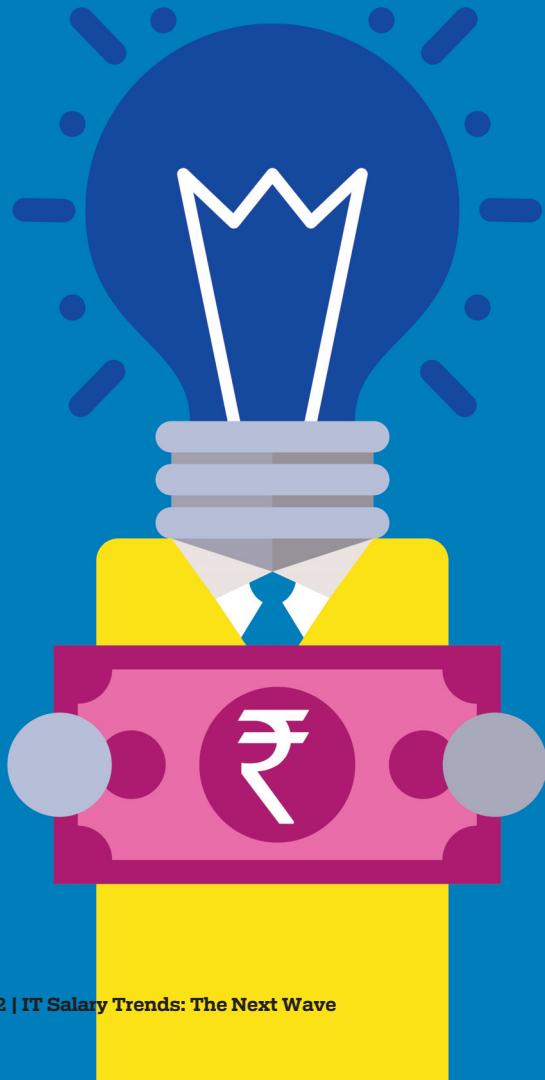




IT Salary Trends: The Next Wave





IT Salary Trends: The Next Wave

IT salary structures in India are witnessing a shift with companies focused on a smarter, agile and diverse workforce, who are paid a premium for their niche in-demand skills

Sudipta Dev

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The IT sector has traditionally been known to be among the highest paying, offering premium pay packages to the best talent; and going by the emerging salary trends, it is the most skilled in next gen technologies who will continue to be at the top of the game.

Organisations are always on the lookout for an agile and smart workforce, and those having skills like AI, ML, predictive analytics, cybersecurity are coming to the forefront as the most sought after workforce segment. The salaries which had plateaued in recent years, apart from some instances at the entry level, are witnessing an increase in pay projections. Further, remuneration in the form of ESOPs and phantom stocks are here to stay for CIO/CTOs, who are believed to be the tech visionaries for a company and are important partners in its growth.

Emerging trends

Domains that have seen a lot of changes in IT salaries are e-commerce (mobile and web applications), pharma, healthcare, medical devices, automotive and financial services. This has largely been due to the advent of AI, analytics, deep learning and RPA. "Amongst all of these domains or industries, e-commerce has really impacted the way salaries are structured. UI and front-end developers, especially with a good understanding of high volume transactions based applications have seen significant increase in salary hikes," says Thammaiah BN, Managing Director, Kelly Services India, adding that earlier compensation would be determined by the number of years of experience. But now, the dy-



At one end, we are seeing companies increase the variable component; whereas, at the other end, we are seeing companies reward their high performers in a non-monetary way by sponsoring specific skill development trainings

**Thammaiah BN
Managing Director,
Kelly Services India**

namics of the market have changed such that candidates who understand niche technologies and are able to move faster between technologies have a greater advantage. Furthermore, now companies do not necessarily pay more just because a candidate is coming from a bigger brand or college. "Today, it's highly probable that an IIT graduate might be earning lesser than a candidate from a lesser known college, but with a good domain knowledge in cybersecurity. It's no longer a pedigree game," asserts Thammaiah BN.

The workforce is also getting more diverse. In a team of 10, there could be a need to hire at least three women. This means that companies at times are also willing to pay a premium to get women onboard.

