### EXECUTIVE SUMMARY

#### Large contribution to the Indian economy
- India’s IT industry contributed around 7.7 per cent to the country’s GDP and is expected to contribute 10 per cent of India’s GDP by 2025. IT industry employs nearly 3.97 million people in India of which 105,000 were added in FY18. The industry added around 105,000 jobs in FY18 and is expected to add over 250,000 new jobs in 2019.
- IT industry is fueling the growth of start-ups in India, with the presence of around 5,300 tech start-ups in India.

#### Strong growth opportunities
- The IT-BPM sector in India expanded at a CAGR of 10.71 per cent to US$ 167 billion in FY18 from US$ 74 billion in FY10, which is 3–4 times higher than the global IT-BPM growth. It is estimated that the size of the industry will grow to US$ 350 billion by 2025.

#### Leading sourcing destination
- India is the leading sourcing destination across the world, accounting for approximately 55 per cent market share of the US$ 185-190 billion global services sourcing business in 2017-18.
- India acquired a share of around 38 per cent in the overall Business Process Management (BPM) sourcing market.

#### Largest pool of ready to hire talent
- India’s highly qualified talent pool of technical graduates is one of the largest in the world, facilitating its emergence as a preferred destination for outsourcing, computer science/information technology accounts for the biggest chunk of India’ fresh engineering talent pool, with more than 98 per cent of the colleges offering this stream.

#### Most lucrative sector for investments
- The computer software and hardware sector in India attracted cumulative Foreign Direct Investment (FDI) inflows worth US$ 37.23 billion between April 2000 and March 2019 and ranks second in inflow of FDI, as per data released by the Department for Promotion of Industry and Internal Trade (DPIIT).

#### Export and employment growth
- Total export revenue of the industry is expected to grow 7-9 per cent year-on-year to US$ 135-137 billion in FY19. IT-BPM sector accounts for largest share in total Indian services export, which is 45 per cent.
- Hiring at India’s top 10 information technology (IT) companies grew more than four-fold year-on-year in 2018.

---

**Note: BPM – Business Process Management, Data update for FY19 may be available by March 2019 from NASSCOM**

**Source: NASSCOM, DPIIT, TechSci Research**

---

For updated information, please visit [www.ibef.org](http://www.ibef.org)
For updated information, please visit www.ibef.org

ADVANTAGE INDIA

- Strong growth in demand for exports from new verticals.
- Rapidly growing urban infrastructure has fostered several IT centres in the country.
- Expanding economy to propel growth in local demand.
- India's IT sector market is projected to reach US$ 100 billion by 2025.

- Indian IT firms have delivery centres across the world.
- IT & ITeS industry is well diversified across verticals such as BFSI, telecom and retail.
- Increasing strategic alliance between domestic and international players to deliver solutions across the globe.

- India has a low-cost advantage by being 5-6 times inexpensive than US.
- A preferred destination for IT & ITeS in the world; continues to be a leader in the global sourcing industry with 55 per cent market share.
- On May 2019, the Ministry of Electronics and Information Technology (MeitY) launched the MeitY Startup Hub (MSH) portal.

- Tax exemption of three years in a block of seven years to start-ups under ‘Startup India’.
- More liberal system for raising global capital, funding for seed capital and growth and ease of doing business, etc. have been addressed.

- In the Interim Budget 2019-20, the Government of India announced plans to launch a national programme on AI* and setting up of a National AI* portal.
- In February 2019, the Government of India released the National Policy on Software Products 2019 to develop India as a software product nation.

Note: SEZ stands for Special Economic Zone, BFSI stands for Banking, Financial Services and Insurance, E stands for Estimate, F stands for Forecast, AI* - Artificial Intelligence
Source: Nasscom, News sources
## EVOLUTION OF THE INDIAN IT SECTOR

