

IT INDUSTRY ANALYSIS

PREPARED BY

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2ND YEAR

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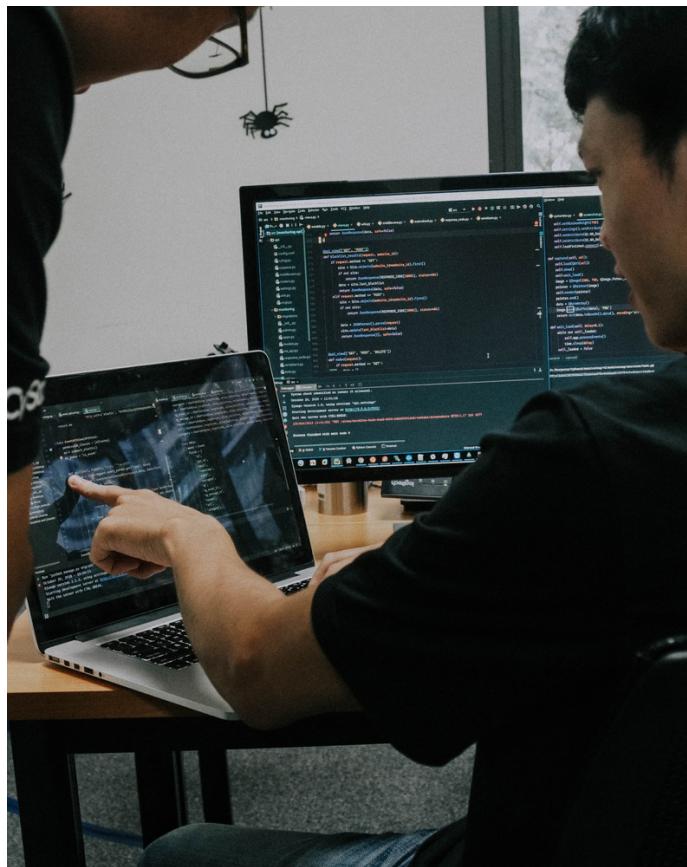
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INTRODUCTION

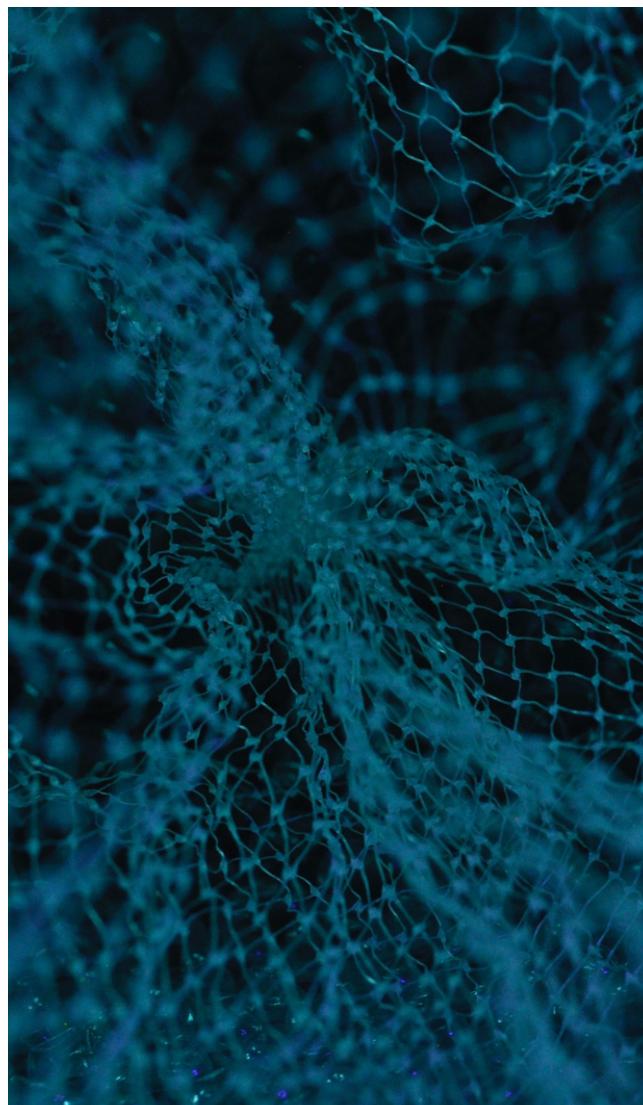
- The IT industry accounted for 8% of India's GDP in 2020. By 2025, India's IT sector is predicted to contribute 10% of the country's GDP.
- The IT sector employed 4.5 million workers as of FY21.
- The global sourcing market in India continues to grow at a higher pace compared to the IT-BPM industry.
- India is the leading sourcing destination across the world, accounting for approximately 55% market share of the US\$ 200-250 billion global services sourcing business in 2019-20.
- India's rankings improved four places to 46th position in the 2021 edition of the Global Innovation Index
- The computer software and hardware sector in India attracted cumulative foreign direct investment (FDI) inflows worth US\$ 81.31 billion between April 2000-December 2021.



