

**Wipro**

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## Rizing acquisition to strengthen Wipro's SAP consulting capabilities

<b>CMP</b>	<b>Target Price</b>
<b>Rs 529</b> as of (April 26, 2022)	<b>Rs 670 (■)</b> 12 months
<b>Rating</b>	<b>Upside</b>
<b>BUY (■)</b>	<b>26.6 %</b>

- Wipro has agreed to acquire a 100% stake in Rizing Intermediate Holdings Inc. (Rizing), a global SAP consulting firm, for a cash consideration of USD540mn (~2.8x EV/Sales on CY21 sales) from private equity firm One Equity Partners.
- Deal rationale:** The acquisition will enable Wipro to: 1) strengthen its SAP consulting capabilities; 2) leverage Rizing's long-tenured relationship with SAP, strong GTM, co-run leads and customer referrals to drive revenue growth; 3) enhance its end-to-end capabilities in SAP EAM (SAP Enterprise Asset Management), HCM (Human Capital Management) and SAP for CI (Consumer Industries) through Rizing's complementary services; 4) strengthen Wipro SAP focus industries of Retail & Consumer Goods, Energy and Utilities; 5) expand its local presence in Australia, Canada, Germany and the US; and 6) expand presence in existing key accounts and access to F2000 clients by bringing deep consulting capabilities. Rizing's industry expertise and SAP consulting capabilities in enterprise asset management, consumer industries and human experience management will be instrumental in advancing Wipro's position as a sought-after advisor for clients' most complex SAP transformations.
- Deal structure and timelines:** Under the deal, Wipro will acquire a 100% stake in Rizing for USD540mn in cash. The deal is expected to be completed by Q1FY23-end, subject to anti-trust and other regulatory approvals.
- A brief profile of Rizing:** Rizing, head-quartered in CT, USA, was founded in 2018 and is the holding company of Rizing Group. The brand Rizing was created in 2014 to align Vesta Partners, a SAP EAM firm, and /N SPRO, a HCM firm, under one new corporate structure. Rizing is a global SAP consulting firm with industry expertise and consulting capabilities in enterprise asset management, consumer industries, and human experience management, and has more than 1,300 employees in 16 countries across North America, Europe, Asia and Australia. The company has three primary divisions supporting leading verticals and high-growth SAP products: 1) SAP for Consumer Industries - leading provider of SAP Retail and Fashion Suite, delivering unique solutions for retail and wholesale; 2) SAP for Enterprise Asset Management - end-to-end EAM solutions provider, offering fully functional systems for managing assets in asset-heavy industries such as Utilities, Oil & Gas, Transportation & Logistics and Hi-Tech; and 3) SAP Success Factors and SAP HCM - SuccessFactors Cloud and on-premise HCM solutions partner in Core HR helping clients modernize HR practices, payroll, employee engagement, workforce skill analysis, and training management. Rizing's clients include Nike, Adidas, Burberry, Crocs, Williams, and Brookshire Grocery Co. Its consolidated revenues for CY19/CY20/CY21 were USD156.9mn/USD138.3mn/USD193.8mn.
- Our view:** Rizing is Wipro's sixth acquisition since the beginning of CY21 and is line with the company's growth agenda. The acquisition will strengthen Wipro's SAP practice by leveraging Rizing's SAP consulting capabilities, industry expertise, and existing client relationships. Rizing will become a critical extension of Wipro's SAP Cloud practice and Wipro FullStride Cloud Services. Given the size of the acquisition (~2% of Wipro's CY21 revenues), we do not expect any meaningful revision to our earnings estimates. We have a Buy rating on Wipro with a TP of Rs670 (23x Mar'24E EPS).

Please see our sector model portfolio (Emkay Alpha Portfolio): [Information Technology](#)

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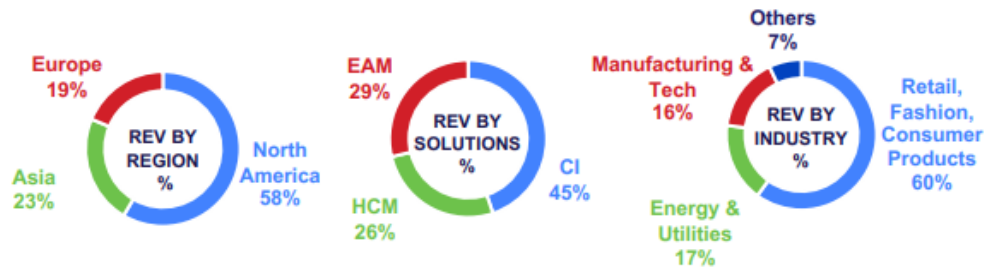
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**Exhibit 1: Rizing's revenue breakdown by regions, solutions and industries**

Note: EAM – Enterprise Asset Management, CI – Consumer Industries, and HCM – Human Capital Management.  
Source: Company, Emkay Research.

## Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

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