

IT firms eye Japan, China, Germany

These nations have a total market size of \$300 billion

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The Indian information technology (IT) services sector is looking beyond its primary market, the US — at Germany, Japan and China, to expand its business.

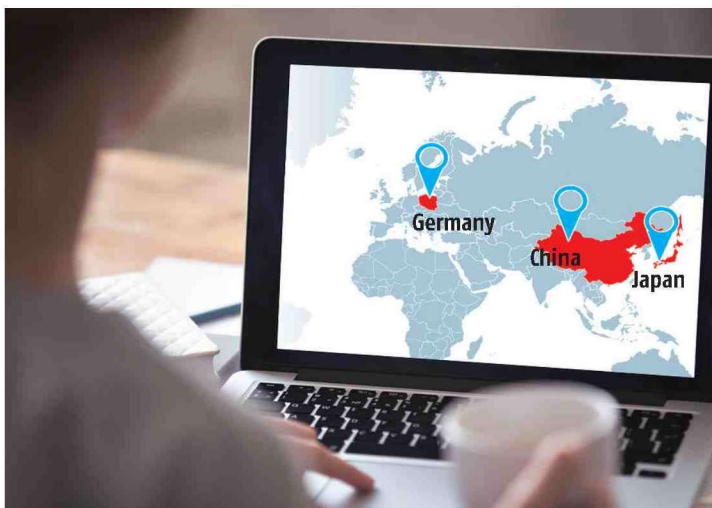
The \$150-billion sector gets about 60 per cent of its revenue from the US. Now, it's looking at Germany, Japan and China as strategic markets, as these together have opportunities of about \$300 billion, said the National Association of Software and Services Companies (Nasscom).

The market size for the sector in the US is about \$400 billion. Indian firms have made a significant impact on it. However, since the election of President Donald Trump in November last year, a cloud has hung over the future prospects of Indian IT firms in the US. Trump has pushed for local hiring and is planning stricter clearances for H1B visas, traditionally used by Indian firms to send engineers on projects to the US.

Coupled with this, rapid shifts to automation have compelled IT firms to revise their earnings expectations. And, also to look at other markets.

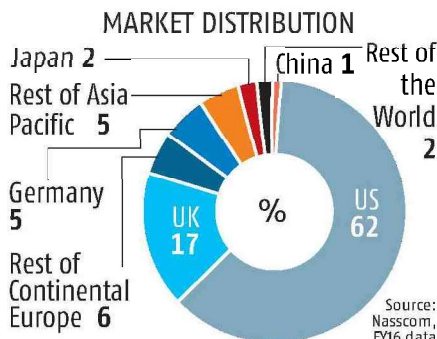
In Germany, the Industry 4.0 initiative is expected to be a key to the plans of the Indian IT firms, said Gagan Sabharwal, director, Global Trade Development, Nasscom, in an interview. Industry 4.0 aligns factories using smart technology and with increased focus on engineering services. "We will invest in new areas for future growth, and have identified three geographies — Japan, China and Germany. These economies are very large," Sabharwal told *Business Standard*.

He added the industry in Germany was undergoing a "sea change" with Industry 4.0. Technology such as



GREENER PASTURES ON RADAR

Indian IT services industry	
Total size	Export
\$146 bn	\$108 bn
Revenue added in FY16	
\$10 billion	
Fastest growing geography	
US with 10.5 % growth	



Internet of Things would be a big enabler for success.

"IT will be an enabler for manufacturing in Germany, like it has been for the financial services sector in the UK," said Sabharwal.

Indian firms have traditionally been successful in English-speaking markets, such as the US and the UK. Their efforts to penetrate markets in Germany and Japan have met little success. In China, a few companies

such as Tata Consultancy Services and Infosys and IT-training firms such as Apteck and NIIT have found a foothold.

Japan contributes 2 per cent to India's IT exports, Germany 5 per cent.

There is a shortage of skilled professionals in Japan, so its government is partnering with India to hire techies from Bengaluru and Chennai. These techies are being trained in Japanese and getting jobs there. Turn to Page 4 ▶