- The sector ranked 2nd in FDI inflows as per the data released by Department for Promotion of Industry and Internal Trade (DPIIT). Computer software and hardware make up 14.19% of the cumulative FDI inflows



- The push towards cloud services has boosted hyper-scale data centre investments, with global investments estimated to exceed US\$ 200 billion annually by 2025.
- India is expected to gain a significant share in the global market, with the country's investment expected to hit US\$ 5 billion annually by 2025.

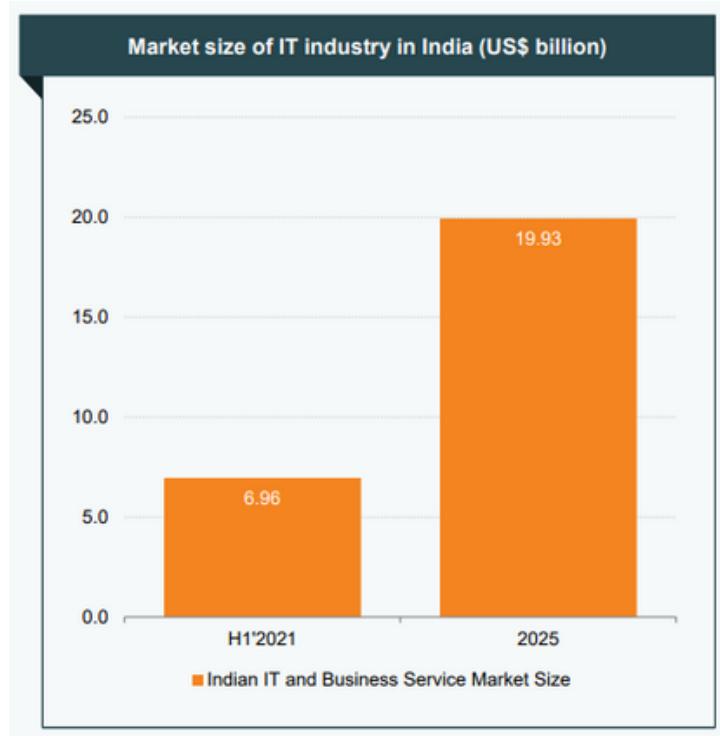


- The IT & business service industry's revenue was estimated at US\$ 6.96 billion in the first half of 2021, an increase of 6.4% YoY.
- The IT industry added 4.5 lakh new employees in FY22 the highest addition in a single year. Women accounted for 44% of the total new employees.
- Exports from the Indian IT industry stood at US\$ 149 billion in FY21.

MARKET SIZE

IT INDUSTRY

- According to the National Association of Software and Service Companies (Nasscom), the Indian IT industry's revenue is expected to touch US\$ 227 billion in FY22 from US\$ 196 billion in FY21
- 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
- Artificial Intelligence (AI) is expected to boost India's annual growth rate by 1.3% by 2035, according to NITI Aayog. The Karnataka government has signed three MoUs worth US\$ 13.4 million (Rs. 100.52 crore) to help the state's emerging technology sector..

