

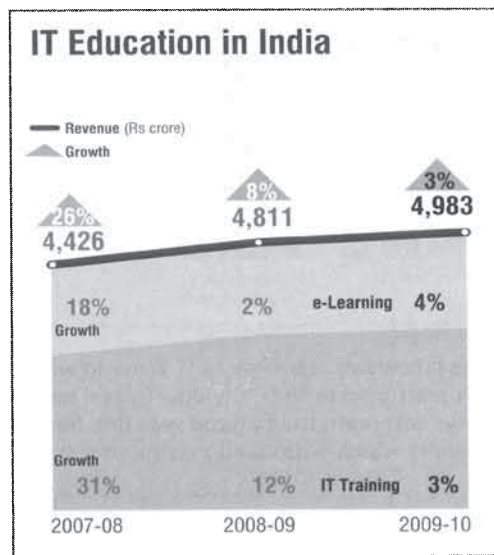


Back to School

Schools are turning out to be key growth drivers for IT training companies; the overseas third world market remains the other big draw

The recession and its aftermath had created a widespread feeling that IT industry might not after all be the best career move. While fattening pay packets and glitzy perks had attracted people in hordes all these years, the slowdown meant pink slips or at least salary cuts or no hikes over the years. Tales of woe at Oracle, HP or even TCS have been widely publicized. As the *Dataquest* T-School survey found out, it were the PSUs who replaced IT companies as the preferential option at campus placements. Nothing illustrated the fall from grace for the IT industry better in India than the matrimonial ads that used to actively seek or publicize IT industry MNCs working grooms suddenly disappeared.

In such a scenario, when even the engineering colleges saw a reduced number of takers for computer science courses, it was not surprising to see the Indian IT training industry recording one of its lowest growth (3%) in the last two decades. The IT training industry (still basically private) caters mainly to graduates from regular streams going for professional technology courses or working engineering/IT professionals enrolling for some specialization. In fact, only once has the Indian IT industry fared worse in terms of growth—the aftermath of the 2001 dotcom bust and its impact was a gamechanger for the IT training sector. From a more



Barring the 2001 dotcom bust aftermath, the IT training market had its worst year in two decades. The reversal then had forced a shift towards more corporate training from a pure retail focus. Will FY10 too herald some major shift for the training segment? The e-learning solution providers too had a second average year in a row

mass retail model, the business focus shifted towards a more corporate training model. The impact might not be so far reaching this time; rather it's more an endorsement of emerging changes of the last few years like schools becoming as big a sector as corporates.

Less Takers for Corporate Training

One can never deny that a company's greatest asset is its skilled workforce irrespective of the prevailing economic conditions. Effective management and

deployment of this asset is even more critical in today's business climate. The two antithetical situations of cost cutting and sufficing the need for trained professionals can only be handled through a close knit functioning of the enterprise and training vendors. And so when most corporates handle the specialized customized employee training on their own, for more generalized training modules they still partner the training majors. Obviously, slowdown meant considerable drying up of many of these orders. The result was that the sector grew by only 5% in revenues—that too when this Rs 1,892 crore market included schools, a sector that was immune from the slowdown and grew much faster.

During FY10, in the face of shrinking numbers, NIIT's corporate learning solutions battled to improve profitability; while the market awareness programs like Real World Blended Learning advertising were in vogue. It worked on alternative avenues like enhancing and driving reseller support programs, including training, certification and support. IT/BPO and government sectors were the keys that continued to support the corporate solutions business of NIIT. The company bagged nine key accounts, including Philips, Karnataka Vocational Training & Skill Development Corporation, and Ministry of External Affairs. Very interestingly, NIIT had repeat