In an industry that is divided into two main segments – product based or serviced based IT companies – the latter are moving to captive models and deploying their employees at end-customer premises which typically is a product organisation. "This is one such interesting pattern which is apparent today. In addition, there has been a surge in demand for both contractual and permanent staffing; thus impacting salaries of the employees working in our Indian IT organisations," affirms Manu Saigal, Business Head – IT Services, The Adecco Group India.



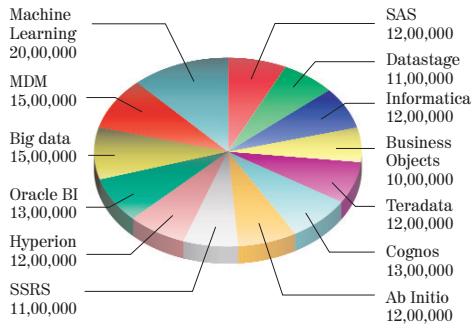
Another important factor is that with the kind of transformation the industry is going through, employers are now looking for an agile workforce that is more adaptable to new-age skills such as robotics, big data, analytics, automation. Manmeet Singh, President of Experis, Manpower-Group India, shares that as a result, there is an obvious dip in the mid and senior level hiring as people management is no more a sought-after skill. “The average variable pay projection has improved from 15.8 per cent to 16.1 per cent. This clearly tells us that organisations are continuing to pay for performance and variable pay holds a higher percentage in the CTC,” he states.

The middle management layer in many organisations is being flattened. Kris Lakshminikanth, Founder Chairman & Managing Director, The Head Hunters India, mentions that previously, a project manager would be in charge of 20 to 25 people, but now – thanks to robotics, etc – many organisations are able to have one project manager for 100 people approx. For instance,

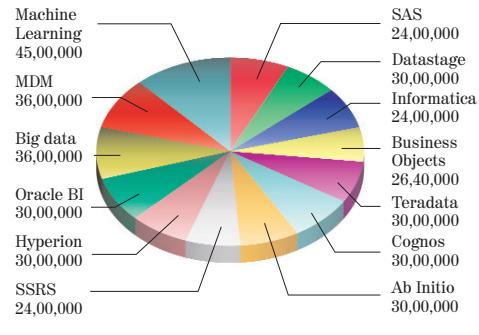
DATA WAREHOUSING/BUSINESS INTELLIGENCE

Experience : 8 - 15 years

IT Skill Set



Min. Salary (INR per annum)

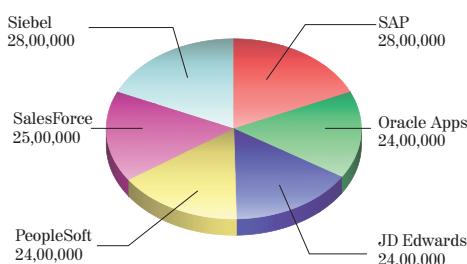


Max. Salary (INR per annum)

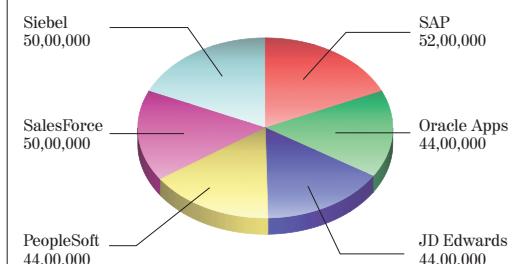
ENTERPRISE RESOURCE PLANNING

Experience : 15 - 20 years

IT Skill Set



Min. Salary (INR per annum)



Source : Kelly Services

recently, Cognizant Technology Solutions (CTS) let go of about 200 senior employees in an effort to re-align its workforce.

Salary increase of IT professionals has been very lean (if at all) in the last three years. "The average increase would be between two to seven per cent. In contrast, in earlier years, the increases ranged from 10 to 25 per cent. Also, automatic promotions, etc., are no longer a norm," says Lakshminanth, adding that the average Indian software professional has earned less in 2017 compared to the previous year. This is because there is a variable portion of their salary which is directly proportional to their profit



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**Manmeet Singh,
President of Experis,
ManpowerGroup India**

centre performance and overall company performance. Since most companies reported marginal growth in sales/profits, there were steep cuts in the bonuses. Sharing the same views, Sudhakar Reddy, Executive Director, Nirvedha, agrees that the greatest anomaly he can observe in the last five years is that salaries of IT professionals got stagnated and there is a lot of churn in the project management roles.

