



IT Services

15

2019

The annual report on the most valuable IT services brands
January 2019

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About Brand Finance.

Brand Finance is the world's leading independent brand valuation and strategy consultancy.

Brand Finance was set up in 1996 with the aim of 'bridging the gap between marketing and finance'. For more than 20 years, we have helped companies and organisations of all types to connect their brands to the bottom line.

We pride ourselves on four key strengths:

- + Independence
- + Technical Credibility
- + Transparency
- + Expertise

We put thousands of the world's biggest brands to the test every year, evaluating which are the strongest and most valuable.

Brand Finance helped craft the internationally recognised standard on Brand Valuation – ISO 10668, and the recently approved standard on Brand Evaluation – ISO 20671.



Get in Touch.

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Brand Finance[®]
Global Forum 2019

**Understanding the Value of
Geographic Branding
2 April 2019**

Join us at the Brand Finance Global Forum, an action-packed day-long event at the Royal Automobile Club in London, as we explore how geographic branding can impact brand value, attract customers, and influence key stakeholders.

www.brandfinance.com/events

Request Your Brand Value Report.

A Brand Value Report provides a complete breakdown of the assumptions, data sources, and calculations used to arrive at your brand's value.

Each report includes expert recommendations for growing brand value to drive business performance and offers a cost-effective way to gaining a better understanding of your position against competitors.

What is a Brand Value Report?

Brand Valuation Summary

- + Internal understanding of brand
- + Brand value tracking
- + Competitor benchmarking
- + Historical brand value

Brand Strength Index

- + Brand strength tracking
- + Brand strength analysis
- + Management KPIs
- + Competitor benchmarking

Royalty Rates

- + Transfer pricing
- + Licensing/franchising negotiation
- + International licensing
- + Competitor benchmarking

Cost of Capital

- + Independent view of cost of capital for internal valuations and project appraisal exercises

Customer Research

- + Utilities
- + Insurance
- + Banks
- + Telecoms
- + Airlines
- + Tech
- + Auto
- + Hotels
- + Beers
- + Oil & Gas

For more information regarding our Brand Value Reports, please contact:

enquiries@brandfinance.com

What are the benefits of a Brand Value Report?



Insight



Strategy



Benchmarking



Education



Communication



Understanding

Foreword.



David Haigh
CEO, Brand Finance

What is the purpose of a strong brand: to attract customers, to build loyalty, to motivate staff? All true, but for a commercial brand at least, the first answer must always be 'to make money'.

Huge investments are made in the design, launch, and ongoing promotion of brands. Given their potential financial value, this makes sense. Unfortunately, most organisations fail to go beyond that, missing huge opportunities to effectively make use of what are often their most important assets. Monitoring of brand performance should be the next step, but is often sporadic. Where it does take place, it frequently lacks financial rigour and is heavily reliant on qualitative measures, poorly understood by non-marketers.

As a result, marketing teams struggle to communicate the value of their work and boards then underestimate the significance of their brands to the business. Sceptical finance teams, unconvinced by what they perceive as marketing mumbo jumbo, may fail to agree necessary investments. What marketing spend there is, can end up poorly directed as marketers are left to operate with insufficient financial guidance or accountability. The end result can be a slow but steady downward spiral of poor communication, wasted resources, and a negative impact on the bottom line.

Brand Finance bridges the gap between marketing and finance. Our teams have experience across a wide range of disciplines from market research and visual identity to tax and accounting. We understand the importance of design, advertising, and marketing, but we also believe that the ultimate and overriding purpose of brands is to make money. That is why we connect brands to the bottom line.

By valuing brands, we provide a mutually intelligible language for marketing and finance teams. Marketers then have the ability to communicate the significance of what they do, and boards can use the information to chart a course that maximises profits. Without knowing the precise, financial value of an asset, how can you know if you are maximising your returns? If you are intending to license a brand, how can you know you are getting a fair price? If you are intending to sell, how do you know what the right time is? How do you decide which brands to discontinue, whether to rebrand and how to arrange your brand architecture? Brand Finance has conducted thousands of brand and branded business valuations to help answer these questions.

Brand Finance's research revealed the compelling link between strong brands and stock market performance. It was found that investing in highly-branded companies would lead to a return almost double that of the average for the S&P 500 as a whole.

