IT – ITeS
Sector Profile

ibrant
GUJARAT

10-13 Jan
2017

Connecting India to the World | 8ᵗʰGlobal Summit

IT – ITeS

India Scenario

IT – ITeS Industry
India Ahead

The Indian information technology (IT) services industry continues to evolve rapidly, with companies providing services in newer digital technologies such as social, mobility, analytics and cloud (SMAC), and artificial intelligence. Supporting this is a maturing global offshore delivery model and cost optimisation measures undertaken by clients.

Indian IT – ITeS Industry

India's IT industry amounts to **12.3% of the global market**, largely due to exports

India is the **world's largest sourcing destination**, accounting for approximately 55% of the USD146 billion global sourcing market

The sector ranks **fourth in India's total FDI** share and accounts for approximately 37% of total Private Equity and Venture investments in the country

In 2015, Indian IT-BPM market reached **USD146.5 billion in revenues**

The IT-BPM sector in India expanded at a **CAGR of 15%** over 2010–15, which is 3–4 times higher than the global IT-BPM growth, and is estimated to expand at a CAGR of 9.5% to USD300 billion by 2020

Indian IT – ITeS Industry
Facts & Figures

9.5% — *Contribution of IT Sector to India's GDP*

99 — *Operational IT SEZs in India*

3.5 mn. — *Direct Employment in IT – BPM sector in India*

USD 300 bn. — *India IT – ITeS Industry – 2020F*

640 — *Offshore Development Centers (ODCs) of Indian firms*

10 mn. — *Indirect Jobs in IT – BPM Sector in India*

~ USD 20 bn. — *FDI in Computer Software & Hardware from 2000–15*

16,000 — *Number of IT – BPM firms in India*

3100 — *Technology based startups in India*
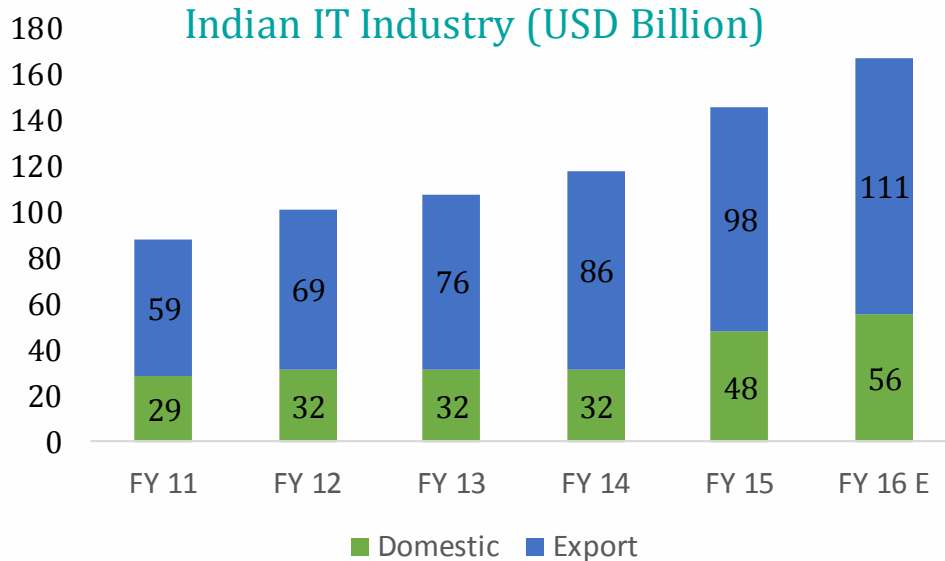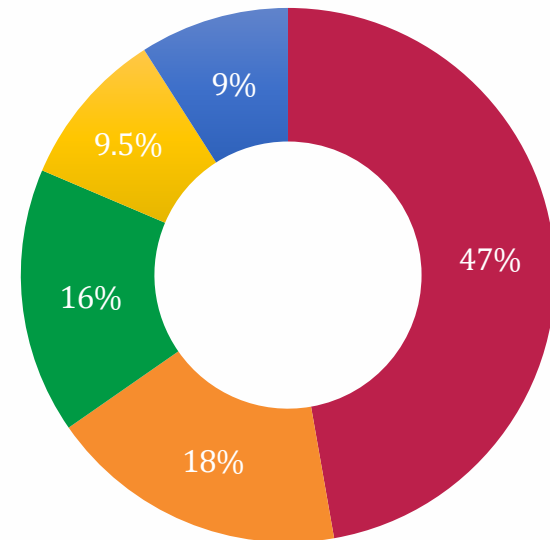
USD 12 bn. — *Size of Indian e – commerce industry*

