

# Infosys-Liberty Global's Pioneering Business Model is Liberating for The Telecom & Media Industry.

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Infosys wins a mega \$2.5 billion contract from Liberty Global, marking one of the most significant transactions in the telecom and media sector lately. But it's not just about the contract value; it's the groundbreaking business model that's reshaping industry benchmarks. Dive in as we unpack the intricacies of this landmark Infosys-Liberty Global partnership.

## Deal Financial Details

The deal with Liberty Global has a Total Contract Value (TCV) of €1.5 billion (\$1.6 billion) spanning five years. Additionally, there's an option to extend the contract for another three years, potentially bringing the deal's total worth to €2.3 billion (\$2.5 billion). Liberty Global is set to achieve annual cost savings of €100 million (\$109 million) through this agreement.

## Business Model: Win-Win and Upside Potential for Liberty Global and Infosys

The deal with Liberty Global is structured around tangible business outcomes. We're terming it a 'business model' rather than a mere pricing strategy. This agreement transitions the fixed cost associated with the tech stack, inclusive of services, cloud, and software, into a variable cost structure for Liberty Global. This configuration presents a potential value upside for both entities: Liberty Global and Infosys. Some features:

- **Subscriber-Driven Scalable Platform As-a-Service Business Model:** This strategic framework is anchored to a pivotal business metric: the subscriber count across Liberty Global's various operating entities. By tying technology expenses to this metric, Infosys introduced a variable cost structure for Liberty Global. This approach not only offers immediate cost savings from the existing baseline but also ensures predictable future expenditures based on subscriber growth. Furthermore, this model enhances Liberty Global's operational scalability and agility, laying the groundwork for sustained growth.
- **Enterprise Solution Monetization Potential:** Infosys will support Liberty Global in leveraging its media, connectivity platforms, and intellectual properties, notably Horizon. This will extend its reach to other Infosys media and telecom clientele looking for platform solutions. While Liberty Global accrues licensing revenues, Infosys will benefit from implementation and support fees, presenting a mutual value proposition. Notably, this anticipated upside is exclusive of the deal's primary value.
- **Subscriber Growth Upside:** Presently, Liberty Global has a base of approximately 10 million subscribers, which forms the current deal valuation. As subscriber counts surge across Liberty Global's various operations, Infosys' revenue stream stands to benefit, given the billing model's reliance on subscriber metrics. Importantly, this prospective financial upside lies outside the core deal valuation."

This is industry's first mega digital engineering transaction with Infosys managing the end-to-end responsibility for the entire platform, which includes infrastructure, cloud engineering, third-party software licensing, and overall software engineering for the platforms, influencing over 10 million subscribers.

## Scope & Other Significant Deal Highlights

Liberty Global, a multinational telecom enterprise with a presence in many countries, has a shared service technology division dedicated to developing and managing digital entertainment and connectivity platforms. Infosys will now assume responsibility for this unit, with plans to enhance and expand these platforms for Liberty Global. Deal Highlights:

- **Integrated Multi-Tower & Multi-Geography Contract:** This agreement spans various service lines, ranging from applications and cloud solutions to networking, security, and product engineering services. While operations will be anchored in the Netherlands, UK, and India, the primary hub of activity will be centered in India.
- **Career Advancement for Liberty Global Talent:** This enhanced partnership will pave the way for exciting opportunities for the 400+ Liberty Global professionals transitioning to Infosys. Leveraging Infosys' global scale, these individuals will gain broadened business exposure and avenues for career growth tailored to their specialized skill sets. Furthermore, they will be instrumental in steering the trajectory of Infosys' communications, media, and entertainment business, significantly amplifying its engineering prowess.