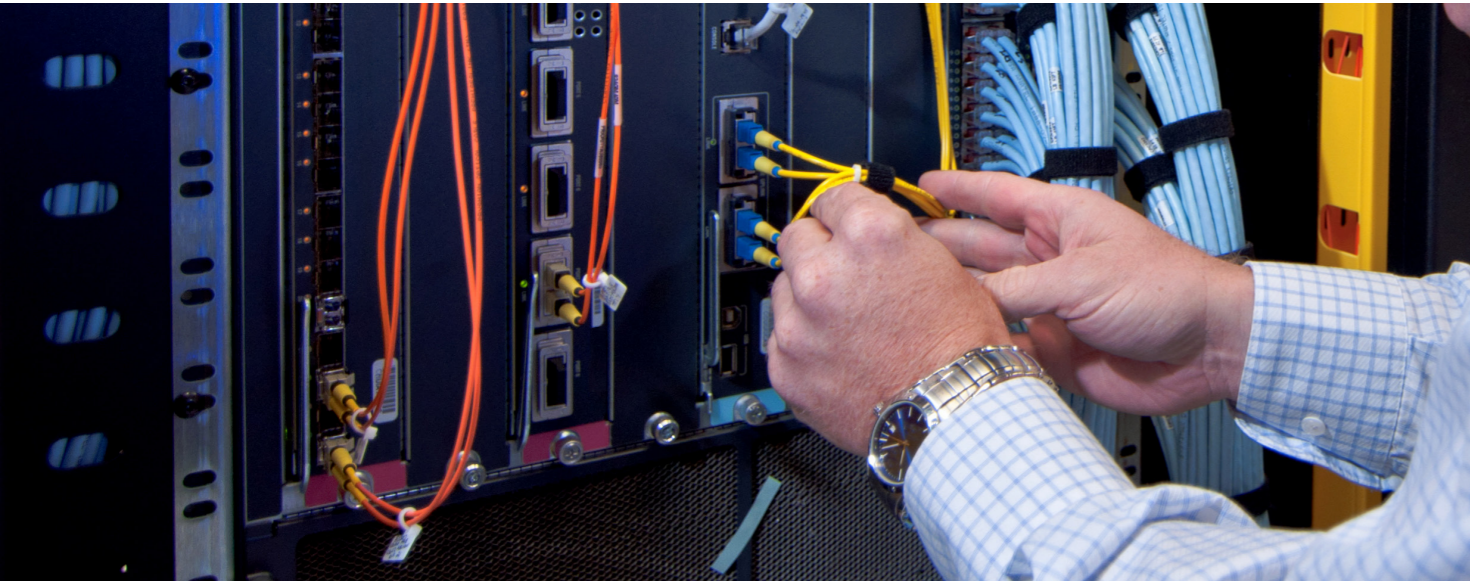
Acknowledging and managing a company's intangible assets taps into the hidden value that lies within it. The following report is a first step to understanding more about brands, how to value them and how to use that information to benefit the business.

The team and I look forward to continuing the conversation with you.

US and India Overpower IT Services Brand Ranking.

- + Accenture and IBM swap places at top of IT services brand ranking
- + TCS remains 3rd most valuable IT services brand, value up 23% to US\$12.8bn
- + Wipro breaks into top 10, following 25% growth to US\$4.0bn

Executive Summary.



Accenture and IBM swap places

Global IT consultancies, **Accenture** and **IBM**, remain at the helm of the IT services sector having swapped 1st and 2nd ranks since last year.

Valued at US\$26.3 billion, Accenture has taken the title of the world's most valuable IT Services brand, previously held by IBM, which now sits in 2nd place with a brand value of US\$20.4 billion.

Tata holds firm in third spot

Holding steady in 3rd place is India's largest IT services conglomerate, **Tata Consultancy Services (TCS)**, up 23% to US\$12.8 billion, with a value bolstered by the brand's disciplined focus on the market's increased demand for digital services.

