Infosys Cobalt: How the Cloud Is Becoming an Integral Part of the Business Strategy and Is Powering Business Outcomes

Nimita Limaye   Nadia Ballard   Peter Marston   Jennifer Hamel

EXECUTIVE SNAPSHOT

FIGURE 1

Executive Snapshot: Rethinking the Cloud Strategy

This IDC Market Note presents details about the Infosys Cobalt event that was held April 26, 2022, in New York City. This event brought together tech visionaries, industry stalwarts, and industry analysts to share Infosys' vision on how to unlock value and competitive advantage by leveraging the cloud. This document provides our analysis of Infosys' current market position and future opportunities.

Key Takeaways

- A key constraint for cloud transformation is the availability of skilled resources.

- Most cloud work will be low code, and the ability to bring low-code platforms mainstream will accelerate digital transformation.

- Environmental, social, and governance (ESG) is the focus now. Green is becoming mainstream, and the cloud addresses challenges related to wastage, poor utilization, and sunk costs. There is a need to optimize workloads on the cloud and drive carbon neutrality.

- There is a huge focus on cloud verticalization.

Source: IDC, 2022

IN THIS MARKET NOTE

Infosys Cobalt is a set of services, solutions, and platforms for enterprises to accelerate their cloud journey. It offers 35,000 cloud assets and over 300 industry cloud solution blueprints.

One of the main themes throughout the New York City stop of the Infosys Cobalt World Tour was focused on how to capture the full extent of the cloud's promised value. Businesses must see the cloud as not just an enabling technology but also as a force for differentiation and delivery of tangible business outcomes. In that context, many of the speakers reinforced the idea that businesses today are moving their core competencies to the cloud, allowing some to completely redefine their business models to "core as a service." For example, the vice president of sustainable infrastructure of a global technology company, which produces fire, HVAC, and security equipment for buildings, talked about how his company is offering "Net Zero Buildings as a Service" to defray the capex cost of investing in efficiency. He noted that with 40% of carbon emissions typically tied to buildings, the potential impact can be significant.

In several interactive sessions, clients in industries ranging from technology to retail to manufacturing related how Infosys has helped them achieve similar transformational business outcomes by deploying one or more of Cobalt's rich collection of cloud services and tools, including the over 300 industry-specific assets and vertical blueprints. According to Infosys President Ravi Kumar, over 700 clients have tapped into these Cobalt assets and have deployed them at scale. Most of these deployments take place in public clouds (including multicloud environments), but there are also clients that prefer private clouds. Mr. Kumar said that these private cloud deployments include some risk that systems integrators will have to "underwrite."

At this event, through several live customer and partner testimonials, Infosys and its clients and partners shared stories of how clients have tackled cloud migration and application modernization using Cobalt and Infosys application services. One client in the infrastructure technology industry shared how Cobalt was initially positioned as a technology solution to support the organization's IT transformation initiatives. However, value generation blossomed into much more than IT benefits. The client explained that the platform is now powering business outcomes that enable its own clients to focus more on their core competencies and rely upon the infrastructure technology company to manage the uptime of its clients' and own systems. The client also shared that through the support of Infosys and Cobalt, the company is bringing cloud utilization to 50% as well as moving labs to the cloud and shifting datacenters to GCP. When questioned about key lessons learned through the use of Cobalt and application modernization, the client noted that cloud is much more than an IT initiative. Cultural mindsets and approach attitudes need to be transformed. The client went on to explain that the moment that developers begin to think about application architectures, they need to be thinking about cloud and IT management needs to be focused on continuous improvement and exploring all opportunities to optimize cloud. The lesson learned dovetails well with IDC research on best practices and lessons to learn in application modernization. IDC has found that lessons learned span multiple aspects of management, ranging from strategy to governance to people to process to technology to risk management, with culture being a critical and core element of transformation.

Though not the focus of the event, data, analytics, and AI appeared as themes in at least two of the conversational sessions with customers and partners during the analyst and advisor breakout. These conversations highlighted the foundational role that cloud platforms play in enabling faster time to insight, process transformation, and more robust data security. For example, the VP of IT product, manufacturing, and analytics at a leading semiconductor manufacturer talked about the challenges her

company faced to monetize its data. The issue was not whether the company had the data, but whether it could generate insights from its data that business units could monetize. The company worked with Infosys to create a centralized data platform using Snowflake on AWS, then cocreated analytics use cases that were close to the customer, such as early warnings, predictive analytics, and image defect classification using AutoML. Another conversation with one of Infosys' partners, a cybersecurity platform, included a discussion of the increased complexity of security threats as data moves through hybrid cloud environments and the importance of systems integrator partners such as Infosys to bring skills, expertise, and preconfigured solutions that help mitigate risks and accelerate transformations for customers. Notably, there is a huge demand for application programming interface (API)-first, cloud-native, cloud-agnostic, open source, and extensible platforms in healthcare.

Company executives also noted that clients are moving away from simply buying assets and asking services vendors to integrate them by using the traditional time and materials (T&M) model. They are increasingly asking their service providers to share in the risk of implementing cloud technologies by using outcome- or consumption-based pricing models. Infosys sees such performance-based terms going "mainstream" soon.

IDC'S POINT OF VIEW

The industry is still recovering from the pandemic, and up to 60-70% of the tech budget is still being used to keep the lights on. Many companies are looking at moving what is noncore to the cloud. However, lift and shift is not the answer. Companies need to transform their entire technology stack. Shift left needs to go all the way to the beginning. The move to the cloud has to be a part of the business strategy, not an afterthought. This transition is often delayed as a result of technical debt and resistance to change. However, digital transformation not only involves migrating data to the cloud but also requires transforming the business process, rethinking governance and strategy, and building a top-driven "cloud centric" culture within the organization. Cloud security has to be a key element of the foundation of the cloud journey, and it has to be embedded in the design. It's no longer about DevOps; it's about DevSecOps.

By integrating services offerings such as applied AI and analytics, application modernization, and industry-specific cloud solution blueprints into the Cobalt portfolio, Infosys positions itself to more readily assist customers with their cloud-enabled transformations.

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Related Research

- *Life Science R&D – Prioritizing Digital Transformation Strategy Use Cases: Build Versus Outsource? Where Do the Gains Lie?* (IDC #US49070522, May 2022)
- *Accelerating Digital Transformation, Soaring to the Cloud: The Life Science Industry – An Industry in Transition* (IDC #US49005922, April 2022)
- *What Is the Role of Industry Clouds in Digital Transformation Efforts?* (IDC #US47505621, January 2022)
- *Market Analysis Perspective: Worldwide Industry Clouds, 2021* (IDC #US48011721, November 2021)
- *Market Analysis Perspective: Worldwide Analytics and Intelligent Automation Services, 2021* (IDC #US47133121, September 2021)

- *Lessons Learned from 23 Application Modernization Initiatives* (IDC #US46042218, February 2020)

Synopsis

This IDC Market Note summarizes and contextualizes several cloud-related sessions at the Infosys Cobalt event, which took place on April 26, 2022, in New York City.

"A prominent theme at this event was the need to integrate business transformation into the digital transformation process, going the whole haul, not just moving what is noncore, and driving long-term business outcomes," said Dr. Nimita Limaye, research vice president, Life Sciences R&D Strategy and Technology at IDC.

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Global Headquarters

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