

# IT-BPO exports slated to grow 16-18% in FY12

## Export revenue likely to surpass targets this fiscal: Nasscom

### Our Bureau

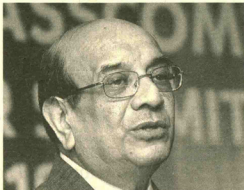
New Delhi, Feb. 2

Shaking-off the effects of slower-than-expected US recovery and the debt crisis in Europe, India's IT and BPO exports are projected to grow 16-18 per cent during fiscal 2012 grossing \$68-70 billion in revenue.

But the growth rate forecast for the coming fiscal is lower than 18.7 per cent growth estimated to be notched in the current fiscal ending March 2011.

"Given the uncertainties in some geographies, including the situation in the Middle East, 16-18 per cent growth projection is a realistic target. This number can rise if the BPO transaction volumes and economies in certain geographies pick up further," Mr Som Mittal, President of software association Nasscom, said while releasing the industry performance report.

For the current fiscal (FY11), the IT and BPO export revenue is estimated to be about \$59 billion, translating into 18.7 per cent growth over the previous fiscal. Interestingly, Nasscom had initially anticipated a growth of 13-15 per cent for the software and services exports for FY11. However, the



Mr Som Mittal, President, Nasscom.

industry appears to have surpassed its own targets this fiscal, thanks to the rebound in global demand for outsourcing services.

### GLOBAL SLOWDOWN

It may be recalled that during 2008 and 2009, the tech services industry bore the aftershocks of a global economic meltdown as clients shelved projects, sought lower billing rates from vendors and even slashed their IT budgets.

An improvement in the overall business sentiments now has led to a revival in demand for IT and BPO ser-

vices, pushing up business volumes for IT players over the last few quarters. However, the heady days of 30 per cent industry growth appear to be over. Nasscom attributes this to the burgeoning export base.

"Overall, companies are investing back in IT, and technology is acting as a big mover in driving organisational efficiency. The global tech spending grew by four per cent and global sourcing grew even faster at 10 per cent," Mr Mittal said.

India's share in global sourcing stood at 55 per cent

during 2010, up from 51 per cent in 2009. In FY11, IT services grew the fastest among various segments at an estimated 22.7 per cent, while BPO exports grew relatively slower at an estimated 14 per cent.

"While the IT business is largely project driven, BPO is an annuity driven business where you run processes for clients and get paid on a per transactions basis. Therefore, in the case of BPO, the transaction volumes are generally linked to economic growth of these countries," he said.

### DOMESTIC MARKET SNAPSHOT

Meanwhile, the local IT market is expected to continue on a growth trajectory, with Nasscom projecting a growth of 15-17 per cent for fiscal 2012, on the back of Government contracts and spending by small and medium businesses (SMBs). In other words, the domestic market revenue is slated to touch Rs 90,000-92,000 crore for fiscal 2012, compared to Rs 78,700 crore estimated for the current fiscal.

"SMEs can now easily adopt cloud computing solutions as it does not have any

### Highlights



- IT and BPO exports estimated to grow 18.7 per cent in FY11 to \$59 billion
- Broad-based growth seen across mature and emerging verticals
- Domestic market estimated to grow 16 per cent in FY11 to touch Rs 78,700 crore
- Industry added an estimated 240,000 jobs in FY11
- FY12 outlook: Export revenue slated to grow 16-18 per cent; domestic revenue at 15-17 per cent

### IT and BPO Exports revenue

	(in \$ billion)	
	FY2010	FY2011*
IT services	273	335
BPO	12.4	14.1
Software products and Engineering	10	11.3
Total	497	59

\*estimates

### IT and BPO Domestic revenues

	(in Rs crore)	
	FY2010	FY2011*
IT services	42,900	50,100
BPO	10,900	12,700
Software products	14,000	15,900
Total	67,800	78,700

\*estimates  
Source: Nasscom

ket. These will be some of key drivers," Mr Mittal pointed out.

### EMPLOYMENT

Direct employment is estimated to touch nearly 2.54 million by the end of the current fiscal, with addition of 2.40 lakh jobs during the year. For the next financial year, Nasscom expects the industry hiring to be at a similar level.

"Our confidence is based on industry hiring and the strong deal pipeline...Though some growth will be driven out of new geographies and verticals, but the bulk will come from exiting business," Mr Mittal said.

When contacted, Mr Sid Pai, Managing Director of outsourcing advisory firm TPI India, said that significant outsourcing demand is expected to come in as a result of deal renewals and restructuring activities.

Mr Sudin Apte, CEO of advisory firm Offshore Insights, pointed out that the outlook for fiscal 2012 is more or less in line with industry expectations. "Post recession, the work coming offshore is changing dramatically in scope, complexity and pricing models," Mr Apte added.

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legacy systems to deal with. Also we are likely to see

many UID-enabled applications coming up in the mar-