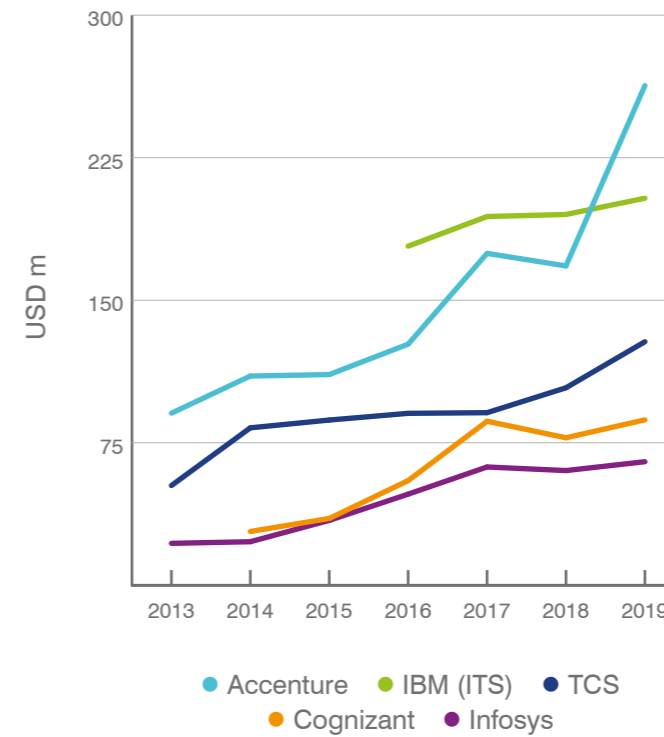
TCS has positioned itself as a leader in providing a superior all-round customer experience, leveraging artificial intelligence and robotic automation across its transformation programs.

TCS is also the first Indian IT services brand to achieve success in the Japanese market; the Mumbai-based giant has expanded its operations in Japan and overseen a merger of three brands to create Tata Consultancy Services Japan.

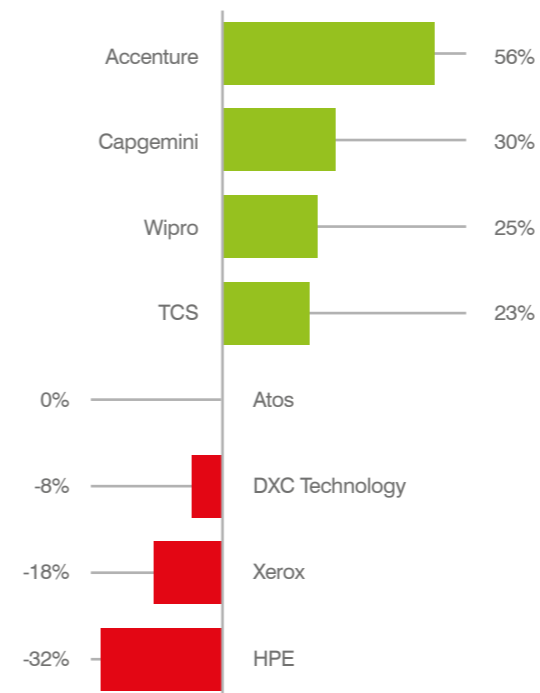
Accenture leads the sector with an impressive 56% increase in brand value since last year. IBM, on the other hand, stands out for its cognitive services and infrastructure outsourcing excellence, but its brand value has gone up by only 4%. The brand should focus on growing new technologies, such as cloud computing and security software, instead of relying on its older business units if it plans to improve its brand value in the years to come.

David Haigh
CEO, Brand Finance

Brand Value Over Time



Brand Value Change 2018-2019 (%)



Top 10 Most Valuable Brands

accenture	1 ↑ 2		2019: \$26,292m 2018: \$16,805	+56.5%
IBM	2 ↓ 1		2019: \$20,367m 2018: \$19,512m	+4.4%
TATA CONSULTANCY SERVICES	3 ← 3		2019: \$12,815m 2018: \$10,391m	+23.3%
Cognizant	4 ← 4		2019: \$8,704m 2018: \$7,761m	+12.2%
Infosys	5 ← 5		2019: \$6,501m 2018: \$6,035m	+7.7%
Capgemini	6 ↑ 8		2019: \$5,922m 2018: \$4,558m	+29.9%
DXC.technology	7 ↓ 6		2019: \$5,525m 2018: \$6,035m	-8.5%
HCL	8 ↓ 7		2019: \$4,648m 2018: \$4,573m	+1.7%
NTT DATA	9 - New		2019: \$4,266m 2018: -	-
wipro	10 ↑ 11		2019: \$4,002m 2018: \$3,201m	+25.0%



Wipro breaks into top 10

It is notable that India's IT services brands have harnessed their domestic talent whilst also serving as an attractive hub for IT outsourcing centres.

Moving up one spot is another important player, **Wipro**, one of the country's largest software services brands that has entered the top 10 for the first time this year. Up 25% to US\$4.0 billion, Wipro's significant investments in digital transformation capabilities, niche acquisitions, and a recent brand refresh, have propelled it to be the third fastest growing brand in the segment.

