



## **From Training to Talent Development**

January 2008



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- **Company Performance: Overview**
- **Individual Learning Solutions**
- **Institutional Learning Solutions**
- **Corporate Learning Solutions**
- **New Businesses**
- **Summarizing**



## Talent Development: The Environment

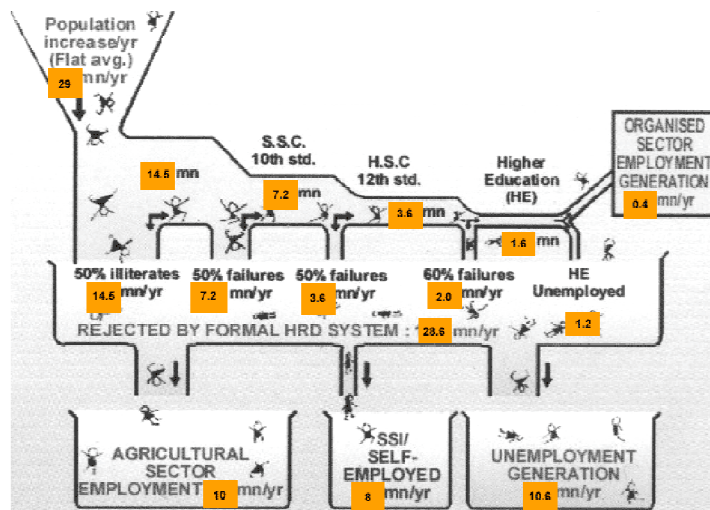


- ❖ Huge gap in talent supply and demand, in all sectors of the Economy
- ❖ “Growth will get choked out if skills development does not take place”, Montek S. Ahluwalia – Chairman Planning Commission
- ❖ Current capacity for vocational training – 1.1 Mn; Requirement 10 fold; Only 5% of labor force in 20-24 years age group has formal vocational training (Planning Commission)
- ❖ Government allocating 5X funds (Rs. 3 trillion) for education & skills development in 11<sup>th</sup> five year plan
- ❖ IT sector mitigating the currency risk through
  - ❖ Improving workforce productivity and
  - ❖ Working on advanced technologies to move up the value chain
- ❖ Technology vendors promoting global mass adoption;



Talent Gap at the top; Skills deficit at the bottom

## Environment: Skill Supply Chain

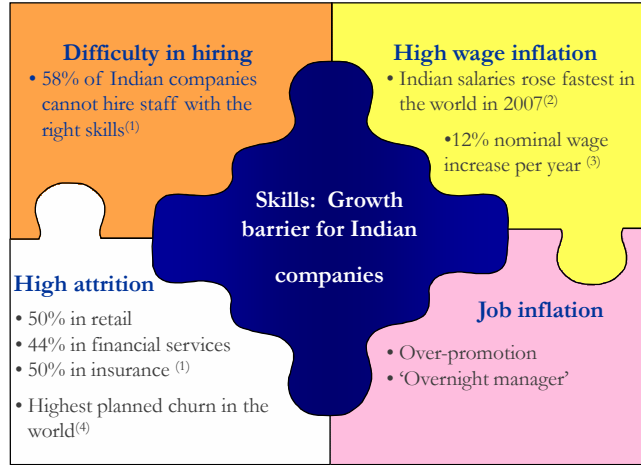


Source: I Watch Survey, 2007



Inadequate Training Infrastructure

# Environment: Skill Shortage



1: ASSOCHAM Survey  
 2: ECA International Survey, Employment Conditions Abroad Ltd.  
 3: Source: Economic Times, Feb 2006  
 4 Source: The Economist, Oct 2006

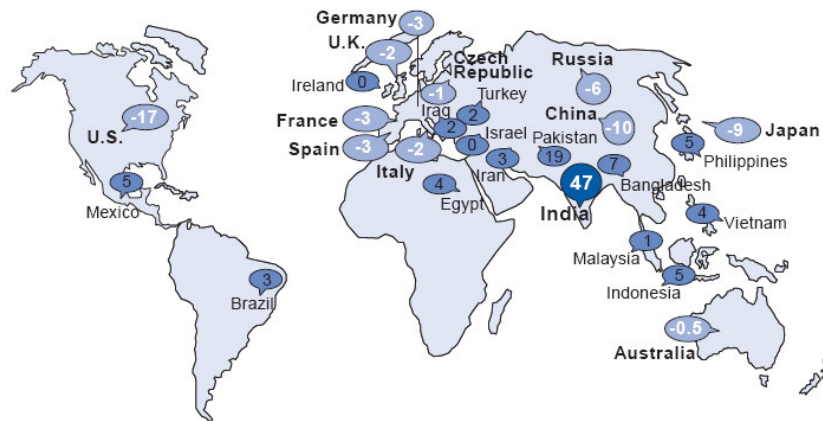


**Talent shortage across sectors**

# Environment: Global Workforce 2020



## India's Demographic dividend



Note: Potential surplus is calculated keeping the ratio of working population (age group 15-59) to total population constant  
 Source: U.S. Census Bureau; BCG analysis



