Indian IT expands mkt share in global banking services

Gain From Transformation Of Capabilities, Aggressive Pricing

Shilpa Phadnis & Avik Das | TNN

Bengaluru: Indian IT services companies are winning a bigger share of the outsourcing pie by the banking, financial services and insurance (BFSI) vertical. This indicates that the companies are managing to gain the confidence of customers, even in the new digital world.

Data from IT outsourcing advisory Everest Group shows that the Indian services provider group (TCS, Cognizant, Infosys, HCL Technologies and Wipro) gained a market share of 1.5-2% from the global services provider group (Accenture, Atos, Capgemini, CGI, DXC Technology, IBM and NTT Data) between 2016 and 2018. The former now is estimated to have a market share of 42%, and the latter 58%.

Recent commentaries from TCS, Infosys and Wipro too suggest that they are making significant gains in the banking sector in North America. BFSI is by far the biggest vertical for IT services companies, accounting in many cases for 30% or more of total revenue. The industry had significantly slowed down on IT spending for about two years, as they dealt with various regulatory issues. But their outsourcing has now once again picked up smartly. Over $15 billion of BFSI contracts are up for renewal this year, and a lot more of discretionary spends are expected. Indian service providers are expected to get a good part of this.

"Indian-heritage IT services majors are continuing to increase their wallet share at the expense of IBM, DXC and others, due to strong execution capabilities, aggressive pricing and a genuine empathy from IT leaders to working with Indian firms, which has been 20 years in the making. Plus, we see firms like TCS, Wipro and Infosys prepared to take more risks to win clients over and also take more complex projects, and commit to outcomes," said Phil Fersht of IT consultancy HfS Research.

Ronak Doshi, practice director at Everest Group, said the centre of this shift to Indian service providers is the fundamental war for talent, as BFSI enterprises need a talent alternative at speed and scale. "Investments in building this scaled talent pool helped the India pure-play service provider group to bounce back in 2018. With the exception of Capgemini and Accenture, the rest of the global players are not keeping up with their competition to make these investments, leading to wallet-share shifts," he said.

Doshi expects the number of deal signings (volume) to continue to go up in 2019, but said that the size of deals (average total contract value) is on the decline.

MAJOR DEAL WINS IN BFSI IN LAST 2 YEARS

Company	IT partner	$/m
Citigroup	TCS	2,500
Citigroup	Wipro	500
ING Group	Cognizant	330
Bank of America Merrill Lynch	HCL	200
Visa	Infosys	200
MetLife	iGate (now Capgemini)	100

Source: TOI Research

BFSI contracts up for renewal in 2019 - $15.5 billion

MARKET SHARE

Indian service providers (includes TCS, Cognizant, HCL, Infosys, and Wipro) **42%**

Global service providers (includes Accenture, Atos, Capgemini, CGI, DXC, IBM, & NTT Data) **58%**

Source: Everest Group