Holding their positions firm since last year's ranking, American brand **Cognizant** (brand value up 12% to US\$8.7 billion) and India's **Infosys** (brand value up 8% to US\$6.5 billion) remain in 4th and 5th ranks respectively. Although a New Jersey headquartered brand, Cognizant holds a major employee base in Chennai, India and branches of Cognizant India operate across Kolkata, Bangalore, Hyderabad, Mumbai, Pune, and Cochin.

There is a reason why Bangalore is known as the Silicon Valley of India. As more IT services brands ramp up their outsourcing outposts across the country, it is the skilled workforce, world class facilities and infrastructure that makes India such an attractive location and ultimately a global powerhouse.

David Haigh
CEO, Brand Finance

Brand Value by Country



Country	Brand Value (USD m)	% of total
United States	65,378	57.6%
India	27,965	24.6%
France	9,790	8.6%
Japan	6,850	6.0%
South Korea	3,469	3.1%
Total	113.452	100.0%

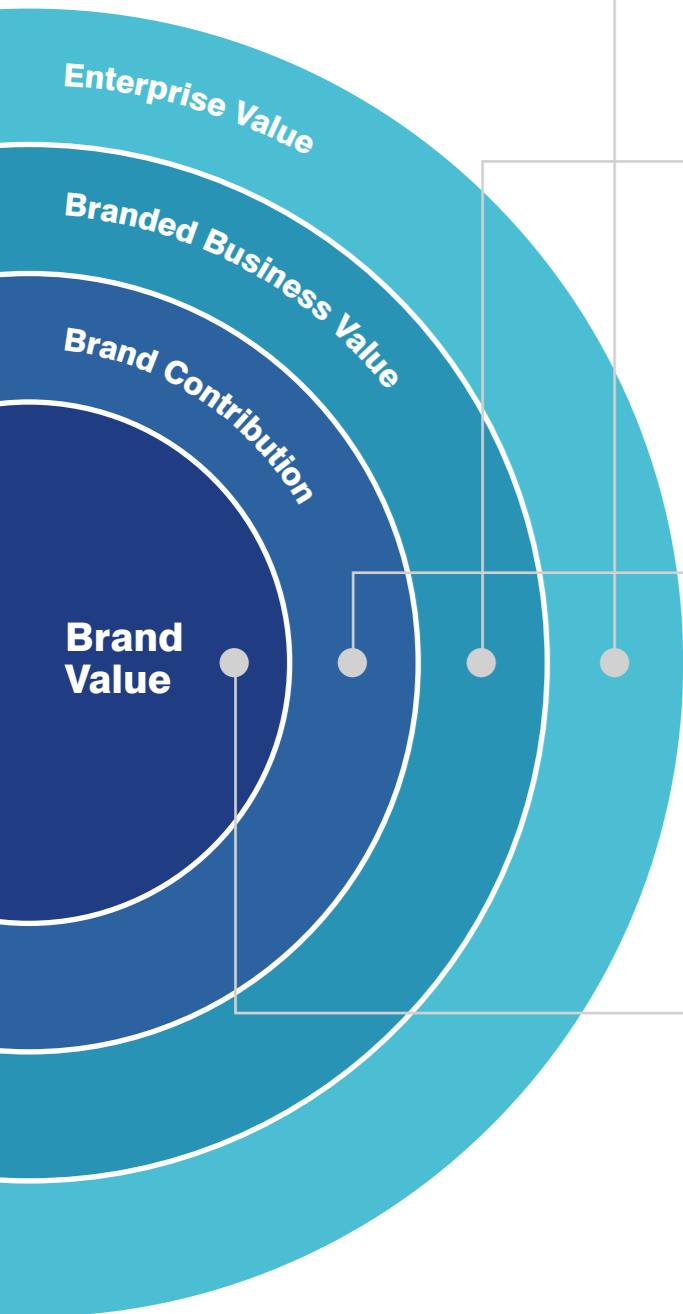
Top 5 Strongest Brands

accenture	1 ↑ 7		2019: 85.8 2018: 75.3	+10.5
IBM	2 ↓ 1		2019: 85.2 2018: 87.6	-2.4
TATA TATA CONSULTANCY SERVICES	3 ↑ 5		2019: 82.6 2018: 77.8	+4.8
wipro	4 ↑ 6		2019: 77.8 2018: 76.0	+1.8
Cognizant	5 ↑ 8		2019: 76.9 2018: 75.1	+1.9

