

Information Technology

Sector Update

May 14, 2026

Coverage Universe

Name of the Company	Rating	TP (INR)	CMP (INR)
Coforge	BUY	2,020	1,297
Cyient	BUY	950	887
Fractal Analytics	Hold	1,040	935
HCL Technologies	Reduce	1,300	1,143
Infosys	BUY	1,570	1,123
KPIT Technologies	BUY	880	711
L&T Technology Services	Hold	3,610	3,498
Latent View Analytics	BUY	450	298
LTM	Hold	4,560	4,086
Mphasis	BUY	3,000	2,145
Persistent Systems	Buy	6,400	4,845
Tata Consultancy Services	BUY	3,450	2,273
Tata Elxsi	HOLD	4,800	4,034
Tata Technologies	HOLD	560	626
Tech Mahindra	Buy	1,660	1,375
Wipro	HOLD	200	188

Analytics – From Passive Insights to Active Decisioning

Quick Pointers

- Underwriting decisions drive longer transformational engagement vs. scope-bound project work
- Platform-led approach builds deeper client engagement

We met the management of Mu Sigma, a data analytics and decision sciences company, to understand the AI-led structural changes underway in the industry. The management indicated that the nature of enterprise engagement, scope, and delivery has become more dynamic, which requires quality judgment at scale while embedding AI into the enterprise decision framework. The decision framework is deeply integrated and has built broader 'institutional dependency' instead of relying upon 'individual deliveries', aided by decision ontologies and knowledge graphs. Hence, the intensity of multi-faceted domain depth that the company has garnered over decades is less likely to replace against any advancements in AI. The management remains focused on operating and scaling non-commoditized service lines (Data Science and Decision Architecture), while leveraging Data Engineering largely as a support function. The company has pivoted its business mix toward continuous service as software (CSaaS), while peers are still evaluating business models to achieve better cost transparency and tangible value delivery.

Our read-through for close peers – Fractal and LatentView – is positive. Anchoring platforms and solutions within the enterprise ecosystem are helping make client relationships deeper and stickier. Although these 2 companies are yet to fully capitalize their investments in R&D and CoEs, there is a strong intent to monetize AI platforms and tools. The trade-off for these companies appears to have aggressively tilted toward revenue growth over margins. The playbook for these companies has evolved over time to include more complex upstream activities, rather than playing downstream data engineering. A similar strategy is evident in the LatentView + Databricks partnership, which is largely (~80%) focused on model training and experimentations within enterprise territory, vs. ~20% directed toward data fabric.

We believe there is a marginal business risk for LatentView, given the [higher concentration of diagnostics \(60% of revenue\)](#) and the insourcing risk (US\$5-6mn) from its top account, which is largely factored into the CMP. [Fractal](#) on the other hand, stands to benefit through premium service orientation (Fractal.ai) and an improving annuity-led mix (Fractal Alpha), but current valuations capture all positives. We reiterate our 'BUY' for LatentView and HOLD for Fractal.

Structural service shift: The industry is doubling down on high-end complex activities that involve decision accountability, risk tiering, AI governance and other activities simplifying the decision-making process.

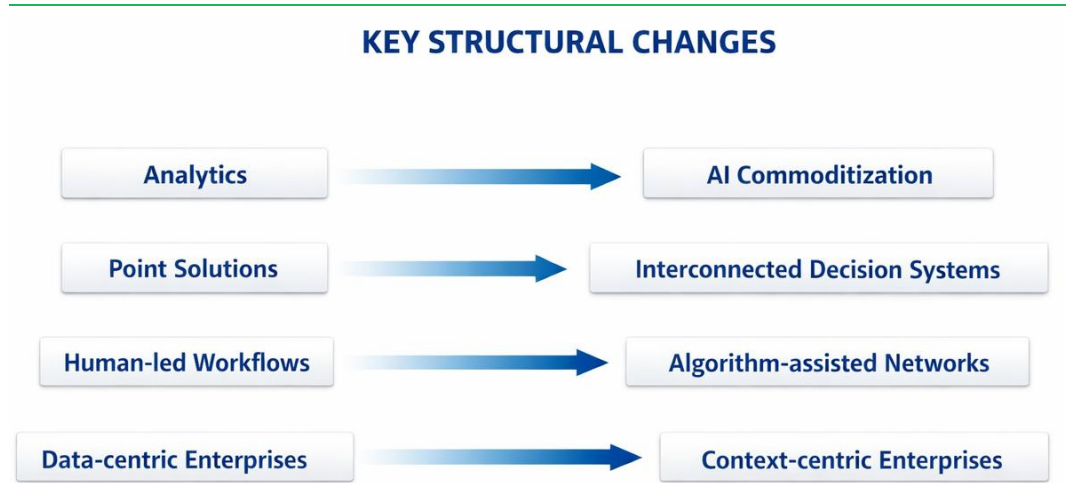
Proactive engagement improves incremental scope: Multidomain vendor capabilities help unlock adjacencies and improve incremental scope within the same accounts. Owning and underwriting decisions with shared mentality help participate in longer horizon transformation initiatives vs. scope-bounded project-led work.

