

Govt on a gizmo high; IT, consumer cos reap benefits

■ Firms take govt vertical seriously in face of increased spending

Diksha Dutta &
Sukalp Sharma
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SEVERAL departments are undergoing a makeover. LCD projection screens, multifunctional printers, integrated telephone systems, security cameras, IP conference phones, faxes — all these gizmos have transformed government offices from their previous boring avatars into state-of-the-art workplaces. And going by the extent of paraphernalia that can be seen being used, the government is not stingy on spending.

This spells opportunity for

the diverse IT and consumer durables companies, which have started taking their government vertical more seriously. Today, the government sector contributes substantial revenues for companies like Hewlett Packard (HP), Canon, HCL Infosystems, Samsung and Videocon. Industry estimates reveal gov-

ernment spending on technology has increased at a CAGR of 25% from 2008-09 to 2010-11.

Take the case of IT hardware and services firm HP India, which derived 10% of its revenue from the government sector three years ago. At present, however, Duragutt Nedungadi, director

(sales, enterprise business), HP India, has new plans. "Today, the Indian government sector contributes 17-18% to our overall India business," he says. "We are expecting to take it to 30% this year."

He adds that the government-to-government (G2G) initiatives are a significant part of the overall government spending. "We now have separate teams catering to demands from different ministries at the state and central level. In terms of headcount, our team has grown by 100% in the past three years," he says.

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HARDWARE BONANZA

FY	Total govt spend on IT	Hardware (60%)	Software (5%)	IT services (30%)	BPO (5%)
2009	\$ 3 bn	\$ 1.8 bn	\$ 150 m	\$ 900 m	\$ 150 m
2011*	\$ 5 bn	\$ 3 bn	\$ 250 m	\$ 1.5 bn	\$ 250 m

Note: Govt spends on IT growing at a CAGR of 25% from FY 2009 to 2011

*Expected

Source: Industry estimates