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Indian SMBs can account for ~30% share of India's public cloud market: NASSCOM Report

The public cloud market to reach ~ ₹ 630 billion by FY2025

New Delhi, 18th September 2020: As the country continues embracing the cultural and behavioural shift towards digitalization, businesses (large, medium, small, micro) also continue to be disrupted by advanced technologies and the COVID-19 pandemic has fast-tracked digital transformation of companies across all verticals. In this context, the **National Association of Software and Services Companies (NASSCOM)** today launched their report titled '**SMB Cloud Adoption in India: Towards a Cloud First nation**' that showcases how SMBs are at the cusp of digital transformation with cloud adoption as the catalyst.

SMBs are the backbone of India's economy. In FY2019, they accounted for **\$952 bn** in revenue which translates to **34%** share in **GDP** and employed **110 mn** people, second only to agriculture. This makes **India the second largest** amongst the BRICS nations in terms of SMB contribution to GDP and employment.

The COVID-19 pandemic has severely impacted the SMB segment and they have struggled with liquidity crunch, lack of demand and lack of an alternative operational model.

However, according to the report findings, SMBs that have an online presence have shown greater resilience and are expected to see short-term revenue gain.

And this is a very important lesson: Technology adoption can help SMBs become more resilient and better equipped to handle disruption and also enhance their global competitiveness. And cloud computing is one of three fundamental technologies in this digital transformation journey (the other two being big data analytics and cybersecurity).

Debjani Ghosh, President, NASSCOM, said, "*As India aims to become a cloud-first nation and with the government's push for cloud adoption by MSMEs, it will be crucial for SMBs in India to think of themselves as Digital Enterprises and lead the E-revolution for India.*"

As per the report, SMBs in India are in the process of becoming digitally savvy. Over 60% of surveyed SMBs have already adopted cloud, though with varying degree of maturity.

While technology-first segments (e-Commerce, IT-BPM firms) lead in cloud adoption followed by BFSI, media & entertainment, retail, automotive, healthcare and manufacturing are emerging verticals for adoption.

Key Report Findings:

1. India's **Public Cloud market** stands at **₹ 170 billion** in **FY2020** and is growing at **~30% CAGR** till FY2025 to reach **₹ 630 billion**
2. In a survey of 1000+ SMBs in India, **60% are already using cloud**, though almost half are at early stages of adoption
3. Best in class SMBs that adopted cloud have been able to drive **25-30%** productivity improvement and **15-20%** reduction in operational costs.
4. **Security, Analytics and Offline to Online** are the three major opportunity segments for cloud adoption
5. More than **50%** of respondents cite lack of management support, talent and capital as key constraints for cloud adoption
6. Progressive policies and awareness programs can accelerate cloud adoption
7. SMBs can account for **28-30%** of the cloud market by 2025

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COVID-19 has accelerated cloud adoption for SMBs also as they seek business continuity and collaboration in a distributed environment. This is driving demand for collaboration & conferencing tools, CRM, BI, marketing and security tools as well as managed services.

Cloud adoption has helped customers see benefits across costs, productivity, reduced complexity and faster query resolution; customers have seen 20-25% increase in productive gains and 15-20% of operational cost reduction.

The recent onset of the COVID-19 pandemic has taken this disruption to the next level and is forcing companies to re-think their businesses and business models. Enabling business continuity, improved collaboration, a shift from offline to online as the primary channel of engagement with clients, cost-effectiveness, managing security with the increase in cyber-attacks especially during remote working are leading drivers of cloud adoption by SMBs. Technology Adoption particularly cloud will play a key role in this journey. In the current pandemic scenario, cloud will enable business continuity for SMBs, help expand customer segments across geographies and verticals, lead to cost optimization and help them innovate/customize their products/services as per customer needs.

About NASSCOM

The National Association of Software and Services Companies (NASSCOM®) is the premier trade body and chamber of commerce of the Tech industry in India and comprises over 2800-member companies including both Indian and multinational organisations that have a presence in India. Our membership spans across the entire spectrum of the industry from start-ups to multinationals and from products to services, Global Service Centers to Engineering firms. Guided by India's vision to become a leading digital economy globally, NASSCOM focuses on accelerating the pace of transformation of the industry to emerge as the preferred enablers for global digital transformation. Our strategic imperatives are to reskill and upskill India's IT workforce to ensure that talent is future-ready in terms of new-age skills, strengthen the innovation quotient across industry verticals, create new market opportunities - both international and domestic, drive policy advocacy to advance innovation and ease of doing business, and build the Industry narrative with focus on Talent, Trust and Innovation. And, in everything we do, we will continue to champion the need for diversity and equal opportunity.

NASSCOM has played a key role in not just the growth of the Industry to become a \$180+Billion industry today, but we have helped establish the Tech industry in India as one of the most trusted partners, globally. NASSCOM continues to make significant efforts in contributing towards India's GDP, exports, employment, infrastructure development and global visibility. Our membership base constitutes over 95% of the industry revenues in India and employs over 4 million professionals, and as technology blends into every aspect of the economy, we expect the industry to become key driver of growth, development and inclusion for the country. Our mission is to make India a global hub for Innovation and Talent so when the world thinks Digital, the world will think India.

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