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India's IT/ITeS Industry: The Next Phase Entrepreneurship & Broad-Based Innovation

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The IT-BPO industry segmentation

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- IT-BPO
  - Services
    - IT Services
      - Project Oriented
      - Outsourcing
      - Support & Training
    - BPO
      - Horizontal Specific
      - Vertical Specific
    - ER&D
      - Embedded Systems
    - OSPD
  - Products
    - Software Products
    - System Software
    - Enterprise applications
    - Vertical applications
  - Hardware
    - Personal Computers
    - Network Equipment
    - Storage and Security
    - Servers
    - Printers

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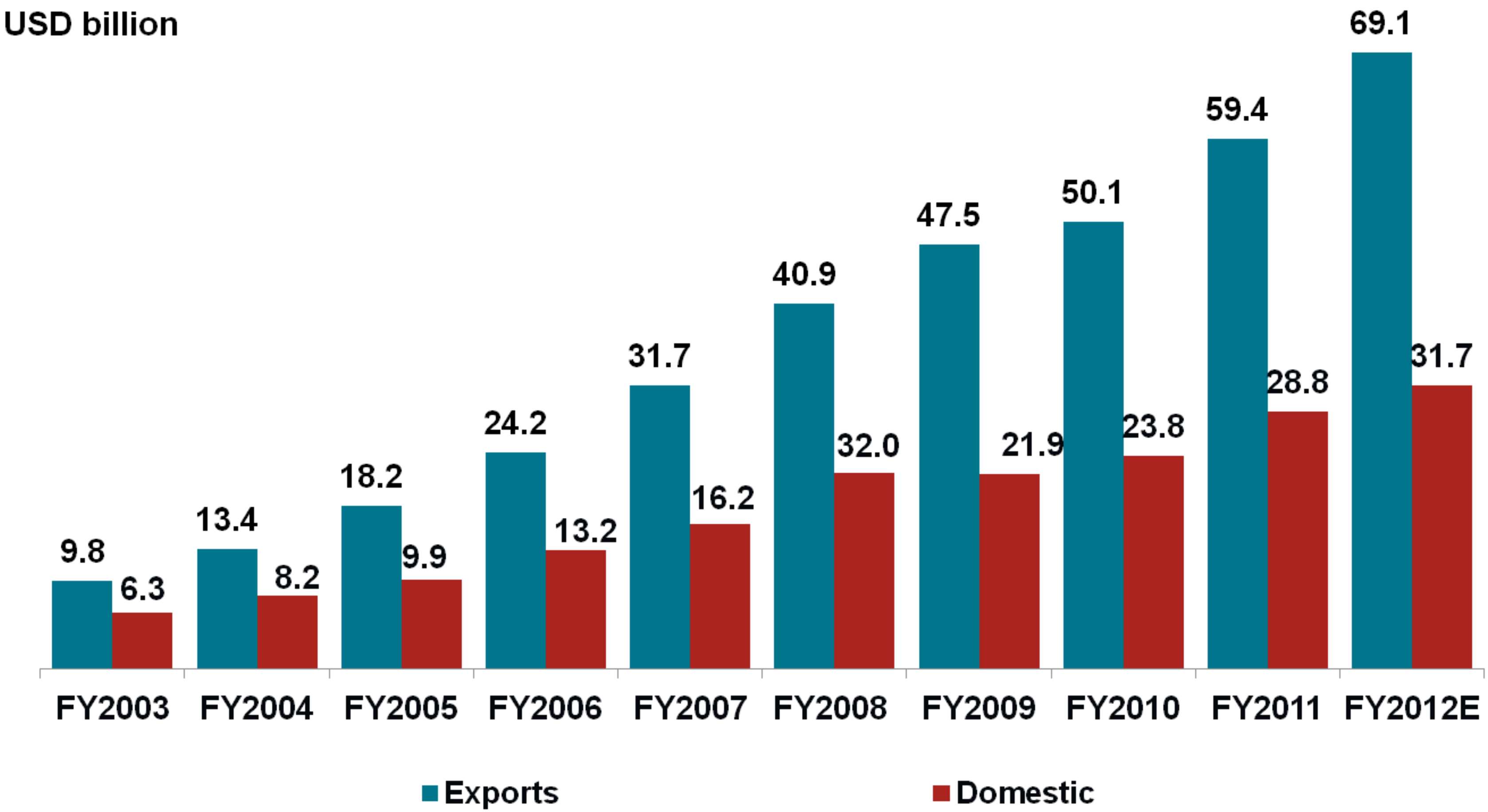
Brief history of Indian IT-BPO revenue



