NASSCOM is the premier trade body as well as the Chamber of Commerce of the IT-BPM sector in India. It is a not-for-profit organisation and has emerged as the authentic voice of this industry in India. It is also the single reference point for all information on IT industry in India. NASSCOM publishes an annual edition of its Strategic Review to disseminate the latest status of the industry.

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2012 turned out to be another year where uncertainty was the only thing that was certain. Persistent economic weakness continued to sap our abilities to address environmental challenges. But shocks are more than just natural phenomenon and, as events since 2008 show, they are increasingly systemic – transcending boundaries between geographies, markets and polities. In an interdependent, fast moving world, uncertainties are amplified – exposing many and insulating few. This presents new challenges for public and private sectors which need to be more agile and able to experiment with different development solutions in the face of rising complexity and improbabilities. This in turn is the new role of technology in general, to enhance customer capabilities, help open untapped markets, drive transformation and create a positive impact on business outcomes.

The Indian IT-BPM industry has remained a global powerhouse because it has not remained a stationary target. It has exhibited rapid evolution in terms of expanding their vertical and geographic markets, attracted new customer segments, transformed from technology providers to strategic business partners, and offering a considerably wider spectrum of services over the years. What is emerging as a crucial differentiator going forward is the Indian industry’s ability to deliver enterprising solutions—IP driven, multi-platform and productised services. At the same time, the industry is leading the drive to design solutions incorporating social, mobile, analytics and cloud technologies to provide innovative, enterprising answers to the unique challenges of this decade.

The Indian IT-BPM sector is estimated to aggregate revenues of USD 108 billion in FY2013, with exports touching USD 75.8 billion, growing at 10.2 per cent. During this period, direct employment is expected to reach nearly three million, an addition of 188,300 employees, while indirect job creation is estimated at 9.5 million. Domestic IT-BPM services revenue is expected to grow at 14.1 per cent to gross ₹ 1,047 billion in FY2013. Strong economic growth, rapid advancement in technology infrastructure, increasingly competitive Indian organisations, enhanced focus by the government and emergence of business models that help provide IT to new customer segments are key drivers for increased technology adoption in India.

NASSCOM reaffirms its commitment to facilitate the industry’s growth towards its 2020 vision. This report assesses various factors relating to the Indian IT-BPM sector performance and key trends in the current fiscal year (FY2013), reviews the key components of India’s value proposition and provides a view on the outlook projected for the global and the Indian IT-BPM sector. This annual report is the only one of its kind assemblage of facts and indicators, and an apogee of NASSCOM’s research efforts throughout the year. We trust you will find the report useful and we welcome your feedback and comments.
About NASSCOM

What we do

1. Set Strategic direction for industry
2. Best practices, sharing and collaboration
3. International partnerships and Policy
4. Workforce development
5. Incubate and build new sectors

NASSCOM®

Activites and Member Exclusive

- Policy Advocacy
- Global Trade Development
- Entrepreneurship
- Domestic IT
- Membership Engagement
- Industry Development
- Enabling Environment
- Sustainability

Engage, strategise through specific sectoral forums and initiatives
Network with multiple stakeholders through international delegations and events
Peer learning and sharing, mentor emerging organisations
Build brand and leadership
Access research and thought leadership

Affiliated Organisations:
Global economic outlook continues to be cautious...

**IT-BPM Sector Key Trends**

Global economic outlook – Cautious optimism

GDP growth rates for 2012-2013, per cent

<table>
<thead>
<tr>
<th>Month</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>April</td>
<td>4.9</td>
<td>3.6</td>
</tr>
<tr>
<td>July</td>
<td>3.9</td>
<td>3.5</td>
</tr>
<tr>
<td>October</td>
<td>3.5</td>
<td>3.1</td>
</tr>
<tr>
<td>January</td>
<td>3.5</td>
<td>3.2</td>
</tr>
</tbody>
</table>