<table>
<thead>
<tr>
<th>Period</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-1995</td>
<td>By early 90s, US-based companies began to outsource work on low-cost and skilled talent pool in India.</td>
</tr>
<tr>
<td>1995-2000</td>
<td>With increased investment in R &amp; D, India became a product development destination. Firms in India grew in terms of their size and scope of services offered as more and more western companies’ setup their bases in the country.</td>
</tr>
<tr>
<td>2000-05</td>
<td>Firms in India became multinational companies with delivery centres across the globe. India’s IT sector is at an inflection point, moving from enterprise servicing to enterprise solutions.</td>
</tr>
<tr>
<td>2005-2016</td>
<td>The US$ 167 billion Indian IT industry employs nearly four million people. India ranks third among global start-up ecosystems with more than 5,300 tech start-ups.</td>
</tr>
<tr>
<td>2017</td>
<td>Indian IT and BPM industry is expected to grow to US$ 350 billion by 2025.</td>
</tr>
</tbody>
</table>
SEGMENTS OF INDIA’S IT SECTOR

IT & ITeS sector

IT services
- Market Size: US$ 92.49 billion during FY19E.
- Over 81 per cent of revenue comes from the export market.
- BFSI continues to be the major vertical of the IT sector.
- IT services had around 51 per cent share in total Indian IT sector revenues in FY19E.

Business Process Management
- Market size: US$ 36.2 billion during FY19E.
- Around 87 per cent of revenue comes from the export market.
- Market size of BPM industry to reach US$ 54 billion by FY25.
- BPM segment had around 20 per cent share in Indian IT sector revenues in FY19E.

Software products and engineering services
- Market size: US$ 34.39 billion during FY19E.
- Over 83.9 per cent of revenue comes from exports.
- The software products and engineering services segment grew 10.5 per cent in FY17.
- It had around 19 per cent share in Indian IT sector revenues in FY19E.

Hardware
- Market size: US$ 14.48 billion in FY19E.
- The domestic market accounts for a significant share.
- The segment had around 8 per cent share in Indian IT sector revenues in FY19E.
- Hardware exports from India are expected to grow at 7-8 per cent in FY19.\(^\text{a}\)

Notes: E – estimated, \(^\text{a}\)As per Electronics and Computer Software Export Promotion Council
Source: NASSCOM, TechSci Research, News sources

For updated information, please visit www.ibef.org
INDIA’S IT MARKET SIZE GROWING

- IT BPM industry revenues was estimated at around US$ 177 billion in FY2018-19 with a growth rate of 6.1 per cent.
- The contribution of the IT sector to India’s GDP stood at 7.9 per cent in 2017-18.
- The domestic revenue^ of the IT industry is estimated at US$ 44 billion and export revenue is estimated at US$ 137 billion in FY19.
- The market size of India’s IT-BPM sector is expected to grow to US$ 350 billion by 2025 and BPM is expected to account for US$ 50-55 billion out of the total revenue.
- Spending on Information Technology in India is expected to grow over 9 per cent to reach US$ 87.1 billion in 2018.*
- Outsourcing of large technology contracts by clients is expected to accelerate the growth of the industry in FY20.
- The cloud market in India is expected to grow three-fold to US$ 7.1 billion by 2022 with the help of Growing adoption of Big Data, analytics, artificial intelligence and Internet of Things (IoT), according to Cloud Next Wave of Growth in India report.
- India’s digital economy is estimated to reach US$ 1 trillion by 2025.

Note: E – estimate, *As per Gartner, ^Including Hardware, ºCAGR is for total of domestic and export
Source: NASSCOM, Gartner, TechSci Research
STRONG GROWTH IN IT & ITeS EXPORTS

- The export sector crossed US$ 137 billion of revenues in FY19 growing at 7-9 per cent.
- Exports rose at a CAGR of 12.26 per cent during FY09–18.
- Export of IT services has been the major contributor, accounting for 57.00 per cent of total IT exports (including hardware) during FY18.
- BPO and E R&D and software products exports accounted for 21.20 per cent and 21.80 per cent of total IT exports during FY18, respectively. The ER&D market is expected to grow to US$ 42 billion by 2022 from US$ 28 billion, currently.

*Note: E – estimated, Data update for FY19 may be available by September 2019*
*Source: Nasscom, Make in India, IDC*
BFSI - A KEY BUSINESS VERTICAL FOR IT-BPM INDUSTRY

- BFSI is a key business vertical for the IT-BPM industry. A major share of revenue of IT majors comes from the BFSI business vertical.
- Adoption of new technologies is expected to accelerate growth of the BFSI vertical. The need for undertaking investments in IT will also be required for gaining competitive advantage instead of solely for reducing operational costs.
- Revenue growth in the BFSI vertical stood at 6.8 per cent y-o-y between July-September 2018.
- Analysts expect healthy Q4 FY19 results for the IT-BPM industry due to execution of deal wins recently.
- In May 2019, Infosys acquired 75 per cent stake in ABN AMRO Bank's subsidiary Stater for US$ 143.08 million
- In June 2019, Mindtree was acquired by L&T.