**47 mn surplus in India; 39 mn shortage in developed countries**

## Environment: Global Scenario



- ❖ Softening in the US economy is forcing increased focus on productivity
- ❖ Skills for services sector and employability remain key concerns in China

Focus Areas	India	USA	China
Workforce Productivity	√√	√√	√
Employability	√√		√√
Dropouts	√√	√	
Enrolments	√√		



Talent Development – A global opportunity

## NIIT in this Environment:

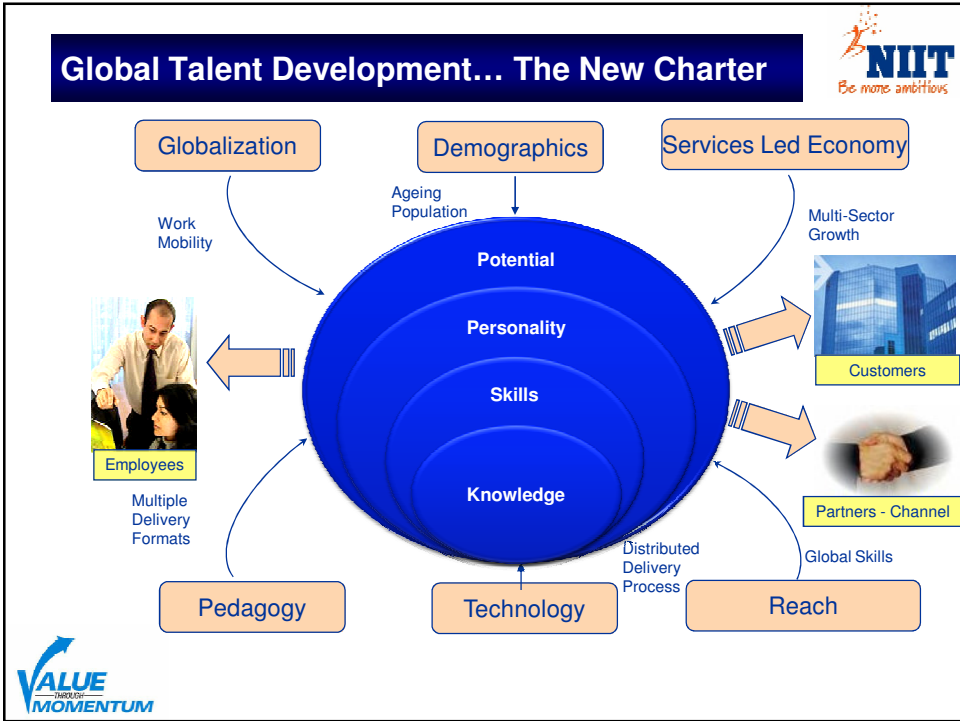


### Successfully transitioned from an IT Training to Global Talent Development Corporation

- ❖ With the successful launch of new businesses, well positioned to become a major source of skilled work force for sectors other than IT as well
- ❖ Expanding services economy and growing need for vocational training at school and undergraduate levels continues to throw new Talent Development opportunities for NIIT



Enhanced leadership position in the training market



# COMPANY PERFORMANCE: OVERVIEW

NIIT  
 Be more ambitious

VALUE MOMENTUM

## NIIT: Market leader with strong credentials



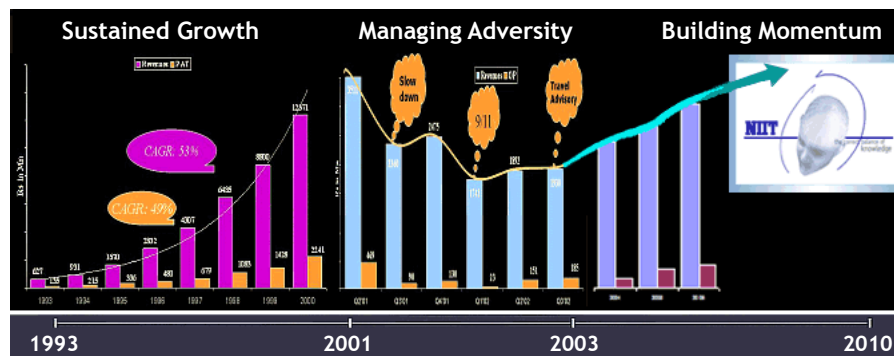
### Continues to be the leader in the IT Training Segment

