

MARKET NOTE

Being Born Digital, Services Start-Up Happiest Minds Achieves Rapid Growth

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EXECUTIVE SNAPSHOT

FIGURE 1

Executive Snapshot: Being Born Digital, Services Start-Up Happiest Minds Achieves Rapid Growth

This IDC Market Note focuses on Happiest Minds, a seven-year-old start-up/scale-up services company based in India. Happiest Minds was born digital, focusing almost exclusively on digital technologies, helping to transform enterprise clients, changing customer experiences, and driving internal fluidity and efficiency. Happiest Minds has grown quickly to reach an estimated revenue of \$85 million, with presence in eight countries around the globe, including the U.K. and Continental Europe. This document is the second in a series portraying new entrants in the European services market.

Key Takeaways

- Happiest Minds has a broad, holistic IT services offering including applications, infrastructure, and engineering services. While few clients buy very large, comprehensive service engagements, the breadth enables it to take a holistic approach to applications, infrastructure, and product engineering; look at mutual influences; and upsell new projects. It has a 90% return rate among its clients.
- Its "mindful" culture — articulated around the values of sharing, mindfulness, integrity, learning, excellence, and social responsibility — resonates with clients' focus on customer centricity and helps build trust with transparency. It also creates a working culture that is innovative and attracts talent.
- Its founder's experience from the IT services industry and working with enterprises, as well as his personal network in India, have been key factors in helping Happiest Minds get off the ground, as has the reputation of its financial supporters, J.P. Morgan Private Equity Group and Intel Capital.
- Continuing to innovate and documenting client business results are important in winning new customers — not least as it starts to get to a size where it will increasingly compete with global companies that have big pockets and strong brand recognition.
- Happiest Minds goes to market with a consultative approach, but with a very limited number of business consultants. While this works for now, we believe it will need to build out both domain expertise and business consulting skills as it grows and should be able to win larger engagement, including enterprise strategy and business model transformation. For now, it has some domain experts and relies on partnerships if business consulting is needed. But in the long run, we believe this will be insufficient and it will need to move more strongly into business consulting and design thinking.

Source: IDC, 2018

IN THIS MARKET NOTE

In this IDC Market Note, we highlight Happiest Minds, an India-based start-up/scale-up services company with significant activity in Europe. Happiest Minds focuses on digital transformation (DX) and provides transformational services for applications and infrastructure. We spoke with Isaac George, senior vice president and head of European Operations, and Salil Godika, president and CEO of Digital Business Services. This IDC Market Note is the second in a series of documents detailing new entrants in the services market.

Overview

Happiest Minds was founded 2011 by Ashok Soota, a veteran in the services industry who had previously created Mindtree. Happiest Minds offers "next-generation digital transformation, infrastructure, security, and product engineering services" to enterprise clients around the globe.

Since 2012, Happiest Minds has grown to a turnover of an estimated \$85 million in the last fiscal year to April 2018. It is present in eight countries, has 2,400 employees, and has 170+ customers. The U.K. which is its second largest region (following the U.S.), reached revenues of around \$15 million. Continental Europe is growing fast, and the Nordics are the next growth focus region. Happiest Minds received \$63 million Series A funding from J.P. Morgan Private Equity Group, Intel Capital, and Ashok Soota in 2014, and it plans to do an investment monetization event by 2020 for investors and employees.

Happiest Minds believes its success results from two factors that together enable it to become visionary, understand clients, and be innovative:

- A holistic portfolio of DX services that cover applications, infrastructure, and engineering services
- Its culture, which includes what it calls a "mindful" attitude to all individuals, staff, and clients, as well as society and the environment.

Culture

Happiest Minds' mission is "Happiest People. Happiest Customers." This is expressed in its vision to be "happiness evangelists for each other, customers, and society," to be known as the company "with the highest standards of corporate governance," to be recognized for thought leadership, and to be a leader in social responsibility initiatives.

Employees are encouraged to be "mindful" about how they work, consider how they interact with others, provide long-term sustainable solutions (for clients and society), seek personal balance, and engage in social responsibility activities. Twenty percent of variable pay is determined by the Happiness Evangelism Index, based on a 360-degree review by peers, managers, and direct reports. Happiest Minds fosters a spirit of attentiveness to individuals, respectful interaction, and creativity, enabling people to understand client needs to develop creative, innovative, and transformative solutions to client challenges.