Revenue share of IT majors from BFSI (Q1 FY20)

Note: BFSI - Banking, Financial Services and Insurance, mentioned figures are for IT and BPM only and do not include engineering services and hardware exports, *For the ‘Financial Services’ vertical, ‘Sum of ‘BFS’ and ‘Insurance’ verticals
Source: NASSCOM Quarterly Review, Ministry of Electronics and IT Annual Report, Company Financial Results and Factsheets
WITH OVER 62 PER CENT SHARE, US IS MAJOR IMPORTER OF IT SERVICES

- US has traditionally been the biggest importer of Indian IT exports; over 62 per cent of Indian IT-BPM exports were absorbed by the US during FY18.
- Non-US-UK countries accounted for just 21 per cent of total Indian IT-BPM exports during FY18.
- As of FY18, US and UK are the leading customer markets with a combined share of nearly 80 per cent. However, there is growing demand from APAC, Latin America and Middle East Asia.
- Being the low-cost exporter of IT services, India is going to attract more markets in other regions in the same manner it tapped US markets.

Note: ROW is Rest Of the World, APAC is Asia Pacific, Data update for FY19 may be available by September 2019
Source: Nasscom, Department of Electronics and IT Annual Report
## IT-BPM SECTOR DOMINATED BY LARGE PLAYERS

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of players</th>
<th>Percentage of total export revenue</th>
<th>Percentage of total employees</th>
<th>Work Focus</th>
</tr>
</thead>
</table>
| Large     | 11                | 47-50%                              | ~35-38%                      | - Fully integrated players offering complete range of services  
- Large scale operations and infrastructure  
- Presence in over 60 countries |
| Medium    | 120-150           | 32-35%                              | ~28-30%                      | - Mid tier Indian and MNC firms offering services in multiple verticals  
- Dedicated captive centres  
- Near shore and offshore presence in more than 30-35 countries |
| Emerging  | ~1,000-1,200      | 9-10%                               | ~15-20%                      | - Players offering niche IT-BPM services  
- Dedicated captives offering niche services  
- Expanding focus towards sub Fortune 500/1,000 firms |
| Small     | ~15,000           | 9-10%                               | ~15-18%                      | - Small players focussing on specific niches in either services or verticals  
- Includes Indian providers and small niche captives |

*Source: Nasscom*
RECENT TRENDS AND STRATEGIES
## NOTABLE TRENDS

<table>
<thead>
<tr>
<th>Global delivery model</th>
<th>Indian software product industry is expected to reach the mark of US$ 100 billion by 2025. Indian companies have set up over 1,000 global delivery centres in about 80 countries over the world.</th>
</tr>
</thead>
</table>
| Leading sourcing destination | India is a prominent sourcing destination across the world, accounting for approximately 55 per cent market share in the global services sourcing business, as of FY18.  
India acquired a share of around 38 per cent in the overall Business Process Management (BPM) sourcing market. |
| Rise of onshoring | Fall in automation costs and rise of digital has led to higher onshoring by the industry.  
Onshore revenue of Indian IT industry* has grown from around 48 per cent in 2011-12 to 55.2 per cent for the quarter ended June 2018^.* |
| New technologies | Disruptive technologies, such as cloud computing, social media and data analytics, are offering new avenues of growth across verticals for IT companies  
The SMAC (social, mobility, analytics, cloud) market is expected to grow to US$ 225 billion by 2020 |
| Growth in non-linear models | India’s IT sector is gradually moving from linear models (rising headcount to increase revenue) to non-linear ones  
In line with this, IT companies in India are focusing on new models such as platform-based BPM services and creation of intellectual property |
| Large players gaining advantage | Large players with a wide range of capabilities are gaining ground as they move from being simple maintenance providers to full-service players, offering infrastructure, system integration and consulting services  
Of the total revenue, about 80 per cent is contributed by 200 large and medium players |

*Note: *Company financials of top listed companies – NASSCOM, ^NASSCOM Quarterly Industry Review September 2018
## NOTABLE TRENDS

### SMAC technologies, an inflection point for Indian IT
- Social, Mobility, Analytics and Cloud (SMAC), a paradigm shift in IT-BPM approaches experienced until now, is leading to digitisation of the entire business model.

