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# IT deal momentum continues in Q3

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Updated On: Jan 17, 2022



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**Big ticket deals in \$50-million-plus segments have shown promise, with 36 new clients getting added in the first nine months of FY22**

The revival phase of deal wins across client bands continued in Q3 FY22 for the top four IT companies including TCS, Infosys, Wipro and HCL Technologies. [Open in App \(https://thehindubusinessline.page.link/SFpnwcvqdK8Dvjuy6\)](https://thehindubusinessline.page.link/SFpnwcvqdK8Dvjuy6)

Following the on-going uptick in new client addition across revenue bands since Q1 FY22, the momentum is far from fading though number of billion-dollar mega deals have reportedly decreased.

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## \$50-million-plus segment

According to data shared by CareEdge Research, big ticket deals in the \$50 million-plus segments overall have shown promise, with 36 new clients getting added in the first nine months of FY22, of which 60 per cent of them are in the \$100 million plus bucket. ^

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Quarter-on-quarter (QoQ) basis, in Q3 FY22 alone, eight new clients were added in the \$100 million-plus category, same as in

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“The client wins in the higher deal-size buckets have continued to show traction through Q3 of FY22. This, despite Q3 being a weaker season for the Indian IT services sector with fewer working days caused by higher holidays from Thanksgiving onwards including Christmas and New Year,” Tushar Shah, Director, CareEdge Research told *BusinessLine*.

## Smaller deals

Not just big-ticket deals, volume-wise smaller deals have grown nearly 3x in the first nine months of FY22 as compared to the full year of FY21. Total deal wins in \$1 million-plus revenue category was around 95 in FY21, which has now touched 304.

“A few years ago, most of these companies reported multi-million dollar mega deals for a time period of 5-10 years. Now, number of those billion-dollar deals have slowed down. Instead, deals worth a few hundred million dollars have emerged for shorter tenures of three years. These are mostly digital transformation deals,” Jyoti Roy, DVP-Equity Strategist, Angel Broking told *BusinessLine*.

He added, “It also depends on the nature of work. Migration to cloud and application development on cloud are the next big things. Because of the nature of work, large deals are getting broken into parts. The first phase of digital transformation is cloud migration, which is around 30 per cent of the work and the remaining 70 per cent in the second phase includes developing applications around it, that will require another 2-3 years. Deal wins will continue to be strong in FY23.”

Global companies have increased their spends on their digital transformation journey, which has highly benefited the IT companies showing marked increase in deal wins in FY22.

“This growth has mostly been broad-based across verticals and the BFSI vertical continues to have the largest share and also the fastest growth. With the pandemic, technology requirements of global corporations are now at the forefront and as a result of the same, this increased pace of deal awards is likely to continue over the medium term,” Shah said.

Published on January 17, 2022

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