



# Latest Trends of Indian IT & How to Penetrate Indian Market

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CICC Singapore  
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# India & Japan: Common Traits

- Two of the largest democracies in Asia
- Friendly countries founded on a long history of exchanges
- Both are Free market economies
- Similar Eastern culture
- Excellent International Relations

# Basic data

	India	Japan
Area in sq km	3,287,590	377,835
Population in million (July 2008 est.)	1,148*	127
Median age in years	25.1	43.8
Net migration rate (2008 est.)	-0.5 %	0.0%

\*Indian middle class and rich account for 10 to 15%, about the population of Japan. Their living standards are comparable to average Japanese.

# GDP

	<b>India</b>	<b>Japan</b>
GDP in billion USD (purchasing power parity): (2007 est.)	2,965	4,290
GDP in billion (official exchange rate)	1,090	4,384
GDP - real growth rate (2007 est.)	8.5%	2.1%

Source: CIA Fact Book & Soumusho

# Trade

	India	Japan
Exports in billion USD f.o.b (2007 est.)	140.8	665.7
Exports – partners (2006)	US 17%, UAE 8.3%, China 7.7%, UK 4.3%,	US 22.8%, China 14.3%, South Korea 7.8%, Taiwan 6.8%, Hong Kong 5.6%
Imports in billion USD f.o.b (2007 est.)	224.1	571.1
Imports – partners (2006)	China 8.7%, US 6%, Germany 4.7%, Singapore 4.6%	China 20.5%, US 12%, Saudi Arabia 6.4%, UAE 5.5%, Australia 4.8%, South Korea 4.7%,

Source: CIA Fact Book

## ICT Key data (million)

	India	Japan
Telephones (2007)	272.9	146.3
Internet users (2007)	200.0	94.0
Internet subscribers (2007)	13.49	33.88
Broadband subscribers (2007)	3.13	28.30
PCs in use (2006)	21.17	77.95

# IT Industry (FY2007)

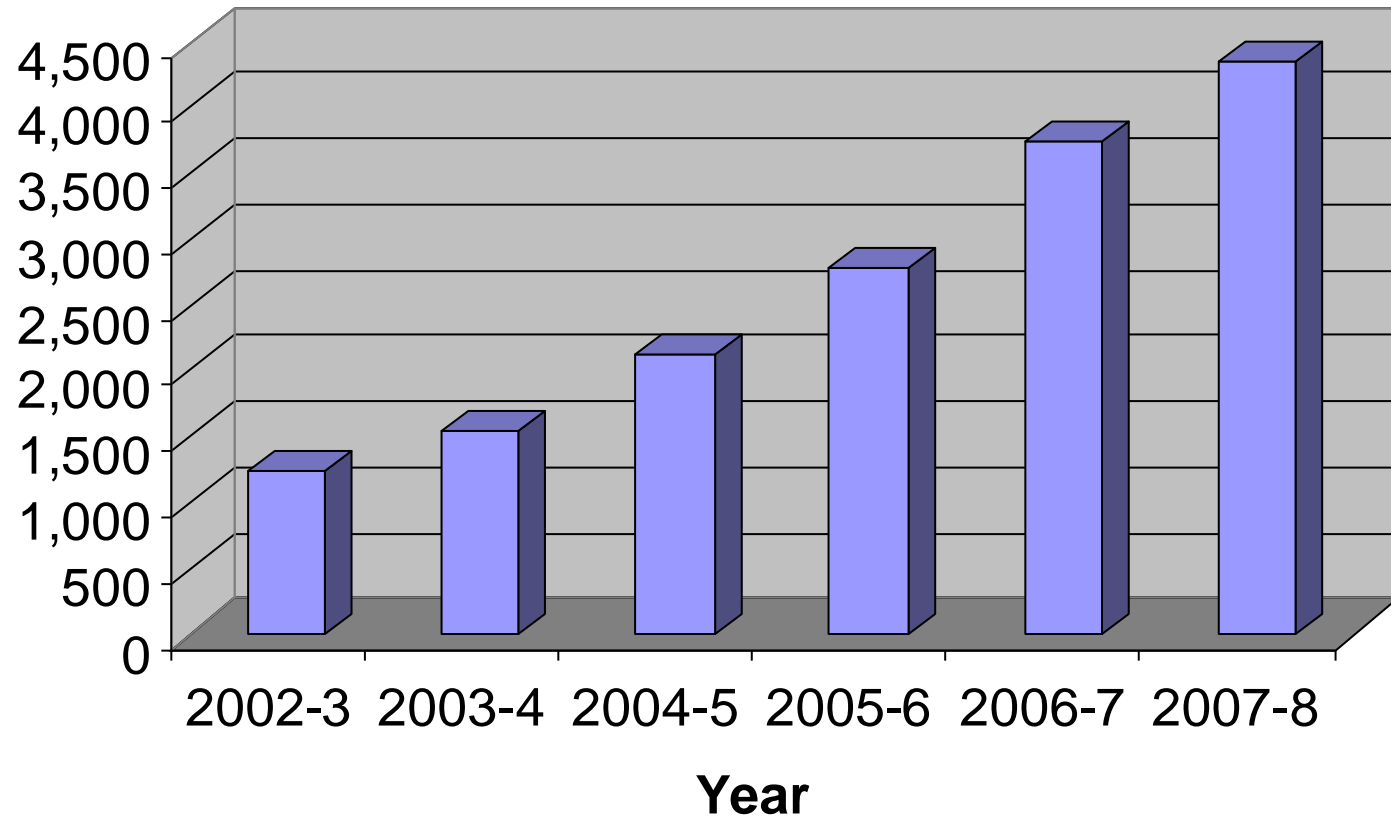
	<b>Billion USD</b>	<b>Billion JPY</b>
Total	63.5	68,38.0
Software and Services Exports	40.3	43,39.7
Domestic Market	23.2	24,98.3