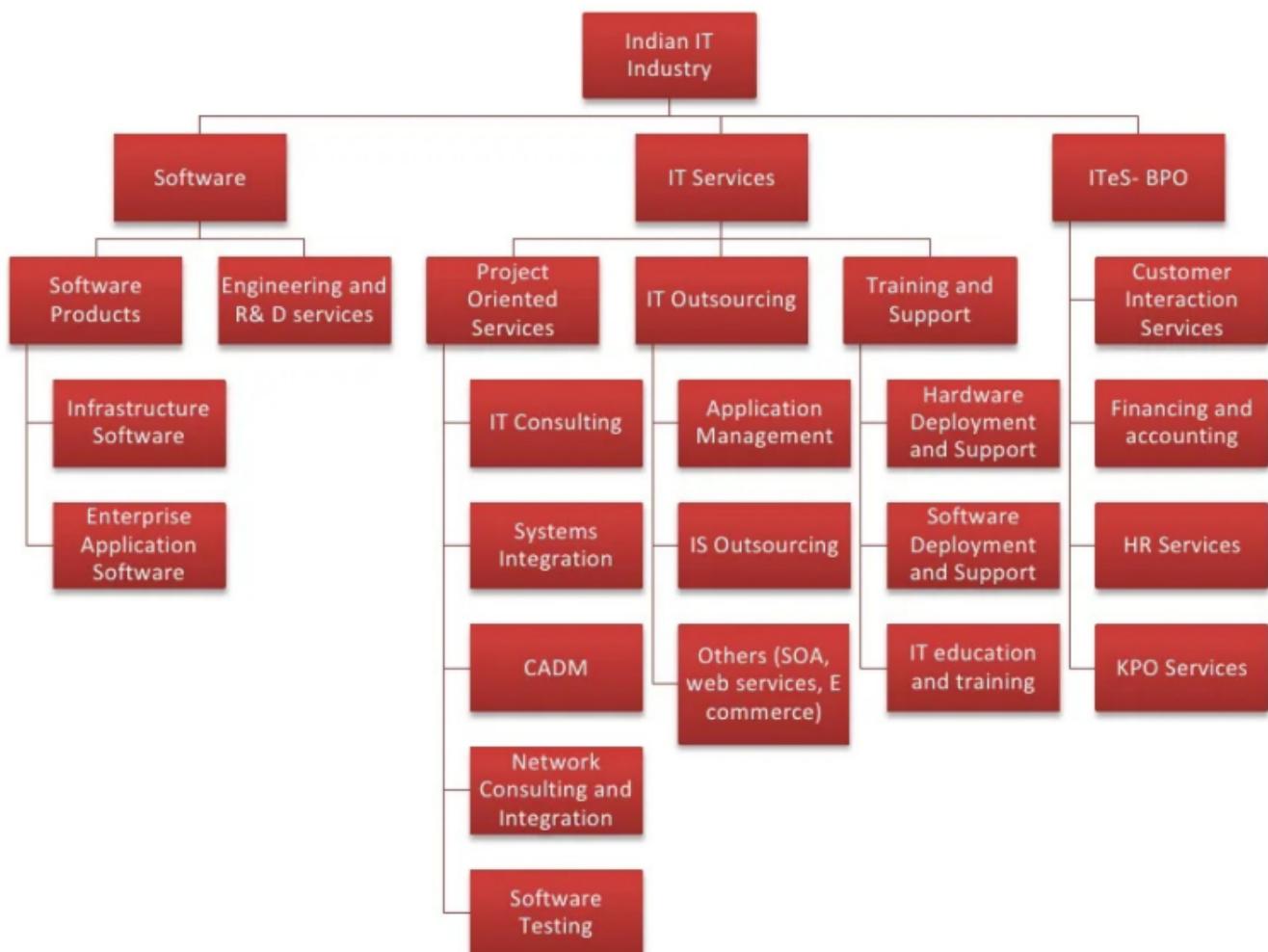


- In November 2021, Mr. Piyush Goyal, Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, lauded the Indian IT sector for excelling its competitive strength with zero government interference. He further added that service exports from India has the potential to reach US\$ 1 trillion by 2030. Spending on information technology in India is expected to reach US\$ 144 billion in 2023.

