TCS/PR/SE-26/2014-15

August 26, 2014

National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex
Mumbai

Kind Attn: Manager, Listing Department

BSE Limited
P.J. Towers
Dalal Street
Mumbai

Kind Attn: General Manager,
Department of Corporate Services
Scrip Code No. 532540 (BSE)

Dear Sirs,

We are sending herewith copy of the Press Release titled **"Intersection of Operational Excellence and Innovation Revealed as 'Sweet Spot' for Successful Business Transformations"** which will be disseminated shortly.

The Press release is self-explanatory.

Thanking you,

Yours faithfully,
For **Tata Consultancy Services Limited**

Suprakash Mukhopadhyay
Vice President and Company Secretary

Encl: As above

TATA CONSULTANCY SERVICES
Tata Consultancy Services Limited
11 th Floor Air India Building Nariman Point Mumbai 400 021 India
Tel 91 22 6778 9393 Fax 91 22 6778 9344 e-mail corporate.office@tcs.com website www.tcs.com
Registered Office 9th Floor Nirmal Building Nariman Point Mumbai 400 021
Corporate Identification No. (CIN): L22210MH1995PLC084781

For immediate use **PRESS** RELEASE

Intersection of Operational Excellence and Innovation Revealed as 'Sweet Spot' for Successful Business Transformations

New TCS Commissioned Research Reveals Changing Landscape and Best Practices

- More than eight out of ten (84 percent) senior executives surveyed view their transformation program as a critical part of their innovation strategy
- More than 85% of respondents indicated that reducing operational costs and increasing internal efficiencies are top innovation priorities
- However, five out of the top six primary skill gaps faced when implementing a strategic transformation are non-technical, 'soft' skills
- Culture and organizational change are the top skill gaps mentioned by respondents
- Willingness to 'course-correct' mid-way through projects highlighted as a key factor, and more than 70 percent of executives indicated that transformation partners are a critical element of success

New York | Mumbai, August 26, 2014: The results of a new study launched today by Tata Consultancy Services (TCS), (BSE: 532540, NSE: TCS), a leading IT services, consulting and business solutions organization, reveal that while enterprise-wide transformation projects are becoming increasingly complex, success lies at the intersection of two key dynamics: innovation and operational excellence. The July 2014 study, 'Business Transformation in a Digital Age,' commissioned by TCS and conducted by Forrester Consulting, evaluated the changing nature of business transformation, unveiled a number of factors that are changing the focus and expected outcomes for executives, and identified the tools to ensure successful transformation programs.

Changing Landscape

The link between innovation and operational efficiency is driving many business transformations today, although these have traditionally been viewed as separate issues. The study found that 84 percent of transformation leaders view their programs as a critical part of their innovation strategy. At the same time, transformational innovation is not possible without operational excellence, with 85 percent of respondents indicating that reducing operational costs and increasing internal efficiencies were top innovation priorities. The study highlights that in order for transformation projects to scale in terms of security, reliability and maintainability, the innovation and operational efficiency agendas must work together for maximum success.

"Across the board, we are seeing a fundamental shift in what success looks like for enterprises undergoing business transformations," said Krishnan Ramanujam, Global Head of Enterprise Solutions for TCS. "There has always been an expectation that transformation involves sweeping, radical changes to a company's business model. However, in working with our customers, we have seen increasingly more focus on redesigning smaller operations at the ground level in order to affect larger changes throughout the organization."

Digital business requirements and the shift from Business Intelligence (BI) to advanced analytics, along with tablets/smartphones and cloud deployments, are changing the focus and expected outcomes for transformation projects. Organizations are reshaping their infrastructure across the board to support mobile

functionality that employees and customers have come to expect. And despite the challenges that come with integrating the cloud with existing legacy technology, the cloud is often used as a tool to speed up deployments of new transformation programs. Ramanujam added, "The companies that adopt this idea of 'digital empowerment' will be at the forefront of innovation and transformation."

The use of new mobile, cloud-based technologies requires customization and business process redesign. More than half (54 percent) of the executives in the survey reported that a high level of customization was required for a successful transformation of core business systems, while 20 percent felt it required very high customization.

