

ICT-Cooperation India-Germany: Options and Opportunities in Products & Markets

Som Mittal, President, NASSCOM, India

About NASSCOM

- Apex body for the IT-BPO sector in India
- Plays a leading role in trade development, policy advocacy and research
- Over 1200 members including 250 global companies
- Membership accounts for over 90% of exports and a majority of the 2 million professionals employed in the sector

NASSCOM's Charter: To build India as 21st century's technology powerhouse and establish India as the global sourcing hub for IT-BPO services and software

India fact sheet

FY07 unless indicated otherwise

Demographics

Population (billion)	1.12
Population growth (%)	1.6
Labor force (million)	516
Less than 30 years (%)	52
Urbanization (%)	28

Social/Developmental

Literacy (%)	61
Unemployment (%)	7.2
Infant mortality (per 1000)	34.6
Life expectancy (years)	68.5

Transport/Telecom

Passenger cars (million)	13
Two wheelers (million)	53
Mobile users (million, Mar 08)	251
Internet users (million)	32

Economy

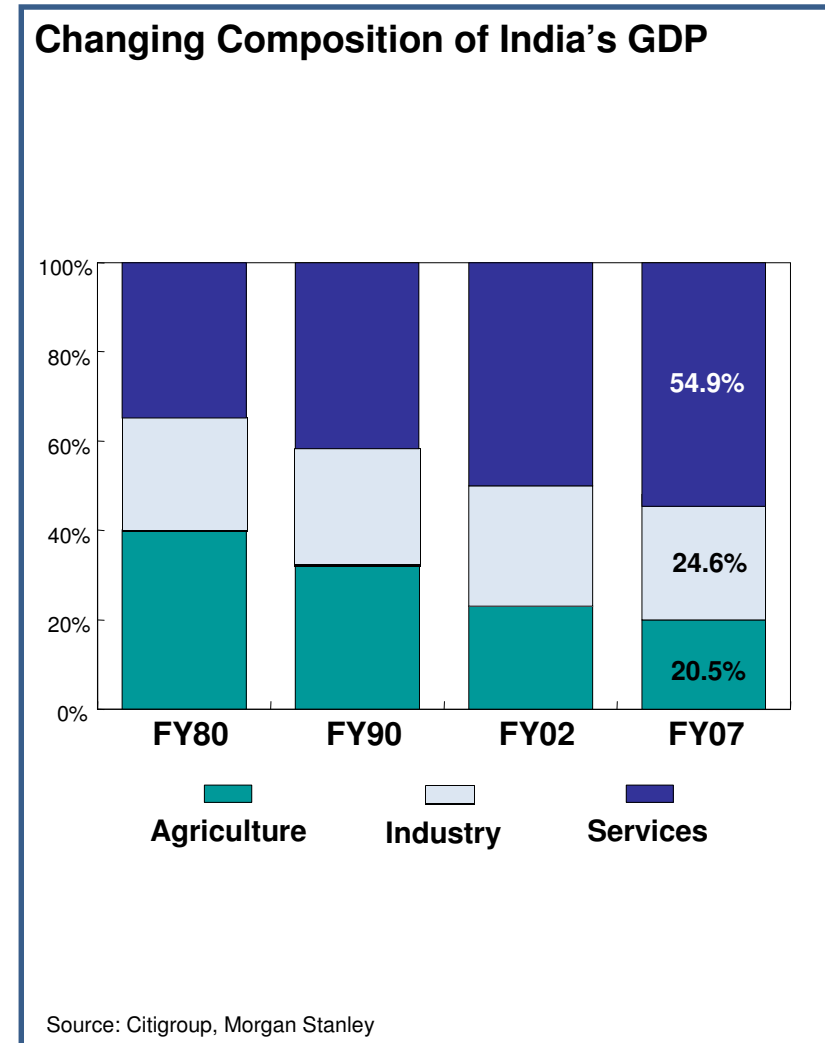
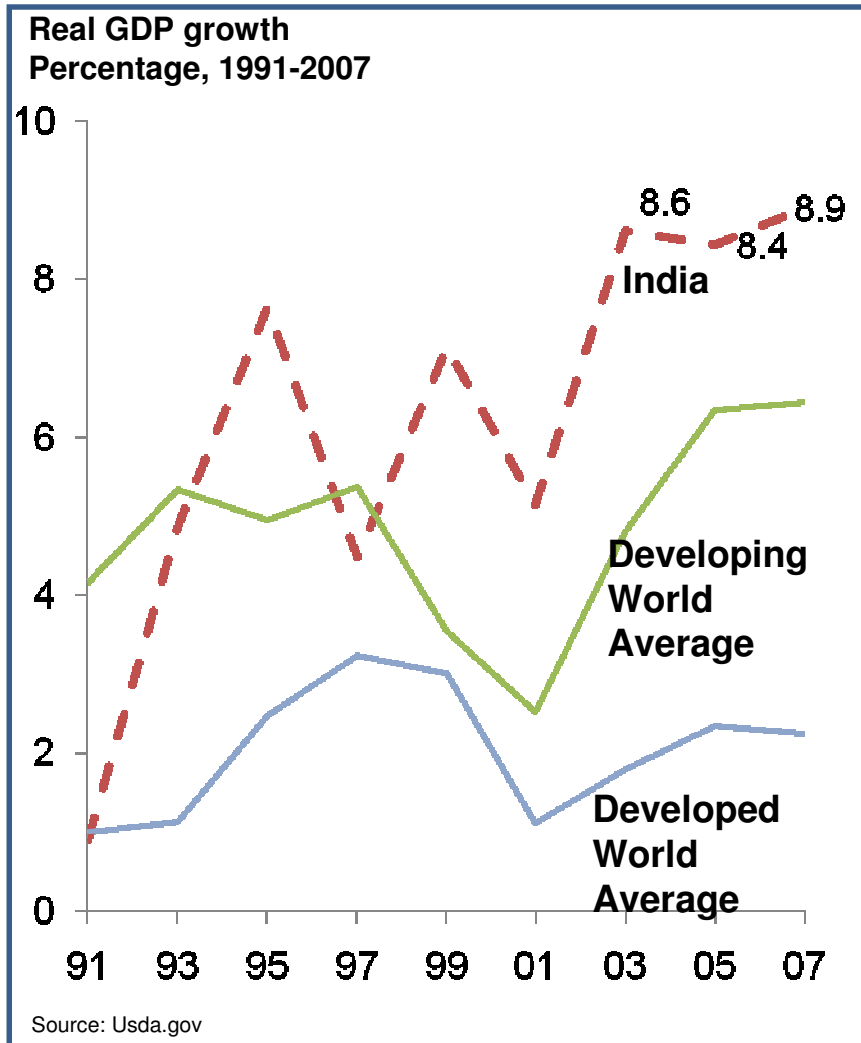
GDP (nominal, US\$ billion, FY08E)	1169
Inflation (%)	3.5
Fiscal Deficit (% of GDP)	6.1
FDI (US\$ billion)	19.5
Forex reserve (US\$ billion, FY08E)	280