- **From Multi-Vendor Sourcing to Exclusive Strategic Partnership:** Liberty Global's shared technology service currently collaborates with multiple third-party vendors. Infosys will streamline this, stepping in as the singular service provider and emerging as Liberty Global's primary strategic ally in entertainment and connectivity platforms.
- **Expanding Horizons, Digital Meets Traditional:** This partnership not only embraces advanced digital innovations such as Generative AI but also refines traditional technological practices. It's geared towards fueling innovation and amplifying the engagement of entertainment solutions, catering to the evolving preferences of digital-native clientele. Alongside generating notable centralized cost efficiencies, Infosys will integrate its proprietary Infosys Topaz™ to introduce transformative AI-driven functionalities, building on the cloud-centric digital infrastructure already established for Liberty Global via Infosys Cobalt.
- **Transformation Levers:** Infosys committed annual savings of €100mn (\$109mn) for Liberty Global, achieved through the following strategic levers:
  - **Operational Re-architecture:** Infosys will overhaul existing processes and operations to eliminate inefficiencies. With its position as the exclusive service provider, Infosys can offer a comprehensive perspective and incorporate best practices garnered from other large transformation exercises.
  - **Digital Transformation:** By harnessing digital technologies, including automation, cloud services, analytics, and Generative AI, Infosys intends to digitally transform operations, ensuring better services at reduced costs.
  - **Vendor Cost Streamlining:** Liberty Global's tech operations engage with over 100 external vendors across software, hardware, and cloud services. Infosys will optimize these costs by leveraging its established relationships and securing volume discounts combining spend with other engagements.

By bringing the scale and breadth of Infosys, including multiple service lines, multiple geographies, and cutting-edge technologies, the expanded collaboration ensures continued operational excellence, a highly scalable development engine for new features and capabilities, and efficiencies for Liberty Global.

## How did Infosys Approach The Deal?

Of note is Infosys' strategic approach to this transaction. Rather than being driven by a Request for Proposal (RFP), it was rooted in proactive engagement and collaborative solution design with Liberty Global.



*“We were already a strategic partner for Liberty Global. We saw the opportunity to transform their technology functions, and I am glad we are able to excite stakeholders with a win-win proposition. Our domain experience, knowledge of Liberty Global’s product and platforms, and experience in other large transformation programs give us the confidence to skillfully execute this ambitious program well and create value for both Liberty Global and Infosys.”*

**Anand Swaminathan,**

*EVP & Global Industry Leader of Communications, Media, and Technology at Infosys.*

## **Bottomline: Why Is Deal Important For The Industry**

This Infosys-Liberty Global’s pioneering digital engineering deal is proof that even amid the turbulence in the telecom and media sectors, win-win deals aren't just a pipe dream. Indeed, such savvy collaborations can help companies sail smoother through industry headwinds, converting fixed costs into variable ones and unlocking benefits for all parties involved. It's high time our industry champions more of these smart, ambitious deals that not only save money but also amplify revenue, all while curbing risks and accelerating innovation. Here's to witnessing more groundbreaking partnerships like this!

## About the Author



### Pareekh Jain

Pareekh Jain is the CEO and Lead Analyst of EIIRTrend and Pareekh Consulting.

EIIRTrend is an information platform for discovering engineering, IoT, Industry 4.0, and R&D (EIIR) trends, information, insights, best practices, across 12 industry segments, 24 service segments, 100+ countries and 3000+ providers and buyers. Pareekh Consulting is a focused analyst and advisory firm for EIIR.

A seasoned EIIR professional, Pareekh has seen the EIIR industry from four perspectives: service provider, sourcing advisor, enterprise buyer, and industry analyst.

He is regularly quoted in media on EIIR trends. He has provided more than 800 media quotes to various global and India media outlets. Some of the media publications he is quoted in include Harvard Business Review (HBR), NDTV, ZEE TV, Forbes, Times of India, Economic Times, Business Standard, Hindu, Business Line, Livemint, Indian Express, Financial Express, Deccan Herald, Business Today, Telegraph, Hans India, Bizzbuzz, Informist, Voice and Data, Rediff, Voice of America, Moneycontrol, Quartz, Trak, NHA Asia, NZZ, The Ken, Techcircle, Nearshore Americas, Siasat Daily, Firstpost, and Business Insider.

Pareekh is a thought leader, having authored more than 200 publications on topics related to EIIR outsourcing. He loves business fiction writing in his free time, and has authored a novel, Who Is That Lady?

Pareekh received his MBA from the Indian Institute of Management (IIM), Bangalore and his Bachelor of Technology degree from the Indian Institute of Technology (IIT) Delhi.

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