

IT services industry looking beyond US, Europe for growth

Emerging markets could be big for the industry in 3 years

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Thanks to the continuing difficulties faced by the US and the state of uncertainty in Europe, Indian IT service companies are widening the net in order to move to emerging markets and spur the next level of growth, but momentum here could take around three years to build up.

Putting the matter into perspective, Mr Rajan Kohli, Chief Marketing Officer, IT Business, Wipro, said the global IT services spend is around \$1.4 trillion, with the US, Europe and Japan accounting for 80 per cent and the remaining countries accounting for 20 per cent. "But the 80 per cent is shrinking, while the 20 per

REVENUE BREAKUP BY GEOGRAPHY			
2010-11	US	Europe	Rest of World
Infosys	66.2	20.7	10.7
Wipro	41	22	37
TCS	53.87	24.78	21.35

Note: Figures in percentage; Wipro's RoW figures reflect India's contribution, while TCS Europe figures include UK revenues and its RoW figures include India, Asia Pacific, Ibero-America and West Asia and Africa.

cent is growing fast," he told *Business Line*.

GROWTH AREAS

What are the potential high growth areas beyond the US and Europe? Mr Karthik Ananth, Director, Zinnov Management Consulting, said that opportunities can be found in West Asia, China, Ja-

pan, Korea, India, South Africa and North Africa. "Companies are finding it hard to crack China, though Infosys is doing some work here," he said.

He added that it will take at least three years for these emerging markets to make serious contributions to the kitty of Indian IT service players.

While there is some poten-

tial in untapped markets, the expansion of international MNCs such as Unilever and P&G moving business to emerging markets is also a big factor contributing to the growth of Indian IT service companies in these geographies. Mr Kohli said that, according to an international report, companies that get over half of their business will grow by over 10 per cent, while companies that are expecting growth from the US will only grow by around 6 per cent.

Naturally, these US MNCs want to expand in other geographies, and Indian IT service players which offer services to them in the US are winning orders for these companies' overseas operations too. But one

company that has a different perspective on emerging markets is Tata Consultancy Services, which currently gets over \$1 billion from emerging markets.

DELIVERY CAPABILITIES

"With technology adoptions such as cloud and managed services, the omnipresence of service availability is the key instead of locations," said Mr N. Ganapathy Subramaniam, Executive Vice-President, Tata Consultancy Services.

He said that while established markets still offer a great deal of potential, TCS was working on enhancing its delivery capabilities in Latin America, China and MEA.

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