IT INDUSTRY SEGMENTATION

IT Industries can be broadly classified into 3

- software
- it services
- it enable services - BPO



TOP IT COMPANIES



Tata Consultancy service

TCS is an IT services, consulting and business solutions provider that has been partnering with the world's largest businesses in their transformation journeys for the last fifty years. TCS offers a consulting-led, cognitive powered, integrated portfolio of business, technology and engineering services and solutions.



Infosys

Established in 1981, Infosys is an NYSE listed global consulting and IT services company with more than 228,000 employees. It is the second largest in the list of top 10 IT companies in India 2020. One of the leading software companies in India. Over 37 years, The company has catalyzed some of the major changes that have led to India's emergence as the global destination for software services talent. The first IT Company from India to be listed on NASDAQ

HCL Technologies



The Company is a leading global IT services company that helps global enterprises re-imagine and transform their businesses through Digital technology transformation. The Company leverages its global network of integrated co-innovation labs and global delivery capabilities to provide holistic multi-service delivery in key industry verticals including Financial Services, Manufacturing, Telecommunications, Media, Publishing, Entertainment, Retail & CPG, Life Sciences & Healthcare, Oil & Gas, Energy & Utilities, Travel, Transportation & Logistics and Government.



Wipro Limited

Wipro Limited is a leading global information technology consulting and business process services company. It is on the list of top 5 IT companies in India. The Company harness the power of cognitive computing, hyper-automation, robotics, cloud, analytics and emerging technologies to help clients adapt to the digital world and make them successful. It is one of the Indian IT companies recognized globally for its comprehensive portfolio of services, a strong commitment to sustainability and good corporate citizenship, The Company has over 160,000 dedicated employees serving clients across six continents. Together, one of the best Indian IT companies to discover ideas and connect the dots to build a better and a bold new future.

Redington India Ltd



Established in 1993, The incredible journey has seen us emerge from one brand, one product category, and one market into a US \$6.7 billion distribution and supply chain solutions provider to over 220 international brands in IT and Mobility spaces, serving 30+ emerging markets. Today, new-age technologies like Artificial Intelligence (AI), Robotics, Big Data and Analytics, Internet of Things (IoT), and 5G communications are opening new possibilities and new opportunities for tomorrow. Redington India Ltd is the fifth largest Indian top it companies

Tech Mahindra Ltd



Tech Mahindra is a 9 billion company with 125,700+ professionals across 90 countries, helping 941 global customers including Fortune 500 companies. Tech Mahindra is a part of mahindra Group. The Company convergent, digital, design experiences, innovation platforms, and reusable assets connect across a number of technologies to deliver tangible business value and experiences to our stakeholders. Tech Mahindra is the highest ranked Non-U.S. company in the Forbes Global Digital 100 list (2018) and in the Forbes Fab 50 companies in Asia (2018).

Larsen & Toubro Infotech Ltd L&T Infotech

LTI is a global technology consulting and digital solutions company helping more than 360 clients succeed in a converging world. With operations in 30 countries, accelerate digital transformation with LTI's Mosaic platform enabling their mobile, social, analytics, IoT and cloud journeys.

Mphasis Ltd



Incorporated in 1992, Mphasis serves marquee customers across the globe including six top global banks, eleven out of fifteen top mortgage lenders, and three top global insurance companies and has about 22,000 employees across sixteen countries. It is among the top software companies in India. Blackstone Private Equity, the world's largest private equity firm acquired Hewlett Packard Enterprise's stake (60.5%) in Mphasis. This deal represents the largest technology investment as well as the largest acquisition by Blackstone in India. Mphasis' core reference architectures & tools, combined with strong domain expertise in Banking, Financial Services & Insurance verticals