Source: Indian Ministry of IT



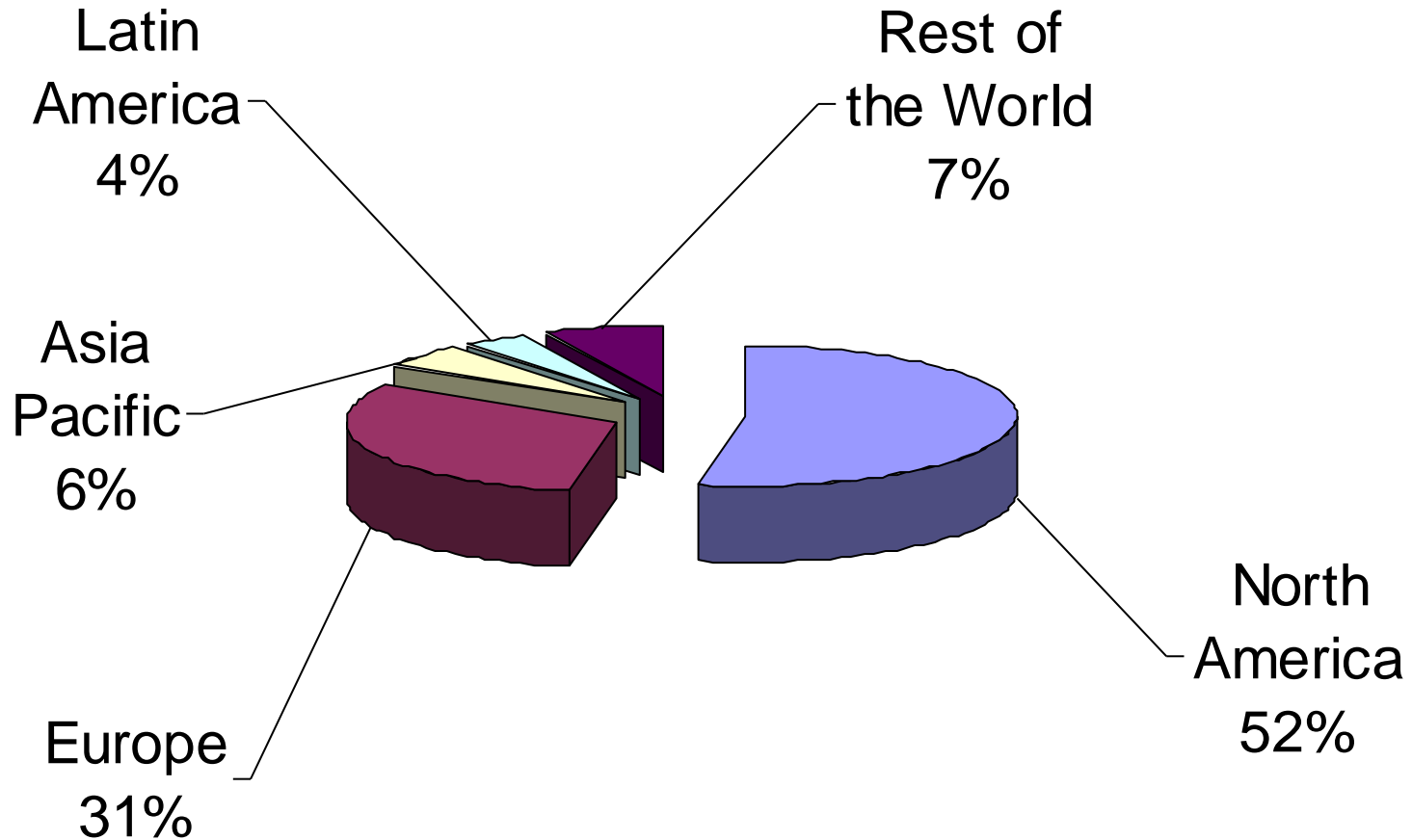
# Software Exports

Billion JPY

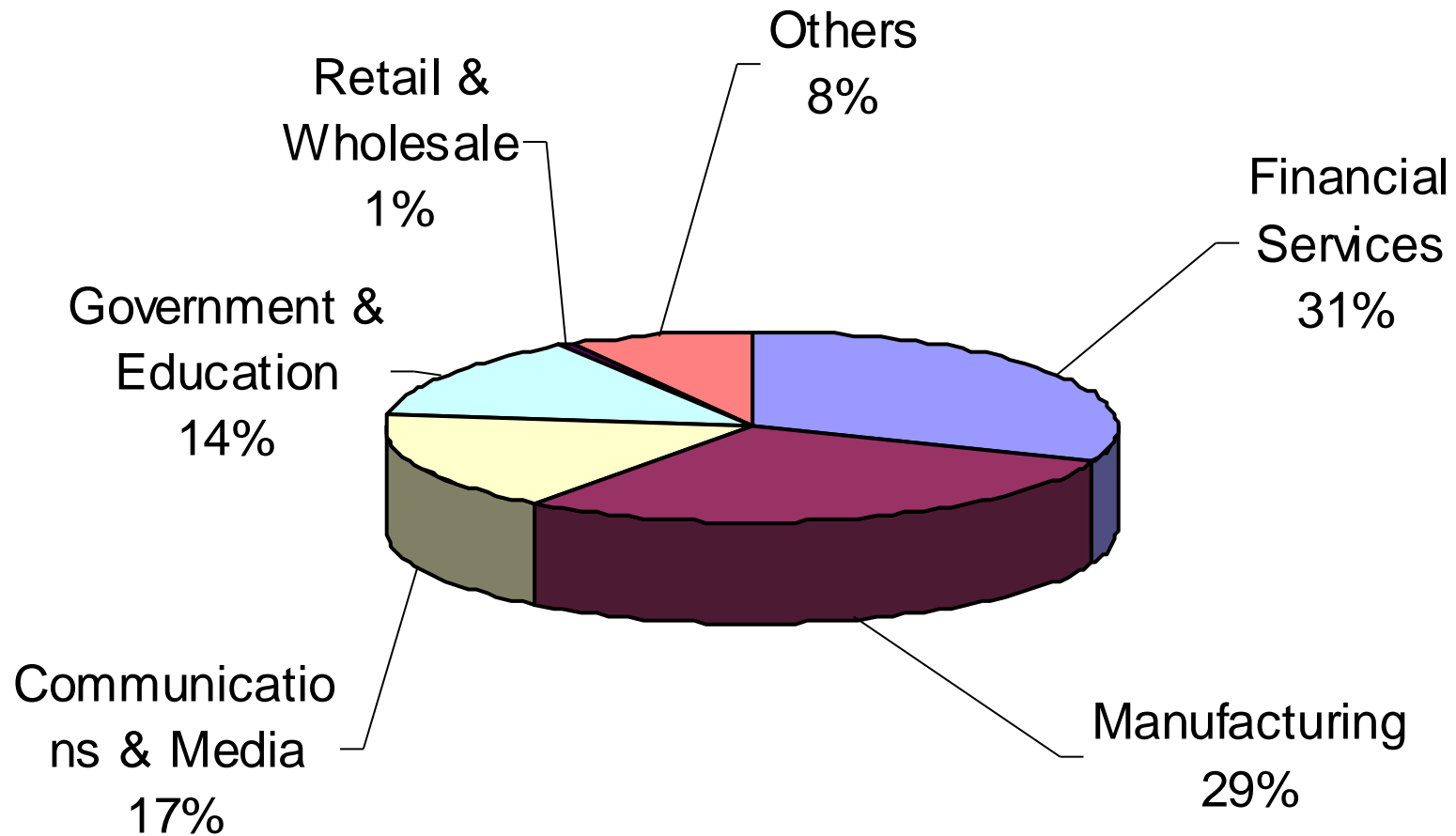


Source: Indian Ministry of IT

## Export Destination for IT Products/Services



## Domestic IT Services by Key Vertical Markets



# Top Five IT Groups

	No. of Employees	Revenue in Billion JPY
Tata Group	98,048	5,633.6
Wipro Group	67,818	3,780.6
Infosys	59,831	3,698.1
HP Group	23,778	3,314.7
HCL Group	45,112	2,449.4

# Profile of IT firms

- Top 5 Indian IT groups registered 41% growth in FY2007 and they are expected to maintain this trend.
- 498 firms (both Indian as well as MNC owned captives) had acquired quality certifications
- 85 companies certified at Software Engineering Institute (SEI), Carnegie Mellon Capability Maturity Model (CMM) Level 5, higher than any other country.
- On Top 100 IT firms analysis:
  - TCS is no 1 with revenue of 497.8 Billion JPY
  - 33% Growth rate during 2007-8
  - 87% of revenue is from exports