Forecasted in 2013

...Austerity measures affect technology spend: ~5 per cent growth in 2012

Worldwide IT-BPM spend USD billion

Global IT-BPM market recorded growth of 4.8 per cent in 2012

-7 per cent growth; new users from rising lower/middle class in emerging markets; datacentre consolidation

2011: USD 1.8 trillion*
2012: USD 1.9 trillion*

<table>
<thead>
<tr>
<th>Segment</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hardware</td>
<td>748</td>
<td>797</td>
</tr>
<tr>
<td>IT Services</td>
<td>627</td>
<td>648</td>
</tr>
<tr>
<td>Business Process Management</td>
<td>156</td>
<td>164</td>
</tr>
<tr>
<td>Packaged Software</td>
<td>269</td>
<td>278</td>
</tr>
<tr>
<td>Total IT-BPM spend USD billion</td>
<td>1,311</td>
<td>1,400</td>
</tr>
</tbody>
</table>

3.3 per cent growth: applications and services built around third platform (social, mobile, analytics/big data and cloud)

3.3 per cent growth (slightly above industry average): platform solutions, bundling BPM with analytics, mobile enablement of business processes – deliver value beyond cost

4.9 per cent growth: industry went through major transformation, from basic SOA to the way software is delivered (SaaS). The disruption to pricing and platform delivery models accelerated software spending

Grew ~4 per cent; primary drivers include technological advances, competitive landscape (deconsolidation in automotive) and consumer preferences (for e.g., in medical devices, low-cost products for emerging markets)

Source: Booz & Company, Everest Research, Forrester, Gartner, IDC, IMF NASSCOM

Global sourcing market size USD billion

Total sourcing market (ITO, BPM) – grew ~2X global IT spend

<table>
<thead>
<tr>
<th>Segment</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPM</td>
<td>44-46</td>
<td>70-72</td>
</tr>
<tr>
<td>IT Outsourcing</td>
<td>114-118</td>
<td>124-130</td>
</tr>
<tr>
<td>Hardware</td>
<td>48-50</td>
<td>76-80</td>
</tr>
<tr>
<td>Total sourcing market USD billion</td>
<td>262</td>
<td>268</td>
</tr>
</tbody>
</table>

Grew 3.3 per cent; applications and services built around third platform (social, mobile, analytics/big data and cloud)

Grew ~7 per cent growth; new users from rising lower/middle class in emerging markets; datacentre consolidation

Source: Booz & Company, Everest Research, Forrester, Gartner, IDC, IMF NASSCOM

Growth areas remained more profound in procurement and F&A where there has been a strong platform play

Segment growth remains positive, bolstered by IT outsourcing and F&A services

<table>
<thead>
<tr>
<th>Segment</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPM</td>
<td>5.5%</td>
<td>6.4%</td>
</tr>
<tr>
<td>IT Outsourcing</td>
<td>3.7%</td>
<td>10.5%</td>
</tr>
<tr>
<td>F&amp;A</td>
<td>4.8%</td>
<td>31%</td>
</tr>
<tr>
<td>Personnel Management</td>
<td>4.9%</td>
<td>58%</td>
</tr>
<tr>
<td>Support &amp; Training</td>
<td>2.2%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Project Based Outsourcing</td>
<td>3.4%</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

* Excluding ER&D

Source: Booz & Company, Everest Research, Forrester, Gartner, IDC, IMF NASSCOM
The year of transformation for the IT-BPM industry

Exports mainstay of the industry, domestic market growing

IT-BPM revenue break-up
USD billion

<table>
<thead>
<tr>
<th>Year</th>
<th>Domestic</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2009</td>
<td>69.4</td>
<td>21.9</td>
</tr>
<tr>
<td>FY2010</td>
<td>73.9</td>
<td>23.8</td>
</tr>
<tr>
<td>FY2011</td>
<td>88</td>
<td>29</td>
</tr>
<tr>
<td>FY2012</td>
<td>101</td>
<td>32</td>
</tr>
<tr>
<td>FY2013E</td>
<td>108</td>
<td>32</td>
</tr>
</tbody>
</table>

