

## Companies

# L&T will be a formidable player in the technology and digital space, says CEO Subrahmanyam

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Larsen & Toubro, the \$21-billion engineering, construction, manufacturing and financial services conglomerate, is adopting digital technologies to future proof its businesses. From using new platforms based on AI for its construction business to connecting 11,000 equipment being used at various project sites for providing real-time visibility into the operations of these machines, **L&T** is transforming its own operations. In an email interview, S.N. Subrahmanyam, CEO and MD of L&T, shares his thoughts on the digital transformation being undertaken at the company.

## **Digital is the buzzword these days. How is L&T readying for this fourth industrial revolution?**

Over the last few years, L&T has deliberately and slowly enhanced its technology footprint and is charting a course in the recent years that will see its technology portfolio increase its contribution *vis-a-vis* its traditional businesses.

In 2014-15, the world was seeing a tectonic shift with digital technologies. These emerging technologies were creating new processes, new business models and entirely new businesses. Digitalisation and digital transformation was sweeping the business world. L&T was seeing and experiencing this first-hand from its clients of the IT service companies.

L&T saw the opportunity of digital as twofold. First, to digitally transform its own operations and use these new technologies to get better at what it was already doing well. Second, to look at Digital as a new business opportunity that could shape its future portfolio. L&T started doing both and it acted swiftly with determination, speed, and scale.

### **How has L&T adopted digital in the construction business?**

In early 2016, L&T started the digital transformation exercise within its construction business, creating a new digital group from scratch. The digitalisation effort within the group has been a mammoth exercise and executed at speed and scale. In less than three years, every possible technology like IoT, Cloud, Mobility, Drones, BIM, AR, VR, Analytics, AI, and ML scanning has been tapped and put into production without spending too much time on proof of concepts and pilots.

Today, there are over a 50 of these digital solutions that are in production and widely used by thousands of the operating staff at hundreds of project sites. Every single project site has a slew of

digital solutions working. Over 11,000 construction equipment had been connected providing real-time visibility into the operations of these machines at remote project sites. This visibility enabled improvements in productivity and utilisation of these machines, better maintenance and uptime, better fuel efficiency all leading to faster completion of work and savings in costs. Mobile apps have digitalised every process relating to safety, quality, activity completion and materials tracking enabling real-time information flow from the sites to monitoring offices. Geospatial technologies using drones, Lidar, 3D scanning, Photogrammetry etc, have transformed accuracy and time of geographic information to make engineering and estimation more accurate and competitive.

### **Have these technologies been adopted in other businesses?**

The digital transformation that started in construction is now pervasive at all other businesses too with manufacturing factories connected and implementing Industry 4.0 solutions. We are adapting solutions from construction for workmen safety and productivity, material tracking, equipment monitoring and project progress monitoring. L&T today is proof that digital transformation can be done, at scale and speed and yields tremendous benefits and transforms how people work and take data driven decisions.

### **Has L&T taken these solutions outside its group companies?**

The digital solutions that L&T had created for itself drew a lot of attention from consultants and clients and it was time to monetise that and take it to the market with necessary adaptations. Thus L&T-NxT was formed with the objective of taking the Digital solutions to the market in the Industry verticals in and adjacent to the areas of L&T's core domain expertise. Simultaneously L&T-NxT is refining its solutions, adding to its capabilities and resources and getting ready to hit the markets in India and Overseas with not just IT services but with tested proven digital solutions as offerings.

## **What kind of solutions are these? Are they targeted at specific verticals?**

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These solutions include Connected Machines, that enables remote monitoring of equipment at project sites or machines at factories using IoT technology and Analytics. The Industrial Safety, a suite of solutions that covers immersive safety training using AR & VR technologies. The Safety App that digitalises all the processes on the field/factory relating to Safety and does reporting and analytics. The other solutions comprise of Geospatial Services and Solutions, Material tracking solutions, project progress monitoring and Custom AI and ML solutions specific to needs. These solutions are targeted at business verticals like Construction, Mining, Manufacturing, Power and Utilities.

## **Are there any other new digital ventures that have been launched?**

The Digital Revolution is more active and relevant in many other Industry verticals other than L&T's core. Key among these are education and supply chains. Leveraging L&T's usage and expertise in these areas hereto used for its internal use, L&T decided to begin two ventures to build public facing platforms that could be new businesses for L&T. Thus, the Edutech and Sufin ventures were formed. This is L&T's first foray into the promising platforms business. These are being grown grounds up and will become valuable digital properties for L&T when they go into production and scale up in a couple of years.

## **What will Edutech focus on?**

With a strong pedigree of skilling and learning & development programmes, L&T is poised to expand its skilling initiatives targeting a larger audience, especially the youth, to offer an integrated platform spanning skilling to recruitment, leveraging L&T's inherent expertise and strengths in core engineering, manufacturing, technology and its pioneering efforts in

digitalisation. Edutech will focus on three areas of opportunity – employability assessment & recruitment, reinforced learning & reskilling and vocational skills training.

### **How has SUFIN worked out so far?**

SUFIN is a financial supply platform to establish L&T's presence in the e-commerce marketplace. Leveraging its strong brand salience and leadership, L&T is well placed to enter this space on the strength of its relationships with suppliers, SMEs and the ecosystem at large drawing on the strength of group company, L&T Financial Services.

### **There are a number of start-up which are in digital space. Will you acquire them?**

We have an Innovation Fund that aims to invest in attractive start-ups operating in industries and domains that are congruent to L&T's businesses with a purpose to augment and differentiate L&T's core business lines, develop capability at the individual business vertical level to enhance technical capability and commercial access with investments and collaborations with start-ups to establish a venture capital capability within L&T by building an internal team with the expertise to evaluate, invest and manage portfolios.

### **In the future you would like L&T to be known for its tech play than being identified as a construction company?**

Looking to the future, from an overall perspective, L&T is heading towards an attractive balance in its portfolio. In the core projects business, L&T will continue to be in the forefront of building things that make India proud, setting new benchmarks in project execution, benefitting from digital technologies to bring in operational efficiencies.

In addition, a slew of initiatives has been taken up in the last few years to tap the opportunities of digital as a business. The initial calibrated moves are now gathering momentum, and the coming years will see L&T take big strides in creating a name for itself as a formidable player in the technology and digital space.

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