Trade

Exports (US\$ billion)	126
Imports (US\$ billion)	191
Top 3 export markets	US (17%) UAE (8.3%) China (7.7%)
Top 3 import partners	China (8.7%) US (6%) Germany (4.7%)

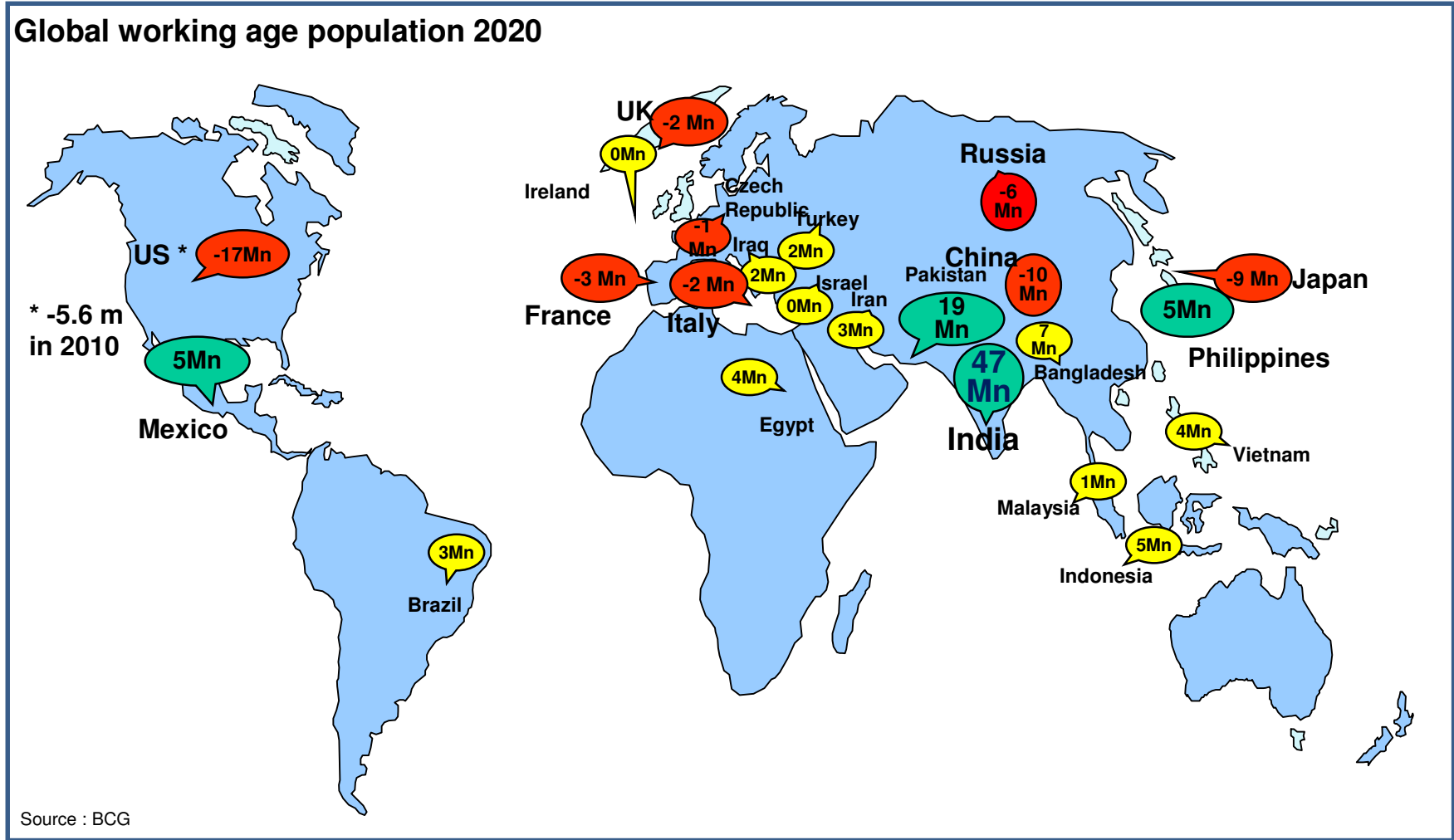
Growing Domestic Market