1100 — *SMAC firms in India*

Source: DIPP, www.indiabusiness.nic.in; IBEF
1 USD = INR 65

SMAC: Social, Mobility, Analytics, Cloud
F: Forecast

Mn. : Million
Bn. : Billion

Indian IT – ITeS Industry
Increasing Revenues

Indian IT Industry (USD Billion)

FY	Domestic	Export
FY 11	29	59
FY 12	32	69
FY 13	32	76
FY 14	32	86
FY 15	48	98
FY 16 E	56	111

■ Domestic ■ Export

Sectorwise Break-Up by Revenues (FY15)

- 47% — IT services
- 18% — BPM
- 16% — Software Products & Engg services
- 9.5% — e - Commerce
- 9% — Hardware

■ IT services
■ BPM
■ Software Products & Engg services
■ e - Commerce
■ Hardware

Source: Nasscom

- India's technology and BPM sector (including hardware) has generated revenues of USD 146.5 billion during FY15 compared to USD118 billion in FY14, implying a growth rate of 23.72 per cent

- The contribution of the IT sector to India's GDP rose to approximately 9.5 per cent in FY15 from 1.2 per cent in FY98

Indian IT – ITeS Industry
Growing Exports

Growth in export revenue (USD billion)

	FY11	FY12	FY13	FY14	FY15
Software Products and Engineering Services	11.4	13	14.1	14	20
BPM	14.1	15.9	17.8	20	23
IT Services	33.5	39.9	43.9	52	55.5

- IT Services
- BPM
- Software Products and Engineering Services
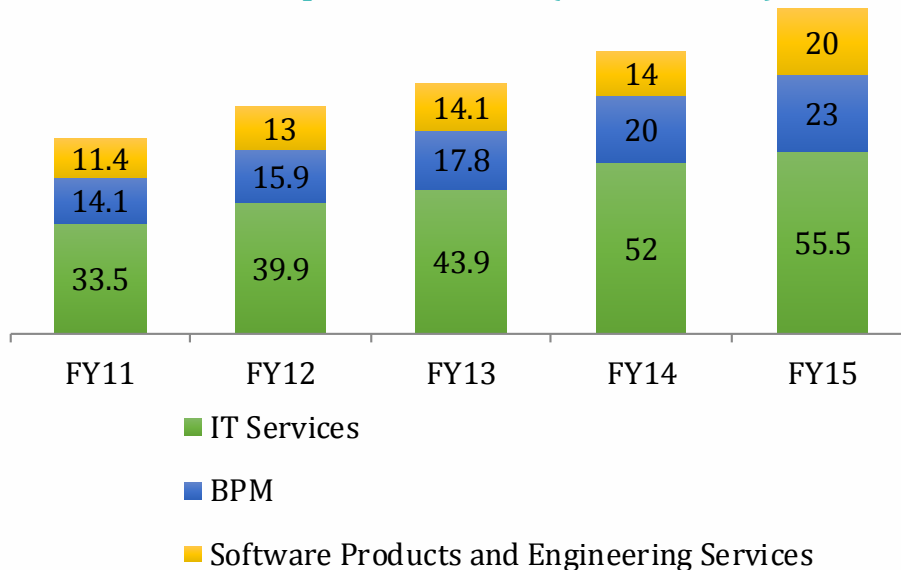
India's exports by geography 2014-15E


