

IT services: Time for transition

To quote an industry CEO, this year may well determine who the 'has-beens' and the 'to-bes' of the industry are



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The industry that has put India on the global map — IT services — and the companies that pioneered the march towards dominant market share in offshore outsourcing of technology and process management are being put under the lens again. In the last two decades, successive waves of new developments have upset the IT apple cart. The decline of the Dot Coms in 2000, the rise of new competitors like the Philippines, Central and Eastern Europe and Latin America as alternative destinations and most recently, the diatribe against the H-1B visa programme and the threat to thousands of IT executives that their opportunity to work and live in the US may be threatened by new immigration policies that seem to target the high tech workforce employed by India software companies. Is this just another passing phase or are there real issues we need to worry about?

The reality is that the potential denial of visas or the salary increases to Indian software engineers in the US may be just the tip of an iceberg of fairly substantial problems facing the industry as it seeks to return to a double-digit growth number. Nasscom's unwillingness to predict a growth number for FY18 is symptomatic of the clouds of uncertainty that hang over the industry and the search for silver linings will have to continue for some

more time. The protectionism moves are likely to intensify as every country struggles to find healthy economic growth and jobs for its citizens. But more important is the fact that the model for consuming IT and the inexorable move towards digital — by governments, corporations and citizens — is likely to pose enormous problems on one hand and throw up new opportunities on the other. As one eminent industry CEO has mentioned in a letter to his employees, this year may well determine who are the "has-beens" and who the "to-bes" of the IT industry!

Why should the aspirations and moves towards digital transformation of large customers come in the way of the growth of the IT industry? In simple terms, the three significant trends — software, infrastructure, platforms and business processes moving from the premises to the cloud; rapid automation on the factory floor and of knowledge services; and increasing adoption of artificial intelligence and machine learning — are all impacting, in greater or lesser measure, the ability to deploy large contingents of people to solve business problems and reduce the size of the services engagement needed to deliver value and desired outcomes to clients.

New technologies are changing the way information is consumed by large and even medium clients across vertical domains and horizontal application areas and the move is away from large in-house custom-built applications towards multi-application and sometimes even multi-client digital platforms. A digital platform incorporates most of the business knowledge into a set of applications, services and infrastructure that enable access to solutions to every problem in an easy self-service mode. Such platforms today abound, whether it is for the management of multiple supply chains in manufactur-



ing and distribution, loyalty programmes for hospitality and retail chains or even traditional application areas of the past like Human Capital Management.

To take the example of a Human Capital Management Platform, which is a challenge that every manager in every industry faces, the new millennial employee is no longer satisfied with the traditional HRMS (Human Resource Management System) or PMS (Performance Management System) which tend to be anachronisms more useful for recording behaviour of the past than be of real assistance in delivering value for the future. Even skills and learning, traditionally delivered through lectures in training centres or through an unending catalogue of online courses served up from an LMS (Learning

Management System), have lost meaning with employees required to upgrade their skills "just in time" rather than "just in case". A recent wall from the Indian CEO of a multinational that over 60 per cent of their employees were "untrainable" could be more because of skilling methods deployed rather than the inherent willingness or ability of the individual to acquire new capabilities! A good digital platform in this area would retain some semblance of the HRMS, PMS and LMS purely as systems of record but become the system of insight and engagement for the millennial, enabling her to go on a voyage of discovery to explore career options and then consume skills in "easy to digest" engaging modules that are relevant to the context rather than just a mass of content. The same approach of

focusing on insights and engagement rather than just record-keeping is what good digital platforms will do to transform the journey of every stakeholder — employee, supply and demand chain partners and of course the customer.

If the development and deployment of digital platforms seems like a great opportunity, the reality check comes from the fact that digital attackers in the form of new entrants are already in the market with their solutions. And the marketing capabilities needed to sell to the CEO, COO and CMO of an organisation are substantially different from selling to an IT chief of an organisation! Indian services firms aspiring to be the leaders of the future will have to address product and platform and build new go-to-market strategies to win global deals and return to robust growth!

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