The Indian economy at a glance



Growth driven by domestic consumption, favorable demographics & low cost economy

Key drivers of rapid growth



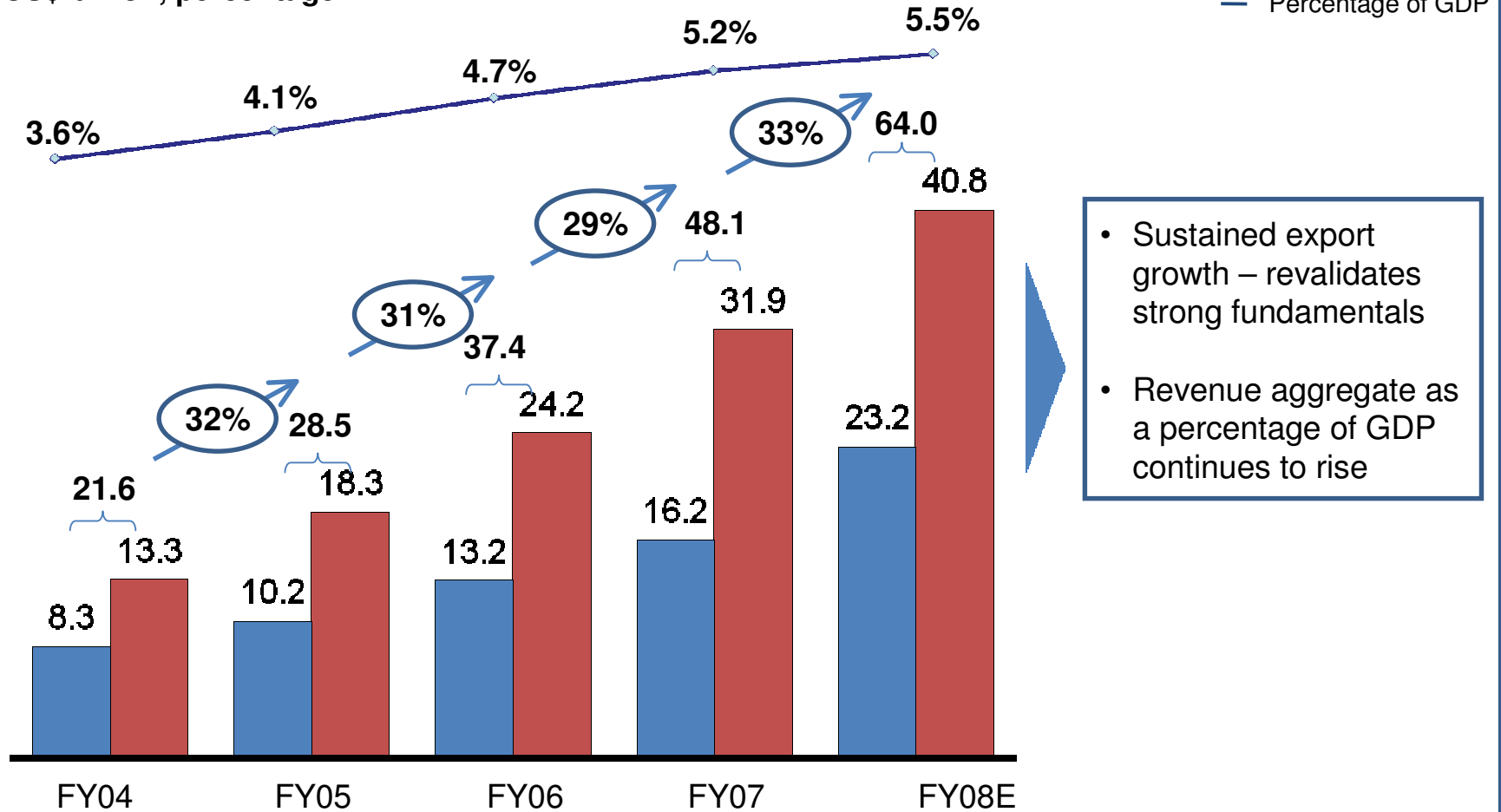
India's demographic advantage will drive growth & global co-operation