Source: NASSCOM

Player diversity

Industry landscape

IT-BPM: Highest impact sector for India

- Relative to India’s GDP: Grew > 6X in the last 15 years
- Relative to India’s exports: IT-BPM exports > 6X in the last 15 years
- Share in Global sourcing market: 52%
- Direct employment: One of largest organised private sector employers in India
- Share in ER&D & Software Products: 18%
- Share in ERP & Software Products: 19%
- Share in BPM: 21%
- Share in IT Services: 56%
- Player diversity
  - ISP: 16-18%
  - MNC: 12-14%
  - GIC: 67-70%

FDI share
- Ranked 4th in India’s total FDI share
- USD 3.2 billion
- ~380 Cross border acquisitions (FY2008-12)
- 3 million
- Offshore delivery centres
- ~380
- ~7%

Source: NASSCOM
India’s IT-BPM industry: Resilience in challenging times

Demand surge in Europe, the highlight of the year

Emerging regions
- Traditional markets comprising US and UK contribute > 70% of exports
  - Y-o-Y growth: UK 10.8%
  - Continental Europe 9.9%
  - APAC 10.7%

- Despite uncertainty, Europe and RoW driving growth
- APAC revenues deflated due to dollar appreciation, actual volume growth significantly high
- Pipeline for Europe remains strong as the region opens up to IT as an enabler for increasing profitability and growth

IT-BPM exports by serviceline

Integrated, end-to-end services across segments, new service offerings – XaaS, mobile-enabled and verticalised

Changing business models, solutions around disruptive technologies and verticalised structures key enablers

Vertical-wise* break-up

Mature outsourcing verticals – BFSI, manufacturing and telecom contributed over 75 per cent of exports

T&T: Travel & Transportation, MPE: Media, Publishing & Entertainment; Others: Include Government, Education
Source: NASSCOM
IT services increasingly driven by IS outsourcing, BPM by knowledge based services

IT services: Software testing and IS outsourcing fastest growing segments

100% = USD ~44 billion

BPM Exports: Value addition and analytic key drivers

100% = USD 18 billion

Firms increasingly focus on analytics-based insights; verticalisation redefining FAO business

Need to make informed data-driven business decisions and predict customer behaviour driving growth

Horizontal services, contributing about 86 per cent, continues to be the largest segment in BPM

E. Estimate
Incremental growth coming from emerging technologies for OSPD, products and ER&D

Software products driven by SMAC Technology

**USD billion**

- **Cloud technology** expanding access to larger customer base and driving demand for hosted applications
- **Vendor-Customer relationship**: Offer consulting services - product, technology roadmap
- Co-innovate products
- Extended marketing team for clients

**OSPD**
- FY2012: 1.2
- FY2013E: 1.5

**Software Products**
- FY2012: 1.5
- FY2013E: 1.6

**ISVs traditional clients; demand emerging from non-IT, Industrial clients**

**ER&D account for ~15 per cent of exports; to cross USD 11 billion**

- Application optimised storage, miniaturisation, energy efficiency
- Mobile-cloud, device and network convergence
- Connectivity, device convergence, digitisation
- Convergence, efficiency, miniaturisation driving force for ER&D

**FY2013E**

- **Telecom** 30%
- **Semicond.** 20%
- **Auto** 12%
- **Consumer Electronics** 5%
- **Aerospace** 6%
- **Medical devices** 3%
- **Energy** 4%
- **Others* 20%

*Includes Computing Systems, Construction/Heavy Machinery, Industrial Automation, Infrastructure

Source: Zinnov, NASSCOM

E. Estimate
Domestic IT-BPM: Consumerisation driving demand

**Domestic IT-BPM Revenue**

<table>
<thead>
<tr>
<th></th>
<th>Domestic IT-BPM Revenue in ₹ billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2009</td>
<td>1,003</td>
</tr>
<tr>
<td>FY2010</td>
<td>1,139</td>
</tr>
<tr>
<td>FY2011</td>
<td>1,321</td>
</tr>
<tr>
<td>FY2012</td>
<td>1,533</td>
</tr>
<tr>
<td>FY2013E</td>
<td>1,745</td>
</tr>
</tbody>
</table>