Smarter workforce

The past five years have also witnessed a sea change in how HR professionals are looking at annual salary increases. "Investing in high potential employees and key talent in terms of skills in emerging technology has emerged as a major trend. The pay-out gap between an average performer and key skills is growing year-on-year," states Singh, reminding that at 63 per cent, this is the highest differentiation India has observed. Additionally, employers are rating top performance employees on basis of parameters

defining revenue growth as a result of direct or indirect contribution of the employee and hence the ratings have dropped by close to 30 per cent, implying that organisations are not hesitating to differentiate sharply on the basis of performance and are thereby compensating these performers adequately.

With organisations looking for a smarter and more skilled workforce, the emergence of GICs in India has impacted the way salaries are determined. Many companies now trust assessment tools to be more scientific. "For every 25-30 candidates taking the assessment, on an average 15-20 per cent clear. The figure is much lower in case of complex technologies like deep learning or RPA. This has resulted in some companies taking assessment scores as a factor while determining salary hikes," mentions Thammaiah BN.

Also, with the greater acceptance of Agile methodology in software development, candidates are expected to perform multiple levels of

software development simultaneously. At one side, a candidate might be focusing on software development, the same person might also be involved in testing and writing a script to automate a process. "All of this means that the candidates have to be smarter than before. Companies are essentially relying on lesser talent to get the work done. We have also seen instances candidates being offered 5x or 6x times their salaries," points out Thammaiah BN.

Pay packages

An interesting aspect is that fresh graduates from some of the biggest and leading institutes like IIT, NIT, BITS, who might have no real industry exposure, are grabbing the remuneration package of over ₹12 lakhs. Abhishek Agarwal, Senior Vice President (Global Delivery), The Judge Group India believes that the changing landscape of training and education in the institutes should be accredited with producing IT professionals equipped with the required skills



There is a new animal called the CDO – Chief Digital Officer. He or she occupies in many cases one level higher than the CIO/CTO. Salaries can range from ₹ 60 lakhs to ₹ 200 lakhs

**Kris Lakshmikanth,
Founder Chairman &
Managing Director,
The Head Hunters India**

and knowledge. The new talent further gets the salary hike as soon as they get the work experience of minimum two years and move on to senior positions. While an experienced IT professional earns no less than ₹ 20-30 lakhs a year.

"The annual salary of professionals with a working experience of minimum three-five years in the department of General Management and Operations and Tech Support in an IT company ranges from ₹ 15 lakhs to ₹ 30 lakhs. For software developers and engineers, the salary package ranges from ₹ 12 lakhs and may reach up to ₹ 20 lakhs with the maturity of the career," shares Agarwal.

After almost a decade, the IT industry has raised entry level compensation drastically. For the run of the mill software person, big companies are offering ₹ 3.1 to ₹ 3.2 lakhs, a marginal increase of less than five per cent. Lakshmikanth informs that there is a new category of software trainees being recruited by the top 10 companies. They have different names for these



employees who are hired at a much higher salary. TCS calls it the Ninja Warriors. "They have to go through an all India test (multiple tests), hacking competitions, several rounds of face-to-face interviews. The successful people are paid between ₹ 6.5 to ₹ 8 lakhs as CTC. The Ninja Warriors are getting more than double compensation compared to the average intern selected from campus," he adds.

There are, in fact, two types of companies which offer employment for entry level IT jobs – the mass recruiters and those who have a limited intake for the year. Mass recruiters like TCS, Infosys, Wipro, etc, have almost similar pay. "Whereas, other organisations who take limited entry level engineers pay higher, based on individual competencies and they can range from ₹ 10 lakhs per annum and can go up to ₹ 100 lakhs/annum," says Reddy, who believes that companies though feel that paying top dollars to entry level engineers would help them retain for a longer period; however, in truth, young



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Abhishek Agarwal, Senior VP (Global Delivery), The Judge Group India

professionals look for those organisations who have a very clear roadmap for learning opportunities to their employees throughout their association.