The Indian IT-BPO industry at a glance

Indian IT-BPO Sector

Revenue Aggregate and Share of GDP

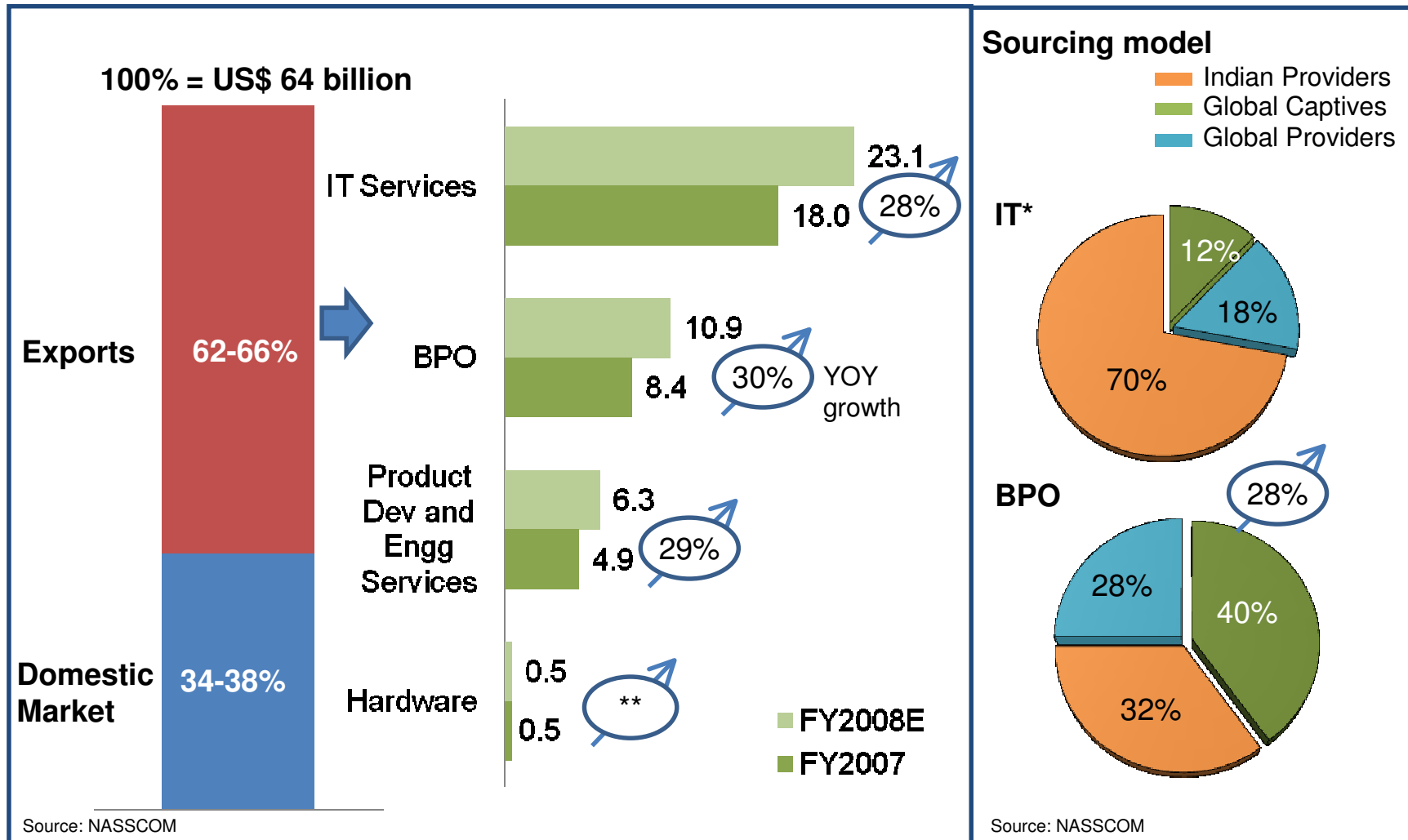
US\$ billion, percentage



- Sustained export growth – revalidates strong fundamentals
- Revenue aggregate as a percentage of GDP continues to rise

