

Accenture and Infosys to surpass IBM and DXC Technology in the second half of 2021

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Consulting companies such as Accenture and Infosys are likely to gain more growth in the second half of 2021 than IBM and DXC. This is due primarily to a noticeable increase in corporate spending on new technologies. IBM and companies of this kind are losing out in this situation because of their high dependence on outsourcing revenues. More than 10% growth in the industry compared to the second half of 2020 is quite possible (after a significant reduction in discretionary spending during the past year).

The consulting industry is expected to sharply return to a strong performance

According to the analysts' forecasts, in the second half of 2021, the consulting industry may regain some of its previous sales achievements due to an increase of clients' expenses budgets, and first of all financial-services clients', whose valuations in the first half of the year showed excellent growth. In 2020, such companies conducted a conservative policy in discretionary spending and purchase of new software and updating the old one. This type of policy was caused, of course, by the pandemic and general market uncertainty. Data from Amazon Web Services and Microsoft, as well as indicators such as PMI, provide a clear picture of the recent increase in companies' spending on IT services. Accordingly, we can state with a high degree of confidence the future growth of the industry.

Accenture and EPAM among the leaders

Experience, reputation, and market position play an important role. Therefore, players like Deloitte, Accenture, and EPAM Systems have the best chances of a quick and high-quality recovery of their previous figures. In their portfolios of services, a large share falls on such perspective directions as cloud services, security, analytics. According to the general opinion of the majority of experts, these areas will be the drivers of growth in the near future. Just think about it: Accenture generates more than 2/3 of its revenue from this type of service. If we also add to the general picture the lack of qualified specialists in the industry, then the rise in prices for services of such kind in the second half of 2021 is quite expected.

IBM among the outsiders?

But what awaits companies like IBM and DXC Technology, for example? The overall recovery trend will affect them to a lesser extent, and the reason for this is the nature of their service portfolios. These companies have a somewhat "outdated approach" to doing business, they pay less attention to new directions and are largely focused on infrastructure outsourcing, which will not allow them to follow the industry's growth leaders. To illustrate the picture: DXC Technology shows less than a quarter of the consulting component in the total sales volume, while for IBM such share is even less - just a bit over 10%.

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