### Collaborations
- The National Association of Software and Services Companies (NASSCOM), IT industry body has partnered with GE Healthcare to bring digital healthcare solutions to the market.
- Tata Consultancy Services (TCS), India’s largest software services firm announced its collaboration with tech giant Google to build industry-specific cloud solutions.

### Most lucrative sector for investments
- The computer software and hardware sector in India attracted cumulative foreign direct investment (FDI) inflows worth US$ 37.23 billion between April 2000 and March 2019, according to data released by the Department for Promotion of Industry and Internal Trade (DPIIT).

### Emergence of Tier II cities
- Tier II and III cities are increasingly gaining traction among IT companies, aiming to establish business in India.
- Cheap labour, affordable real estate, favourable government regulations, tax breaks and SEZ schemes facilitating their emergence as a new IT destination.
- Giving rise to the domestic hub and spoke model, with Tier I cities acting as hubs and Tier II, III and IV as network of spokes.

### Changing business dynamics
- India’s IT market is experiencing a significant shift from a few large-size deals to multiple small-size ones.
- The number of start-ups in technology is expected to reach 50000, adding to around 2 per cent of GDP.
- Delivery models are being altered, as the business is moving to capital expenditure (Capex) based models from operational expenditure (Opex), from a vendor’s frame of reference.
STRATEGIES ADOPTED

Movement to SMAC and digital space
- Social Computing, Mobility, Analytics and Cloud (SMAC) is taking significant leaps
- Companies are getting into this field by offering big data services, which provides clients better insights for future cases

Fast-growing sectors within the BPM domain
- Knowledge services, data analytics, legal services, Business Process as a Service (BPaaS), cloud-based services

Promotion of R&D
- Companies are now investing a lot in R&D and training employees to create an efficient workforce, enhancing productivity and quality
- R & D forms a significant portion of companies’ expenses, which is critical when margins are in pressure, to promote innovations in the changing landscape

Expanding in Tier II and III cities and externally
- Companies are expanding their business to Tier II and III cities to have low cost advantage
- In October 2018, HCL Technologies laid the foundation stone for a new global IT development centre at Vijayawada. The facility will come up over 29.86 acres at an investment of Rs 700 crore (US$ 99.74 million).
- Companies are expanding their business towards emerging economies of East Europe and Latin American countries

Product and Pricing differentiation
- Most of the IT companies have been offering similar products and services to their clients
- The companies are working towards product differentiation through various other services by branding themselves, e.g. Building Tomorrow’s Enterprise by Infosys
- Indian IT firms have started to adopt pricing strategies to compete with Global firms like IBM and Accenture
GROWTH DRIVERS
AND OPPORTUNITIES
IT SECTOR TO BE DRIVEN BY STRONG DEMAND AND INDIAN EXPERTISE

- Global BPM spending estimated to rise and reach to US$ 233 billion by 2020
- Tax holidays for STPI and SEZs
- More liberal system for raising capital, seed money and ease of doing business.
- In the Interim Budget 2019-20, the Government of India announced plans to launch a national programme on AI* and setting up of a National AI* portal.
- Government of India has identified Information Technology as one of the 12 champion service sectors for which an action plan is being developed. Also, the government has set up a Rs 5,000 crore (US$ 745.82 million) fund for realising the potential of these champion service sectors.

- Nasscom has launched an online platform which is aimed at up-skilling over 2 million technology professionals and skilling another 2 million potential employees and students.
- Strong mix of young and experienced professionals
- IT service giant DXC Technology has decided to set up its first global analytics unit in Bengaluru to leverage the skill set that India offers.
- Computer penetration expected to increase
- Increasing adoption of technology and telecom by consumers and focused government initiatives leading to increased ICT adoption

- Robust IT infrastructure across various cities in India such as Bengaluru
- Technology mission for services in villages and schools, training in IT skills and E-Kranti for government service delivery and governance scheme

Note: STPI stands for Software Technology Park of India, SEZ stands for Special Economic Zone, ICT - Information and communications technology, IT-BPM – Information Technology Business Process Management, AI* - Artificial Intelligence
Source: Nasscom, News Articles

For updated information, please visit www.ibef.org
EXPERTS TO REMAIN ROBUST AS GLOBAL IT INDUSTRY MAINTAINS GROWTH

- Export revenue from the industry has grown at a CAGR of 11.85 per cent to US$ 137 billion in FY19E from US$ 50 billion in FY10.
- In FY19 Exports in IT and IT Enabled Services (ITeS) registered a growth of 17 per cent to reach Rs 1.09 lakh crore (US$ 15.63 billion) in Telangana.