**Demand for Analytics, HRO**

Driven by demand for ent-app, cloud mobility

**Demand for notebooks, tablets, iPads, Data storage, analytics, datacentres for IT infra**

Driven by SI, IS outsourcing, Cloud services

**Domestic IT-BPM: Break-up by Segment**

<table>
<thead>
<tr>
<th></th>
<th>Domestic IT-BPM Break-up in ₹ billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2012</td>
<td></td>
</tr>
<tr>
<td>Hardware</td>
<td>615</td>
</tr>
<tr>
<td>IT Services</td>
<td>589</td>
</tr>
<tr>
<td>Software Products</td>
<td>180</td>
</tr>
<tr>
<td>BPM</td>
<td>148</td>
</tr>
<tr>
<td>FY2013E</td>
<td></td>
</tr>
<tr>
<td>Hardware</td>
<td>698</td>
</tr>
<tr>
<td>IT Services</td>
<td>674</td>
</tr>
<tr>
<td>Software Products</td>
<td>205</td>
</tr>
<tr>
<td>BPM</td>
<td>167</td>
</tr>
</tbody>
</table>

**India's Connected Consumers: We are increasingly social!**

- **Telecom subscribers:** 921 million (Second largest in the world after China)
- **Mobile subscribers:** 891 million
  - **Mobile internet users:** 873 million (est.)
- **PC installed base:** 25 million (As of 2011; Zinnov’s Enterprise Mobility report)
- **Social network users:** >70 million
- **Facebook users:** 65 million (Third largest country on Facebook)
- **LinkedIn users:** 18 million (Second largest user base after US)
- **Broadband subscribers:** 15 million
- **Internet subscribers:** 24 million
  - **Internet users:** 150 million (est.)
- **Online Indians:** >120 million (Third largest after US and China)
- **Households with internet access:** 29 million
- **75 per cent of netizens:** <35 years of age
- **Online retail:** >37 million unique visitors (3 of 5 online Indians visit online retail sites; growth of 43 per cent)

Source: comScore, IAMAI, IMRB, socialbakers.com, TRAI, NASSCOM
India: Four segments driving technology adoption

**Domestic IT-BPM End-user Trends**

- **Enterprises**
  - Expansion and Innovation
  - Cost Optimisation
  - Enhance Competitiveness
  - Increase Reach

- **Government**
  - Increase Transparency
  - Lower Pirferage Boost Revenue Collection
  - Implement Reforms
  - Increase Reach

- **Consumers**
  - Online Transactions
  - Infotainment
  - eTailing
  - Connectivity

- **SMBs**
  - Innovation, New Products
  - Reducing Costs
  - Enable Competitiveness
  - Increase Reach

**IT Spending in Enterprises**
- FY2012: ₹720 billion
- FY2013E: ₹812 billion

**IT Spending in Government**
- FY2012: ₹230 billion
- FY2013E: ₹262 billion

**IT Spending by Consumers**
- FY2012: ₹183 billion
- FY2013E: ₹217 billion

**IT Spending by SMBs**
- FY2012: ₹400 billion
- FY2013E: ₹454 billion

Source: NASSCOM
Customers: Cost to innovation – Technology providers to strategic business partners

Change in customer’s business requirements

- Drive innovation from end customer point of view
- Focus on overall experience and service replacing product play in the customer value proposition
- Democratisation of empowerment in customers and internal employees
- Real-time insights and predicability through analytics

Industry moving up the value chain, initiating non-linear play and extending cost advantage

- Moving up Value Chain
  - Offerings – Consulting and SI, Specialised voice
  - Through – Global delivery and workforce
- Extending Cost Advantage
  - Offerings – RIM, Testing, BPM Through – Changing employee mix, pyramid tier II/III

Industry offering Enterprising solutions- IP led, multi-platform, productised services

