

Meltdown propels new 'mkt order' in IT industry

ENS Economic Bureau
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THE domestic Indian IT and ITeS market is expected to grow at 13.4 per cent in 2009, the slowest since 2003. Market intelligence firm, IDC's annual IT-ITeS market forecast suggests that important structural changes taking place on the back of a global economic meltdown will propel a new 'market order' in the domestic Indian IT-ITeS industry.

This new 'market order', termed as Growth Phase 2.0, will be quite different from the earlier phase, Growth Phase 1.0 (2003-08), during



which the domestic market witnessed unprecedented growth, nearly tripling the market size from Rs 34,000 crore in 2003 to Rs 1,01,031 crore in 2008, a CAGR of over 24 per cent.

IDC's report titled 'India Domes-

tic IT/ITeS Market Top 10 Predictions for 2009' states that Growth Phase 2.0 will leverage the IT infrastructure built and consolidated during Growth Phase 1.0.

Growth Phase 2.0, expected to evolve 2009 onwards, will be built on the back of new and innovative services sought by consumers and enterprises alike. The technology behind these services—infrastructure, applications and connectivity—will need to orchestrate and re-orient completely in order to support their mass adoption.

IDC expects the India domestic IT-ITeS market growth rate to come down from an average of 24.3

per cent recorded during 2003-08 (Growth Phase 1.0) to 16.4 per cent in the coming five years till 2013.

This relatively slower growth will see enhanced competition leading to a rapidly changing strategy and continuous market realignment on the part of ICT market participants.

"2009 shall herald the beginning of a new business cycle that will be marked by slow growth in 2009, but would eventually be the basis of a new phase of growth. The issues in the short run, more pronounced throughout 2009, will be productivity, cost savings and customer retention," said Kapil Dev.