Source: Nasscom, Media Sources

Note: E – Estimate
Global digital spend is expected to increase from US$ 180 billion in 2017 to US$ 310 billion by 2020.

India’s IT industry is increasingly focusing on digital opportunities as digital is poised to be a major segment in the next few years. It is also currently the fastest growing segment, growing over 30 per cent annually.

Export revenue from digital segment already forms about 20 per cent of the industry’s total export revenue. The figure was estimated at US$33 billion in FY19.

Revenue from digital segment is expected to comprise 38 per cent of the forecasted US$ 350 billion industry revenue by 2025.\(^\text{1}\)

India is the second-fastest digitising economy amongst 17 leading economies of the world.

India has become the digital capabilities hub of the world:

- More than 8,100 firms offer digital solutions
- Digitally skilled talent pool of 450,000-500,000
- 75 per cent of global digital talent in India

---

\(^\text{1}\)According to Nasscom, E – Estimated, FY18 export figures are estimated between US$ 22-25 billion by NASSCOM

Source: Nasscom, IDC, Media Sources
Availability of skilled English-speaking workforce has been a major reason behind India’s emergence as a global outsourcing hub.

The number of engineering graduates has increased from 651,000 in 2013 to an estimated 779,000 in 2017 and is further expected to grow to 802,000 by 2020. Indian IT industry is expected to add around 250,000 new jobs in 2019.

Employment in the sector reached 3.97 million in 2017-18. An addition of around 105,000 was witnessed in FY18. Online hiring activity in IT software sector increased 28 per cent year-on-year.

India BPO promotion scheme was approved under Digital India programme. It aims to create employment opportunities for the youth and promote investments in the IT&ITeS industry. Under the scheme employment has already been created for more than 10,000 individuals.

India’s top 10 Information technology companies added about 114,390 engineers to its workforce in 2018 against 22,156 in 2017.

Note: *Refers to graduates with Bachelors degree in engineering (four-year degree course)
Source: Nasscom, Everest Group
SEZ’S TO DRIVE IT SECTOR; TIER II CITIES EMERGE AS NEW CENTERS

- IT-SEZs have been initiated with an aim to create zones that lead to infrastructural development, exports and employment
- As of May, 2019, there were 273 approved SEZs across the country where 136 are exporting SEZs.
- Over 50 cities already have basic infrastructure and human resource to support the global sourcing and business services industry. Some cities are expected to emerge as regional hubs supporting domestic companies
- Software Technology Parks of India (STPI) has set up 57 centres across the country which provide single window clearance and infrastructure facilities. Under STP scheme, STP units can avail Excise Duty exemptions on procurement of indigenously manufactured goods.

<table>
<thead>
<tr>
<th>Parameters</th>
<th>STPI</th>
<th>SEZ</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Term</strong></td>
<td>10 years</td>
<td>15 years</td>
</tr>
<tr>
<td><strong>Fiscal benefits</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- 100 per cent tax holiday on export profits</td>
<td></td>
<td>100 per cent tax holiday on exports for first 5 years</td>
</tr>
<tr>
<td>- Exemption from excise duties and customs</td>
<td></td>
<td>Exemption from excise duties and customs</td>
</tr>
<tr>
<td><strong>Location and size restrictions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- No location constraints</td>
<td></td>
<td>Restricted to prescribed zones with a minimum area of 25 acres</td>
</tr>
<tr>
<td>- 23 per cent STPI units in tier II and III cities</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** SEZ – Special Economic Zone, STPI (Software Technology Parks of India)

**Source:** EY, Nasscom

### IT sector employment distribution in Tier I and Tier II/III cities

<table>
<thead>
<tr>
<th>Year</th>
<th>Tier I locations</th>
<th>Tier II locations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1,821</td>
<td>175</td>
</tr>
<tr>
<td>2018</td>
<td>1,615</td>
<td>3,230</td>
</tr>
</tbody>
</table>
Global In-House Centres (GIC), also known as captive centres, are one of the major growth drivers of the IT-BPM sector in India. They also operate in engineering services and software product development.