Source: NASSCOM

Exports - Segments

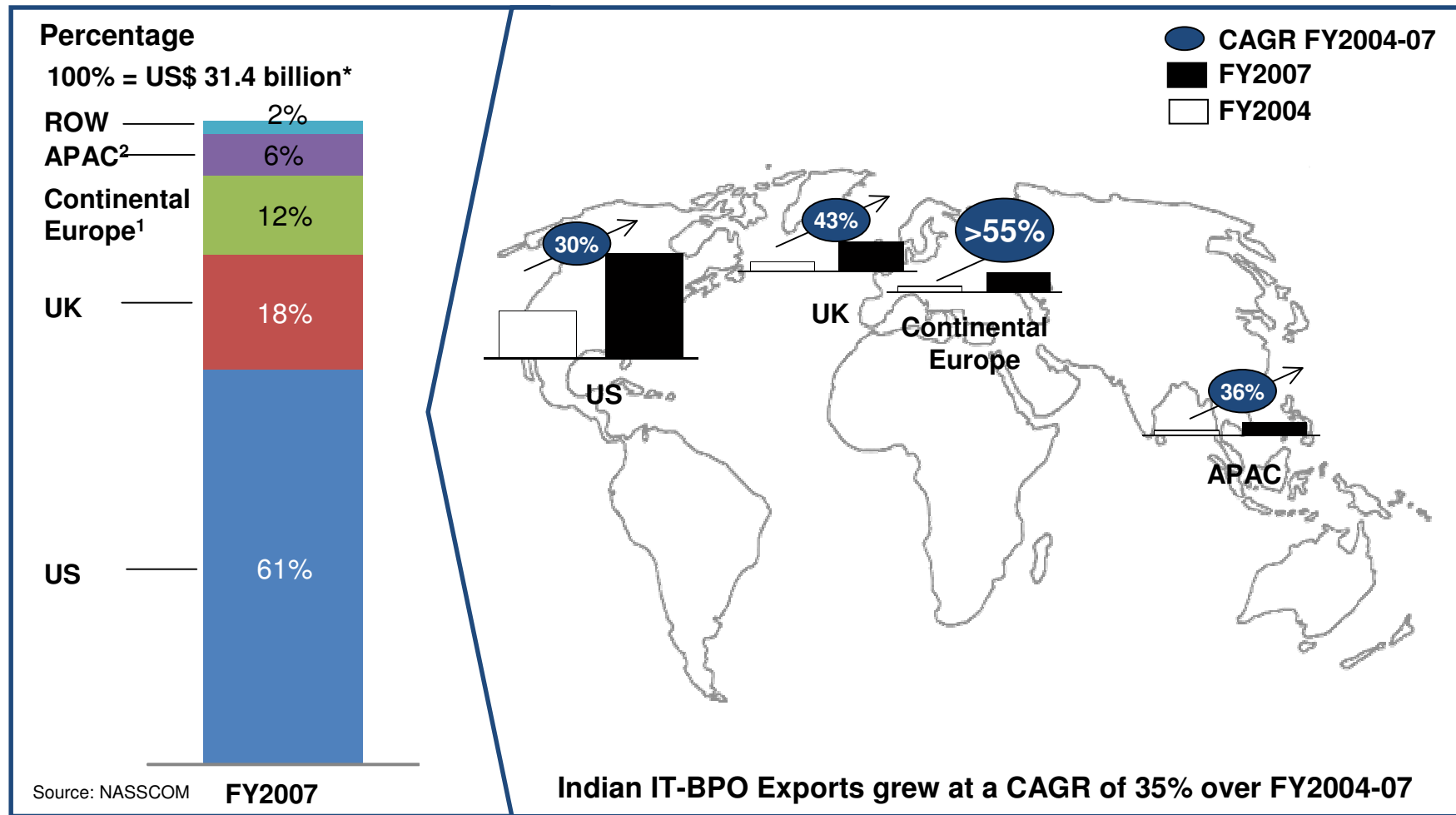


Growth in all segments. Both Indian & Global companies growing

*Includes product development and engineering

** Negligible

Geographic spread



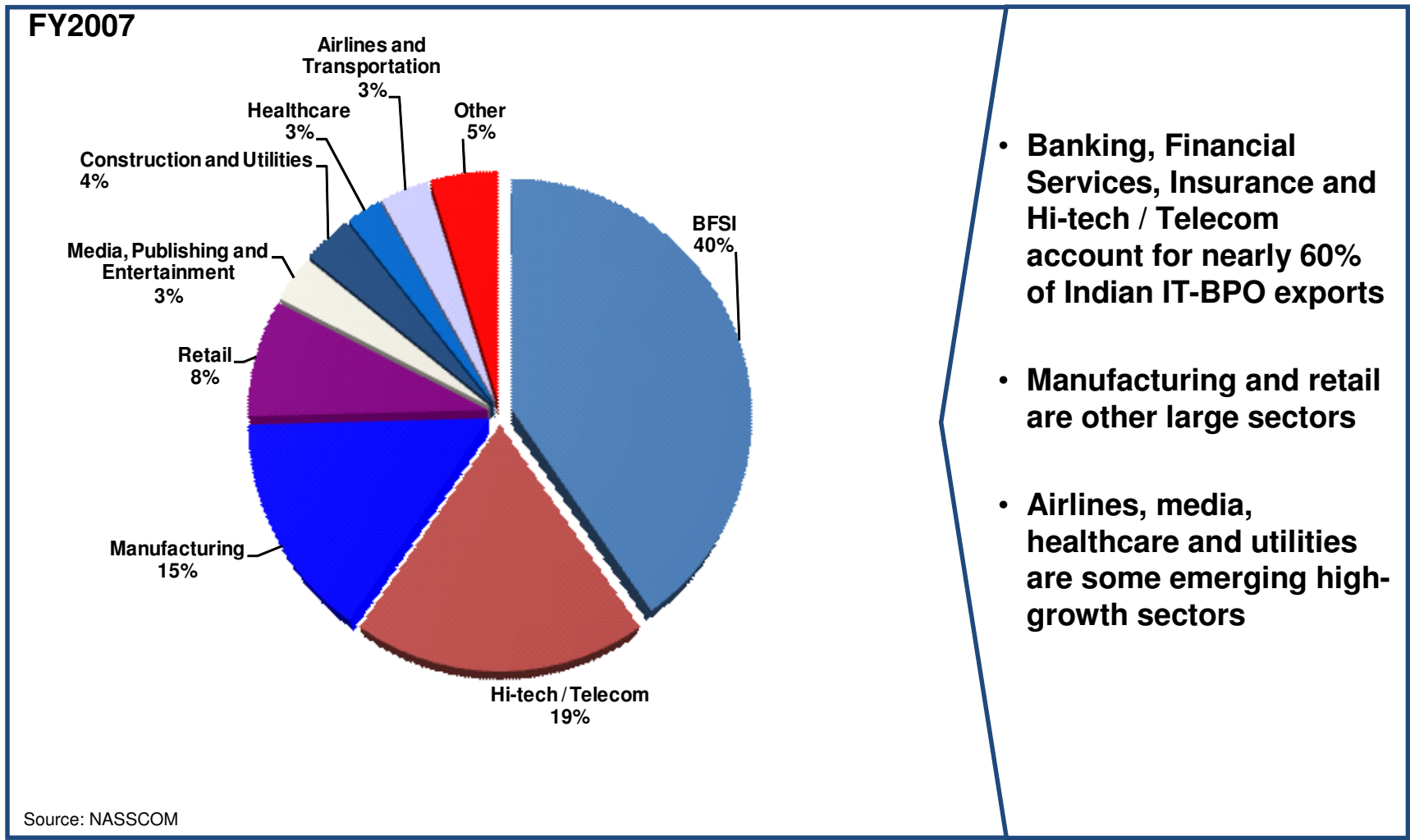
Rapidly growing Continental Europe : Germany leads.