The ability to make local decisions enables Happiest Minds to be agile in solving client needs, a differentiating factor well recognized by clients, according to Isaac George. We believe this is proved by its fast growth (roughly doubling revenue every year since its creation) and a client retention rate of more than 90%, as well as outcomes provided to satisfied clients.

Outcomes

Happiest Minds focuses on using next-generation technologies to enable two kinds of business outcomes: customer experience and/or business fluidity. It measures itself by outcomes provided to clients. Some examples of these outcomes include the following:

- A market research company (not IDC) achieved a 20% increase in monetization using Happiest Minds' managed Content as a Service (mCaaS) platform.
- For BLP, Happiest Minds architected, built, and now manages an Internet of Things (IoT)-based renewable energy farms solution for more than 30 global farms on a standard IoT platform, enabling predictive analytics.
- A \$1+ billion fashion retailer achieved a 5% increase in upselling and cross-selling using advanced analytics and data science from Happiest Minds.
- To bring new products and services to market an education technology company automated the entire continuous integration and deployment process, including testing and DevOps. This took single-click deployment down from 90+ minutes to 44 seconds.
- A large Indian telecom company benefitted from building a security operations center (SoC) that was scaled for 1.8 million events per second using a combination of traditional integration of RSA and McAfee and leveraging Storm, Hadoop, and Kafka for managing huge volumes and analytics.
- Happiest Minds delivered enhanced customer experience for personalization through near-real time streaming analytics for an entertainment company in their theme parks.
- Other satisfied customers include Ascend Learning (education technology), Grant Thornton (accounting), Healthgrades (a U.S. healthcare information provider), trust-hub (a personal data governance company), DATUM Monitoring (a company that monitors assets across rail, construction, mining, and highways), Simply Asset Finance (a disruptor in the asset finance space), Alpha Real Capital (an investment services group), and PhaseZero Ventures (an ecommerce platform).

Portfolio and Ecosystem

Happiest Minds is focusing on technical IT skills. It has had a broad portfolio from the start. With its existing size, it has also built considerable depth in different areas. Its offering includes:

- Enterprise digital transformation
- Next-generation product and platform engineering
- Agile and secure infrastructure

Across the three categories, Happiest Minds focuses on different technologies, including mobility, robotic process automation (RPA), software-defined networking/network function virtualization (SDN/NFV), Big Data and advanced analytics, IoT, cloud, business process management (BPM) and integration, and security.

Happiest Minds has a keen eye for building reusable solutions or standardized solution components, which may be horizontal or industry specific. The solutions are created together with Happiest Minds' large ecosystem of more than 100 companies, including Hadoop and Hortonworks, as well as lesser-known companies and more traditional partners. Its solutions include:

- Ellipse, a next-generation platform for hybrid IT
- Cyberrisk protection platform and cyberanalytics
- Digital Knowledge Hub (DKH) for institutionalizing knowledge spread across the enterprise
- PRIMER, a cognitive pricing merchandising platform
- Digital Query Assistant, an artificial intelligence (AI)-powered chatbot

- mCaaS, its content and knowledge brokering platform

Go to Market

Happiest Minds goes to market by industry with a transformation message. It focuses on banking and financial services, retail and consumer products, high technology, manufacturing, and travel and hospitality. It takes a consultative approach to clients, engaging with both IT and business lines. For the business line engagement, it has hired domain experts from the industry to supplement its senior management in engaging in business conversations with client business managers. While this has been working so far, IDC believes that in the long run, Happiest Minds will need to expand its skills in business consulting and develop new engagement models that involve design thinking and ideation workshops to help client leaders develop a shared understanding of opportunities and prioritization.

Only a few of Happiest Minds' deals exceed \$1 million; individual deals are typically between \$100,000 to \$300,000. However, including deals from different projects for the same client, Happiest Minds has several clients that exceed the \$1 million mark.