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Delivery</th>
<th>Pricing</th>
<th>Resourcing</th>
<th>Markets</th>
<th>Impact parameters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise Services</td>
<td>Custom/people-driven, India-centric, linear</td>
<td>Input-based, T6M</td>
<td>Build to order, vertical-specific</td>
<td>Developed geographies, Fortune 500, BFSI+ Telecom</td>
<td>Cost</td>
</tr>
<tr>
<td>Enterprising Solutions</td>
<td>Capacity/IP-driven, global delivery, multi-platform, customer-centric, transformative</td>
<td>Pay as you go, fixed, gainshare</td>
<td>Integrated, end-to-end, SMAC</td>
<td>Developed + developing geographies, Fortune 500+ SMBs, all verticals</td>
<td>Cost, revenues, profits, cash flows</td>
</tr>
</tbody>
</table>

Source: Wipro Ltd, NASSCOM
Industry looking to expand both customer base and focus

Globalisation, domain and innovation key focus

- **Follow the Customer Global Network**
  - 2008: 52*
  - 2012: 75*
  - Firms continually growing their global presence to leverage resources, skills - multi-location suppliers

- **Million Dollar Clients**
  - 2008: 1,398
  - 2012: 1,827
  - Steady increase in number of million dollar clients despite slowdown

- **Verticalisation - BPM per cent**
  - 2008: 22-24%
  - 2012: 30-32%
  - Verticalisation emerging as key differentiator - firms offering end-to-end services across specific verticals

- **Exports from Verticalised Services**
  - 2008: 22-24%
  - 2012: 30-32%
  - Firms expanding beyond large clients - many offer focused solutions for emerging, SMBs and start-ups

- **IP Filed Top three IT Firms**
  - 2012: 858
  - 2008: 76
  - Number of patents filed by Indian IT organisations grew at CAGR 83 per cent

- **Solutions around SMAC**
  - 2012: 40%
  - 2008: 3%
  - Firms deploying SMAC offerings as adoption increases across both large enterprises and SMBs

- **Strong Demand Pipeline Non-Top five Client Contribution**
  - 2008: 82%
  - 2012: 84%
  - Firms expanding beyond large clients - many offer focused solutions for emerging, SMBs and start-ups

- **Offering Niche Solutions SMB per cent of IT-BPM revenue**
  - 2012: 13%
  - FY2008: 8%
  - SMB customers emerging as a key growth engine with suppliers adopting SMB-specific strategies - pricing, dedicated sales teams/channels, etc.

...And driving innovation and differentiation

* Number of countries present

* Percentage of top 100 IT-BPM firms in India offering solutions around SMAC technologies

* Based on the data of top-four IT-BPM firms

Source: Industry reporting, secondary sources, press releases, company websites, NASSCOM
~3 million workforce contributing to industry growth

**Direct Employment (’000)**

- FY2012: 601 IT Service Export, 879 BPM Exports, 1,296 IT-BPM Domestic
- FY2013E: 2,776 IT Service Export, 917 BPM Exports, 1,407 IT-BPM Domestic

- ~7% increase

- Foreign nationals employed >100,000
- Indirect ~9.5 mn
- Direct ~3.0 mn
- ~30-35% women employees

**Industry Skill Base**

- Postgraduates (Includes MBAs): 12%
- Engineering Graduates: 30%
- Graduates (except Engineering): 46%
- Total: 2.9 million

- Other Specialists (Doctors, Lawyers, PhDs): 3%
- Financial Specialists (CAs/CPAs): 5%
- Others: 4%

**Talent Output**

- Postgraduates: 6%
- Others Graduates: 9%
- Science Graduates: 12%
- Commerce Graduates: 14%
- Four-year Engineering Diploma Degree: 16%
- Art + Other Graduates: 36%
- Total: 4.74 million

**Source:** NASSCOM

**Note:**
- FY2013E: Estimate
- All data are approximate and subject to market conditions and fluctuations.
India emerging as hot-bed for technology start-ups

