

MARKET NOTE

Infosys Energy Advisor and Analyst Day 2021 Puts Emphasis on Sustainable and Digital Transformation, Driving Growth in Energy Sector

Mukesh Dialani

Bjoern Stengel

EXECUTIVE SNAPSHOT

FIGURE 1

Executive Snapshot: Infosys Energy Advisor and Analyst Day 2021

During its Energy Advisor and Analyst Day 2021, Infosys provided an overview of current market developments across its energy services business. Worldwide, the company's practitioners see an uptick in demand for sustainability-related services to address climate change and carbon emissions, mainly driven by regulatory pressure, increasing social awareness (affecting brand value), and investor interest. Infosys leverages its sustainable and digital transformation capabilities through its global innovation infrastructure.

Key Takeaways

- Many clients in the energy sector see sustainability as a business imperative, requiring Infosys to combine its digital and sustainability services capabilities to help them address environmental, social, and governance (ESG) issues holistically.
- Environmentally focused business priorities varies by region and require specific services offerings.
- Using 3rd and 4th Platform technologies such as cloud, automation, and AI constitutes a critical enabler for successful sustainable transformation projects for Infosys.

Source: IDC, 2021

IN THIS MARKET NOTE

Infosys held its Energy Advisor and Analyst Day 2021 on July 22. In this IDC Market Note, we summarize key insights and provide an outlook from a sustainability and digital transformation services perspective.

IDC'S POINT OF VIEW





Event Insights

During its Energy Advisor and Analyst Day, Infosys provided an overview of current market developments across its energy services business. Worldwide, the company's practitioners see an uptick in demand for sustainability-related services to address climate change and carbon emissions, mainly driven by regulatory pressure, increasing social awareness (affecting brand value), and investor interest. They also described regional specifics that shape that demand, for example, measuring and mitigating Scope 1 and 2 emissions in North America; carbon capture technologies, renewables, and diversification of the energy product mix in Europe; and new forms of energy generation in the Asia/Pacific region. Infosys sees this demand intensified by the intersection of sustainability and digital transformation and the opportunity to enhance productivity, experience, and simplicity (as well as cost reduction) using new technologies and new ways of working.






Across the different sustainability-related areas that Infosys covers, the company addresses this demand through a portfolio of services solutions, comprising of advisory services, platforms and solutions, and service integration as well as additional capabilities via partnerships. Infosys' sustainability services and solutions span across data, finance, technology, and culture (see Figure 2).

FIGURE 2

Infosys' Sustainability Services, Solutions, and Accelerators

	Data 	Finance 	Technology 	Culture 
	Sustainability Strategy, Benchmarking, Maturity Assessment & Road Map, Market Insights, Joint GTM and Innovation, Branding, Delivery			
Advisory	<ul style="list-style-type: none"> ESG analysis framework & metrics, Data Governance ESG Auditing & Assurance 	<ul style="list-style-type: none"> Sustainable Finance, Green bonds Business Value Definition & Tracking Circular Economics Advisory Portfolio Management 	<ul style="list-style-type: none"> Architecture assessment Tool/Package selection, Digital footprint analysis 	<ul style="list-style-type: none"> Design thinking, Persona journey mapping Learning & Knowledge Management, Organization Change Management and Comms
Platforms & Solutions	<ul style="list-style-type: none"> Proprietary ESG platform (ECOWatch), ESG as a service ESG Data collection, processing and standards reporting, Analytical insights and performance monitoring, emissions and footprint calculation 		<ul style="list-style-type: none"> Platforms for Smart Spaces, resource efficiency, user experience. Integrated command and control center IoT based Energy, Water and Waste Management Solutions PLM & Material Compliance KRITI 4.0 for Asset Maintenance 	<ul style="list-style-type: none"> Infosys Wingspan Platform for Knowledge & change management, Infosys Meridian Platform for Sustainability Events and communities
Service Integration	<ul style="list-style-type: none"> Integration with Line of Business (LoB) applications Data Management & Harmonization 		<ul style="list-style-type: none"> EHS/ESG Package deployments IoT enablement Cloud and Application Integration Mobile based applications Integration with ERP for E2E view 	<ul style="list-style-type: none"> Sustainable Agile way of working, Sustainable design thinking process

Enhanced capabilities through our partnerships

Source: Infosys, 2021

During the event it became clear that most of Infosys' clients in the energy space need to see an intersection of sustainable outcomes and positive financial returns to make significant investments in sustainable solutions or even transformational approaches. However, sustainability has in many cases become a fundamental requirement and is increasingly being looked at from a climate change perspective. With investors considering companies' environmental, social, and governance (ESG) scores, the topic of sustainability – while not new to any business – has become even more of a business imperative for many of Infosys' clients.