•Excludes hardware exports

1 Top 3 countries include Germany (~2.5%), Netherlands (~2%), Switzerland (~1%)

2 Top 3 countries include Australia (~1.5%), Japan (~1.5%), and Singapore (~1.3%)

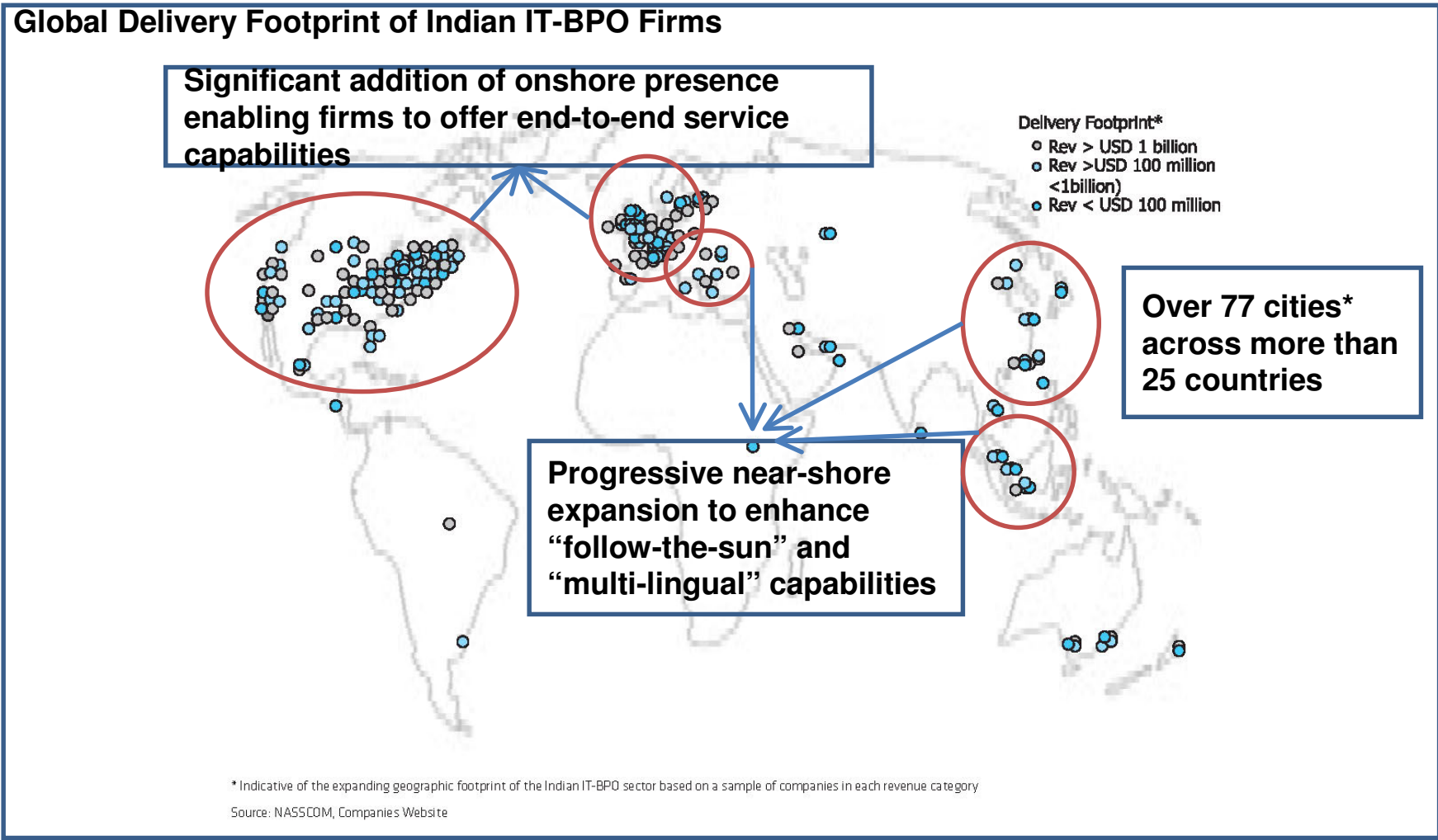
Vertical exposure



Vertical market exposure for industry exports is well balanced across several mature and emerging sectors