Source: NASSCOM

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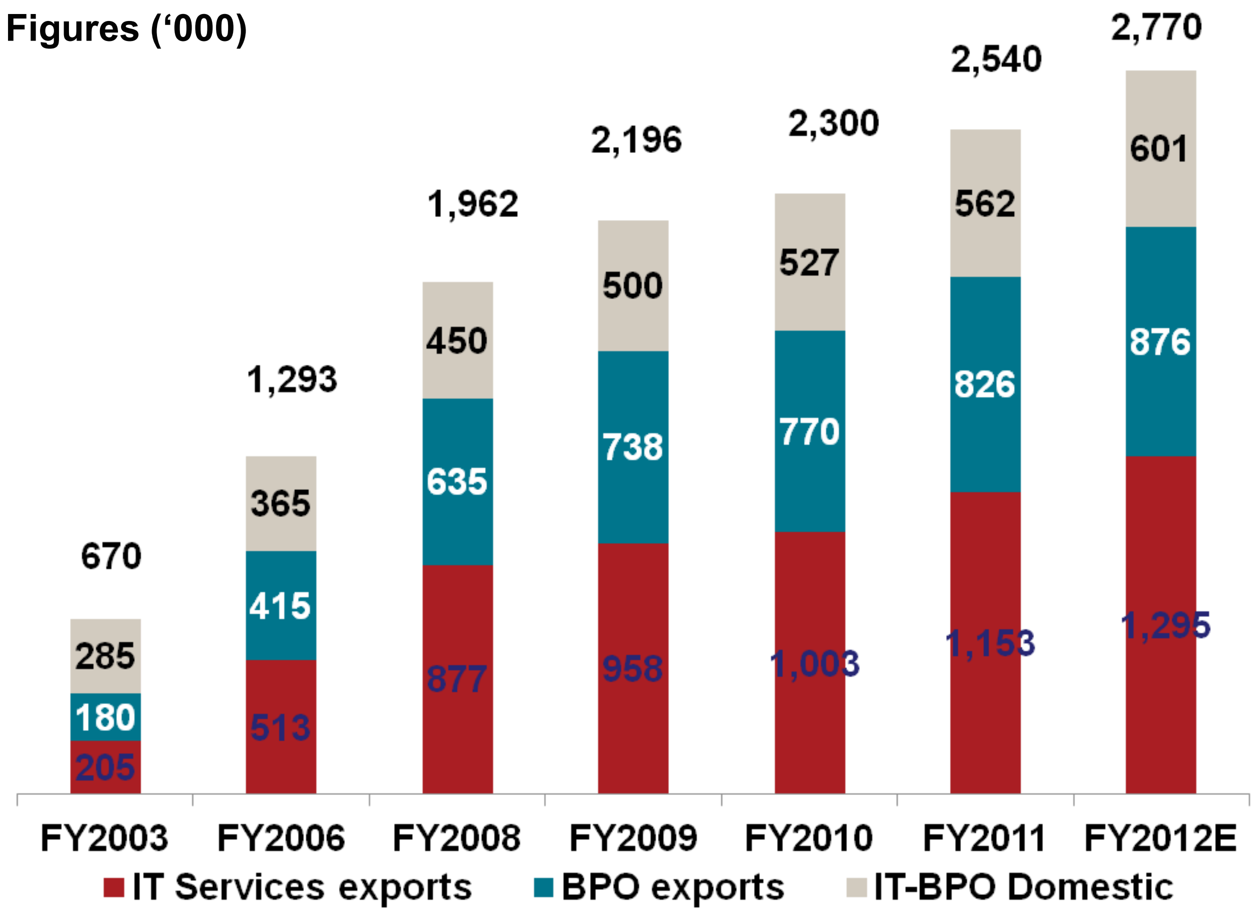
Brief history of Indian IT-BPO direct employment