- USA 62%
- Europe 28%
- RoW 10%
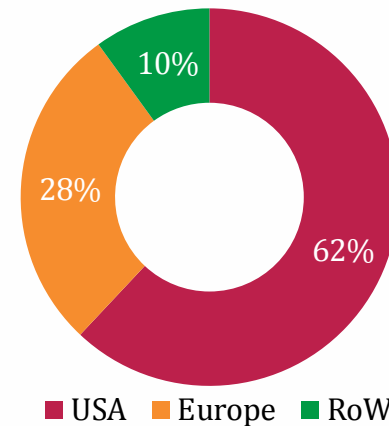
- Total exports from the IT-BPM sector (including hardware) were estimated to have been USD98.5 billion during FY15; exports rose at a CAGR of 13% during FY08–15 despite weak global economic growth scenario
- Export of IT services has been the major contributor, accounting for 56.35% of total IT exports (including hardware) during FY15
- BPM accounted for 23.35% of total IT exports during FY15

Indian IT – ITeS Industry
## Promising Domestic Market

Domestic revenue from IT and BPM (USD billion)
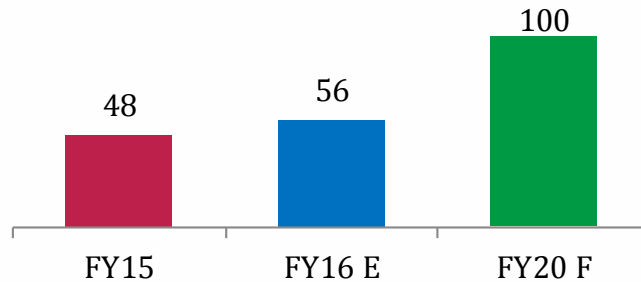
- The domestic IT-BPM market is rapidly approaching the USD 50 billion mark, an annual growth of 14%

- India is jumping the technology maturity curve and is already a well-established digital economy with
    - Over 75% of the population mobile enabled,
    - 278 million internet users (overtaking US)
    - USD 14 billion eCommerce market,

- A further push in this direction is coming from the government's Digital India campaign which envisages a USD 20 billion investment

Domestic IT/ITeS market - 2014-15E
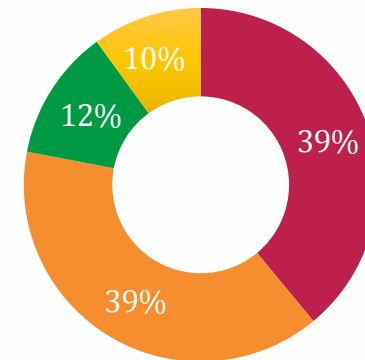
- Hardware
- IT Services
- Software Products & Engg services
- ITeS - BPO

IT – ITS
India Value Proposition

India Value Proposition

With customers increasingly engaging with Indian service providers as a 'strategic partner', rather than just a pure 'technology service provider', key players in the Indian sourcing industry have re-aligned and capitalized on the following four areas –

1 Continued focus on **optimal cost-efficiency**: Service providers are mitigating cost escalations by adopting various strategic imperatives including agile delivery models, automation and standardization of business processes, etc

2 India has the **world's largest employable talent pool** and every year it churns out a huge number of technical and non-technical pool of graduates and post graduates

3 **Unique customer centricity:** Indian service providers are focusing on three main imperatives: business outcome solutions + non-linearity + transforming customer businesses

4 **Scalable and secure environment**: The sheer size of the Indian market provides a high level of stability in terms of managing concentricity risk as compared to other sourcing markets

IT – ITeS

Government of India Initiatives

Digital India

Digital India initiative of the Government of India envisions to transform India into a digitally empowered society and knowledge economy

Overall Costs of Digital India

- ~ INR 1,00,000 Crore (USD 153.85 Billion) in ongoing schemes
- ~ INR 13,000 Crore (USD 2 Billion) for new schemes & activities

Impact of Digital India by 2019

- Broadband in 2.5 lakh villages, universal phone connectivity
- Net Zero Imports by 2020
- 400,000 Public Internet Access Points
- Wi-Fi in 2.5 lakh schools, all universities; Public Wi-Fi hotspots for citizens
- Digital Inclusion: 1.7 Crore trained for IT, Telecom and Electronics Jobs
- Job creation: Direct 1.7 Crore and Indirect at least 8.5 Crore
- e-Governance & e-Services: Across government
- India to be leader in IT use in services – health, education, banking
- Digitally empowered citizens – public cloud, internet access