* Excludes hardware exports

Footprint

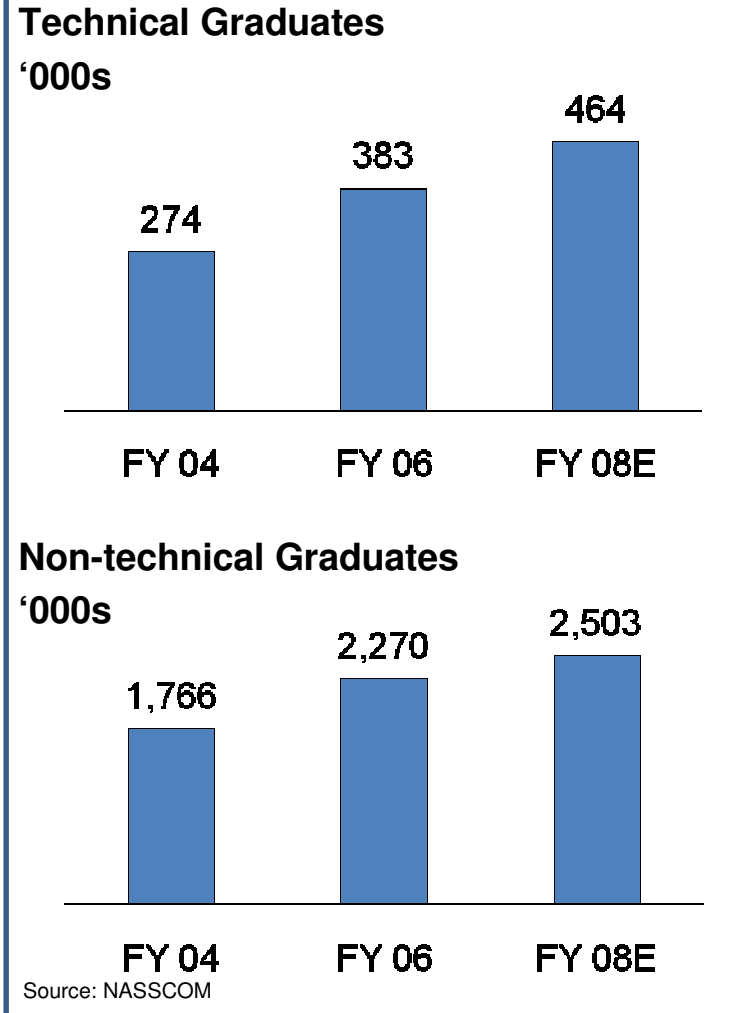


Expanding Global Delivery capabilities complemented by a widening service portfolio is helping providers deepen client relationships

