



## Indian technology services expected to reach USD 300-350 bn in revenues by 2025: NASSCOM

**New Delhi, 31<sup>st</sup> March 2021:** As industries across the world witnessed a rapid acceleration in digitization, technology-driven companies are now leading the path to a faster recovery globally. **The National Association of Software and Services Companies (NASSCOM)** today launched a report titled '**Future of Technology Services – Winning in this decade**' to illuminate the growth observed by the IT services sector and to provide insights into how to create impact and sustain growth in an ever-changing marketplace. Independent third-party research and analysis was conducted by McKinsey & Company as Knowledge Partners

With the consumers' ever-evolving needs, enterprises are keeping up with continuous innovation, leading to a shifting global marketplace and 10% annual growth in the IT services sector, generating high returns for shareholders and investors in the last decade.

Being valued at roughly USD 1 trillion today, the technology services sector is now among the most significant contributors to economic growth worldwide, especially in India—the industry now produces about 27 percent of the nation's exports and provides livelihoods to about 4.4 million people. Despite this, players across the sector face challenges like driving growth in revenue per employee and providing them with digital skills. However, with the government playing a more significant role in digital services, increased investment and innovation, and the rise of regional power centers dominated by local players, businesses and the industry will see a massive transformation in the next decade.

The report highlights that India's technology services industry could accelerate growth by 2-4% over the next five years, reaching USD 300-350 bn in annual revenues if it can win in the cloud, AI, cybersecurity, and other emerging technologies. This will require closer collaboration among stakeholders across the private sector, academia, and the government.

Fueling over 50 digital initiatives across sectors like banking and finance, healthcare, governance, etc., the technology services industry continues to be a prime driver of India's digital dream with a contribution of 8% to the overall economy. With the ongoing pandemic and the pace at which almost every sector has accelerated their digital transformation journeys, the increasing cloud consumption and other digital services like Artificial Learning (AI) and Machine Learning (ML) are making way for the digital and cloud services, with an opportunity to reach USD 600-700 bn by 2025. Coupled with cybersecurity and IoT digital spending, the technology services are expected to reach USD 300-350 bn in revenue by 2025.

Sharing her thoughts on the report launch, **Debjani Ghosh, President, NASSCOM**, *"The Indian Technology services sector can utilize the potential of deep technologies like cloud, artificial intelligence, machine learning, IoT, etc., through effective transformational practices, thereby contributing to the overall economy in the coming decade. The government needs to encourage and support digital literacy and skilling to ensure its talent, energy, imagination, knowledge, and unmatched commitment unites to address the customers' surging needs. It is equally vital for India to reach a new level of cooperation to continue the remarkable growth observed in the sector. At NASSCOM, we look forward to helping bring people, companies, the government, universities, investors, and customers together to drive innovations that we cannot imagine today—and that will make the nation and the world better, safer, cleaner, more prosperous places."*

The next decade will continue to witness growth in technology spend – primarily driven by the rise of technology natives and digital reinventors, new tech-enabled business models like ecosystems, direct-to-stakeholder channels and a rise in demand for Digital 2.0 accelerated by the industrialization of Cloud, AI and cybersecurity.

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Competitive intensity is expected to rise further with hyper scalers, next-gen SaaS companies, players, and specialists competing for the tech. Services value pool. There is an ever-increasing need to differentiate amongst the providers in this space. As the competition intensifies, scale and specialization will be critical to succeed in the next decade of technology services.

Providers will need to refresh their service lines and offerings and stay relevant to cater to these more digitally adept enterprises, who expect higher-quality services and have very different buying behavior. Talent will also be a key differentiator, and the war for acquiring and retaining the next-gen talent will aggravate in the future.

To pursue these opportunities and contribute to the overall growth, there is a need for a complete shift in the operating model and concerted action from the industry and the government to reimagine enablers to sustain India's position as the hub for digital services growth and reorganize the industry with business model innovation before the next big wave of disruption transforms the world again.

## **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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