Digital India
Power To Empower

Digital India

- India Inc. has pledged a collective investment worth USD 69.5 billion toward several projects

- A total of 150,000 post offices are proposed to be converted into multi-service centers

- To focus on setting up BPOs to facilitate ICT-enabled growth in each state in the north-eastern region

- To train o.3 million service delivery agents as part of skill development initiative to run viable businesses delivering IT services

- To train 0.5 million rural workforce in telecom and telecom-related services

Digital India
Power To Empower

BPO Policy to create BPO centers in different North Eastern states and also in smaller / mofussil towns of other states

Centre of Excellence on Internet on Things (IoT) to promote an IoT ecosystem

Centre of Excellence on Internet on Things (IoT) to promote an IoT ecosystem

Startup India

Startup India – Standup India is an initiative of the Government of India to boost entrepreneurship and innovation

Central Funding

- Central funding of INR 10,000 crore 'fund of funds' (with 50% contribution to daughter fund) managed by industry professionals, academia and successful startups

#startupindia

Assistance

- Income tax exemption for 3 years

- Assistance - INR 10000/- per month for the innovator as sustenance allowance for one year

- Up to INR 5 Lakhs assistance for mentoring service to the institution

- Up to INR 10.00 Lakhs assistance will be provided for Cost of Raw Material/Components & other related equipment required for the innovative process for the new product development

- Free access to University/Libraries/Govt. Labs/SDCs(GIDC)/CoE/PSUs to selected innovator

- Marketing/publicity assistance of up to INR 10 lakhs

- Only 70% of eligible fixed capital investment of eligible unit will be considered for reimbursement

- Encouraging Universities for Start-ups, innovative product development and technology transfer

India BPO Promotion Scheme (IBPS)

Under Digital India Initiative, GoI has approved "India BPO Promotion Scheme" (IBPS) for employment generation and balanced growth of IT – ITeS in each state

48,300 seats in BPO Operations across the country

Total outlay of INR 493 Crore upto 31 March 2017

Direct Employment to ~ 1,44,900

Capital Support up to 50% of One – Time Expenditure incurred on admissible items subject to upper ceiling of INR 1 Lakh per seat

Other GoI Initiatives

STPI (Software Technology Parks of India)

Term	• Allocated for 10 Years
Fiscal Benefits	• 100% tax holiday on Export Profits • Exemption from Excise duties and customs
Location & Size restrictions	• No location constraints • 23% and rising STPI units in Tier II & III cities

SEZ (Special Economic Zones)

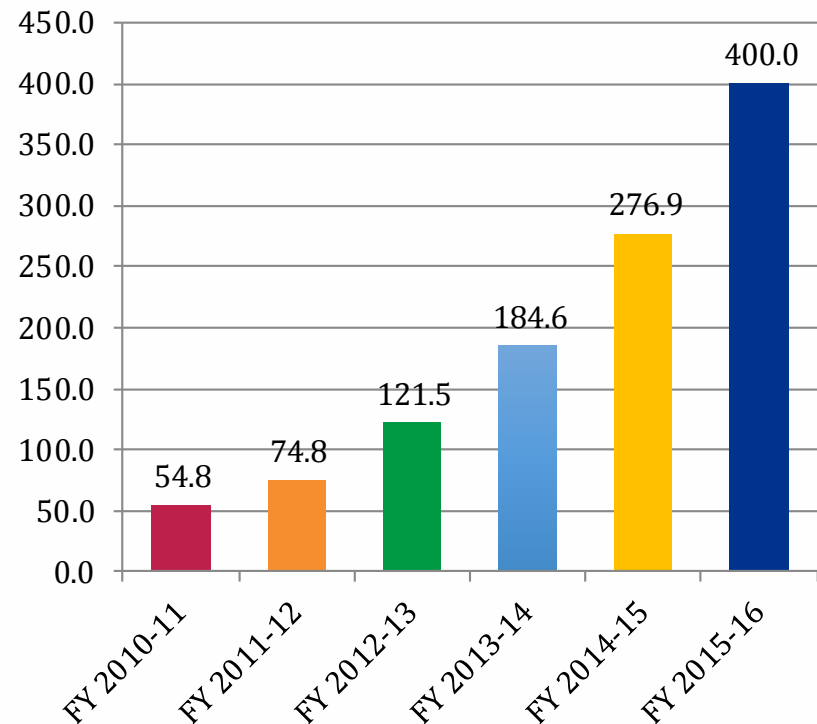|	
Term	• Allocated for 15 Years
Fiscal Benefits	• 100% tax holiday on Export Profits for first 5 years • Exemption from Excise duties & custom
Location & Size restrictions	• Restricted to prescribed zones • Minimum area of 25 Acres