Happiest Minds' projects are carried out in close collaboration with clients and involve both prototyping/trials and full-scale implementation. Delivery is typically from India, with delivery and account management in the local geographies and with an increased local workforce of architects and business analysts.

IDC'S POINT OF VIEW

Differentiators

Happiest Minds' differentiators are:

- **Accelerated growth.** Success breeds success. Clients want to work with fast-growing start-ups.
- **Digital upbringing.** Happiest Minds has no prior investments to protect and thus, does not need to transform, risking internal tension. This helps it become agile.
- **Domain expertise and focus on customer centricity.** These factors contribute to Happiest Minds' flexibility and agility, but lets it focus on going the extra mile for the client.
- **People-focused culture.** This is important for business innovation and employee engagement, and for building trust and credibility with clients.
- **Experienced leadership in the services and enterprise arena combined with industry skills and experience in creating business outcomes.** These are virtues coming from traditional services companies that are equally valuable in the new world.
- **Ability to demonstrate outcomes from its client engagements.** IDC has found in our digital surveys that being able to demonstrate experience and achieved outcomes from similar engagements is critical for European organizations deciding to work with new suppliers.

Future Outlook

Happiest Minds has been recognized as one of the fastest-growing companies in India (being part of the Deloitte Technology Fast 50), as well as one of India's best employers in 2016. For a start-up, these recognitions are very important: they help build credibility with potential customers and help attract highly talented people.

Happiest Minds now has both depth and breadth, enabling it to address most elements of a digital transformation, which is a key factor for upselling to existing clients. However, we expect that few clients will buy the "whole package." Not only are clients moving away from this type of monolithic engagement, but Happiest Minds is also still too small for this type of engagement. But the holistic

capability to transform the client's IT enables the company to position customer experience transformation as well as product design and infrastructure transformation within the wider strategic context and look at how applications, platforms and infrastructures interact. It also enables the company to deliver both an IoT solution and the related analytics capability, for instance, and to drive a client-centric focus all the way through the client's organization, not stopping with the front office.

Being able to address both the customer journey and product design and infrastructure transformation, as well as operation, Happiest Minds is a full-service provider in the digital space, and the market it can address is very large. Its future success in this market is tied to its ability to maintain its culture and continue to innovate itself – and to be agile and cost efficient. We are very positive about its potential future growth. However, it is also clear that it will eventually become a threat to well-established competitors in the large enterprise space, organizations with big pockets for investing in innovation. At this point, its flexibility and agility, as well as good customer service, will be its key differentiators – these will be put to a serious test.

What Can Start-Ups Learn from Happiest Minds?

Many elements have contributed to Happiest Minds' success. We have discussed key differentiators, but other elements stand out as important learnings for other start-ups:

- Happiest Minds has a strong and articulated culture. The "mindful" culture was a key driver for its founder Ashok Soota, who wanted to create an IT services company with a different working culture than usual. It is the strong culture that has attracted talent and has prevented the company from falling apart when it started to grow very fast and expand into new regions.
- Ashok Soota's own standing, his global network, and his experience in the services industry along with several founders who brought their existing networks helped win early customers and projects; the projects could then be referred to in the next stage for new clients. We have seen before that the founders' networks and enterprise experience are critical for start-up services companies. Having a consulting mindset combined with experience in organizing delivery is important.
- Having large investments from investors with strong brand recognition can be a key trust-builder – it has helped build brand recognition for Happiest Minds.
- Continuous innovation has been and will continue to be of utmost importance to a small company, especially as it reaches a size to compete against the global majors.
- Documenting client business outcomes and getting clients to talk about their experiences helps create awareness and build trust with potential new clients. Being able to name clients, as Happiest Minds has done, helps attract attention in the market. We would recommend start-ups to try to build this permission into their contracts.

LEARN MORE

Related Research

- *U.K. Start-Up Mozaic Succeeds with High-End IT Transformation Advisory* (IDC #EMEA43847818, May 2018)

Synopsis

This IDC Market Note discusses Happiest Minds, an India-based start-up/scale-up with significant activity in Europe. Happiest Minds focuses on digital transformation and provides transformational services for both applications and infrastructure. This IDC Market Note is the second in a series of documents detailing new entrants (start-ups) in the services market.

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