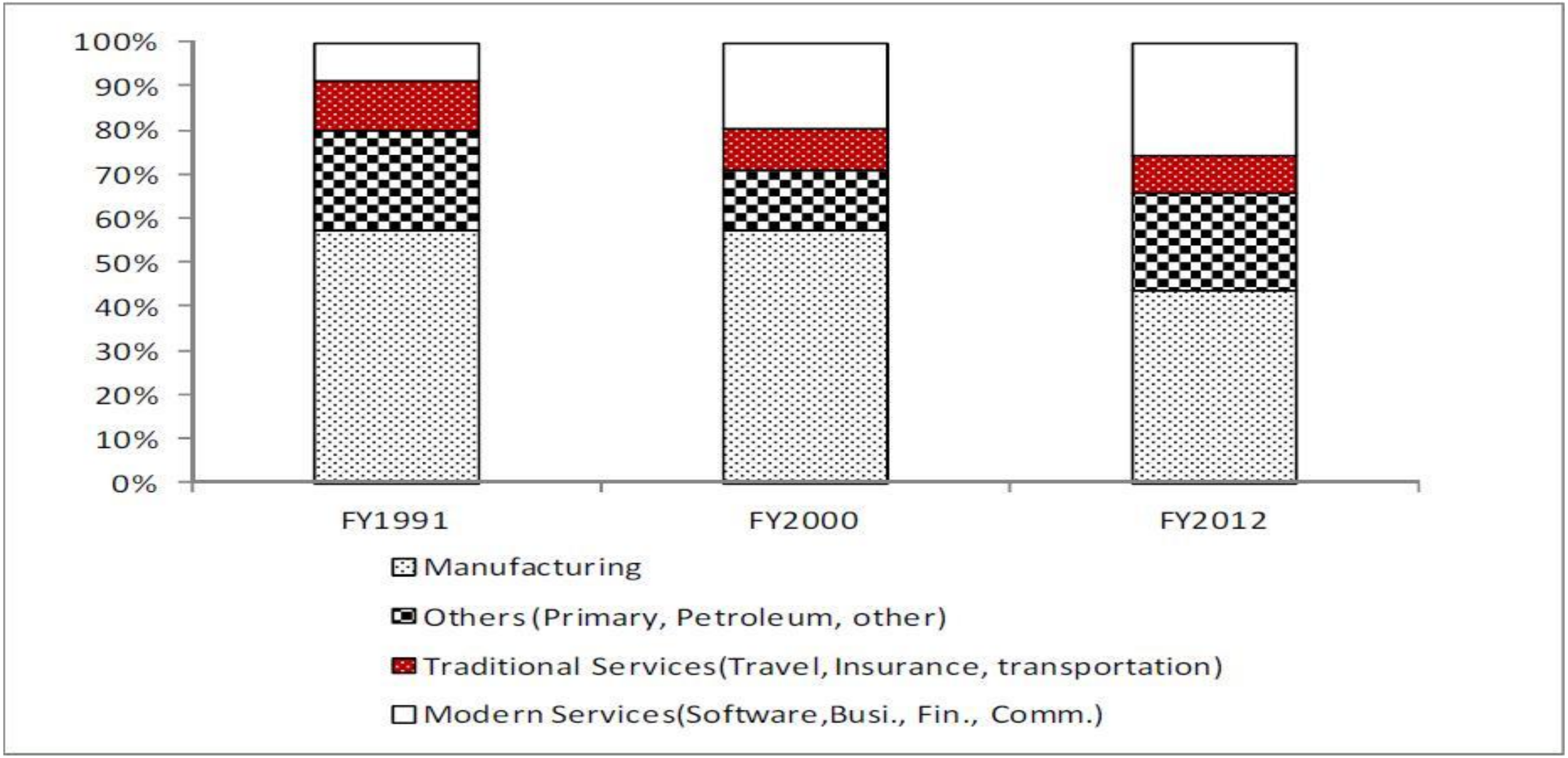


The industry added 230,000 jobs in FY2012

* Excluding Hardware

Source: NASSCOM

Composition of India's exports basket



Source: Eichengreen and Gupta, 2012