This trend also has significant technology implications, which Infosys is helping clients address. For instance, through its capabilities, Infosys works with large energy companies to offer energy management-as-a-service solutions, which allow end-user clients think about the future of their energy management and move from fossil to renewable energy sources and set up solar plants and other green energy infrastructure. While its partners bring in the necessary infrastructure, Infosys provides the advisory services as well as digital platforms and tools needed for regions, cities, and corporate clients to succeed with their energy transition projects. Other services across the energy value chain include infrastructure and engineering services. Infosys provided case studies regarding services that are supported using several key technologies:

- **Cloud:** Infosys enabled an energy supermajor that managed multiple private datacenters across three continents, complicating its requirements and increasing cost to support business, to exit six private datacenters and reduce operating costs by \$50 million per year. This also enabled the company to satisfy business requirements in minutes instead of days.
- **Automation:** For an oil and gas major, whose operations spanned multiple regions, all of which had different manual processes for capturing information and completing and submitting permit documents critical for their core business, Infosys leveraged workflows integrations and developed a work control application, resulting in \$80 million in cost reductions and process improvements.
- **AI:** For an oil field services firm, Infosys created an AI/ML-based model for predicting useful life of critical fracturing equipment based on the historical sensor data, helping it improve forecasting accuracy, reducing working capital, avoiding missed opportunities, and self-healing human errors faster and more efficiently utilizing deep learning technologies.

Sustainability-focused alliances are part of Infosys' studio model, which creates a co-innovation environment to develop use cases in sandbox mode, facilitating live interactions and comprehensive workshops. This also includes cocreation sessions with customers (e.g., around early-stage ESG modeling exercises). In some cases, Infosys can bring several clients, partners, and start-ups together to maximize the delivered value, emphasizing rising demand for such projects. Infosys' innovation methodology has enabled the firm to create a variety of assets, for example, in the context of strategy design and sustainability (e.g., digital studio as a service, Infosys Live Enterprise Suite, and net zero/carbon accounting offerings), technology platforms and enablers (e.g., scalable bot factories, AR/VR, and AI platforms), energy operations management (e.g., using digital twins to add ESG aspects into solutions), and ESG-focused business and IT process management solutions (e.g., asset predictive analytics and reservoir dashboards). Infosys' partner ecosystem consists of hyperscalers, other technology companies, industry players, clients, start-ups, and academia.

Infosys recently also announced a new strategic partnership with The Economist Group, a leading global media company, designed to enable and accelerate sustainability solutions and drive world-changing impact through a new business-to-business model. The strategic, multiyear partnership will

combine Infosys' digital services and capabilities with the strength and depth of The Economist Group's global policy research, insights, and events expertise.

By leveraging their collective strengths as two organizations with a shared commitment to sustainable business practices, the partnership will focus on The Economist Group and Infosys advance the sustainability dialogue and inspire action toward creating a better, more sustainable world.

IDC's Outlook

COVID-19 has resulted in declining energy demand as businesses have transitioned to work from home resulting in reduced travel (road and air) and energy consumption in offices. This has resulted in a positive impact on emissions and reduced pressure on fossil fuel consumption. However, as businesses start to open and travel picks up, we will likely get back to original fuel consumption and emission levels. In fact, the trends might see an even higher uptick in emissions as businesses try and recoup lost revenue due to COVID-19.

