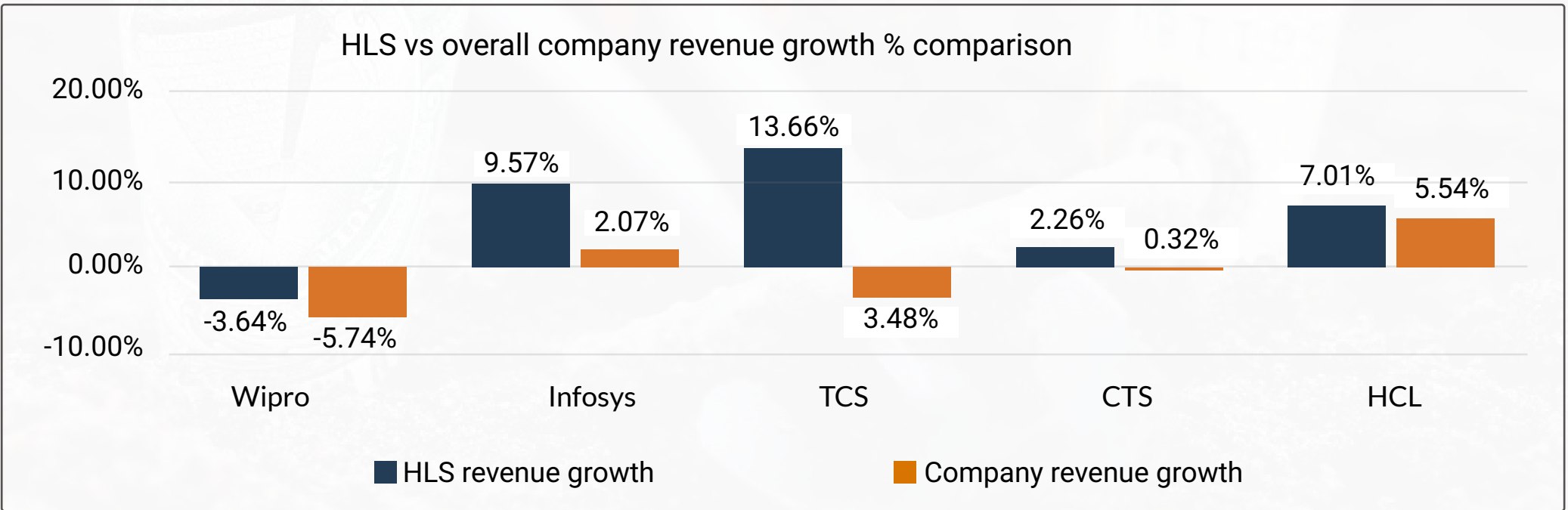
**Numbers are rounded for all companies' HLS and total revenue.*

Table 1: Revenue and operating margin for the overall company and HLS for the WITCH group

Results for six months ending June 30, 2020	Company revenue - 2020 (\$ million)	Company revenue - 2019 (\$ million)	HLS revenue - 2020 (\$ million)	HLS revenue - 2019 (\$ million)	Healthcare % of total - 2020	HLS operating margin - 2020	HLS operating margin -2019	HLS revenue growth (YoY) over the same period in 2019	Company revenue growth (YoY) over the same period in 2019
Wipro	4,058	4,305	530	550	13.06%	14.32%	12.79%	-3.64%	-5.74%
Infosys	6,318	6,190	412	376	6.52%	26.94%	22.87%	9.57%	2.07%
TCS	10,503	10,882	965	849	9.19%	NA	NA	13.66%	-3.48%
CTS	8,225	8,251	2,351	2,299	28.58%	26.63%	28.32%	2.26%	-0.32%
HCL	4,899	4,642	641	599	13.08%	NA	NA	7.01%	5.54%