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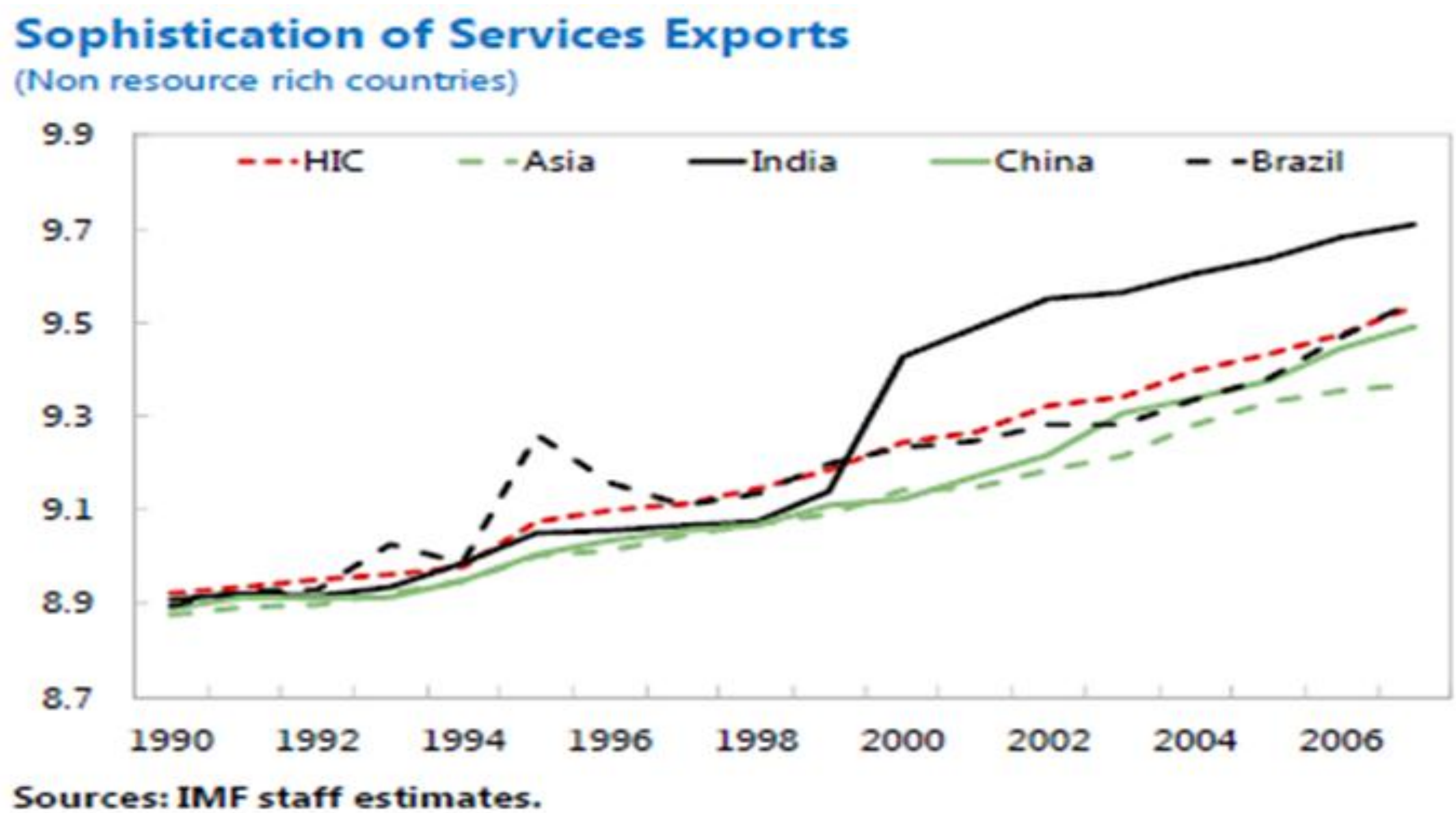
Sophistication of Services Exports



Industry moving from "Enterprise service providers" to "Enterprise solution creators"

