



## Shining Perspective

- Growing presence of global IT services companies are intensifying competition and making it difficult for the domestic companies to grow and sustain in the IT services business
- Global image, scale of operation, high quality benchmarked service delivery under one roof is giving competitive edge over low cost domestic service providers
- Managing differentiation while sustaining and growing in the increasing cost environment is a challenging task for the domestic IT services companies
- More high-end value based consulting services could help in being partner with the client and keep sustaining and growing business
- The volume perspective can be used for making a low cost green vehicle in India so that India can lead the world in the low cost green ride

## Towards a unified world

The business will be driven by transformational needs of global companies and changing business models favoring more outsourcing and off-shoring.

The industry will see consolidation as many small and mid tier companies are taken over by their bigger rivals. There will be a shift from capital expenditure to operational expenditure. 2011 will see more investment in business intelligence. Enterprises will invest more in shared infrastructure. Also, there will be a shift in investment to build sales and marketing support.

More and more companies will move to SAS platform. Cloud computing will see increased interest from the sector. More and more companies will strive for achieving higher operational efficiencies as growth will come from delivering high value-added service being offered at higher end of the service spectrum.

Government is likely to be a big domestic client for emerging markets as it strives for ambitious projects like UID in India. Another area where focus will shift towards is green IT initiative. More and more companies will start putting more money in greener initiatives.

As craze keeps on increasingly spread about online social networking, this sector will see fresh investments as more and more companies try to monetize the enthusiasm of millions of online users.

### Industry Growth Drivers

- Globalization
- Availability of talent/Skilled manpower
  - Wage differential
- Relative compensation costs
- Low infrastructure costs

- Government supportive IT policy and incentives
  - Tax holidays, subsidies, low interest loans
- Scalability of operation for achieving economies of scale
- Growing companies' focus on core
  - Companies are outsourcing non-core activities to increase efficiencies and focus on core competencies
- Growing focus on cost and operational efficiencies
- Increasing Public sector spending
- Increasing private sector activity
- Increasing technology adoption by SMB/ SME enterprises
- Digital convergence
- Product & service Innovation
- Increasing adoption of Cloud computing and cloud services
- Growing on-line demand for tuition
- Investment by Venture capitalist in High-tech startup/ niche start up
- High growth in Emerging market
  - Spending forecast to grow 9.3% in Latin America, 7.7 % in the Middle East and Africa and 7% in Asia-Pacific. (Source: Gartner)

### Industry Competitive Scenario

- Intensifying competition among global/national
  - Foe ex- Global biggies like IBM, Accenture, CSC, ACS, HP are ramping up their Indian operations

- MNCs are becoming more localized in the Indian market; the Indian companies are fast adopting a global outlook
- Indian companies are expanding their global outlook and reach
  - They are setting up centers globally in the US, China, Japan, Malaysia, Czech Republic, etc.
- Indian firms are increasing global hiring, including in the U.S., as they pursue high-end work like consulting
- Indian IT companies are looking at becoming transformational partners to their clients, making an impact on business metrics

## Industry Complexity

- Government regulation & policies
- Anti-outsourcing policy/ law
- Managing Legal and Economic slowdown/ recession
- Managing cyclical pattern with volatility
- Compliance standard as per International standard
- Managing differentiation
- Quality of service/ Value proposition
- Managing economies of scale
- How to bring “stickiness” to hold existing clients and talents
- Intense competition for acquiring and retaining customers

- Developing Customer centricity to become true partner with the customer
- How to increase gender sensitivity for better productivity

## Industry Pain Areas

- Currency/ exchange rate fluctuation
  - Strengthening of the Indian rupee against the dollar and the euro, would hit the margins
- Commoditization of services
  - Due to lack of vertical specialization/ expertise
- Attrition/Talent retention
- Attracting and retaining highly skilled talent
- High wages
- Declining billing rate
- Declining Profit Margin
  - The pressure on profit margin as customer seek to work with fewer vendors at lower rates
- Euro debt crisis
  - The European sovereign debt crisis and a weaker euro will impact worldwide IT spending in 2010
- Employees’ poaching by competitors
- Rapid Technological obsolescence
- Weak IP laws in emerging margins
- Managing growth and cultural transition in post-merger environment



**Delivering extra benefit**

Shining Consulting Pvt., Ltd.  
17, Visveswariya Industrial Area,  
Mahadevapura 2nd Stage,  
Bengaluru - 560 048, India.

Tel : 91-80-4127 6999 / 81  
Fax : 91-80-4127 6990  
Email: shining@shiningconsulting.com

[www.shiningconsulting.com](http://www.shiningconsulting.com)