CIO / CTO salaries

The CIOs / CTOs are regarded as the tech leaders and important players in the organisation, looking to be key drivers of change in the industry. The salaries mostly range from ₹ 65 lakhs to ₹ 1.5 crore. In some instances, it has also gone up to ₹ 2.5 crore per annum. Financial services, including banking, top the pack in terms of highest compensation offered to CIOs. "Their tech spends are also the highest. Big industrial houses in India also are excellent pay masters for CIO/CTOs. The range is ₹ 1.75 - ₹ 2.5 crore," says Vikram Bhardwaj, President & CEO, Redileon Partners.

Salaries go up according to the parameters of technological skill sets that each employee possesses and the organisational technology



landscape. Saigal observes that many IT product companies, e-commerce and fintech companies are paying well. The compensation depends on the size of the company, industry and also the scope of work. "There is a new animal called the CDO – Chief Digital Officer. He or she occupies in many cases one level higher than the CIO/CTO. Salaries can range from ₹ 60 lakhs to ₹ 200 lakhs," points out Lakshminanth.

It is true that most senior level talent work with a vision of creating an astounding impact. They look beyond just high salaries. "Companies/Founders must get creative while offering remunerations to these tech visionaries by offering them decent amount of ESOPs. ESOPs can prove to be a truly lucrative remuneration strategy for both companies and employees. Firms can offer CTOs a percentage ownership/stake in the company. This approach will provide them with a potentially lucrative tradeoff that encourages big rewards in the future, in addition to their 'cash' compensation,"



In addition, there has been a surge in demand for both contractual and permanent staffing; thus impacting salaries of the employees working in our Indian IT organisations

**Manu Saigal,
Business Head – IT Services,
The Adecco Group India**

states Roopa Kumar, COO, Purple Quarter, a CTO recruitment firm.

Most tech visionaries appreciate the thought of having skin in the game as this leans towards creating wealth and being associated with the company as a partner rather than an employee. Kumar albeit believes that as per market evaluation and compilation of data, only few companies have employee friendly policies when it comes to stock options viz. high strike price, minimum vesting in first three to five years, etc. There is lack of education around ESOPs, owing to which talent does not value ESOPs or leave their earned (accumulated) ESOPs. There is lack of trust on stocks as many firms fail to honour them.

Skills in demand

The skills demanding higher compensation packages are AI, ML, big data, cloud, predictive analytics, full stack developers, data security, cyber security, robotics, etc. Compensation for

newer business lines – and consequent skills and experience such as cloud, robotics, AI, etc – have seen exponential growth owing to their higher margin and profitability contribution while the bread-and-butter businesses have seen tepid growth if at all, points out Bhardwaj.

While it is a known fact that the tech industry is filled with high-paying jobs, it is also an ever-changing job market. “One day a skill is hot and the next it’s not. Roles of data scientists and advanced analysts are among the fastest growing roles and employers are willing to pay premium salaries for professionals with expertise in these areas,” says Sailgal.

Job roles like machine learning engineers, data scientists, and data mining specialists, cloud architects and cybersecurity analysts will continue to be at the forefront. Further, industries from logistics to healthcare will be searching for technology professionals with relevant skills, such as digital transformation, data security and cybersecurity.

“Going by the numbers from the technology industry perspective, there will be a 20-25 per



“The average increase would be between two to seven per cent. In contrast, in earlier years, the increases ranged from 10 to 25 per cent. Also, automatic promotions, etc, are no longer a norm

**Sudhakar Reddy,
Executive Director,
Nirvedha**

cent increase in number of positions in the last 12 months. It is predicted that the average salary increase is 26-30 per cent while shifting jobs, whereas from the digital and analytics arena, there is an increase of 15 per cent in jobs and the average salary increment remains at 31-35 per cent,” says RP Yadav, CMD, Genius Consultants, adding that the percentage of analytics professionals earning more than ₹15 lakhs per annum has increased from 17 per cent in 2016 to 21 per cent in 2017, to 22.3 per cent in 2018. The monetary perk of a career in data analytics is huge. Organisations, irrespective of their industries, are looking for analytics professionals with diverse skill sets.

