

Nasscom sees \$225 bn revenue by '20

'Growth will come from currently untapped verticals like healthcare, public sector'

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Revenue from India's information technology services sector has the potential to touch \$225 billion (exports and domestic) by 2020, says a report by Nasscom, the industry association, and consulting firm McKinsey & Co.

Around 80 per cent of the industry's incremental growth and 50 per cent of the total opportunity will come from currently untapped verticals like the public sector, healthcare, media and utilities and places such as the Gulf, China, Japan, Russia and Brazil, says the report. "Most incremental revenue growth by 2020 will be driven by opportunities outside of the current core markets, verticals and customer segments, and the industry needs to re-define its value proposition to capture these," said Som Mittal, president, Nasscom.

The report, 'Perspective 2020', says India can emerge as one of the top three global IT innovation hubs, driven by opportunities arising in the new areas of climate change, clinical research and mobile applications.

These new opportunities could



Nasscom President Som Mittal (centre), flanked by Pramod Bhasin (R), chairman, Nasscom, and Noshir F Kaka, company director, McKinsey, releases the 'NASSCOM Perspective 2020' report in New Delhi on Tuesday

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result in export revenues of \$175 bn by 2020, said the report. The domestic industry will record a four-fold increase in revenues from \$12 billion in 2008 to \$50 billion by 2020, it says.

However, a major bottleneck is the low employability of existing talent. With only 10-15 per cent employable graduates in business services and 26 per cent of employable engineers

in technology services, the industry needs to harness the potential of ICT in healthcare, education, public and financial services to drive a more inclusive growth.

FY10 may see single-digit growth

Declining transaction volumes, pricing pressures and cuts in IT budgets, could result in the Indian IT industry posting a single-digit growth rate in financial year 2009-10. "It's a possibility, because of the uncertain economic environment. Also, transaction volumes in the BPO segment are down," said Som Mittal, president, Nasscom.

Said Noshir Kaka, director, McKinsey & Company, "While the industry has the potential to generate revenues of \$225 billion in 2020, a portion of this opportunity is at risk if the continuing problems are not tackled soon. Around 40 per cent of previous priority initiatives, especially structural changes like tertiary education reforms, have not been implemented yet, he added.