Intelligence Engineered at Scale: HCLTech ERS Transformation

Author: Pareekh Jain, CEO EIIRTrend

We recently attended the HCLTech ERS Analyst and Advisor Day 2025, where the ERS leadership team shared strategic updates, along with solution demonstrations, and lab visits. While there were several interesting announcements and capability showcases, the most important takeaway was the overall transformation strategy of HCLTech ERS.

HCLTech is the largest Indian engineering services provider by revenue and headcount. As the engineering services market undergoes structural change, the central question is how HCLTech ERS is transforming itself, and whether it can do so at scale, which is both exciting and inherently challenging.

This point of view explores that question. Our analysis is based on our understanding of the evolving dynamics of the engineering services market and the updates shared by HCLTech ERS. We see seven transformation initiatives that HCLTech ERS is actively leveraging, as illustrated in the exhibit below.

Exhibit 1: Seven Levers of HCLTECH ERS Transformation

Seven Transformation Initiatives

- **Shift Left – Consulting:** HCLTech ERS is investing in consulting offerings, particularly in select industries, to engage clients earlier in the product lifecycle. This involves helping customers define what to design and build, determine specifications, and align designs with end-customer requirements and cost targets, well before usual design-and-build engineering engagements begin. These early-stage engagements with strategic clients position HCLTech ERS for deeper client relationships and more sustained downstream engineering work.
- **Shift Right – Manufacturing Testing:** HCLTech is investing in semiconductor labs that support enterprises with testing and validation of prototype chips prior to mass production. These are unique capabilities, one of a kind in an engineering service provider ecosystem that will position HCLTech ERS as a more strategic partner across the semiconductor value chain.

- **Advanced AI – GenAI, Agentic AI, Physical AI:** AI is transforming every aspect of engineering services from productivity improvements across the product development lifecycle and manufacturing, to enabling differentiated product features and new engagement models. HCLTech ERS is investing across solutions, accelerators, partnerships, offerings, pricing, and business models to lead in this area. Its transformation theme, "Intelligence Engineered," is anchored in the effective use of advanced AI in engineering operations. While the most significant challenge lies in potential cannibalization of existing business and passing productivity gains to clients, HCLTech ERS is not shying away from this trade-off. If executed well, advanced AI can expand the total addressable market (TAM) and open new avenues for growth.
- **OneHCLTech:** The integration of the ERS sales team with the broader HCLTech sales organization has created significant opportunities for large, transformative engagements that combine applications, infrastructure, BPM, and ERS. Sales teams can now proactively position integrated offerings. Recent deal wins highlight the potential of this approach, with ERS involved early in solution engineering that can later be scaled across applications, infrastructure, or BPM engagements.
- **Large Engagements:** HCLTech ERS aims to strengthen it's position as the partner of choice for key clients, supporting a wide range of engineering objectives such as reducing R&D costs, increasing R&D capacity, accelerating time to market, enabling localization, supporting go-to-market strategies, and managing risk. This is being enabled through multiple engagement models, including ODCs, GCCs, carve-outs, 360-degree partnerships, and nearshoring.
- **Expansion – Customer and Geography:** HCLTech ERS is expanding across customer segments and geographies through focused teams, tailored value propositions, and segment specific strategies. On the customer side, it is targeting the mid-market while geographically, it is expanding into emerging markets, including India, while continuing to strengthen its global footprint.
- **Industry Deepening:** Deep domain and industry expertise remain a critical differentiator in engineering services. HCLTech ERS has been investing in industry capabilities and is now accelerating these efforts. Recent examples include the acquisition of ASAP in automotive, investments in semiconductor OSAT labs, and acquisition of HPE's telco solutions business.

What Is HCLTech ERS Trying to Achieve?

Transformation levers are important, but the more fundamental question is what HCLTech ERS aims to achieve through them. In our view, there are three core objectives:

- **Expand the Total Addressable Market (TAM):** These transformation initiatives collectively help HCLTech ERS expand its TAM across service lines, geographies, industries, and customer segments. If successfully accessed, this expanded TAM could meaningfully alter the company's long-term growth trajectory.

- **Transform to Capture the TAM:** Identifying opportunities is only the first step. Capturing them requires internal transformation with technology, solutions, labs, sales, and delivery. This demands sustained investment, focus, prioritization, and organizational alignment. HCLTech ERS is pursuing this through its "Intelligence Engineered" transformation, and importantly, doing so at scale.
- **Differentiate and Lead at the Marketplace:** As more and more IT Services and traditional consulting firms eye this market with an aggressive acquisition strategy, HCLTech ERS is capitalizing on its strong engineering heritage, coupled with investments in emerging technology areas like AI/GenAI/Agentic AI. This combination of traditional and digital engineering capabilities helps them differentiate from the competition and win a larger market share
- **Increase Customer Relevance:** Ultimately, transformation matters only if it increases the relevance of the company for current and future customers. HCLTech ERS appears to be consciously aligning its transformation efforts with customer outcomes, ensuring that relevance remains central to its strategy.

"In today's world, where every aspect of business is going through a major transformation, engineering has a larger role to play. As enterprises strive to stay relevant and look to constantly re-invent themselves, the shift towards value driven, platform-led and intelligence powered engineering is critical. At HCLTech, we are leading this transformation by embedding intelligence into every layer of the value chain bringing together human ingenuity, deep domain expertise, AI-driven precision to deliver holistic impact that matters to the enterprise."

Hari Sadarahalli,

Corporate Vice President and Global Head, ERS at HCLTech.

Bottom Line:

Winners are those who adopt, change, and transform. This is especially challenging for existing market leaders who must do so at scale. Transformation success requires both sound strategy and disciplined execution. The transformation strategy of HCLTech ERS is well articulated and directionally aligned with the changing market landscape. The key question now is execution. How these initiatives translate into tangible outcomes for all stakeholders, including clients, employees, and shareholders. At this stage, it looks like a promising start to adopt, change, and transform.