

Indian IT firms to log 20-30% growth in 2022: analysts

'Digital transformation to power deals'

MINI TEJASWI
BENGALURU

India's IT firms will benefit from an 'enormous wave of opportunities' in 2022 as the trends of increasing cloud adoption and digital transformation that dominated 2021 gather momentum and drive 20%-30% growth for the industry, forecast global tech analysts.

"The opportunity is far bigger than just the post-COVID recovery," said Peter Bendor-Samuel, CEO at the Dallas-based sourcing research firm Everest Group. "It is a mega wave driven by digital transformation at scale... this wave is enormous and big enough to drive double-digit growth in the range of 20%-30%, especially for firms that are equipped to meet the demand for talent," he added.

With global enterprises increasingly embracing cloud and rapidly moving to modernise their technology infrastructure 'like never before', Indian IT vendors had seen strong momentum on digital deals, according to Mr. Bendor-Samuel and Hansa Iyengar, principal analyst at Omdia, a technology advisory in London.

"Q3 won't be soft this time and the quarter will bring in momentum growth especially for digital services," said Ms. Iyengar. "The growth will accelerate in the fourth quarter as well. However, the third wave of COVID may bring some disruptions and these could lead to some hiccups as vendors recalibrate," she cautioned.

India's top two technology services providers Tata Consultancy Services Ltd. and Infosys Ltd. are set to



announce fiscal third-quarter results on January 12. Traditionally, the three-month period ending in December sees a softening of momentum in the run-up to the year-end holidays especially at clients in North America and Europe.

"We expect a continuation of the 2021 growth surge as the race to tie up cloud and modernisation deals reached new heights," said Phil Fersht, CEO of London-based HFS Research.

'Talent will be key'

However, the start of the 2022 would be a little slower-than-expected as the Omicron variant of the coronavirus had created some uncertainty and slowed down deal completions, Mr. Fersht said, adding, "but we expect it to pick up strongly by mid-quarter."

The key drivers of business demand for Indian IT in 2022 would be automation, artificial intelligence, cloud migration/modernisation, security, consulting and systems integration. Shifting focus from slow-growing initiatives and low-hanging opportunities to platform-based operations and effectively handling talent shortages would be extremely critical for Indian providers, the analysts said.