Now, more than ever, it is essential for the energy industry to focus on the impact of its businesses and actions on climate change. The industry needs to transform and evolve its product mix to increase the ratio of renewables and leverage digital engineering technologies to reduce wastage and any work toward removing any or all negative impact on the environment. The energy industry needs to ensure that it monitors consumer and business consumption patterns that provide the necessary insights to predict trends and modernize electricity grids. If global government and business leaders focus on increasing building efficiency (smart buildings/cities), tax breaks for any initiative that transitions from fossil fuel to electric/wind/solar solutions, increased production of affordable electric vehicles, and increased public transport investment, it will have a positive impact on modernization efforts in the energy industry.

Infosys' energy-related sustainability offerings demonstrate the broad spectrum of capabilities that are necessary to address the increasing complexity of industry-specific sustainability requirements across the entire industry life cycle. Its services include:

- **Industry knowledge.** Infosys has collaborated with many global customers and technology partners relevant to the energy industry and bring their experience and expertise to any new client program based on a business need.
- **Range of services.** Infosys has experience in partnering with customers for a range of services that includes engineering services, ADM, BPO, and infrastructure and providing them with the ability to understand and integrate different parts of clients' business with any energy-related services project/program.
- **Digital focus.** Infosys began to take action on to combat climate change in 2008 and turned carbon neutral in 2020, 30 years ahead of the timeline set by the Paris Agreement. It leverages many digital engineering technologies to influence its customers' technology stack to achieve their ESG objectives.
- **Pilot programs and training.** Infosys' digital studios dispersed globally enable energy customers to experience solutions remotely and encourages a collaborative pilot prototype solution building approach during any workshop process.

While clients in each industry need to address a unique set of sustainability topics that can span across environmental, social, and governance topics, the energy sector, with its particular exposure to environmental issues, illustrates well the need for comprehensive methodologies, solutions, and

ecosystem partnerships to successfully help organizations manage sustainable transformation projects.

IDC's research shows that the sustainable innovation component is an important part of this process, and innovation centers provide an effective environment to co-innovate and cocreate sustainable strategies and solutions with clients and alliance partners. According to a recent IDC survey, worldwide, almost 70% of professional services clients in the energy sector say that developing sustainable solutions is a very important or important priority when using professional services firms' innovation centers.

Being able to provide end-to-end offerings across the entire sustainable business life cycle will therefore become an important differentiator for professional services firms in addressing sustainable transformation with their clients. When these offerings are supported by differentiated engineering skills and experience that is complemented by highly qualified, experienced, and trained talent, internal intellectual property, and a robust partner ecosystem to co-innovate, it makes for an attractive value proposition. In addition, demonstrating an integrated solutions portfolio (as opposed to a fragmented services approach) will be essential, as companies in all industries and sectors are in need for more bespoke, comprehensive solutions.

LEARN MORE

Related Research

- *PwC, GE, American Tower, and John Hancock on the Future of Corporate Sustainability* (IDC #US48154921, August 2021)
- *IDC's Worldwide Environmental, Social, and Governance Business Services Taxonomy, 2021* (IDC #US46814220, May 2021)
- *If "Sustainability Is the Next Digital," How Can Organizations Approach It Strategically?* (IDC #US47494821, March 2021)

Synopsis

This IDC Market Note highlights takeaways from the Infosys Energy Advisor and Analyst Day 2021. It offers insights into the company's sustainable transformation and innovation approach, which is closely interlinked with its digital transformation capabilities, helping clients address environmental, social, and governance (ESG) issues in a comprehensive manner.

"IDC's research shows that sustainable innovation is a critical business priority and selection criterion for professional services clients in the energy sector," said Bjoern Stengel, global sustainability research lead, Sustainable Strategies and Technologies at IDC.

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

Global Headquarters

140 Kendrick Street
Building B
Needham, MA 02494
USA
508.872.8200
Twitter: @IDC
blogs.idc.com
www.idc.com

Copyright Notice

This IDC research document was published as part of an IDC continuous intelligence service, providing written research, analyst interactions, telebriefings, and conferences. Visit www.idc.com to learn more about IDC subscription and consulting services. To view a list of IDC offices worldwide, visit www.idc.com/offices. Please contact the IDC Hotline at 800.343.4952, ext. 7988 (or +1.508.988.7988) or sales@idc.com for information on applying the price of this document toward the purchase of an IDC service or for information on additional copies or web rights.

Copyright 2021 IDC. Reproduction is forbidden unless authorized. All rights reserved.