Horizontal service orientation: The management highlighted that partnerships with database companies (Snowflake and Databricks) are deliberate infrastructure choices that allow Mu Sigma to transit the commodity layer quickly and reach strategic Layer 3/4 at a faster pace

Structural service shift – Analytics plays upstream activities

Data analytics space is evolving from a static/task-oriented to dynamic/goal-oriented architecture with the advanced usage of AI. Fragmented or siloed projects are transforming into a strategic program to achieve a company-wide outcome. The industry is doubling down on high-end complex activities that involve decision accountability, risk tiering, AI governance and other activities that simplify the decision-making process. Within analytics, data engineering service is perceived to be commoditized in nature, while value delivery translates through high-end complex activities: data science, decision architecture and AI governance.

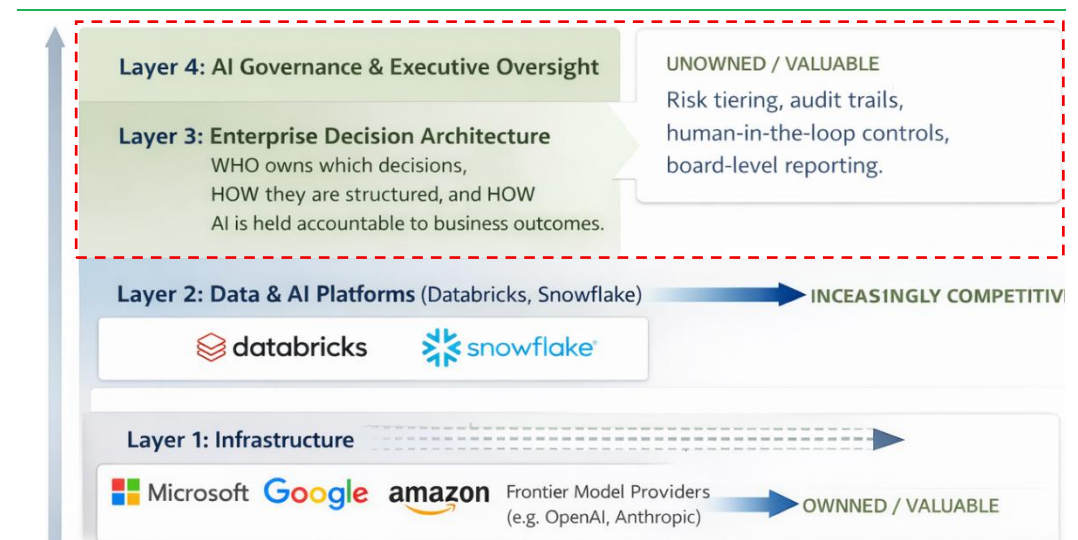
Exhibit 1 : Pivoting to native AI services



Source: Company, PL

Mu Sigma undertakes decision accountability (Layer 4) along with model deployment (Layer 3) while engaging with Fortune 500 enterprises as a decision science partner. The enterprise value delivery resides largely under Layer 3 and 4. These layers require contextual understanding and domain expertise of enterprise business to establish decision ontologies and connect knowledge graphs. Deep domain expertise, strong client relationships and years of experimentations are the building blocks of unique value propositions. More importantly, with proprietary platforms and framework, the company underwrites these services faster with more precision, since a part of these service delivery components are re-usable across multiple clients.