Mindtree Ltd



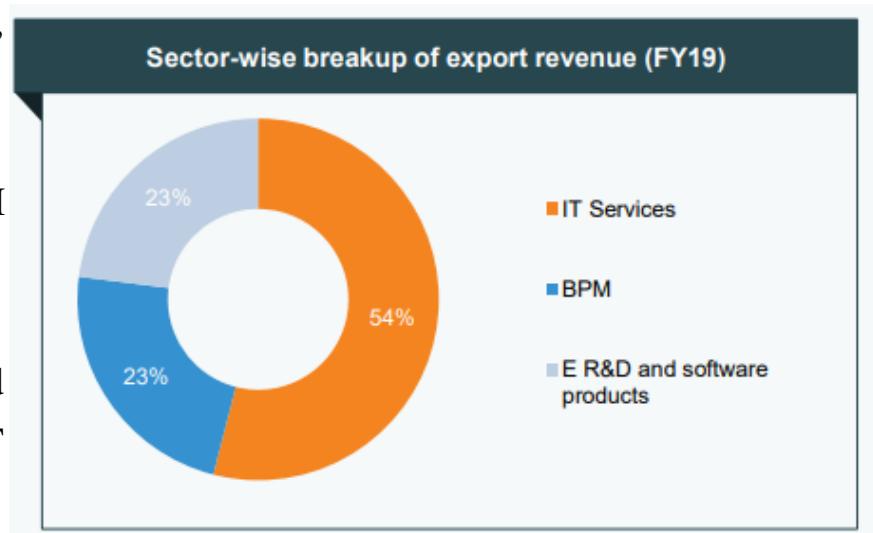
Mindtree

Welcome to possible

Mindtree is a global technology consulting and services company, helping enterprises marry scale with agility to achieve competitive advantage. "Born digital," in 1999 and now a Larsen & Toubro Group Company, Mindtree applies its deep domain knowledge to 350+ enterprise client engagements to break down silos, make sense of digital complexity and bring new initiatives to market faster. The Company enables IT to move at the speed of business, leveraging emerging technologies and the efficiencies of Continuous Delivery to spur business innovation. Operating in more than 15 countries across the world made up of 21,000 Employees. It is among the list of top software companies in India