- ❖ Dataquest “Top Training Company” in India award since its inception
- ❖ Avaya Global Connect award for Customer Responsiveness for three successive years
- ❖ Formidable Brand-McDonald’s of Education (Far Eastern Economic Review)
- ❖ Among the Top 20 companies in the Training outsourcing industry as ranked by TrainingOutsourcing.com
- ❖ Ranked among “India’s Top 50 Most Trusted Service Brands”
- ❖ Features among the “Super Brands” of India



Proven leadership; Strong Competency Set

## NIIT: successfully weathered storms

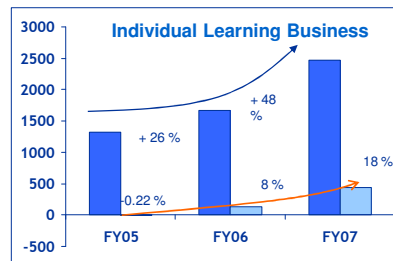
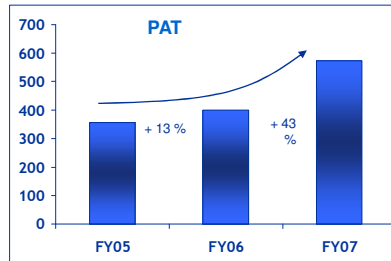
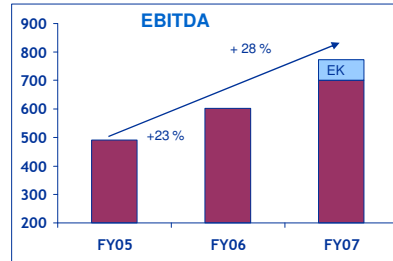
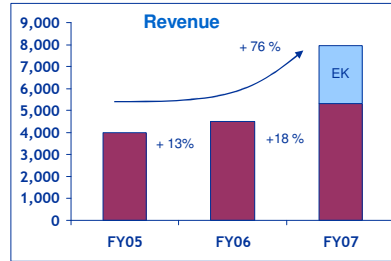


Not to scale



Steadily accelerated growth with higher productivity

## NIIT's growth in the last 3 years



Steadily accelerating growth with higher productivity

3

## 9M'08 Consolidated Financials



Rs. Mn	9M'08	9M'07	YoY
System wide revenues	10,193	7,820	30%
Net Revenues	7,344	5,384	36%
EBITDA	731	570	28%
PAT	504	401	25%

Without USD depreciation:  
 Revenue growth 42%  
 EBITDA +39%  
 PAT +40%



## 9M'08 Business Highlights



- ❖ Individual Learning Solutions (ILS): Witnessed continued high growth; Revenue up 30% YoY; EBITDA up 56%; Margin +325 bps
- ❖ School Learning Solutions (SLS): After a period of consolidation, SLS business poised to grow; Revenues up 2% YoY; EBITDA margin + 213 bps. Fresh order intake of Rs 283 Mn in Q3'08
- ❖ Corporate Learning Solutions (CLS): Integration of EK with NIIT's corporate business substantially completed. New opportunity thrown up by IP based content library business. Fresh order intake of \$106 Mn in CYD December'07
- ❖ New businesses (IFBI & Imperia) grow 416% YoY; Revenues Rs. 196 mn; achieved break even a quarter ahead of plan. Expected to become significant growth engines for NIIT
- ❖ Evolv acquisition to address English Communication and Professional Life Skills Training and ETS relationship to provide certification to a Global Standard



Growth, Expansion, Continued Transformation



**INDIVIDUAL  
LEARNING  
SOLUTIONS**





# Individual Learning Solutions



- Individuals, 16-25 years, primarily part-time
- Career, Career-edge and skill upgrade courses
- For Engineers, Science / Arts graduates, Diploma Working professionals
- Instructor-led, supplemented by e-learning
- India. China. Rest of the World