IT – ITeS

Gujarat Scenario

IT – ITeS: Gujarat Scenario

In FY 2015-16, the size of ICT industry in Gujarat was estimated around USD 1.1 billion including exports worth USD 400 million

- More than 1,500 companies are registered with Gujarat Electronics & Software Industries Association (GESIA)

- IT units in Gujarat are spreading their markets from the US to other regions like Europe, Middle East and Africa

- Infrastructure available at Garima Park - Gandhinagar, GNFC Info - tower, Astron IT Tech Park - Ahmedabad and L&T Technology Park in Vadodara

- The stretch between Ahmedabad and Gandhinagar is now being developed as a knowledge corridor. Land has been allotted and several IT parks and centres of excellence are taking shape here

IT Exports from Gujarat (USD million)

| FY	USD million
FY 2010-11	54.8
FY 2011-12	74.8
FY 2012-13	121.5
FY 2013-14	184.6
FY 2014-15	276.9
FY 2015-16	400.0

Source : Gujarat Informatics Ltd. ; Department of Science & Technology, Gujarat

40th Skoch Summit 2015: Gujarat State awarded by SKOCH Group under category of "Competitive States of India" by Bombay Stock Exchange, Mumbai.

Source : Department of Science & Technology, Gujarat
1 USD = INR 65

IT – ITeS: Gujarat Advantage Infrastructure

9 Special Economic Zones planned specifically for IT/ITeS

Gandhinagar

Ahmedabad

Vadodara
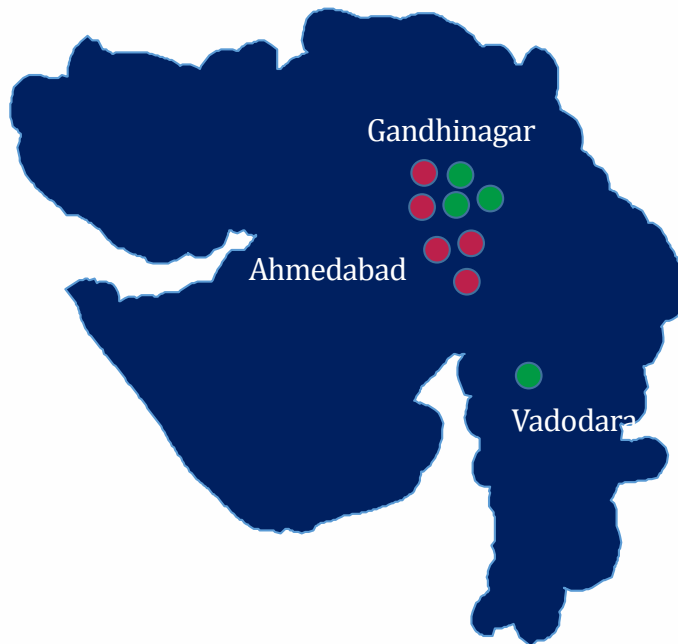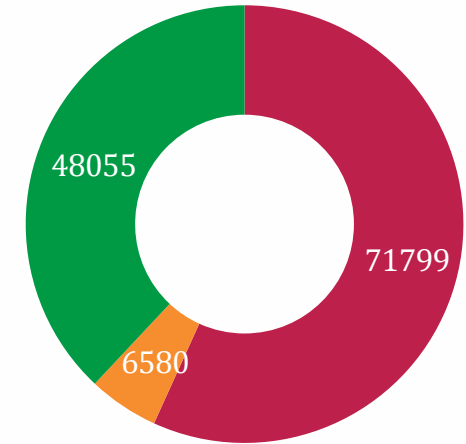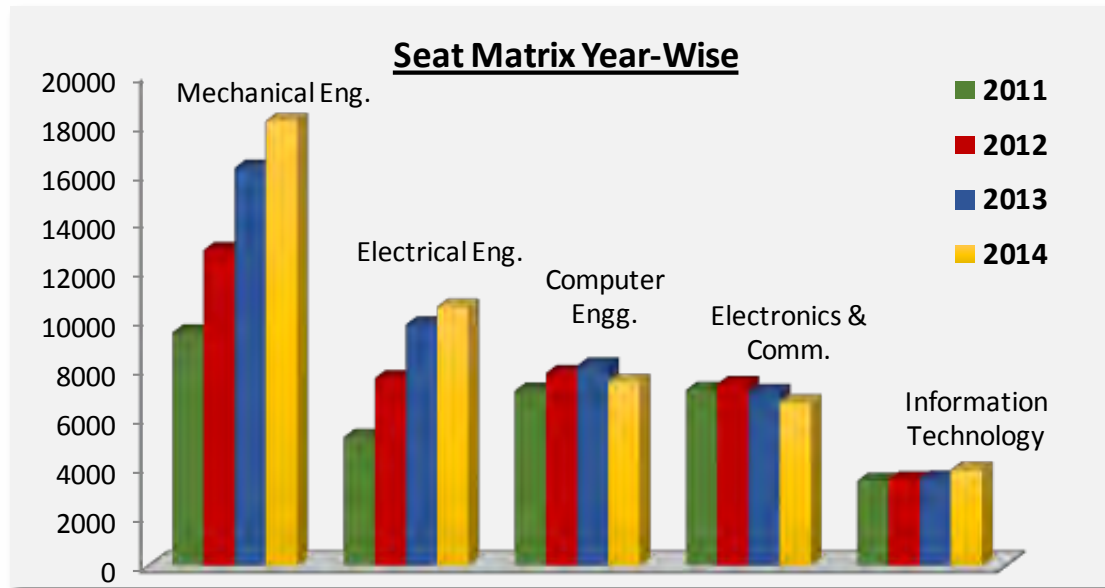
🔴 Notified   🟢 Operational

Software Technology Parks of India (STPI)

- Gujarat has a Software Technology Park in Gandhinagar with a sub – center in Surat

- Services offered at STPI include:

Connectivity solutions from 64kbps to n x 64Kbps capacity and above
OSS Solutions with complete SLA
End to End link monitoring backed by a strong Network Management Center
Web Hosting Service
FTP Facility
SoftLINK Services
Converged IP Services
24-Seat Incubation Facility
Statutory Services

Source: Ministry of Commerce and Industry, Government of India; STPI Gandhinagar

IT – ITeS: Gujarat Advantage
Growing Manpower availability

Seat Matrix Year-Wise

- 2011
- 2012
- 2013
- 2014

Mechanical Eng.
Electrical Eng.
Computer Engg.
Electronics & Comm.
Information Technology

48055

71799

6580

- Degree Engineering
- MCA
- Diploma Engineering

NIRMA UNIVERSITY

Gujarat Technical University

Sources : Education Department, Admission Committee for Professional Courses, Gujarat, Gujarat Technological University

Gujarat International Finance Tech (GIFT) City

GIFT city with its World Class infrastructure offers an excellent platform for setting up of export oriented IT / ITeS units

- Globally benchmarked International Finance Centre

- Strategically Located

- Central business hub – 0.5 million direct & 0.5 million indirect jobs

- Targeting Financial Services & IT / ITeS sectors

- First of it's kind development in scale, scope & quality

- State-of-the-art infrastructure

GIFT ICT advantage

- **High speed IP-based network**
- **Infinite bandwidth**
- **Robust data centre with disaster recovery sites**
- **Intelligent building services**
- **Shared market infrastructure**

Source: Gujarat Urban Development Corporation (GUDC)

IT – ITeS Companies in GIFT City

(n)Code
Solutions
e-Safe . e-Secure . e-Sure .