The new buzzword in the tech industry is data science and AI is at the forefront of the next technological revolution. “The launch of the AI Task Force under the Ministry of Commerce and Industry to drive the use of AI for India’s economic transformation has added the necessary thrust,” states Yadav. Sumesh Nair, Co-founder, Board Infinity reminds that analytics salaries have always commanded a premium and will

continue to do so. A lot depends also on the size of the IT company. "Smaller firms are able to attract talent by paying little higher than market averages. An IT organisation which sells only in the India market, will not be able to afford the same salary for entry level talent as another firm which will be selling primarily in North America market," mentions Nair.

Software product, aggregators, fin-tech and e-commerce will drive the demand for technology professionals with relevant skills such as digital transformation, data security and cybersecurity.

In a recent survey conducted by Experis IT, employers were asked what is the in-demand IT practice area that needs skilled IT talent, and 32 per cent reported web technologies. "Companies are looking for experienced professionals who are focused on and are adapting to advanced technologies such as the IoT, AI, virtual and augmented reality faster than their conventional counterparts," shares Singh.

The startup wave is also a disruptor of sorts, with around two-fold increase in salaries post

Indian startup boom which happened in the last few years. Freshers now have a huge number of options in the Indian startup space with competitive market salaries, provided they are able to demonstrate/prove required skillset. "Recently

most of the startups started giving competitive salaries to entry level IT professionals along with significant stock options. This was unheard of till a few years ago. These companies are willing to pay high salaries to software developers,"



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**RP Yadav,
CMD,
Genius Consultants**

says Utsav Bhattacharjee, Co-founder, Reculta (a campus placement specialist). As of now, with more and more startups creating opportunities for employment of skilled individuals, this is one of the best time for software developers who can command premium CTCs.

Emergence of Tier II

While the metro cities continue to attract the best talent, there has been a change in cities like Bengaluru, Pune and Hyderabad dominating the market with highest paid job offers. According to Saigal of Adecco, Delhi and Mumbai are slipping down, but there has been a significant shift to Tier II cities like Chandigarh, Trivandrum, Noida, Gurugram, Bhubaneswar and Ahmedabad.

In fact, Tier II cities like Kochi and Ahmedabad are slowly becoming good job markets for potential job seekers. Thammaiah BN attributes it to the fact that governments are now focusing a lot on building the infrastructure in smaller cities and creating an environment through education and opportunities, thus catering to both, the supply and demand side.

Low cost of operations is one of the factors

SOFTWARE DEVELOPMENT

Experience: 15 - 20 years

IT Skill Set	Min. Salary (INR per annum)	Max. Salary (INR per annum)
Apps Development	30,00,000	60,00,000
iPhone Developers	28,00,000	60,00,000
Full Stack Development	28,00,000	50,00,000
Microsoft Stack	28,00,000	50,00,000
DevOps	30,00,000	50,00,000
Python	30,00,000	50,00,000
Data Scientist	32,00,000	60,00,000
Big Data, Hadoop	32,00,000	55,00,000
Vision Plus	35,00,000	70,00,000
Microservices	35,00,000	60,00,000
WebCommerce	35,00,000	60,00,000
Supply Chain Management	26,00,000	50,00,000

Source: Kelly Services

drawing organisations to Tier II and Tier III cities. Further, companies are also grabbing opportunities to move into Special Economic Zones (SEZs). Singh points out that satellite cities like Pune and Gurugram are creating more job opportunities with Pune recently taking over the saturated Mumbai from being a better job generating city in India. "In spite of Hyderabad's position in the list, it has perhaps been the most preferred job destination among Indians, alongside Bengaluru," says Singh.

Software development is still concentrated in larger cities. Bhattacharjee acknowledges that though there are a few startups in smaller cities like Jaipur and Indore, 95 per cent of tech startups are still based out of Delhi NCR, Bengaluru

and Hyderabad.

Non-monetary remuneration

A recent survey done by ManpowerGroup revealed that 32 per cent of employers worldwide are now offering additional perks and benefits, such as increasing vacation and providing new joiner and well-being incentives – as a bait to attract the best talent and to improve employer brand. Singh affirms that we are amidst a skills revolution where talent is of essence as new roles emerge as fast as others become obsolete, employers realise that learnability is more important than existing knowledge in the IT domain. While companies are tackling this shortage by upskilling their own workforce, it is

imperative they secure the talent by boosting the employee morale.