Reach. Delivery. Enrollments. Placements. Operating Leverage

# Demand for IT & ITES professionals



## Demand side: IT workforce ('000s)



## Skills

- Software: Development & Testing
- Infrastructure Management
- MIS implementation & Support
- Multimedia
- Voice/Tech Support
- Knowledge Process outsourcing
- Vendor certification

## Supply Side:

2007-10	Available	Employability
Qualified Engineers & IT Grads	1.4 Mn	25%
Non Engineers / Non-IT Grads	3.0 Mn	10%

Source: McKinsey



The huge demand-supply gap in skilled IT workers expected to continue

## ILS: 9M'08 Highlights



- ❖ Continued Growth: Revenue up 30%, Registrations up 24%
- ❖ China records registration growth of 60%
- ❖ Enhanced Product Profile: Expanding DQ Product base, Hardware and Networking (GlobalNet+), Multimedia and Gaming
- ❖ Tech partnerships with Microsoft, Sun, Intel, Adobe, CompTIA for new product offerings



Volume growth expected to be sustained

## ILS: 9M'08 Financials



(Rs. Mn)	9M'08	9M'07	YoY
System wide Revenues	5,145	4,063	27%
Net Revenues	2,341	1,798	30%
EBITDA	468	301	56%
EBITDA margin	20%	17%	+ 325 bps

- ❖ SWR Geo Mix: India 67%, China 16%, ROW 17%
- ❖ 22% YoY Capacity enhancement
- ❖ 55% utilization of enhanced capacity



- System wide booking Rs. 6,207 Mn
- Closing Net OB 1,866 Mn
- 68% executable in next 12 months



Steady growth and improved margins

## ILS: Future Strategy



- ❖ India
  - ❖ Expansion in product portfolio through alliances, capacity expansion
  - ❖ Specialized training to create domain experts for IT companies
  - ❖ Enhanced use of Web and Mobility to reduce costs
  
- ❖ China and ROW
  - ❖ Launch of new 'Finishing School' product in China for university graduates
  - ❖ Significant capacity expansion in China
  - ❖ Growth in focus geographies



ILS to continue to show robust growth



**SCHOOL  
LEARNING  
SOLUTIONS**

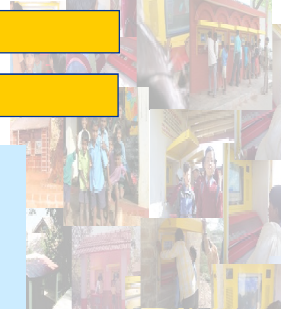


# School Learning Solutions

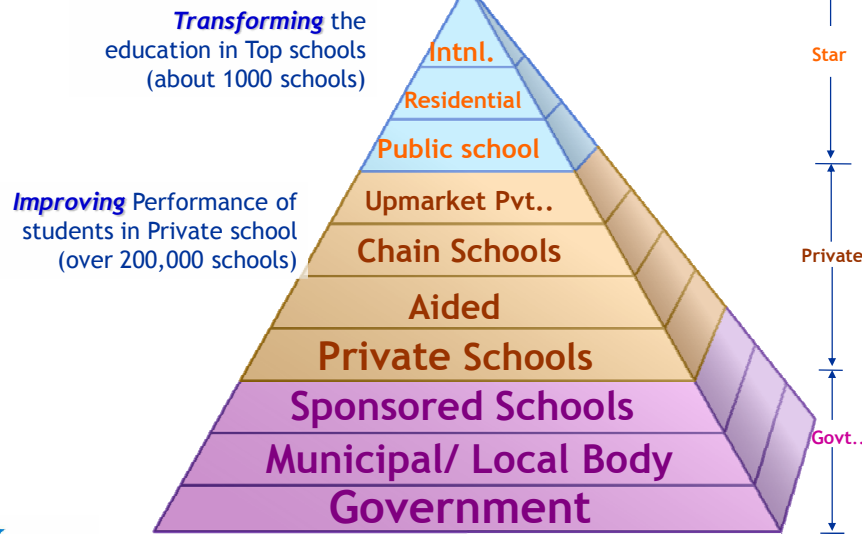


<b>Size</b>	<b>1 million schools</b>
<b>Beneficiaries</b>	<b>&gt;200 million Students</b>
<b>Decision Making</b>	<b>29 Boards</b>
<b>Scope</b>	<b>17 Languages</b>

- Transforming education in schools, ICT integration
- K-12: Government Schools to International Schools
- Offerings for students, teachers and schools
- BOOT-Government, Licensed products, Services – Annuity