Exhibit 2 : Layer 3 and 4 remain strategic play

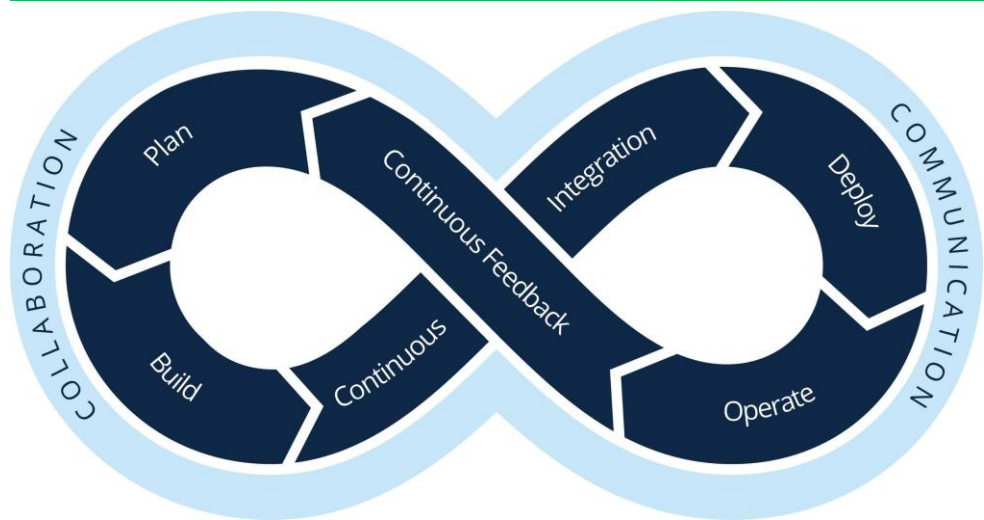


Source: Company, PL

Proactive engagement improves incremental scope

Mu Sigma operates within a continuous cycle of building and delivering programs by institutionalizing a decision support ecosystem. The platform layers (CSaaS) enable continuous mapping of institutional decision memory, involving client history, past hypotheses, and outcome data, which make every subsequent engagement faster and more calibrated. As a result, the client stickiness remains strong, which drives the engagement even more deeper and companywide within the existing accounts. The closest peers are exploring similar engagement constructs, which we believe comes with a long cycle of platform engagement and decision ontologies on top. The platforms and solutions from these peers have largely been anchored around client ecosystem, but not yet capitalized the way it needed.

Exhibit 3 : Proactive engagements – CSaaS

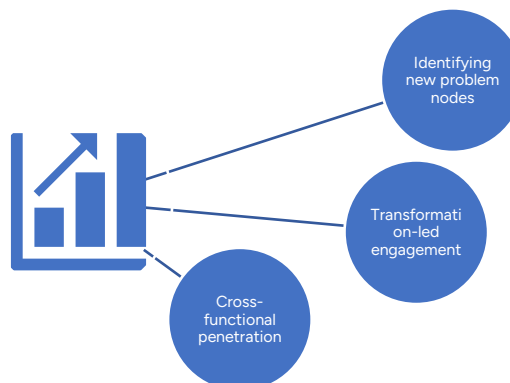


Source: Company, Smartsheet, PL

From problem solving to decision ownership

For continuous participation and deeper client engagement, a judgmental and probabilistic approach is required from the vendor’s standpoint in identifying the problem statement and designing solutions. Multidomain vendor capabilities help unlock adjacencies and improve incremental scope within the same accounts. Owning and underwriting decisions with shared mentality help participate in longer horizon transformation initiatives vs. scope-bound project-led work. Probably owning the decisions is likely governed by frontier AI models (though established guardrails), but when it comes to deploying AI into decision framework, Mu Sigma democratizes judgment and moves it from individual expertise to institutional capability.

