

IT cos eye \$116bn contracts in 2017

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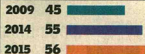
Bengaluru: Indian IT services companies have been steadily increasing their share in global IT outsourcing. Now with \$116 billion worth of IT contracts coming up for renewal in 2017 and the growing trend towards splitting up large deals, they can look forward to some more gains in the coming year.

Of the \$116 billion, the top five Indian IT services providers account for \$20 billion, the big five American companies (IBM, Accenture, CSC, HP, Xerox) account for \$29 billion, and the top four European firms (Capgemini, Atos, BT, T-Systems) account for \$17 billion. The remaining is split among a host of other smaller global and Indian providers, according to data

UP FOR GRABS

Source: ISG

INDIA'S SHARE IN GLOBAL IT SOURCING (%)



DEALS EXPIRING IN JAN-DEC 2017:



INCUMBENTS

Americas Big 5 - IBM, Accenture, CSC, HP, Xerox **9%** of deals, **25%** of total value

Europe Big 4 - Capgemini, Atos, BT, T-Systems **10%** of deals, **14%** of total value

India Big 5 - TCS, Infosys, Wipro, HCL, Tech Mahindra **13%** of deals, **17%** of total value

Other service providers (global and Indian) **68%** of deals, **44%** of total value

from IT advisory firm ISG.

Two new trends have the potential to change the way the contracts have till now been distributed. Customers are tending to split large con-

The other trend is the increasing digital scope of deals — cloud, analytics and automation are becoming key parts of IT contracts coming up for renegotiation. This also reduces the total contract value (TCV) available on these deals.

“While the net impact of this trend may not be accurately estimated, we expect that this would result in ACV (average contract value) drop of 20-30% depending on the nature of deals and possibility of inclusion of disruptive solutions like cloud and automation,” said Dinesh Goel, head of ISG.

This means Indian IT services’ gains will depend to a great extent on how well they have adapted to the new digital world in comparison to their global peers.

tracts — those in the \$1-billion range — into smaller deals. Indian companies have traditionally been weak in the large contract space. So, any split should work to their advantage.