# Meeting Market needs



## Our involvement so far



Tamil Nadu  
371 Schools



Private Schools  
1406



Karnataka  
700 Schools



West Bengal  
500 Schools (cum)

5,700,473 Students

6,677 Schools

250,438 Teachers



AP 663 Schools



Microsoft  
Project Shiksha



Assam  
1270 Schools



Meghalaya  
178 Schools



MP - 4 Schools

8,174 Instructors

Over 32,000 PCs

5,000 Hours of Content



Himachal Pradesh  
282 Schools



Chattisgarh  
1202 Schools



Tripura  
28 Schools

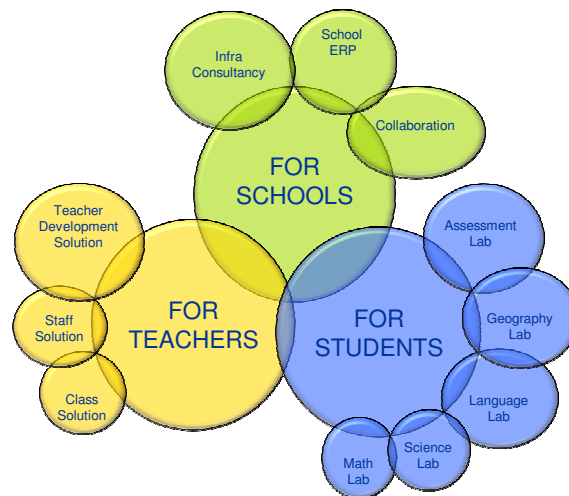


UP - NOIDA  
25 Schools



ICT revolution at grass root level

## The eGuru Solution:



Focus on Sales and on Realization Improvement

## SLS: 9M'08 Highlights



- ❖ After a period of consolidation, SLS business poised to grow
- ❖ Fresh order intake of Rs. 475 mn as compared to Rs. 123 mn in 9 months ended December 2007
- ❖ Launch of substantially upgraded teaching product, at enhanced realizations
- ❖ Govt. school wins in Assam, Himachal Pradesh & Tripura
- ❖ Significant wins recorded for the eGuru Solution
- ❖ Product line strengthened with MathLab & NComputing tie up
- ❖ Non GSA revenues record a 29% YoY growth



Volume growth expected to be sustained

## SLS: 9M'08 Financials



Rs. Mn	9M'08	9M'07	%G (YoY)
Net Revenues	632	619	2%
EBITDA	88	73	19%
OM	14%	12%	+ 213 bps

- ❖ 822 Schools added in GSA Space and 134 schools added in Non-GSA
- ❖ Non-GSA contributes 32 percent

- Fresh Order intake of Rs 475 Mn
- Pending order book at Rs 895 Mn
- 60 % executable in next 12 months



eGuru



Growth returning to both GSA and Non-GSA segments

## SLS: Future Strategy



- ❖ Grow GSA business; balance profitability, receivables risk and capital intensity. Aim for leadership share in tenders of choice
- ❖ Strong growth in Private Schools business, boosted by enhanced product and sales effort. Offer excellence in Mathematics, Science, IT and English through respective lab products
- ❖ Vocational training in schools provides a major opportunity - Under evaluation



SLS business will see robust growth



**CORPORATE  
LEARNING  
SOLUTIONS**



# Corporate Learning Solutions



**Custom Training**  
Content

**Learning Business Process**  
Outsourcing

**Corporate Training**

- Largest Custom Content Developer
- 2nd Largest Content Library
- Best in Class hosted platform
- Global Training Delivery
- Technology companies, Corporates, Government
- USA, Europe, India, APAC



# Corporate Learning Market: Breakup



Estimates by Training Industry, Inc.

**North America Corporate Training Expenditures at \$45.9 B**





## CLS: 9M'08 Highlights



- ❖ Integration of EK on track; Robust growth in EK
- ❖ Major wins in EK content library
- ❖ Fresh Order intake \$106 Mn
- ❖ India Order intake for Q3'08 grew 136% YoY contributed by:
  - ❖ High tech training for IT companies
  - ❖ English language and workforce productivity training
- ❖ New alliance with ETS for TOEIC testing
- ❖ Acquisition of Evolv for English language training



Strong focus on India corporate training space

## CLS: 9M'08 Financials



Rs. Mn	9M'08	9M'07	%G (YoY)
Net Revenues	4175	2,930	43%
EBITDA	207	275	(25%)
OM	5%	9%	(445 bps)