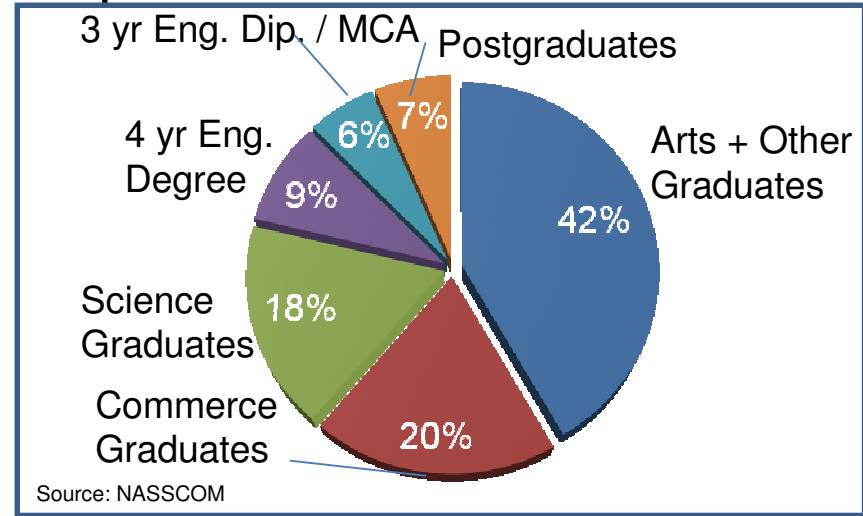
* Excludes Indian cities / India

Talent availability

Annual Output



Composition



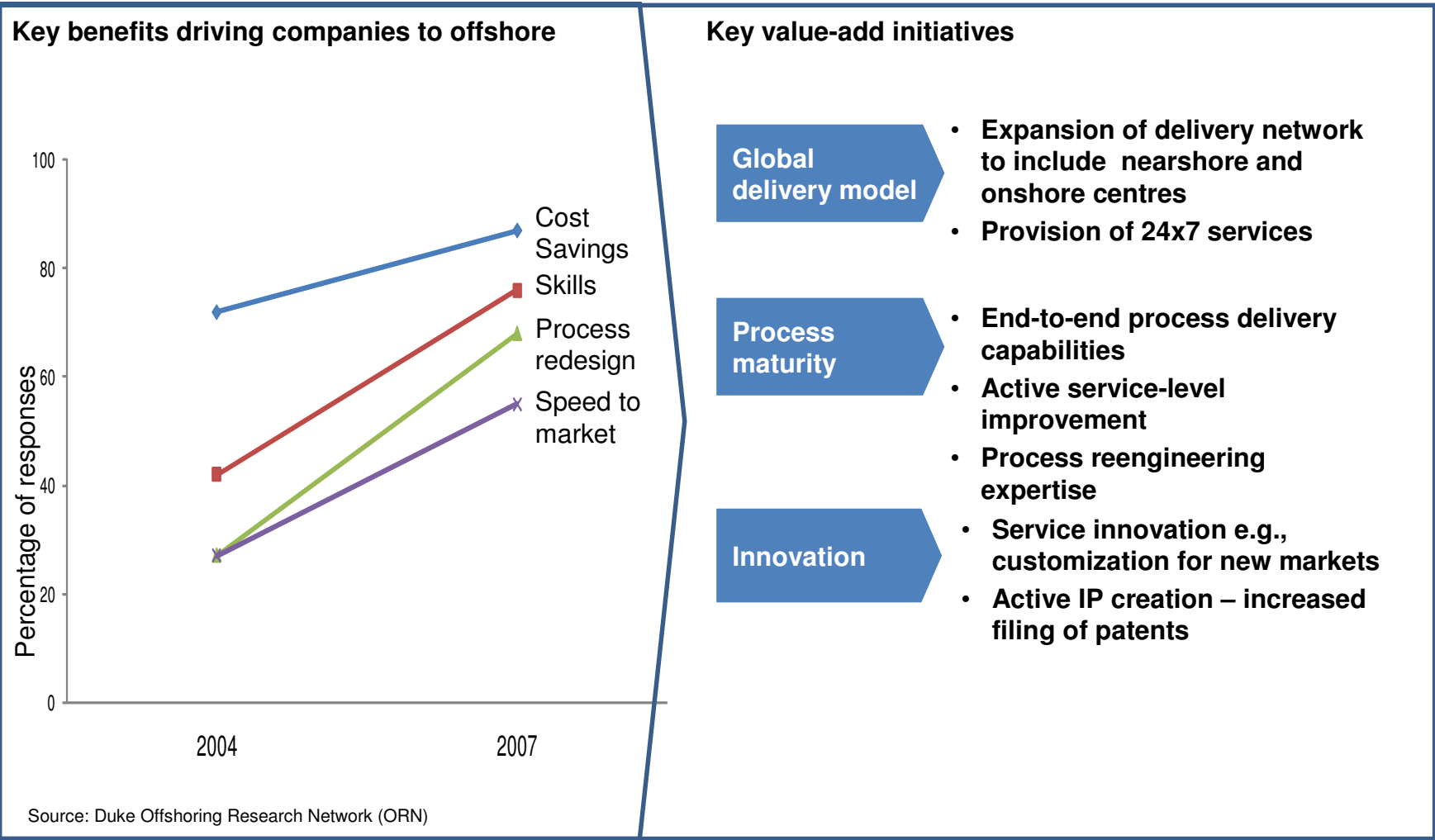
IT-BPO Demand

Year	Net employee addition ('000s)
FY 08E	375
FY 06	328
FY 05	234

Source: NASSCOM

Overall, India's large talent capacity is well placed to meet industry demand

Value-add



The Indian IT-BPO industry is actively building on its leadership position to deliver beyond cost benefits to global buyers

Is India's Value Proposition sustainable ?

- **Talent / Skill Availability**

- Abundant skilled talent available.
- Strong linkages between Govt., industry and academia is driving large education / training capacity expansion

- **Cost Advantage**

- Differential w.r.t. other outsourcing destinations is large and sustainable as PPP is not shifting

- **Risk Management**

- Most companies certified on ISO 27001 – 427 (2nd after Japan)
- Strong IT Security Legislation & Compliance

- **Infrastructure**

- Large focus on infrastructure in private partnership
- Telecom costs among the lowest in the world. Strong connectivity.
- Airports being built or upgraded at all Tier 1 cities. Good air connectivity to Tier 2 and 3 cities

Collaboration with Germany

- **Win-Win Combination**

- German products have large market in India
- India's Value Proposition being leveraged by German industry

- **Good Collaboration**

- 240 Indian companies in Germany. 10000# jobs created. Key players - Suzlon, Wockhardt, Voltas, Bharat Forge
- 600 German companies in India. > 25000# jobs created. Key players – BMW, Volkswagen, Seimens, Bosch, T Systems
- Bilateral trade expected to be € 30 billion by 2010 from € 12 billion in 2007.

- **Commonality** : Build on the common strengths of democratic institutions, large market, political stability & well-trained workforce

Source : Indo-German Chamber of Commerce (IGCC) & India Brand Equity Foundation (IBEF)
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THANK YOU