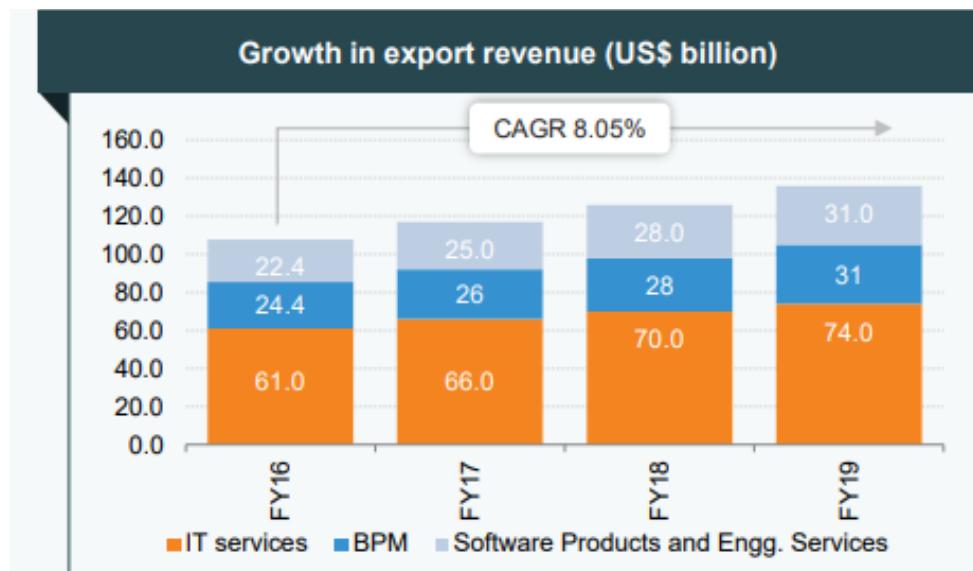
REVENUE

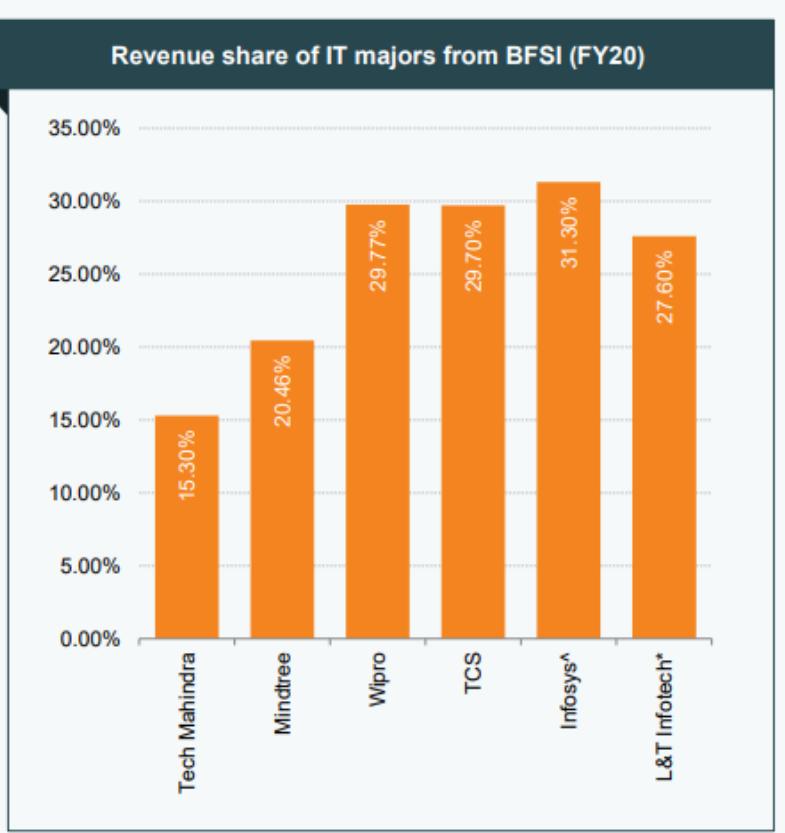
- Export of IT services has been the major contributor, accounting for more than 51% of total IT export (including hardware). BPM and Engineering and R&D (ER&D) and software products exports accounted for 20.78% each of total IT exports during FY21.



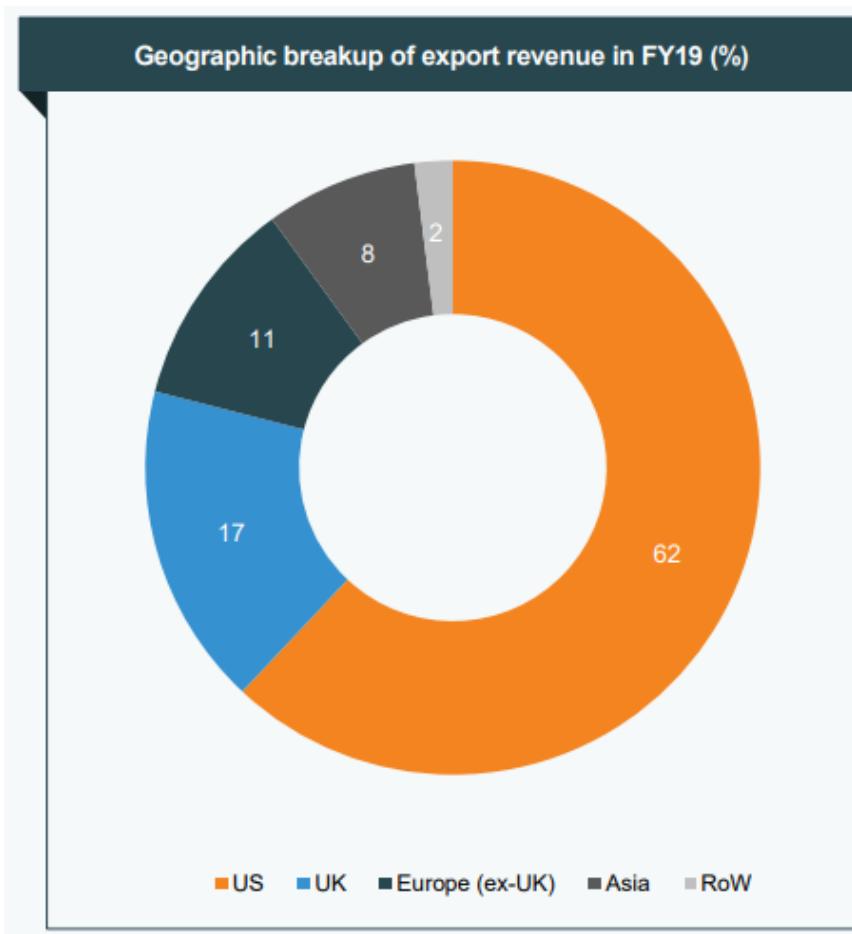
- ER&D market is expected to grow to US\$ 42 billion by 2022. According to STPI (Software Technology Park of India),
- Software exports by the IT companies connected to it, stood at Rs. 1.20 lakh crore (US\$ 16.29 billion) in the first quarter of FY22.