As of March 2018, there were over 1,140 GICs operating out of India. Revenue of GICs of India has increased at a CAGR of 15.18 per cent between FY03-FY18 to touch US$ 25.0 billion in FY18 and is expected to touch US$ 50 billion by 2025.

The impact of the segment goes beyond revenue and employment, as it helps in developing India as a R&D hub and create an innovation ecosystem in the country.

Within the captive landscape, Engineering Research and Development/Software Product Development (ER&D/SPD) is the largest sub-segment.

As of FY18, GIC’s employed 900,000 direct employees, according to a report by NASSCOM. India continues to attract international firms to expand their GICs in the country.

Note: 2018* - Data taken from NASSCOM Strategic Review 2018, *As of end of financial year
Source: Zinnov, Nasscom,
IMPRESSIVE GROWTH PROSPECTS SUSTAIN PE AND VC INTEREST

- IT & ITeS is the leading sector in receipts of private equity (PE) investments in India.
- PE investments in the sector stood at US$ 1.7 billion in Q1 2019.
- Venture Capital (VC) investments in the IT & ITeS sector stood at US$ 66.0 million during Q1 2019.
- Baring Private Equity Asia (BPEA) is going to acquire a 30 per cent stake in NIIT technologies Ltd for a consideration of Rs 2,627 crore (US$ 375.88 million).
- TCS has made significant investments in building intellectual property in the digital assurance domain.

**Note:** Data for first quarter of both years has been calculated by deducting Q2 investments from H1 investments, LHS – Left Hand Side axis, RHS – Right Hand Side axis

**Source:** The Indian Private Equity and Venture Capital Association
NEWER GEOGRAPHIES AND VERTICALS PROVIDE HUGE OPPORTUNITIES

- BRIC nations, continental Europe, Canada and Japan have IT spending of approximately US$ 380–420 billion
- Adoption of technology and outsourcing is expected to make Asia the 2nd largest IT market

- Government, healthcare, media and utilities together have IT spend of approximately US$ 190 billion, but account just 8 per cent of India’s IT revenue
- Non-linear growth due to platforms, products and automation
- Emerging verticals (retail, healthcare, utilities) are driving growth

- SMBs have IT spend of approximately US$ 230–250 billion, but contribute just 25 per cent to India’s IT revenue
- The emergence of new service offerings and business models would aid in tapping market profitably and efficiently

*Note: SMB - Small and Medium Businesses  
Source: International Data Corporation (IDC), Nasscom*
EXPANSION OF FOCUS AREAS TO AID FUTURE GROWTH … (1/2)

- Technologies, such as telemedicine, health, remote monitoring solutions and clinical information systems, would continue to boost demand for IT service across the globe
- IT sophistication in the utilities segment and the need for standardisation of the process are expected to drive demand
- Digitisation of content and increased connectivity is leading to a rise in IT adoption by media
- RBI is executing a plan to reduce online transaction costs to encourage digital banking in India
- The rollout of Fifth Generation (5G) wireless technology by telecommunication companies is expected to bring at least US$ 10 billion global business to Indian IT firms by 2019-25

### Market size of other progressing verticals by 2020 (US$ billion)

<table>
<thead>
<tr>
<th>Vertical</th>
<th>2020 (US$ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Media</td>
<td>17</td>
</tr>
<tr>
<td>Utilities</td>
<td>25</td>
</tr>
<tr>
<td>Healthcare</td>
<td>58</td>
</tr>
<tr>
<td>Government</td>
<td>90</td>
</tr>
<tr>
<td>SMB</td>
<td>250</td>
</tr>
</tbody>
</table>

**Note:** SMB - Small and Medium Business  
**Source:** Nasscom, Gartner
EXPANSION OF FOCUS AREAS TO AID FUTURE GROWTH … (2/2)

- Emerging geographies would drive the next growth phase for IT firms in India
- BRIC would provide US$ 380–420 billion opportunity by 2020
- Focus on building local credible presence, high degree of domain expertise at competitive costs and attaining operational excellence hold key to success in new geographies
- Emphasis on export of IT services to current importers of other products and services