- Robust Order Intake at \$106 Mn
- Pending order book at \$65 Mn
- 66% executable in next 12 months

- ❖ Increased focus on India Business
- ❖ Increasing IP based (Content Library) business
- ❖ Global Technology Delivery
- ❖ Added 34 new significant customers



Dollar weakening impacts Revenue by Rs 443mn (15%), and EBITDA by Rs 77mn (119 bps)



## CLS: Future Strategy



- ❖ Increase focus on India
  - High-tech training delivery
  - Induction Training
  - English Communication and Professional Life Skills Training
- ❖ USA & Europe
  - Content Library Business
  - Moving from Development to Deployment (End to End Solutions)
  - Global Technology Delivery practice



Strong focus on India corporate training space



**NEW  
BUSINESSES**



## IFBI & Imperia: 9M'08 Highlights



### ❖ IFBI: Repeating the NIIT Success story in Financial Services

- Gains universal acceptance from the banking community (New Partners HDFC Bank, Yes Bank)
- Insurance Program Launched in partnership with ICICI Prudential
- Financial Services Program (ICICI Securities) getting excellent response
- 2,700 graduate from IFBI and get placed
- Cumulative enrolments cross 7,400

### ❖ Imperia: Bringing Quality Management Education to the Masses

- Launched MDP and Leadership Series
- IIFT and IMT partnerships added
- Cumulative enrolments cross 1,200



IFBI and Imperia expected to build upon the initial success

## IFBI & Imperia: 9M'08 Financials



Rs. Mn	9M'08	9M'07
Net Revenues	196	38
EBITDA	(31)	(64)

- ❖ Order intake of Rs. 160 Mn, Pending order book Rs. 56 Mn
- ❖ Added 9 new centers to reach 15 in 12 Cities

**ifbi**

Institute of Finance, Banking & Insurance

**NIIT**  
**IMPERIA**  
CENTRE FOR ADVANCED LEARNING



Growth on track

## New Businesses: Future Strategy



- ❖ Geographic Expansion and enhanced market penetration for IFBI and Imperia
- ❖ Extending domain partnerships
- ❖ Entry into Newer skill areas



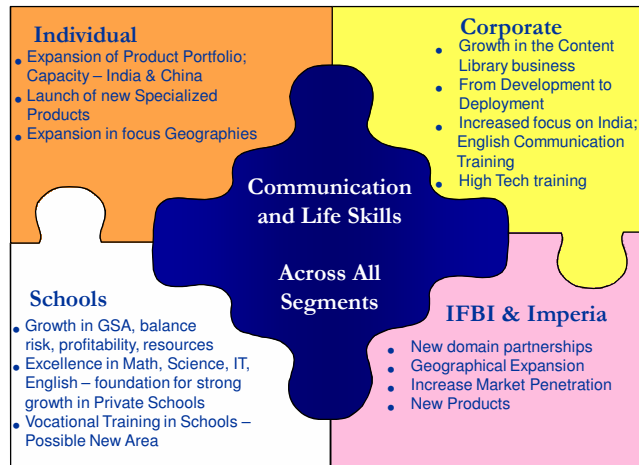
Significant Growth Drivers for NIIT



# SUMMARIZING



## Summarizing: NIIT's growth strategies



Strategy to ensure sustained growth

## NIIT: Today and Tomorrow



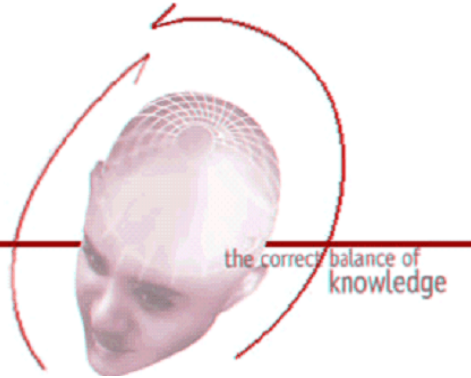
- ❖ We are today, the market leader with strong credentials and competencies
- ❖ We have a strong financial track record, and in the past have successfully dealt with market adversities and uncertainties
- ❖ We have successfully transitioned from an IT Training Company to a Global Talent Development Corporation
- ❖ We have and will continue to restructure our businesses to take advantage of all emerging opportunities
- ❖ We have a robust and de-risked strategy for the future



# Leadership in the Century of the mind



**NIIT**



the correct balance of  
knowledge