Brand Finance IT Services 15 (USD m)

2019 Rank	2018 Rank	Brand	Country	2019 Brand Value	Brand Value Change	2018 Brand Value	2019 Brand Rating	2018 Brand Rating
1	2	↑ Accenture	United States	\$26,292	+56.5%	\$16,805	AAA	AA+
2	1	↓ IBM (IT Services)	United States	\$20,367	+4.4%	\$19,512	AAA	AAA
3	3	← TCS	India	\$12,815	+23.3%	\$10,391	AAA-	AA+
4	4	← Cognizant	United States	\$8,704	+12.2%	\$7,761	AA+	AA+
5	5	← Infosys	India	\$6,501	+7.7%	\$6,035	AA+	AA+
6	8	↑ Capgemini	France	\$5,922	+29.9%	\$4,558	AA	AA
7	6	↓ DXC Technology	United States	\$5,525	-8.5%	\$6,035	A+	A+
8	7	↓ HCL	India	\$4,648	+1.7%	\$4,573	AA	AA+
9	-	New Ntt Data	Japan	\$4,266	-	-	AA-	-
10	11	↑ Wipro	India	\$4,002	+25.0%	\$3,201	AA+	AA+
11	10	↓ Atos	France	\$3,868	-0.2%	\$3,876	AA-	A+
12	-	New Samsung SDS	South Korea	\$3,469	-	-	AA-	-
13	-	New Fujitsu (IT Services)	Japan	\$2,584	-	-	A	-
14	13	↓ Xerox	United States	\$2,404	-18.3%	\$2,943	AA-	AA
15	12	↓ HPE (IT Services)	United States	\$2,086	-32.0%	\$3,068	AA	AA+

Definitions.



Brand Value



+ Enterprise Value
The value of the entire enterprise, made up of multiple branded businesses.

Where a company has a purely mono-branded architecture, the 'enterprise value' is the same as 'branded business value'.



+ Branded Business Value
The value of a single branded business operating under the subject brand.

A brand should be viewed in the context of the business in which it operates. Brand Finance always conducts a branded business valuation as part of any brand valuation. We evaluate the full brand value chain in order to understand the links between marketing investment, brand-tracking data, and stakeholder behaviour.



+ Brand Contribution
The overall uplift in shareholder value that the business derives from owning the brand rather than operating a generic brand.

The brand values contained in our league tables are those of the potentially transferable brand assets only, making 'brand contribution' a wider concept. An assessment of overall 'brand contribution' to a business provides additional insights to help optimise performance.



+ Brand Value
The value of the trade mark and associated marketing IP within the branded business.

Brand Finance helped to craft the internationally recognised standard on Brand Valuation – ISO 10668. It defines brand as a marketing-related intangible asset including, but not limited to, names, terms, signs, symbols, logos, and designs, intended to identify goods, services or entities, creating distinctive images and associations in the minds of stakeholders, thereby generating economic benefits.

