

India losing IT to emerging rivals

Top Outsourcers Like GE, Citibank Opting For Nearshore Vendors

Pankaj Mishra
BANGALORE

EMERGING nearshore rivals, including Ness Technologies of Israel, CPM Braxis of Brazil and Mexico-headquartered Softtek, are increasingly becoming attractive for top outsourcers such as General Electric, Citibank and several others seeking to work with local, specialised vendors instead of sending all projects to offshore locations like India.

At a time when India's top tech firms such as Tata Consultancy Services, Infosys and Wipro are redefining their

positioning as global service providers by growing their presence in emerging markets such as Latin America, Eastern Europe and Asia, they are facing stiff competition from these newer rivals.

"For many customers who already have significant presence in offshore locations like India, it's a risk diversification," said Jimit Arora, research director of outsourcing advisory firm Everest Group. "Some customers having 70-80% of their offshore resources in India are realising that they need to look at the third category of suppliers that are local and niche," he added.

Over the past two years, companies such as CPM Braxis, EPAM Systems, Ness, Softtek, Merchants and Spi Global have emerged as stronger rivals for Indian tech firms, especially while bidding for outsourcing contracts being fleshed out by "first-time outsourcers".

"When it comes to new business from first-time outsourcers, these local suppliers may be gaining at the expense of multinational and offshore rivals," added Amneet Singh, vice-president, global sourcing, Everest Group.

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OFFSHORE CHALLENGE

CPM Braxis, EPAM Systems, Ness, Softtek, Merchants and Spi Global emerge as strong rivals for Indian IT

On an average, these smaller cos are able to win contracts worth \$2-5 m in annual contract value