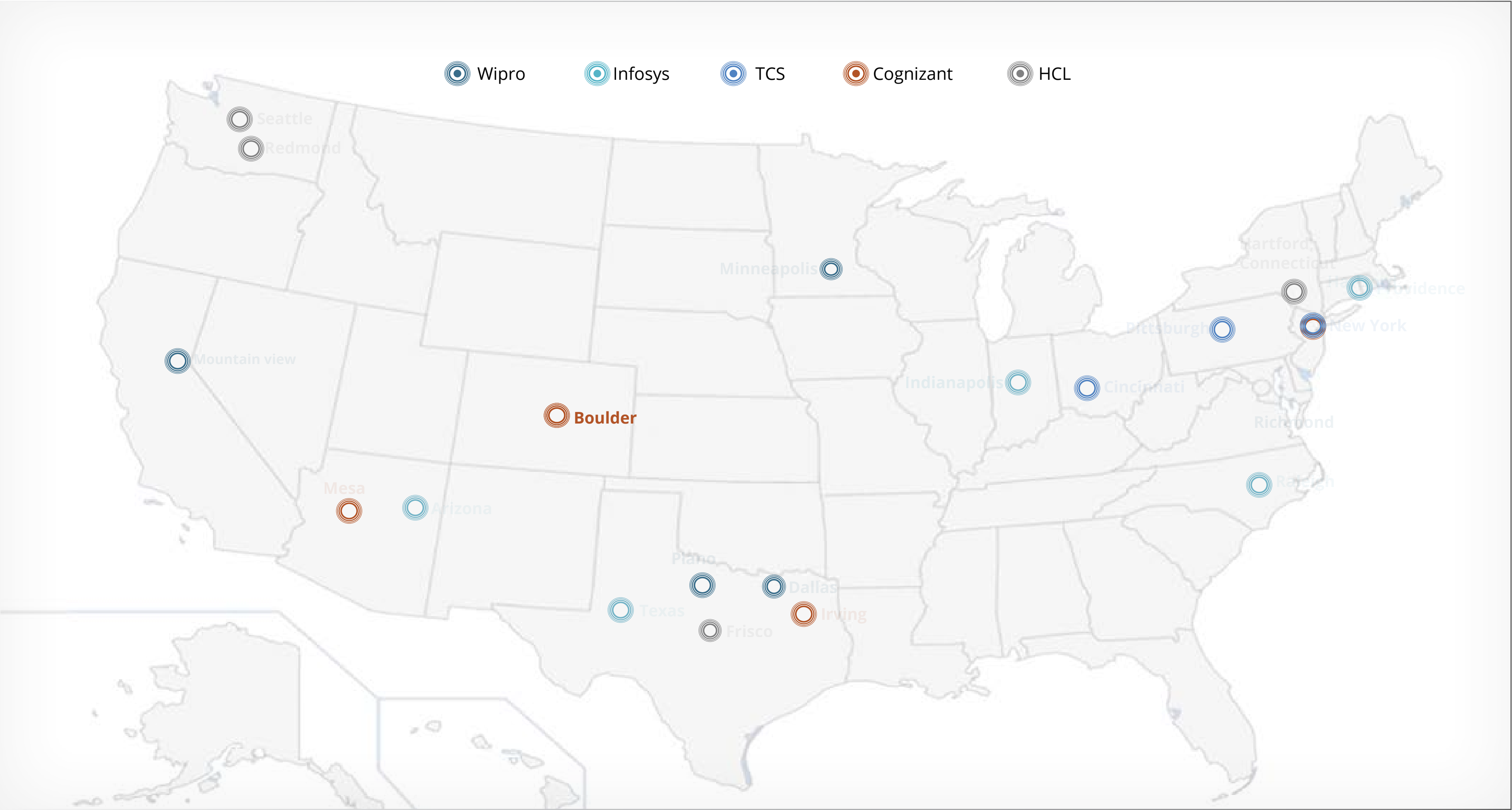
Source: DamoIntel™ analysis

Figure 1: Revenue and operating margin for overall company and HLS for the WITCH group



Source: DamoIntel™ analysis

Exhibit 2: Innovation centers launched by WITCH companies (since 2016)



To view more details about the innovation centers, [purchase the report](#).

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End of this sample report
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Damo Consulting provides digital transformation advisory services to enable healthcare organizations navigate the technology-enabled transition to telehealth and virtual care. We bring deep industry knowledge, market insights and technology skills to help develop and implement enterprise digital roadmaps. We work with healthcare IT and digital health firms to develop and execute market growth strategies.

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