Countries offering growth potential to IT firms

<table>
<thead>
<tr>
<th>Country</th>
<th>IT spend</th>
<th>India’s penetration</th>
<th>Key segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>US$ 63 billion</td>
<td>~1.5 per cent</td>
<td>Enterprise applications, cyber security, healthcare IT</td>
</tr>
<tr>
<td>Europe</td>
<td>US$ 230 billion</td>
<td>&lt;1.5 per cent</td>
<td>IT sourcing, BPM, IS outsourcing, CAD</td>
</tr>
<tr>
<td>Japan</td>
<td>US$ 235 billion</td>
<td>&lt;1 per cent</td>
<td>CRM, ERP, Salesforce automation, SI</td>
</tr>
<tr>
<td>Spain</td>
<td>US$ 26 billion</td>
<td>&lt;1.5 per cent</td>
<td>IT sourcing, SI</td>
</tr>
<tr>
<td>Mexico</td>
<td>US$ 29 billion</td>
<td>~4 per cent</td>
<td>IT sourcing, BPM</td>
</tr>
<tr>
<td>Brazil</td>
<td>US$ 47 billion</td>
<td>~2 per cent</td>
<td>Low level application management, artificial intelligence, R D</td>
</tr>
<tr>
<td>China</td>
<td>US$ 105 billion</td>
<td>&lt;1 per cent</td>
<td>Software outsourcing, R D</td>
</tr>
<tr>
<td>Australia</td>
<td>US$ 48 billion</td>
<td>~4 per cent</td>
<td>Procurement outsourcing, infrastructure software and CAD</td>
</tr>
</tbody>
</table>

Source: Nasscom
KEY INDUSTRY ORGANISATIONS
<table>
<thead>
<tr>
<th><strong>INDUSTRY ORGANISATIONS</strong></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>Ministry of Electronics and Information Technology (MeitY)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Address:</strong> Electronics Niketan, 6, CGO Complex, Lodhi Road, New Delhi - 110 003</td>
</tr>
<tr>
<td><strong>Phone:</strong> 91 11 2436 9191</td>
</tr>
<tr>
<td><strong>Fax:</strong> 91 11 2436 2626</td>
</tr>
<tr>
<td><strong>E-mail:</strong> <a href="mailto:mljoffice@gov.in">mljoffice@gov.in</a></td>
</tr>
<tr>
<td><strong>Website:</strong> <a href="http://meity.gov.in/">http://meity.gov.in/</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Electronics and Software Exports Promotion Council (ESC)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Address:</strong> 155, Okhla Phase III, Okhla Industrial Area, New Delhi, Delhi – 110 020</td>
</tr>
<tr>
<td><strong>Phone:</strong> 91 11 4748 0000</td>
</tr>
<tr>
<td><strong>E-mail:</strong> <a href="mailto:info@escindia.com">info@escindia.com</a></td>
</tr>
<tr>
<td><strong>Website:</strong> <a href="https://www.escindia.in/">https://www.escindia.in/</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>National Association of Software and Services Companies (NASSCOM)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Address:</strong> International Youth Centre Teen Murti Marg, Chanakyapuri, New Delhi – 110 021</td>
</tr>
<tr>
<td><strong>Phone:</strong> 91 11 2301 0199</td>
</tr>
<tr>
<td><strong>Fax:</strong> 91 11 2301 5452</td>
</tr>
<tr>
<td><strong>E-mail:</strong> <a href="mailto:info@nasscom.in">info@nasscom.in</a></td>
</tr>
<tr>
<td><strong>Website:</strong> <a href="https://www.nasscom.in/">https://www.nasscom.in/</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Software Technology Parks of India</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Address:</strong> Ninth Floor, NDCC-II, Jai Singh Road (Opposite Jantar Mantar), New Delhi – 110 001</td>
</tr>
<tr>
<td><strong>Phone:</strong> 91 11 2343 8188</td>
</tr>
<tr>
<td><strong>Fax:</strong> 91 11 2343 8173</td>
</tr>
<tr>
<td><strong>Website:</strong> <a href="https://www.stpi.in/">https://www.stpi.in/</a></td>
</tr>
</tbody>
</table>
USEFUL INFORMATION
GLOSSARY