With the new generation looking at compensation differently, non-monetary benefits are also becoming important. These could range from learning opportunities to complimentary meals, creches and memberships to health clubs. “At one end, we are seeing companies increase the variable component; whereas, at the other end, we are seeing companies re-

ward their high performers in a non-monetary way by sponsoring specific skill development trainings,” remarks Thammaiah BN.

The importance of non-monetary remunerations cannot be overlooked. Agarwal explains why. “It becomes important for employers to keep the hard-working and self-motivated employees engaged and rewarded in order to retain them as they often seek a way out of a monoto-

nous and stagnant situation. Monetary rewards and increment, most often, do not work in such a case. On the other hand, non-monetary remuneration can back up the worst of such cases.” These include gift cards, discounts on parking, allowance of work from home a week, and sponsored movie shows. Non-monetary remuneration is in fact considered a great source of motivation and employee loyalty program by both employers and employees.



It is interesting to note that one in every four freelancers is from India. We offer 50 per cent of the global freelancers in solely the IT domain, according to a report from PayPal. The report further reveals that the majority of freelancers are below the age of 40 with an average annual income of ₹ 19 lakhs. Nearly 23 per cent of those surveyed earned annual incomes between ₹ 40 and ₹ 45 lakhs

**Ayush Goyal,
Founder CEO, Mission Kya**

CIO SPEAK

Leading CIOs across industry segments give their take on IT salaries, on condition of anonymity



CIO of a leading financial company:

Most of the CIOs, CTOs, who claim themselves as such get 'average salaries'. Only the CIOs and CTOs of companies, who have been performing well are paid handsomely. Not more than 10 per cent will fall in that bracket. As per my knowledge, of the top 200 CIOs in India, only 10-15 per cent have salaries more than ₹2 cr.

There are also instances of a new CIO taking away a higher salary scale when compared to a veteran CIO. The reason being the younger lot being more qualified and also that the seasoned CIOs are not ready to take up additional responsibilities.

CIOs restrict themselves to specific roles like CRM, analytics, applications and they are becoming a CRM CIO or an analytics CIO. The readiness to take up multiple roles is lacking in the community. This trait will bring in increased salary scales. The trend of the digital agenda being included in the marketing function is also disturbing. CIOs are averse to accept the digital opportunity, which includes sales, customer channels and has tremendous potential to be more dynamic, tied to the salary scale. However, they are only interested in managing the IT infrastructure. CIOs

want to be in the comfort zone of what they know and do not want to take the leap.

- **CIO of a big property group:** I feel the strategic importance of CIOs in organisations has grown significantly over the recent years, which certainly has led to increase in salary scales. While they may not still not be in range of other business generating C Level positions, the gap has been reducing. The world of technology is evolving so fast that we see newer trends emerging every week. Anyone who is curious and agile enough to take quick strides and keep pace with technological advancements, alongside academic qualifications, will always be in demand. In developing economies, salaries have not kept pace with the ever increasing inflation rates in the economy and there is a clear pay gap when compared to international standards, if we see in countries like India. But there are certain sectors which are high on technology and par very well, like telecommunication and the IT sector.

- **CIO of an insurance company:** Ninety per cent of the CIOs have a variable component added to their CTC. The weightage of

the variable component in the CTC is from 10-50 per cent. The salary scale of CIOs has taken a dramatic jump over the years. CIOs are considered to be a part of the business leadership programme. Earlier the CIO's office was looked at as a support function. The salaries of CIOs are linked to both the top line and bottom line. The KPIs fixed include adding to the topline by driving the sales by building upon the digital infrastructure; improving operational efficiencies by contributing to the bottomline.