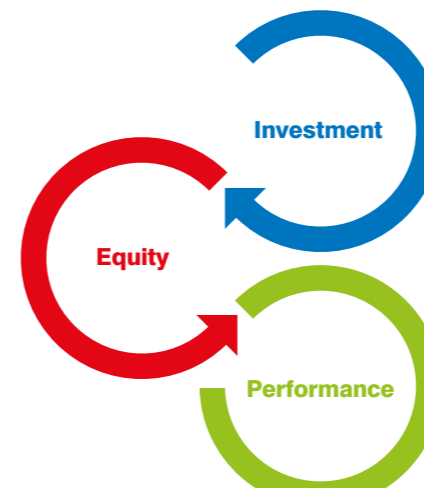
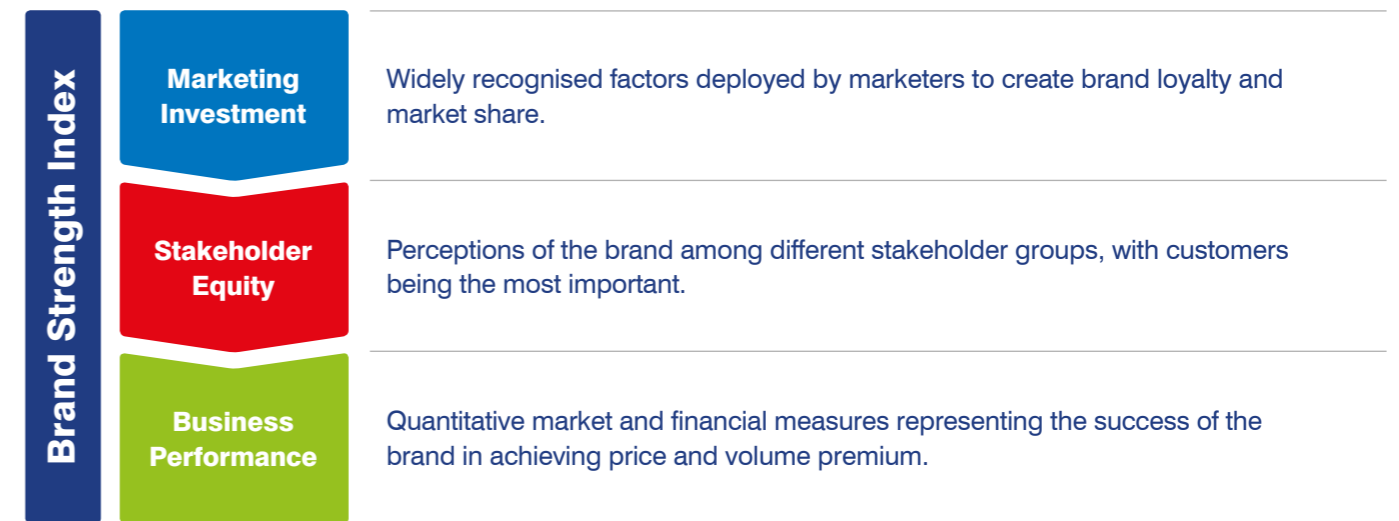
Brand Strength

Brand Strength is the efficacy of a brand's performance on intangible measures, relative to its competitors.

In order to determine the strength of a brand, we look at Marketing Investment, Stakeholder Equity, and the impact of those on Business Performance.

Each brand is assigned a Brand Strength Index (BSI) score out of 100, which feeds into the brand value calculation. Based on the score, each brand is assigned a corresponding rating up to AAA+ in a format similar to a credit rating.

Analysing the three brand strength measures helps inform managers of a brand's potential for future success.



Marketing Investment

- A brand that has high Marketing Investment but low Stakeholder Equity may be on a path to growth. This high investment is likely to lead to future performance in Stakeholder Equity which would in turn lead to better Business Performance in the future.
- However, high Marketing Investment over an extended period with little improvement in Stakeholder Equity would imply that the brand is unable to shape customers' preference.

Stakeholder Equity

- The same is true for Stakeholder Equity. If a company has high Stakeholder Equity, it is likely that Business Performance will improve in the future.
- However, if the brand's poor Business Performance persists, it would suggest that the brand is inefficient compared to its competitors in transferring stakeholder sentiment to a volume or price premium.

Business Performance

- Finally, if a brand has a strong Business Performance but scores poorly on Stakeholder Equity, it would imply that, in the future, the brand's ability to drive value will diminish.
- However, if it is able to sustain these higher outputs, it shows that the brand is particularly efficient at creating value from sentiment compared to its competitors.

Brand Valuation Methodology.

Brand Finance calculates the values of the brands in its league tables using the **Royalty Relief approach** – a brand valuation method compliant with the industry standards set in **ISO 10668**.

This involves estimating the likely future revenues that are attributable to a brand by calculating a royalty rate that would be charged for its use, to arrive at a 'brand value' understood as a net economic benefit that a licensor would achieve by licensing the brand in the open market.

The steps in this process are as follows:

- 1 Calculate brand strength using a balanced scorecard of metrics assessing Marketing Investment, Stakeholder Equity, and Business Performance. Brand strength is expressed as a Brand Strength Index (BSI) score on a scale of 0 to 100.
- 2 Determine royalty range for each industry, reflecting the importance of brand to purchasing decisions. In luxury, the maximum percentage is high, in extractive industry, where goods are often commoditised, it is lower. This is done by reviewing comparable licensing agreements sourced from Brand Finance's extensive database.
- 3 Calculate royalty rate. The BSI score is applied to the royalty range to arrive at a royalty rate. For example, if the royalty range in a sector is 0-5% and a brand has a BSI score of 80 out of 100, then an appropriate royalty rate for the use of this brand in the given sector will be 4%.
- 4 Determine brand-specific revenues by estimating a proportion of parent company revenues attributable to a brand.
- 5 Determine forecast revenues using a function of historic revenues, equity analyst forecasts, and economic growth rates.
- 6 Apply the royalty rate to the forecast revenues to derive brand revenues.
- 7 Brand revenues are discounted post-tax to a net present value which equals the brand value.