- APAC: Asia Pacific
- BFSI: Banking, Financial Services and Insurance
- BPM: Business Process Outsourcing
- CAGR: Compounded Annual Growth Rate
- CU: Construction and Utilities
- FDI: Foreign Direct Investment
- GOI: Government of India
- INR: Indian Rupee
- IT & ITeS: Information Technology-Information Technology Enabled Services
- NAC: Nasscom Assessment of Competence
- RoI: Return on Investment
- ROW: Rest of the World
- SEZ: Special Economic Zone
- SMB: Small and Medium Businesses
- STPI: Software Technology Parks of India
- TM: Telecom and Media
- TT: Travel and Transport
- US$: US Dollar
- UT: Union Territory
- Wherever applicable, numbers have been rounded off to the nearest whole number
## Exchange Rates (Fiscal Year)

<table>
<thead>
<tr>
<th>Year INR</th>
<th>INR Equivalent of one US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004–05</td>
<td>44.95</td>
</tr>
<tr>
<td>2005–06</td>
<td>44.28</td>
</tr>
<tr>
<td>2006–07</td>
<td>45.29</td>
</tr>
<tr>
<td>2007–08</td>
<td>40.24</td>
</tr>
<tr>
<td>2008–09</td>
<td>45.91</td>
</tr>
<tr>
<td>2009–10</td>
<td>47.42</td>
</tr>
<tr>
<td>2010–11</td>
<td>45.58</td>
</tr>
<tr>
<td>2011–12</td>
<td>47.95</td>
</tr>
<tr>
<td>2012–13</td>
<td>54.45</td>
</tr>
<tr>
<td>2013–14</td>
<td>60.50</td>
</tr>
<tr>
<td>2014–15</td>
<td>61.15</td>
</tr>
<tr>
<td>2015–16</td>
<td>65.46</td>
</tr>
<tr>
<td>2016–17</td>
<td>67.09</td>
</tr>
<tr>
<td>2017–18</td>
<td>64.45</td>
</tr>
<tr>
<td>2018–19</td>
<td>69.89</td>
</tr>
</tbody>
</table>

## Exchange Rates (Calendar Year)

<table>
<thead>
<tr>
<th>Year</th>
<th>INR Equivalent of one US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>44.11</td>
</tr>
<tr>
<td>2006</td>
<td>45.33</td>
</tr>
<tr>
<td>2007</td>
<td>41.29</td>
</tr>
<tr>
<td>2008</td>
<td>43.42</td>
</tr>
<tr>
<td>2009</td>
<td>48.35</td>
</tr>
<tr>
<td>2010</td>
<td>45.74</td>
</tr>
<tr>
<td>2011</td>
<td>46.67</td>
</tr>
<tr>
<td>2012</td>
<td>53.49</td>
</tr>
<tr>
<td>2013</td>
<td>58.63</td>
</tr>
<tr>
<td>2014</td>
<td>61.03</td>
</tr>
<tr>
<td>2015</td>
<td>64.15</td>
</tr>
<tr>
<td>2016</td>
<td>67.21</td>
</tr>
<tr>
<td>2017</td>
<td>65.12</td>
</tr>
<tr>
<td>2018</td>
<td>68.36</td>
</tr>
</tbody>
</table>

*Source: Reserve Bank of India, Average for the year*
India Brand Equity Foundation (IBEF) engaged TechSci Research to prepare this presentation and the same has been prepared by TechSci Research in consultation with IBEF.

All rights reserved. All copyright in this presentation and related works is solely and exclusively owned by IBEF. The same may not be reproduced, wholly or in part in any material form (including photocopying or storing it in any medium by electronic means and whether or not transiently or incidentally to some other use of this presentation), modified or in any manner communicated to any third party except with the written approval of IBEF.

This presentation is for information purposes only. While due care has been taken during the compilation of this presentation to ensure that the information is accurate to the best of TechSci Research and IBEF’s knowledge and belief, the content is not to be construed in any manner whatsoever as a substitute for professional advice.

TechSci Research and IBEF neither recommend nor endorse any specific products or services that may have been mentioned in this presentation and nor do they assume any liability or responsibility for the outcome of decisions taken as a result of any reliance placed on this presentation.

Neither TechSci Research nor IBEF shall be liable for any direct or indirect damages that may arise due to any act or omission on the part of the user due to any reliance placed or guidance taken from any portion of this presentation.