

# Indian IT firms outpace global rivals in growth

## NUMBERS GAME

How the top five India-based software services companies fared in 2010.

Global rank		2010 market share (%)	Revenue (in \$ billion)	2009		2010		Growth in 2010 (%)
2009	2010			Revenue	Market share	Revenue	Market share	
24	21	TCS	0.9	5.9	6.9	18		
33	28	Infosys	0.7	4.4	5.3	19.9		
35	31	Wipro	0.6	4	4.7	16.4		
44	34	Cognizant	0.6	3.1	4.4	40.1		
60	48	HCL	0.3	2.1	2.7	26.7		
		TOTAL	3.1	19.7	24.2	22.6		

Source: Gartner

ARJUN RAO/KPMG

**With the top 10 Indian software firms' global market share at 3.6%, Gartner sees potential for continued growth**

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India's top 10 software services companies, including the biggest **Tata Consultancy Services Ltd** (TCS) and second biggest **Infosys Technologies Ltd**, grew nearly 20% last year, outpacing the 5.8% revenue growth of the world's top 10 companies, according to market researcher **Gartner Inc.**

Still, the global market share of the nation's top 10 software companies, which account for about half the local information technology (IT) industry's revenue, stood at just 3.6%, highlighting the potential for continued growth, Gartner said.

The software services industry's worldwide revenue grew 3.1%.

TCS gained three ranks to move to the 21st position in the global IT services ranking

in terms of revenue. New Jersey-based **Cognizant Technology Solutions Corp.**, which has about 75% of its employees in India, experienced the strongest revenue growth in 2010 (40%), and the greatest absolute dollar value increase (\$1.3 billion, or ₹5,825 crore today), the market researcher said in a statement (see infographic).

The top five India-based providers added \$4.5 billion in revenue in 2010, said Arup Roy, principal research analyst at Gartner. "While the India providers constitute only a small percentage of the total industry, collectively the group has had a resounding impact on the market," he said. "The top five providers represented 93.7% of the growth achieved by the top 10 as a group, continuing the theme that leaders are pulling away from the pack and that market share gains by the smaller players is more likely to come with consolidation and not organically."

### On Infosys

"Infosys faced headwinds of a hypercompetitive market and aggressive selling tactics of its competition, which chal-

lenged its historic positioning of higher-value services," the Gartner statement said. "This, coupled with Infosys' stand of not compromising with its profitability, resulted in losing some business to its more aggressive Indian competitors."

### On Wipro

"Wipro underperformed compared with its peers, posting 16.4% growth, and in its most recent quarter (ended 31 December) results came in below expectations," Gartner said. "That said, Wipro has a solid integrated service portfolio approach; global delivery optimization; greater standardization and reuse (such as ownership of intellectual property solutions, reusable frameworks and 'productized' solutions); and a new focus on expanding system integration services."

### On Cognizant

"Cognizant was able to quickly rebound in 2010 from the recession, and its strategy of continuing to invest through the recessionary times, coupled with strong account management and local presence, paid off in 2010. Cognizant's performance is a reflection of the investments the company has made in the three areas that Gartner considers to be the most important competitive differentiators: operational capabilities (global distribution model); industry and business process capabilities; and relationship management," it said.

### On Mahindra Satyam

"Of the top 10 Indian providers, only Mahindra Satyam (Satyam Computer Services Ltd) reported a decline in 2010 revenue (10.2%) as the company was still coming out of the accounting scandal unearthed in 2009," Roy said.