Brand Strength Index (BSI)

Brand strength expressed as a BSI score out of 100.



Brand Royalty Rate

BSI score applied to an appropriate sector royalty range.



Brand Revenues

Royalty rate applied to forecast revenues to derive brand value.



Brand Value

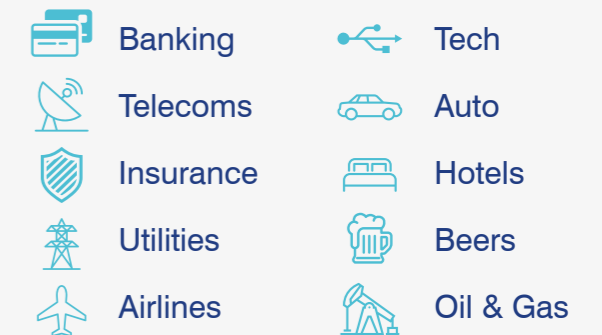
Post-tax brand revenues discounted to a net present value (NPV) which equals the brand value.

Disclaimer

Brand Finance has produced this study with an independent and unbiased analysis. The values derived and opinions produced in this study are based only on publicly available information and certain assumptions that Brand Finance used where such data was deficient or unclear. Brand Finance accepts no responsibility and will not be liable in the event that the publicly available information relied upon is subsequently found to be inaccurate. The opinions and financial analysis expressed in the report are not to be construed as providing investment or business advice. Brand Finance does not intend the report to be relied upon for any reason and excludes all liability to any body, government or organisation.

Market Research Methodology.

Brand Finance conducted original market research in 10 sectors across 31 markets with a sample size of over 50,000 adults, representative of each country's internet population aged 18+. Surveys were conducted online during Autumn 2018.



Stakeholder Equity Measures.

Key metrics

- + Reputation
- + Innovation
- + Trust
- + Emotional Fit
- + Recommendation
- + Quality etc.

Brand conversion funnel

The brand conversion funnel is a way of summarising the likely strength of a brand to convert to purchase.



Awareness

Knowledge that your brand exists

Familiarity

Depth of knowledge of the brand

Consideration

Narrowing down market to candidate brand set

Preference

Category users' brand preference

Loyalty

Intention to repeat purchase

Consulting Services.





MARKETING



FINANCE



TAX



LEGAL

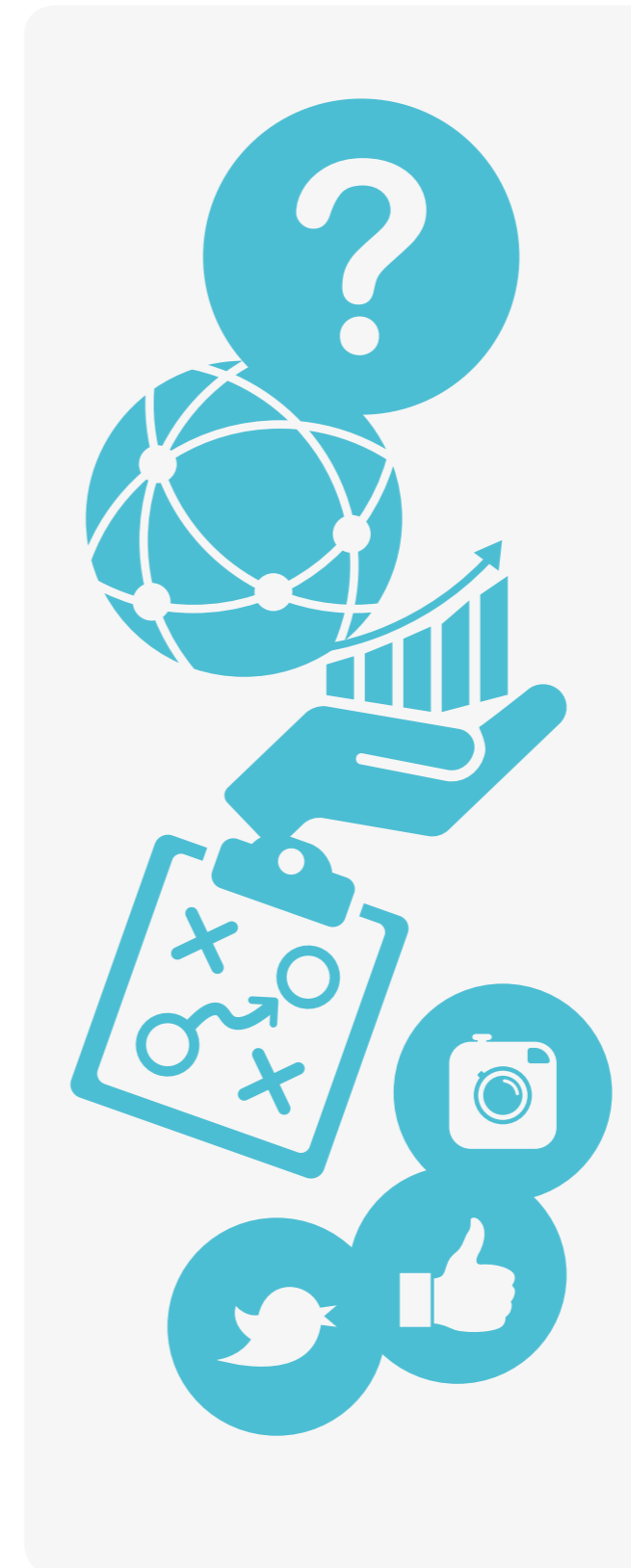
We help marketers to connect their brands to business performance by evaluating the return on investment (ROI) of brand-based decisions and strategies.