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DIMENSIONS	1990	2000	2010 onwards (CUSTOMER CENTRIC)
SERVICES	One client, one solution	Enterprise services	Enterprise solutions
SERVICE DELIVERY	Custom, People-driven	Industrialised, capacity and method-driven	Capacity and IP-driven
TECHNOLOGY	Mainframe to Client server	Y2K, dotcom enablement	Cloud, virtualisation, Mobile computing
PRICING	Input-based, Fixed costs	Output-based, fixed costs or gain share	Pay per use
DEALS STRUCTURE	Deals related to CAD/M and maintainence	Multiple vendors, large size, long duration	Small deal wins, short duration. End-to-end
RESOURCES	Staff augmentation	Fixed capacity	Non-linear
TIME TO DEPLOY	Years	Months	Weeks or Days

Source: CLSA, NASSCOM

Service providers' value proposition maturing beyond cost to delivering business outcome

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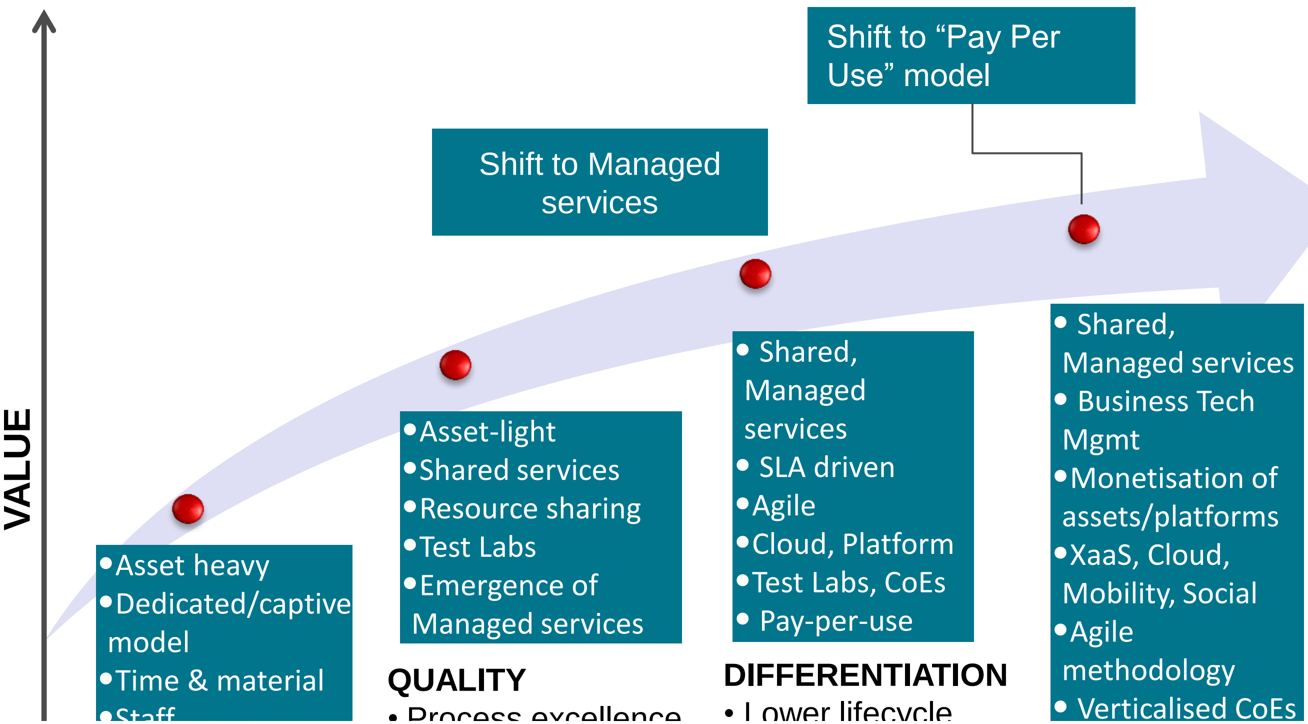

'Verticalisation'–Business transformer

1. Organisational Design

- Verticalised across business functions – going beyond sales

2. Organic- Internal Capability

- Investments in vertical specific tools and talent
- E.g. Hiring doctors/nurses for domain intensive healthcare - medical coding etc.

3. Inorganic- Value Additions

- Fill vertical specific gaps through acquisitions or enter newer verticals
- E.g. Acquisition of platforms such as Life Admin / Claim adjudication (Insurance)