Faltering Transformations

Due to the increasing complexity of enterprise-wide projects, not all transformations succeed: almost half (47 percent) of enterprises indicated their project ROI was less than ten percent, and a mere one out of ten (9 percent) indicated an ROI higher than 35 percent. Given the technical elements of these transformations, companies need strong IT capabilities, but technology skills are no longer sufficient to ensure success. Five out of the top six primary skill gaps faced when implementing a transformation were non-technical, 'soft' skills.

Businesses face many challenges when funding and measuring the results of transformation programs, which can affect many functional areas, involve multiple internal stakeholder groups, and create many different business outcomes, making the issue of project ownership increasingly complex. The study indicates that the difference between those that achieved high ROIs and those that had little-to-no ROI lay in the willingness to make significant changes during the project, based on clear measures of results.

Organizations must create the right mix of IT and business metrics, constantly adjust measurements and invest in governance. And seven out of ten (70 percent) survey respondents indicated that their transformation partner is a critical element of success, whether they are considering operational or innovation requirements. Such partners must be evaluated on every capability they bring to the table, while recognizing the overlap between them. They must also be able to address many priorities at once and have the ability to find alternatives, whether they are provided in-house or through partnerships.

Best Practices

As a result of the interviews undertaken with transformation decision-makers, several best practices were identified:

- Innovate with operational excellence. IT needs to take on the job of improving core systems, processes and data to support innovative initiatives. Trying to improve customer experience through advanced analytics without the functionality and data of your core systems is largely a waste of time for today's organizations.
- Remain focused on business outcomes. Transformation initiatives will only be meaningful to organizations if they generate tangible business outcomes. The focus should be on how programs contribute to top- and bottom-line innovation goals.
- Respect organizational change. Many organizations spend a great amount of resources on technology investments, but decide to "wing it" when it comes to change management. The science of organizational change has evolved significantly over the past 20 years, with many best practice

frameworks for process re-design and cultural change management. Engage service partners who have proven frameworks and methodologies.

- Invest in new generation technology. While no organization wants to spend ahead of the technology adoption curve, it's not going to do any good to invest in a multi-year transformation project if you're investing in outdated technology. Explore how to effectively leverage a combination of social, mobile, analytics, and cloud.

To view detailed results from the full study, please visit
http://www.tcs.com/resources/white_papers/Pages/Business-Transformation-Digital-Age.aspx

Methodology

In this study, Forrester interviewed 10 business transformation leaders and conducted an online survey of 100 US and UK decision makers with significant involvement in business transformation projects. Survey participants included decision-makers in IT and Line of Business Director and above. Questions provided to the participants asked about their goals, their metrics and best practices around business transformation projects. The study began in February 2014 and was completed in May 2014.

About Tata Consultancy Services Ltd. (TCS)

Tata Consultancy Services is an IT services, consulting and business solutions organization that delivers real results to global business, ensuring a level of certainty no other firm can match. TCS offers a consulting-led, integrated portfolio of IT, BPS,infrastructure, engineering and assurance services. This is delivered through its unique Global Network Delivery Model™, recognized as the benchmark of excellence in software development. A part of the Tata group, India's largest industrial conglomerate, TCS has over 305,000 of the world's best-trained consultants in 46 countries. The company generated consolidated revenues of US $13.4 billion for year ended March 31, 2014 and is listed on the National Stock Exchange and Bombay Stock Exchange in India. For more information, visit us at www.tcs.com.

Follow TCS on Twitter.
Subscribe to an RSS Feed of TCS Press Releases.

TCS media contacts:

Global:	Email: pradipta.bagchi@tcs.com Phone: +91 22 6778 9999
Europe / UK:	Email: abhinav.kumar@tcs.com | ashish.babu@tcs.com Phone: +32 2282 1927 | +44 078 418 92227
India:	Email: h.ramachandra@tcs.com | shamala.p@tcs.com Phone: +91 22 6778 9078 | +91 22 6778 9081
USA / Canada:	Email: b.trounson@tcs.com Phone: +1 646 313 4594
Asia Pacific:	Email: sean.davidson@tcs.com Phone: +65 9139 3668
Australia and New Zealand	Email: alex.goldrick@tcs.com Phone: +61 (2) 8456 2800
Latin America	Email: irais.moyat@tcs.com Phone: +5255 9157 8282

###