# Top20 Hot Technologies

- 1) Information Lifecycle Management (ILM)
- 2) Service Oriented Architecture (SOA)
- 3) Infrastructure Consolidation
- 4) Virtualization
- 5) Biometrics
- 6) Business Intelligence
- 7) Business Continuity
- 8) Utility Computing
- 9) Document Management
- 10) Web Services
- 11) Thin Clients
- 12) Radio-frequency identification (RFID)
- 13) Enterprise content management (ECM)
- 14) Unified Communications
- 15) Managed Services
- 16) Mobile Enterprise Applications
- 17) High-performance computing (HPC)
- 18) Compliance
- 19) Web 2.0
- 20) Software as a service (SaaS)

# Top 10 IT firms

	No. of Employees	Revenue (Billion JPY)
1 TCS	62,832	497.8
2 Wipro Technologies	67,818	352.8
3 Infosys	59,831	352.5
4 HP	23,778	317.3
5 IBM	55,000	219.5
6 Ingram Micro	1,200	183.6
7 Satyam	35,670	161.3
8 Redington	1,589	133.7
9 HCL Technologies	41,140	131.3
10 Oracle India	21,000	126.5

# Emerging Indian MNCs (sample)

	No. of Employees	Revenue (Billion JPY)
11) Cognizant	33,342	122
16) Tech Mahindra	18,181	78
26) L&T Infotech	7,197	34.2
30) Polaris Software Labs	8,668	27.3
37) Hexaware Technologies	2,417	24
40) Tulip IT Services	1,530	22.4
52) Datacraft India	850	18
60) Sonata Software	2,265	15.8
74) Savex Computers	197	13.2
101) TVS Electronics	262	7.2



# Market Potential

- Japan is leading in IT industry (especially hardware related systems). PC and Broad band penetration is still to catch up in India. So, lot of potential for Japanese investment, goods and services, to enhance Indian IT infrastructures.
- Growth of domestic demand for hardware and IT services was 44% and 43% during FY2007 and the trend is expected to continue in future. [NASSCOM-IDC Study]
- As per McKinsey study, luxury market would be USD 30 billion (3,230.6 billion JPY) by 2015. Increasing Indian middle class population looking for high quality goods and services from Japan
- Win-win situation to combine Japanese hardware with Indian software

