



Indian IT spend set to pick up

SANGEETHA CHENGAPPA
| DC
BENGALURU, SEPT. 30

After a damp start in the first half of calendar year 2013, IT spend in the country is beginning to look up as organizations which had held back spend are now looking to invest in IT to optimize costs in running their business and channeling those savings into innovations that will transform the way they do business. While the year-on-year growth in IT spend dipped to 8.8 per cent as against an estimated 16.3 per cent in 2012 primarily due to high dollar conversion rates; in 2013 overall IT spend in India is estimated to hit 13.4 per cent.

"In 2012, the total IT spend in the country was \$35 billion, with growth driven mainly by Government aided projects, Manufacturing, Banking and Education sectors. In 2013, spend will go upto \$40 billion. The three major drivers for increased spend are Telcos which will spend on new technology upgrades to 4G for instance; Banking and Financial institutions which will release money to meet compliance and regulatory requirements; and Government-driven IT spend that will continue. The second half of 2013 will also see a bit of an uptick in IT spend by Manufacturing," said Venu Reddy, Research Director, IDC India. IT spend, according to IDC, includes spending on IT services, software, servers, client systems, storage, peripherals, network equipment and phones.

Stating that the mid-market or small and medium businesses with less than 1000 employees will drive IT spend in the country over the next three years, he said "41 per cent of Enterprise IT spend in 2012 was by SMBs, which is expected to grow at a CAGR of 17.2 per cent to 43 per cent in 2016. This indicates that these businesses are on an expansion mode and are moving up the business maturity ladder. Other reasons for this growth are because Govt and public private partnerships are bridging infrastructure and R&D gaps that inhibited SME growth earlier. Large enterprises with 1000 employees and above, will see a dip in IT spend from 40 per cent in 2012 to 36 per cent in 2016."

Talking about the market for Cloud and Big Data solutions in the country, Mr Reddy said Big Data solutions market will see exponential growth in the next 3 years - from \$81 million in 2012 to \$300 mn by 2016, at approximately 40 per cent



Indian IT's take on Big Data adoption

- 91% of Indian businesses say Big Data will lead to better decision making
- 68% believe that Big Data will be a key factor in determining winners and losers in the industry
- 35% have already achieved a competitive advantage as a result of Big Data analytics technology
- 62% feel that Big Data technology will prove vital in identifying and protecting against cyber attacks
- 89% agree that data centre automation will be crucial to innovation and agility over the next 3 years

Source: EMC survey, polled 309 IT business & decision makers on Big Data adoption

CAGR. The Public and Virtual Public Cloud services market which was estimated at \$530 million in 2011 is expected to grow at 50 per cent over the next 3 years. "Cloud services has crossed the inflexion point in 2012 as businesses continue to adopt IaaS (infrastructure as a service) and SaaS (software as a service). While larger companies prefer the private cloud over the public cloud due to security, privacy and risk management issues, interest levels in the SMB market for cloud computing has been increasing and some SMBs have adopted public cloud even for mission critical applications. For instance, Jamia Cooperative Bank has deployed NIIT Technologies' Cloud based, Core Banking System."

What is interesting is to note is that, while email, collaboration and CRM applications are popular applications for SaaS, mission critical processes such as ERP and Business Intelligence will soon be considered for delivery on SaaS model too" observed Mr Reddy.