**Fast maturing start-up ecosystem**

- Number of start-ups:
  - 2005: 162
  - 2009: 335
  - 2011: 400
  - 2012: 450

**Entrepreneurship on the rise**

- 32% Serial Entrepreneur
- 57% Operational Start-up (First Venture)
- 11% Potential Entrepreneur

**Bengaluru, NCR leading the start-ups destination**

- Bengaluru: 36%
- Delhi/NCR: 32%
- Mumbai: 10%
- Pune: 3%
- Hyderabad: 3%
- Chennai: 6%
- Others: 10%

**Distribution by cities**

**VC/Angel investment driving growth**

- Internet: 43.0%
- Cleantech: 2.7%
- Finance: 3.1%
- Health care: 6.2%
- IT Services: 10.8%
- Software: 9.4%
- Education: 5.4%
- Others: 43.0%

**Domain Focus by Start-ups**

- Mobile: 21%
- Social Media: 18%
- Business Productivity Tools: 18%
- IT Services: 18%
- Websites/Online listings: 14%
- Communication: 14%
- eCommerce: 14%
- Devices/ODM/Hardware: 14%
- Health care: 11%

Emerging opportunities driving growth

**Number of start-ups**

- 2005: 162
- 2009: 400
- 2011: 335
- 2012: 450

**Source:** NASSCOM, Zinnov

NASSCOM Strategic Review 2013
Indian providers are creating new business streams, enabling consumerisation and enhancing process through mobility

New business streams, consumerisation and process efficiency: Building blocks of enterprise mobility

**Profitable Market**
- Global addressable market to reach around USD 140 billion by 2020, a CAGR of ~15%
- North America to remain the largest market; APAC to grow fastest at ~21%
- India, expected to be a big market; capabilities need to be aligned strategically

**Enterprise Mobility**
- Mobile enterprise application platform
- Mobile device management; internal app store
- Embedded platforms for mobile
- System integration expertise and consulting
- Mobile VAS services for telcos

**India: A Distinctive Market**
- Mobile-enabled business processes
- Reaching customers at POS (m-payment, m-commerce, m-retail, m-banking)
- New revenue streams (surveillance and monitoring, eGovernance, patient care, supply chain)

**Advanced Analytics for distilling better Intelligence gained from customer and enterprise data**
- Global market to grow at 45% annually to reach ~USD 25 billion by 2015
- North America to provide the major opportunities
- Indian market to grow from ~USD 200 million in 2012 to ~USD 1.0 billion in 2015, a CAGR of ~83%
- Infrastructure, big data management and storage; Infrastructure-as-a-Service (IaaS)
- Implementation and analytics tools
- Delivering real-time insights and end-to-end data analytics
- Advanced visualisation applications
- Advanced analytics (predictive and descriptive modelling and optimisation)
- Next generation sequencing and mapping
- Behavioural/sentiment analysis

Source: NASSCOM
Indian Enterprises are leveraging cloud to monetise Business (cost and productivity) and identify new delivery models (innovation)

The global cloud opportunity expected to reach USD 650-700 billion while domestic opportunity to reach USD 15-18 billion by 2020

- Global SaaS to be largest segment contributing USD 230-245
- IaaS and PaaS to touch USD 140-150 billion and USD 40-45 billion, respectively

Monetising existing resource base
Indian providers are considerably enhancing their revenue generating potential by monetising the existing resources

- Leveraging cloud as Business Process-as-a-Service
- Cloud-enabled processes/solutions through pay-per-use-model

Developing new industry specific applications
Cloud computing offers significant potential to innovate and achieve market facing differentiation

- Scalable test beds for cloud-specific software testing and management
- Virtualised and cloud-ready hardware; Infrastructure-as-a-service, computing platforms and datacentres

Building new business models
Indian organisations are modifying their businesses and operating models to leverage maximum synergies from cloud

- Self-service BPM platform models enabled by cloud and automated service delivery mechanisms
- Licensed to subscription based software deployment models

Social Media Analytics: Newer Opportunities to expand market to USD 6.4 billion by 2016