# Major National Projects Coming up!

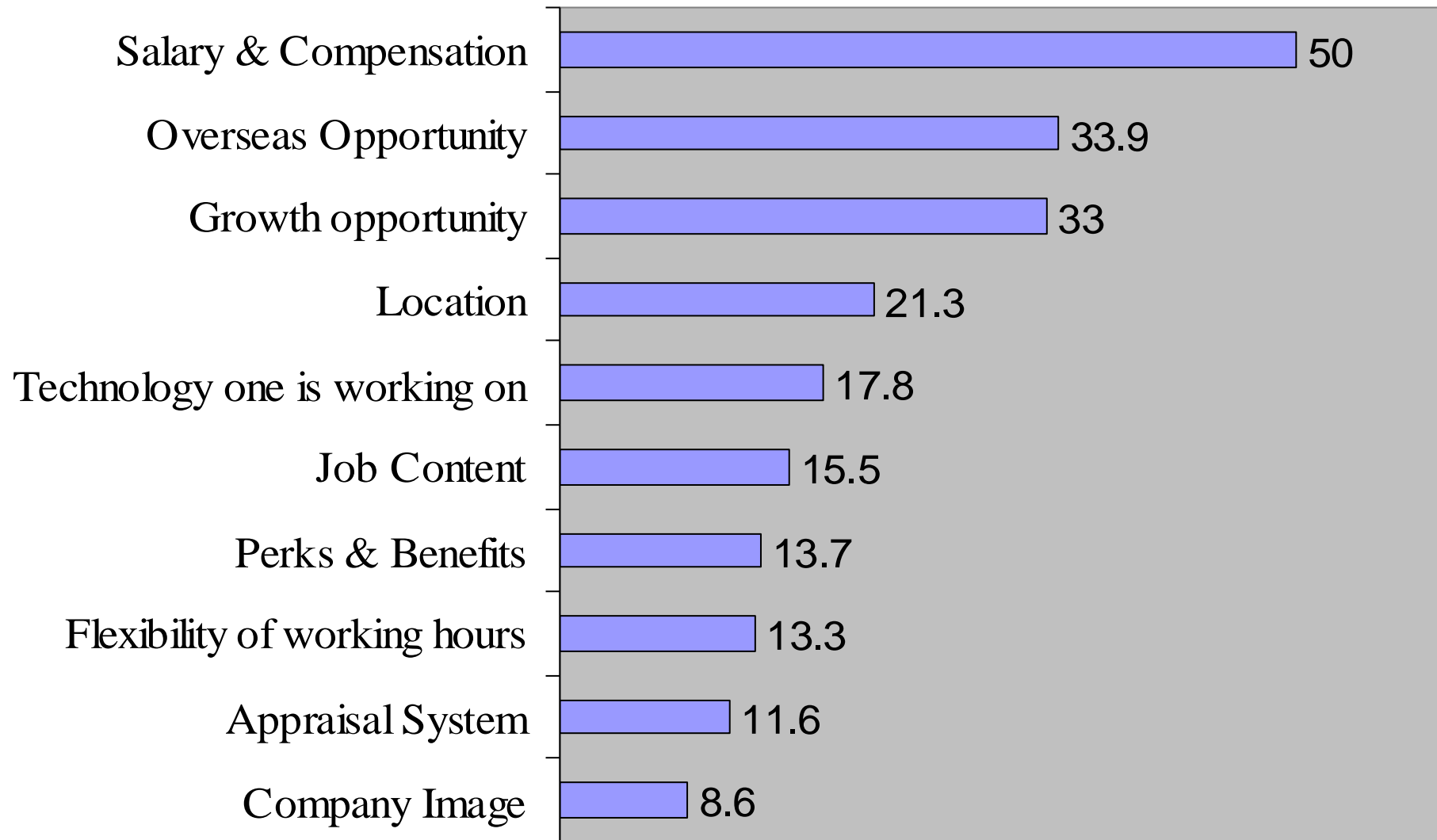
- Multi-Purpose National Identity Cards (MNIC) to be issued to 1 billion citizens after the next census in 2011.
- National e-Governance Plan (NeGP) covering 27 Mission Mode Projects and eight support components to be implemented at Central, State and Local Government levels, at an estimated cost of 1,065 billion JPY over five years.
- Establishment of 100,000 broadband internet enabled Common Service Centres in rural areas of the country [Project value 152.9 billion JPY]
- State Wide Area Networks across the country with a total outlay of 87.9 billion JPY over a period of five years.
- State Data Centres at an estimated cost of 45.3 billion JPY