- 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 investment in IT will also be required for gaining competitive advantage instead of solely reducing operational costs.





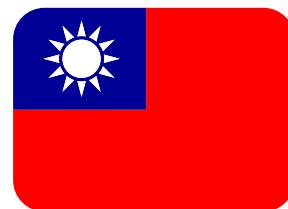
- US has traditionally been the biggest importer of Indian IT exports as it absorbed over 62% of IT & BPM export during FY19.
- Non-US-UK countries accounted for just 21% of the total Indian IT & BPM export during FY19.
- As of FY19, US and UK were the leading customer markets with a combined share of nearly 80%. However, there is a growing demand from APAC, Latin America and Middle East Asia regions. Being the low-cost exporter of IT services, India is going to attract more markets in other regions in the same manner in which it tapped the US market.



- In May 2021, Infosys entered a partnership with Majesco, a New Jersey-based cloud insurance software solutions provider, to enable insurance companies to aid in digital adoption and transformation across the insurance value chain.
- In July 2021, TCS expanded its strategic partnership with Royal London, the largest mutual life insurance, pensions and investment company in the UK, to help the latter transform its pension platform estate and deliver market-leading services to members and customers.

COMPETITION

- The Indian IT industry is facing stiff competition from the outsourcing companies based in different parts of the world — China, Taiwan, Philippines, Eastern Europe and Latin America
- In 2015 A paper has argued that the future of the Indian IT outsourcing industry is uncertain. This uncertainty emanates from paucity of quality manpower, inability of the industry to move up the value-chain, underdeveloped state of the domestic market and unpreparedness of the industry for disruptive technologies. These factors may erode the competitive advantage of the industry and inhibit the growth momentum.



- In comparison to other competitors, it has become bullish on IT services, as there is no substantial rivalry for Indian IT services due to low-cost labour and highly skilled people.

SWOT ANALYSIS

S Strengths <p>English-speaking workforce Skilled employees Extensive global reach</p>	W Weakness <p>Political opposition from developed countries Rise in the level of attrition rates Cultural difference</p>
O Opportunities <p>Quality ITES destination rather than a low-cost destination Great scope for product innovation Industry expected to grow to \$19.93 billion by 2025</p>	T Threats <p>Increase in competition Global economics slow down IT Development concentrated in a few cities only</p>

PORTER'S FIVE FORCES

Threat to new entrants

Threat to new entrants is pretty low in the Indian IT service landscape. One of the major reasons being that the deals that come in have a certain ticket size. And not every company will be able to deal with a project at that scale. Moreover, there are about 4-5 players which have built the capability to deal with multi-million-dollar deals. The start-up culture is there, but these start-ups play in a very niche field. Things like Fintech, AgriTech to Deep Neural Networks are the areas these start-up's deal with. So, in a way there is barrier to entry created by the large corporations which makes it difficult for any new entrant to come in and take the project.

Bargaining Power of the Customer

The bargaining power of the customer is high. That is primarily because of the Indian IT services companies that are capable of handling work of that nature and size. Though there are only a handful of them, the customers have a sizable option to choose from as each company gets something different on the table.

Bargaining Power of the Suppliers

This one can be debatable. For instance, if we talk about software vendors who are providing licensed software. These vendors do give bulk licenses to the Indian IT services companies but still they are in a position to demand a price for the software they provide. On the other hand, you have the hardware manufacturers who can't really be in a commanding position because of the sheer size of orders that are placed for hardware components. And moreover, with Cloud services kicking in, this model is got to change.