We provide financiers and auditors with an independent assessment on all forms of brand and intangible asset valuations.

We help brand owners and fiscal authorities to understand the implications of different tax, transfer pricing, and brand ownership arrangements.

We help clients to enforce and exploit their intellectual property rights by providing independent expert advice in- and outside of the courtroom.

Brand Evaluation Services.



How are brands perceived in my category?

Brand Finance tracks brand fame and perceptions across over 30 markets in 10 consumer categories. Clear, insightful signals of brand performance, with data mining options for those who want to dig deeper – all at an accessible price.

What if I need more depth or coverage of a more specialised sector?

Our bespoke brand scorecards help with market planning and can be designed to track multiple brands over time, against competitors, between market segments and against budgets. Our 30-country database of brand KPIs enables us to benchmark performance appropriately.

Do I have the right brand architecture or strategy in place?

Research is conducted in addition to strategic analysis to provide a robust understanding of the current positioning. The effectiveness of alternative architectures is tested through drivers analysis, to determine which option(s) will stimulate the most favourable customer behaviour and financial results.

How can I improve return on marketing investment?

Using sophisticated analytics, we have a proven track record of developing comprehensive brand scorecard and brand investment frameworks to improve return on marketing investment.

What about the social dimension? Does my brand get talked about?

Social interactions have a proven commercial impact on brands. We measure actual brand conversation and advocacy, both real-world word of mouth and online buzz and sentiment, by combining traditional survey measures with best-in-class social listening.

Communications Services.

How we can help communicate your brand's performance in brand value rankings:



Brand Accolade – create a digital endorsement stamp for use in marketing materials, communications, annual reports, social media and website. Advertising use subject to terms and conditions.



TOP 15 IT SERVICES BRAND



MOST VALUABLE IT SERVICES BRAND



STRONGEST IT SERVICES BRAND



Video Endorsement – record video with Brand Finance CEO or Director speaking about the performance of your brand, for use in both internal and external communications.



Bespoke Events – organise an award ceremony or celebratory event, coordinate event opportunities and spearhead communications to make the most of them.



Digital Infographics – design infographics visualising your brand's performance for use across social media platforms.



Trophies & Certificates – provide a trophy and/or hand-written certificate personally signed by Brand Finance CEO to recognise your brand's performance.



Sponsored Content – publish contributed articles, advertorials, and interviews with your brand leader in the relevant Brand Finance report offered to the press.



Media Support – provide editorial support in reviewing or copywriting your press release, pitching your content to top journalists, and monitoring media coverage.

Brand Dialogue®



Value-Based Communications

With strategic planning and creative thinking, we develop communications plans to create dialogue with stakeholders that drives brand value. Our approach is integrated, employing tailored solutions for our clients across PR, marketing and social media.

SERVICES

- Research and Insights
- Integrated Communications Planning
- Project Management and Campaign Execution
- Content and Channel Strategy
- Communications Workshops

For more information, contact enquiries@brand-dialogue.co.uk or visit www.brand-dialogue.co.uk

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Brand Finance Network.

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