## IT Professionals in 2007-8 (Break up)

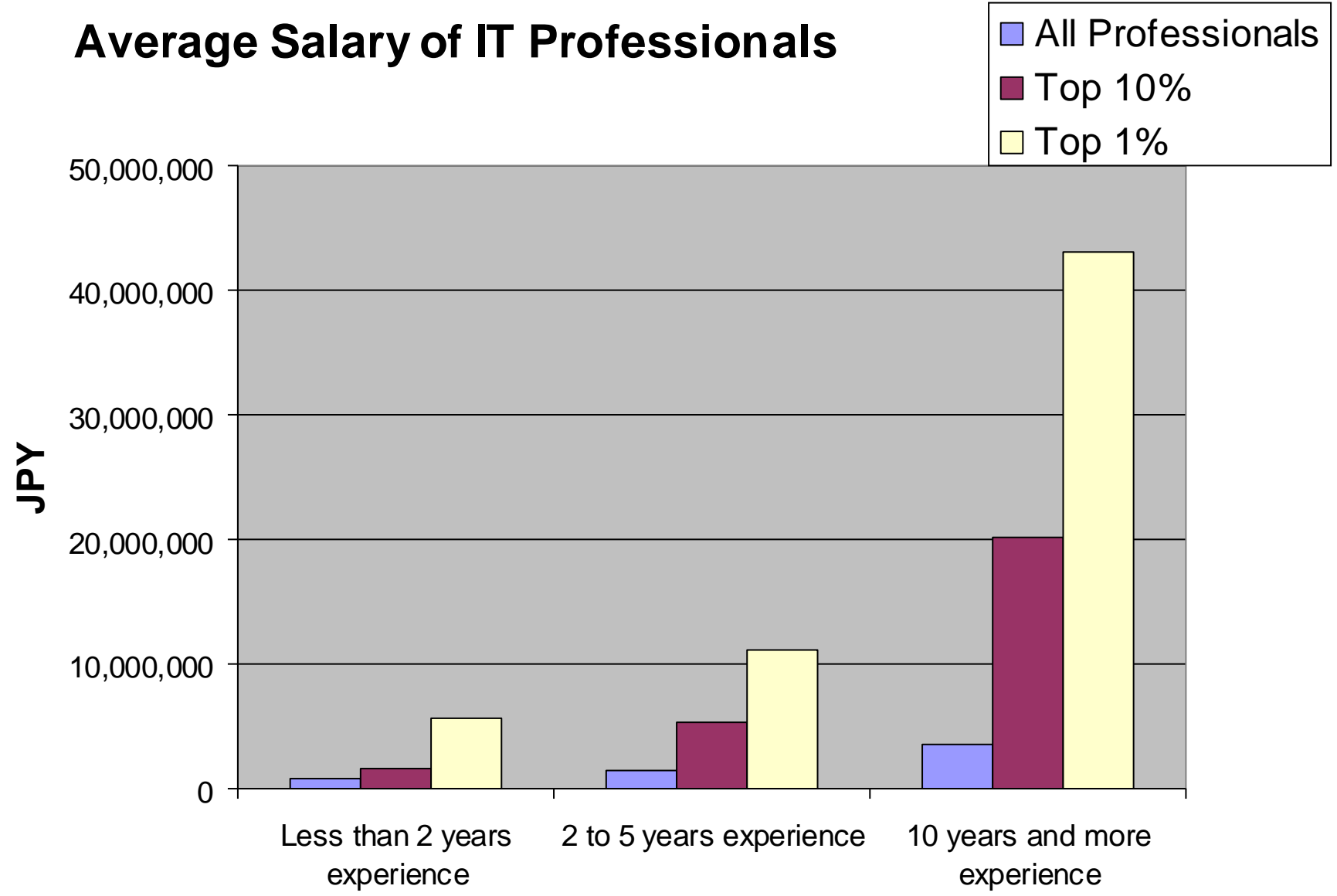
	No. of Professionals
IT Services and Software Exports	865,000
BPO Exports	704,000
Domestic Market	427,000
Total	1,996,000