Exhibit 4 : Operational dynamics tend to be value friendly

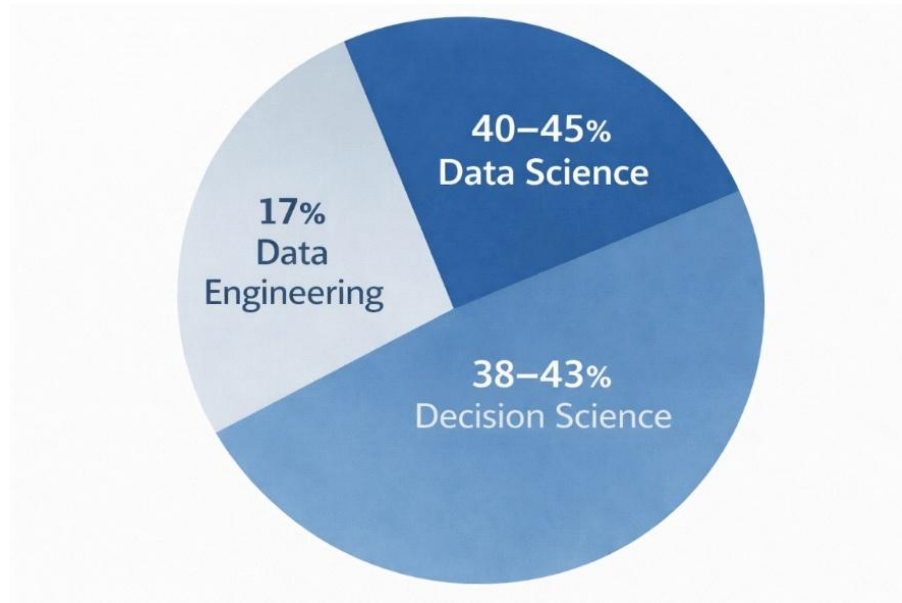


Source: Company, PL

Horizontal service orientation – Non-commoditized play

Mu Sigma caters to 40–50 active global enterprise clients, largely Fortune 500 firms in the US, spanning sectors such as energy, manufacturing, consumer goods, pharmaceuticals, retail, and financial services. In most engagements, platform fees are not billed as standalone licenses; instead, the platforms are embedded within broader service programs. This reflects a deliberate strategic choice, where value is realized through integrated decision science delivery, rather than isolated software monetization.

Exhibit 5 : Horizontal classifications – Focus on high-end service lines



Source: Company, PL

- Data Engineering:** Involves moving, cleaning, and structuring data into formats that are ready for analysis. It serves as a foundational layer to enable higher value work, rather than being a standalone growth driver. Data Engineering contributes to ~17% of revenue that is largely in line with the company's disciplinary choice and deliberate attempt to not to compete on infrastructure volume.
- Data Science:** Focuses on modelling, advanced analytics, and machine learning to convert data into actionable insights. This represents a meaningful and substantial portion of its delivery portfolio.
- Decision Science:** Pivoted on driving business outcomes, rather than just generating insights. It involves joint engagement of business and IT stakeholders to define actions, implement change, and establish decision governance. This remains Mu Sigma's core differentiator and the highest value-creating layer. The mechanism behind this moat is threefold: (1) **institutional memory** - Mu Sigma retains a decision ontology built across years of client engagement that competitors cannot replicate; (2) **proprietary frameworks** - AoPS, EoC, and muPDNA provide a structured approach to problem decomposition that is not available off-the-shelf; and (3) **cross-domain pattern recognition** - exposure to 140+ enterprise clients creates analogical reasoning capabilities that deepen with scale.

Several key clients are already conceptually operating within Layer 3 and 4 (Exhibit 2), making the commercial shift a natural extension of existing partnerships, rather than a greenfield effort. The management highlighted that partnerships with database companies (Snowflake and Databricks) are deliberate infrastructure choices that allow Mu Sigma to transit the commodity layer quickly and reach strategic Layer 3/4 at a faster pace.

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Coforge	BUY	2020	1169
2	Cyient	BUY	950	780.45
3	Fractal Analytics	Hold	1040	1034
4	HCL Technologies	Reduce	1300	1441
5	Infosys	BUY	1570	1241
6	KPIT Technologies	BUY	880	723
7	L&T Technology Services	Hold	3610	3550
8	Latent View Analytics	BUY	450	261.2
9	LTM	Hold	4560	4532
10	Mphasis	BUY	3000	2277
11	Persistent Systems	Buy	6400	5330
12	Tata Consultancy Services	BUY	3450	2589
13	Tata Elxsi	HOLD	4800	4651
14	Tata Technologies	HOLD	560	591
15	Tech Mahindra	Buy	1660	1463
16	Wipro	HOLD	200	210

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BUY	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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