- Consulting to customers to easily adopt social media and work closely with clients to evolve strategies, roadmap and implementation to enhance business effectiveness
- World-class technology solutions to address customers’ social media requirements and integrate with CRM initiatives, BI, Customer Analytics
- Media engagement solutions for a real-time engagement on a global scale
- Insights and analysis services based on customer feedback, brand proficiency to gauge with further insights

Source: Press Release, Industry Press, NASSCOM
India’s value proposition built across five parameters

1. Strong Ecosystem
   - Competitive infrastructure
   - Focus on untapped potential locations
   - Industry presence across entire spectrum
   - 43 Tier II/III cities
   - 580 ODCs across 75 countries

2. Cost Competitive
   - Optimum cost
   - Operational flexibilities, efficiencies
   - Agility
   - 15-20% more cost-efficient than next lowest cost country
   - 60-70% more cost-efficient than US

3. Human Capital
   - Largest employable pool
   - Diverse background
   - Experience and domain expertise
   - ~36-37% of world

4. Scalability, Security
   - Mature global delivery network
   - Business continuity, security governance
   - 40% of top 100 firms offer SMAC solutions
   - ~78% increase in patents filled over 2009-2012

5. Customer Focus
   - Customer centric business outcomes
   - End-to-end services
   - Niche and domain capabilities

World’s No. 1 Sourcing Destination - 52 per cent share

Source: Everest Research, NASSCOM
India: Only country to offer full spectrum of IT-BPM services

India continues to be the lowest cost location for IT-BPM services

**Operating cost per FTE for IT Services: ADM 2012 USD ‘000/per annum**

**Maintaining Cost Competitiveness**
- Alternative Talent Pools: 79-81
- Enabling Scalability: 57.5-59.5
- Automation, Standardisation: 49.5-51.5
- Enhancing Productivity: 42-44

**Operating cost per FTE for BPM Services: Transactional F&A 2012 USD ‘000/per annum**

**Agile Delivery Models**
- Greater Flexibility: 88.5-90.5
- Operational Efficiencies: 58-60

Source: Everest Research, NASSCOM
Global tech spend set to improve – grow ~6 per cent in 2013...

**Global Technology Spend growth per cent**

<table>
<thead>
<tr>
<th>Sector</th>
<th>FY2012</th>
<th>2013E</th>
<th>2014E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hardware</td>
<td>6.6</td>
<td>7.5</td>
<td>5.4</td>
</tr>
<tr>
<td>Software</td>
<td>3.3</td>
<td>6.5</td>
<td>6.8</td>
</tr>
<tr>
<td>BPM</td>
<td>4.9</td>
<td>5.3</td>
<td>5.4</td>
</tr>
<tr>
<td>IT Services</td>
<td>3.3</td>
<td>4.2</td>
<td>4.6</td>
</tr>
</tbody>
</table>

**Indian IT-BPM Revenues**

<table>
<thead>
<tr>
<th>Year</th>
<th>Exports</th>
<th>Domestic</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2013E</td>
<td>76</td>
<td>19</td>
</tr>
<tr>
<td>FY2014P</td>
<td>84-87</td>
<td>22-24</td>
</tr>
</tbody>
</table>

**Stakeholders’ five-point agenda**

1. **Strengthen intellectual property framework**
   - Create Centres of Excellence
   - ICT solutions for healthcare, education, financial services, public services

2. **Improve quality of education**
   - Scale up tertiary education
   - Improve curriculum and faculty quality

3. **Incubation and mentorship**
   - Access to funding
   - Capability development
   - Market access

4. **Improve infrastructure**
   - Strengthen corporate governance
   - Improve risk management and security
   - Encourage global branding

5. **Reinvent business models**
   - New verticals, geographies, customers
   - Foster robust domestic demand

- **Expand beyond core markets**
- **Establish India as trusted hub for products**
- **Hub for technology entrepreneurship**
- **Developing a high calibre talent pool**
- **Build India as global innovation hub**

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*Exclude hardware. E: Estimate; P: Projection
Source: Computer Weekly, Everest Research, NASCOM, Forrester, Gartner, IDC, IMF, NASCOM