Source: NASSCOM

## Top 10 Reasons for Jobs Change/Selection



# Average Salary of IT Professionals



Source: DQ and Unpublished survey

# Tier Two cities



- 48 Software Park cities
- 5 are in Tier 1 Cities: Bangalore, Chennai, Delhi, Hyderabad and Mumbai.
- Other Parks in Tier 2 cities: Ahmedabad, Allahabad, Jaipur, Kolkata, Ranchi, Nasik, Mysore, Thirupati, Visakhapatnam, Coimbatore, Trichy and Kochi.

## Tier Two cities: Advantages

- Low operating cost for IT firms (30 to 40%)
- Low house rent, around 20% of Tier One cities
- Attrition rates in IT companies below 10%
- Tier 2 cities are located near Universities, so better knowledge pool and skill-set availability
- Low data entry and transmission costs
- Better social and living environment
- Airports are being improved and some are becoming International airports (ex: Kochi)

# Role of Oversea Indians

- 30 million Indians have settled overseas
- In US alone 3 million Indians are residing
- Wealth generated by Indian Silicon Valley entrepreneurs is around 250 billion USD (Fortune magazine 2000)
- Oversea Indians have started many IT firms such as Cognizant in India.
- Help Indian firms to get IT business
- Transfer overseas technology to Indian companies
- Support Training programs for Indian Professionals
- Consume Indian made products/services



# India as R&D centre

- Microsoft Research Labs
- SAP Labs
- IBM's Software Labs
- HP labs
- Philips Innovation Campus
- Ericsson-WIPRO
- Ericsson-TCS
- GE-Satyam Computer Services Ltd
- HP – IISc Bangalore
- Lucent - Finolex

# Seven Steps to Penetrate Indian IT Market

- Understand India: Landscape, People, Culture and working conditions
- Network with Key Organizations
- Recruiting Right persons for the Right job
- Publicity Events
- Sponsoring Research and Technology Development programs
- Joint Projects with correct Indian counterparts
- Alliances with Indian Companies and agencies

# Network with Key Organizations

- National Informatics Center (NIC)
- Centre for Development of Advanced Computing (CDAC)
- Ministry of IT
- Indian Institutes of Technology (IITs) & Indian Institute of Science
- Indian Institutes of Management (IIMs)
- Indian Institute of Information Technology (IIIT)
- National Association of Software and Services Companies (NASSCOM)
- Manufacturer's Association for Information Technology (MAIT)
- Electronics & Computer Software Export Promotion Council (ESC)

# Publicity Events and sponsorships

- IBM day at IITM to collaborate with academia in India
- Intel Software Conferences in India
- Microsoft Chair at IIT, Delhi
- Ph.D scholarship by leading IT firms
- Sponsorship of R&D centers and Programs.  
Example: IIT Bangalore, sponsored by Infosys

# Searching for Mr./Ms. RIGHT

- Indian IT professionals are not cheap, but they are well skilled. High pay for Key person is justified, considering their performance and productivity.
- Professionals from top universities or experienced from leading firms can enhance business with their networking skills.
- To utilize high cost skilled professionals, firms like Microsoft, IBM, HP, Dell and Google are establishing R&D centre instead of just software offices.

# Case Study: Steps for Introducing Biometric Technology

- Tie up with R&D agencies like IIT and CDAC and sponsor projects using new technology. Project results will prove that technology will work for Indian population under Indian conditions
- Appoint the best key person to liaise with national agencies and user organizations to sell technology
- Create test beds to showcase new products and technology
- Users look for solutions rather than technology/products. So have to work with data base vendors or service organizations to package it as solution.
- Publicize new technology and products through forums/seminars/conferences
- Establish product support Network

# Perceived Barriers are just Myths

- Language (Indians are multilingual)
- Food
- Immigration Formalities
- Distance (illusion)
- Indians are Westward looking and western trained (So Indians are more global and outward looking)
- Work culture
- Project management (Many Foreign firms employ local Project managers and CEOs)
- Systematic thinking vs Lateral thinking

# Thank You

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