G
GNFC

ORACLE®

infibeam
Shop with a smile

befree

एसटीपीआई
STPI

maxim
integrated.

ELSAMEX
Operation, Maintenance, Tolling & IBCPs

kennis
where sky is not the limit

Source: Gujarat Urban Development Corporation (GUDC)

Gujarat IT – ITeS Policy 2016 – 2021

Objectives:

- To increase the current investment in IT/ITeS sector by 10 times.

- To increase the turnover up to USD 15 Bn.

- To increase IT exports from the State up to USD 2 Bn.

- To promote and develop employment opportunities in the IT and ITeS Sector and provide direct employment to 10 lakh persons.

- To focus, inter alia, on Financial Services, Mobile Applications, Animation, 3D-Gaming, Digital Entertainment, Cloud, Big-data and Internet-of-things.

Assistance Available for Eligible IT/ITeS Parks

- Capital Subsidy up to INR 25 Crore
- 100% reimbursement of Registration/Stamp Duty
- 100% reimbursement of Electricity Duty for 5 years
- Power tariff subsidy at the rate of Re. 1 per unit

Incentives to IT/ITeS Units

- Capital Subsidy up to INR 1 Crore
- 100% reimbursement of Registration/Stamp Duty
- Lease rental subsidy up to INR 8/ sq. ft. for 5 years
- Interest subsidy up to INR 50 lakhs for 5 years
- VAT/ CST/ GST incentives for 8 years
- 100% reimbursement of Electricity Duty for 5 years
- Power tariff subsidy at the rate of INR 1 per unit
- Employment Generation Incentive through EPF Contribution
- Patent assistance

Gujarat IT – ITeS Policy 2016 – 2021

Other Incentives

- Market Development Support for participation in International Trade Fairs

- Support to R&D Institutions, testing facilities up to 60% of the project cost

- Assistance to MSMEs for up to 3 industry standard quality certifications

- Skill Development: Assistance of 50% of the training fee to MSMEs for obtaining industry recognized skill certification

- Assistance up to INR 50 lakh for setting up Finishing Schools for IT/ITES Sector in Colleges and Educational Institutes

Major Players

IT – ITeS industry in India
Vast Opportunities

Small and medium technology businesses (USD 11.6 billion in 2015), is expected to present opportunities of USD 25.8 billion by 2020. Moreover, India has nearly 51 million such businesses of which 12 million have a high degree of technology influence and are looking to adopt newer IT products

- Social, mobility, analytics and cloud (**SMAC**) are collectively expected to offer a **USD 1 trillion opportunity**

- **Cloud** represents the largest opportunity under SMAC, increasing at a CAGR of approximately 30 % to around **USD 650-700 billion by 2020**

- The **social media** is the second most lucrative segment for IT firms, offering a **USD 250 billion market opportunity by 2020**

- The Indian **e-commerce** segment is **USD 12 billion** in size and is witnessing strong growth and thereby offers another attractive avenue for IT companies to develop products and services to cater to the high growth consumer segment

- India's **internet economy** is expected to touch **INR 10 trillion (USD 151.6 billion)** by 2018, accounting for 5 per cent of the country's gross domestic product (GDP)

IT – ITeS: Opportunities in Gujarat

Cloud based services and solutions

IT Hardware and Chip manufacturing

e – Commerce

IT based education and trainings

Social, mobility, analytics and cloud (SMAC)

Developing E-Governance & M- Governance services

Urban & rural planning – using GIS, remote sensing

World class Data / Computer Centers

Animation, 3D, Gaming & Digital Entertainment

FOR ADDITIONAL INFORMATION CONNECT US @

Department of Science & Technology	https://dst.gujarat.gov.in/
Gujarat Informatics Limited	https://gil.gujarat.gov.in/

THANK YOU