



COMPANIES P3

WILL HAVE 50K TRAINED TO LEVERAGE GENAI THIS YEAR, SAYS HCLTECH CEO

'Will have 50K fully trained to leverage GenAI by FY25'

Among the large IT players, HCLTech's fourth quarter performance in FY24 has been industry leading. The firm's revenue guidance of 3-5 per cent growth for FY25, though soft compared to its FY24 figure, is still strong against Infosys' 1-3 per cent. **C VIJAYAKUMAR**, chief executive officer (CEO) and managing director (MD), HCLTech, in a video interview with Shivani Shinde and Ashutosh Mishra, says that its challenger position is working in favour of the firm. Edited excerpts:

Fourth quarter FY24 performance looks really soft. Could you just walk us through what happened during the quarter? Also, despite a strong total contract value (TCV), the guidance for FY25 is also on the softer side. When we started FY24, there was cautious optimism around growth in line with the market momentum at that time. There were signals of reduced discretionary spends and slowdown in some key verticals. We as a company reacted to that with agility and flexibility. For FY24, our revenue growth was 8.3 per cent and our services business grew 5.4 per cent. These are industry leading. Our services performance in Q4 has been very strong and software has a seasonality issue, so that impacts the performance. For guidance, we've assumed a similar discretionary spend environment in FY25 as compared to FY24.

Do you see things improving during the next two-three quarters? What's the sense that you're getting from clients and customers?

In some verticals, we definitely feel confident that things will improve. But in others, I'm still assuming, at least in the next couple of quarters, things may not.

Some peers are saying that a lot of the spends are moving to GenAI kind of projects, which means slower uptick in business. Is that the sense that you were also getting? There is definitely a lot of

interest in GenAI, and we see a lot of traction in AI and GenAI-related opportunities where companies are looking for realistic and pragmatic benefits. Still, the services spend on GenAI is not significant enough. But it is definitely growing every day.

HCLTech has been an outlier when compared to peers like TCS and Infosys. You have grown in the US and in the banking, financial services and insurance (BFSI) vertical. What worked for HCLTech?

We have the highest focus in North America, the largest services market, and that's why we've been very successful in the US.

Almost 64 per cent of revenue comes from the US. Similarly, BFSI is the largest vertical, and we've taken some big bets, like focusing on asset and wealth management as well as hybrid Cloud adoption. Insurance is a big vertical bet. In some of these areas where we invested in, we also won several clients in the last 3-4 years. Many of them are scaling up. I think these are some reasons why we have good outcomes in the US as well as in BFSI. We are also benefiting from the momentum on vendor consolidation. The big deal that we won was also consolidation. Generally, we've been positioned as a challenger in a lot of the large accounts where we are starting small and those accounts are expanding quite nicely.

Do you see this momentum continuing for you?



"We see a lot of traction in AI and GenAI-related opportunities where firms are looking for realistic and pragmatic benefits. Still, services spend on GenAI is not significant enough"

C VIJAYAKUMAR
CEO and MD, HCLTech

The underlying momentum, yes, but there could be some tactical things like we've done a divestiture of State Street. So, such things will have an impact, but the underlying momentum will continue.

How is HCLTech planning to grow its GenAI services?

One big focus is on skilling. By this financial year, we'll have about 50,000 people fully trained to leverage GenAI. We're also putting a lot of focus on GenAI developers and people who can really do all the architecture and programming. I think skill is also equally important to drive growth in this segment. We are focused on both.

HCLTech is an outlier when it comes to hiring trends. The pyramid structure which it started focusing on, is that playing out well for the firm? Yes, I think in FY22 and FY23, we had a good intake of freshers. We had almost doubled it during that time. In 2024, because growth was moderating, our fresher intake came down. We took about 12,000 people, and I think this strongly correlates with the growth in the business. In years where the growth is low, we'll have lesser freshers, and when growth picks up, we'll have more freshers.

More on business-standard.com