- **CIO of a bank:** Salaries are strongly pegged to meeting the KRAs. Swift adoption of new age technologies and employee engagement, retention of talent pool are emerging to be some of the top KRAs. I have been accorded with 10 per cent ESOPs. In our case, the difference between the salary scale between the Head- IT, CTO and CIO is 30 per cent. Every subsequent designation is getting 30 per cent more than the previous. There are many roles that are getting created around the scope of the role of the CIO, e.g. CDO, Data Scientist, etc. The CIOs will get a raise if they are ready to accept these roles too.
- **CIO of a well-known electronic equip-**

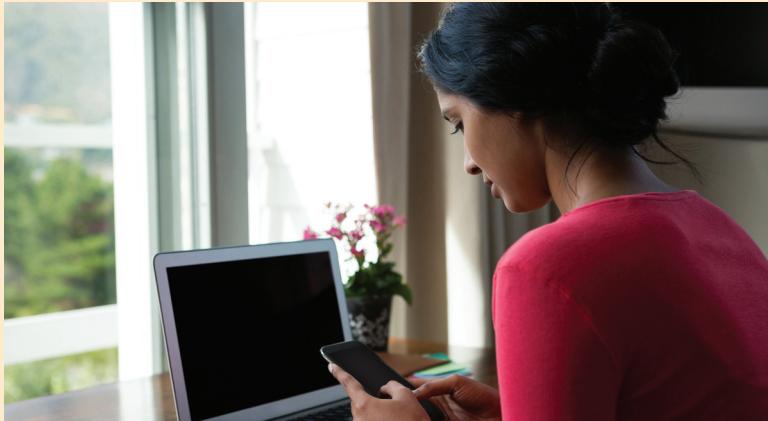
ment company: The CIOs are never paid their fair share and they have to fight for it. When they start showing value the pay checks start getting fatter. For example, I am paid on par with the C Suite (except a few) in my company, but after many years of sustainable value delivery. CIOs should be treated on par with the C Suite, be it ESOPs, variable or fixed pays. I am on variable and the salary depends on how my company does in terms of revenue, profitability and additional I carry other commitments as other CXOs in the company do. I have commitments on uptime on IT infra and in case of downtime and how frequent it occurs, has a direct bearing on my take home in any given year. Salary scales, going forward will be tagged to the ability of the CIOs, who are able to get commercials and add to the top and bottom line. IT Heads, who haven't become CIOs and are still doing the mundane job get mediocre salaries. Any good CIO will also take up the accountability of becoming a Chief Digital Officer (CDO). If there is a CDO and CIO in the organisation, then according to me the CIO is not a CIO but just an IT Head.

By Abhishek Rawal

GIG ECONOMY

The global freelancer market is worth US\$ 104 billion, and growing at an annual rate of 14 per cent. "It is interesting to note that one in every four freelancers is from India. We offer 50 per cent of the global freelancers in solely the IT domain, according to a report from PayPal. The report further reveals that the majority of freelancers are below the age of 40 with an average annual income of ₹ 19 lakhs. Nearly 23 per cent of those surveyed earned annual incomes between ₹ 40 and ₹ 45 lakhs where the top jobs included web/mobile development, web design, data entry and internet research," says Ayush Goyal, Founder CEO, Mission Kya, a fast growing crowdsourced online freelance marketplace.

Artificial intelligence and automation have been at the forefront of altering job roles in recent times and will continue to have profound impacts on skill requirements. Goyal informs that 22 per cent of HR professionals think that companies will hire freelancers for deep learning and blockchain architecture, while 16 per cent believe that social media/SEO will be the primary recruiters. These are followed by app developers at 12 per cent, finance auditors and content writers/bloggers at 10 per cent, web developers at nine per cent, virtual assistant jobs at eight per cent and graphic



designers at six per cent.

While the US holds the pole position with 53 million independent workers, the Indian subcontinent comprising 15 million freelancers is edging closer to them as each year passes with workers independently contracted in various sectors like IT and programming, finance, designing, marketing and sales, animation, content and academic writing.

"The average hourly rate around the world is US\$ 21. However, this number dwindles slightly in India with the average hourly rate at US\$ 19. This can then be

divided as 55 per cent Indian professionals charge under US\$ 10 an hour, 29 per cent between US\$ 11 and US\$ 30, and 15 per cent over US\$ 30 per hour. It is also interesting to note that male freelancers charge an average 11 per cent more than women in India," he states. Delhi-NCR is regarded as the hub of freelancing in India as it comprises 30 per cent of the country's contractual agreements. It is then followed by Mumbai and Navi Mumbai at 20 per cent, Bengaluru at 16 per cent, Hyderabad and Pune at five per cent each and Chennai with four per cent.

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