Industry Rivalry

The industry rivalry is a high force in the Indian IT Services industry landscape. As mentioned earlier, there are only a handful of large IT services companies and there is rivalry between them in terms of the deals they win, the market share they grab, the bottom line they are able to showcase. In way this high industry rivalry has also helped the Indian IT services sector to grow as it paved way for innovation and each company came up with innovative solutions.

Threat of Substitutes

At the current economic condition when the economies of the world are slowing down, there is high chances of substitution. Other world economies like Philippines are bidding for IT services projects globally as they are able to provide the work at a cost cheaper than the Indians. Also, if you think, the companies that are giving the projects to the Indian IT services industry, can do a backward integration and setup their own IT solution company. For instance, IBM, Accenture etc These companies were primarily consulting companies at one point and today they boast of their IT solution arm. Both of them having off shore centres to cater to the world.



PESTEL ANALYSIS

Political factors-

These are factors that include government rules and regulations on any business environment. Factors such as customer protection law, terrorist attracts or threats and competitive regulations are also known to impact operations of any business regardless of status. The Indian government has been supportive and on the front line on the growth of IT services. The government has decided to contract IT job to IT companies developing new and more opportunities for the company and the IT industry in general. The government introduced the STP Scheme, which is a 100% export-oriented scheme for the development and export of computer software, including export of professional services. In the Union Budget 2022-23, the allocation for IT and telecom sector stood at Rs. 88,567.57 crore (US\$ 11.58 billion).

Economic factors-

Global recession, increasing working pay, competition from other IT companies and increased contract fee is a number of factors that impact the IT sector. Currency fluctuation and devaluation has affected the industry greatly during the recession time. Recession has been one of the core factors that affect global economy. It causes low attribute rate due to job layouts and cuts. The decline in the financial and banking industry has led to a decline in revenue and this has affected the IT sector greatly.

Social factors-

These are factors that range from employee rights, race nationality of the IT Company of choice, language barrier or other common social factors. Due to the large number of people in India who can speak in English, this has helped fostering good relations in the industry and on the global platform. Many institutions in the country offer IT course creating jobs for many people at lower costs.

Technological factors-

India offers lowest tariffs in the world. Today, India has the second largest telephone network after China, offering 4G, enterprise telephone services, Wi-MAX (wireless broadband) and VPN have become the things where India has more than 270 million VPN users.

Legal factors-

India has come up with great Acts that have made it easy for the IT sector to develop. It has become easy for IT companies to carry out electronic using legal infrastructure made possible by the Legal Aspects and Policies IT Act 2000. Government can easily issue notifications in the web signaling e-governance.

Environmental factors-

Conservation and protection are an issue that has been causing a lot of buzz and it has gained prominence with time. Deteriorating environmental balance has been threatening the sustainability of life and nature. The IT sector has also been affected by floods, earthquake, cyclone and tsunami.



CURRENT SITUATION

- According to the Nasscom, the Indian IT industry's revenue is expected to touch US\$ 227 billion in FY22 from US\$ 196 billion in FY21
- In FY22, the top three Indian IT companies, TCS, Wipro and Infosys, are expected to offer ~1.05 lakh job opportunities, due to the increasing demand for talent and skill.
- In Union Budget 2022-23, the allocation for IT and telecom sector stood at Rs. 88,567.57 crore (US\$ 11.58 billion).



- In September 2021, the Indian government issued Goods and Services Tax (GST) Council's clarification on intermediaries for the IT & BPM industry, simplifying the refund process.
- The Ministry of Electronics and Information and Technology has approved 14 eligible applicants under the production linked incentive scheme for IT hardware.

FUTURE OF IT INDUSTRY

- 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.

CONCLUSION

India has emerged as an IT hub for the software companies of the world and Indian software companies have taken prominent positions in the global IT sector. India has become the world's largest sourcing destination for the IT industry. Online retailing, cloud computing and e-commerce are all contributing to the speedy growth of the IT industry



There's no doubt that the world will drastically change with technology and innovation in the next 20 years. And as a stakeholder in an IT company, it's crucial to know which technologies to implement so your business can stay ahead of the competition and generate significant profits. and also there is Government Initiatives



**THANK
YOU**



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