Indian tech industry continues to add revenue and jobs despite the global economic and health crisis in 2020

NASSCOM CEO Survey 2021 reveals almost 2/3rd of the respondents expect significantly higher growth and hiring than 2020

New Delhi, February 15, 2021: At a time when global output is estimated to have shrunk by 3.2%, led by the 2020 pandemic, Indian Technology sector rallied round to grow at 2.3% year on year at the back of rapid acceleration in digital transformation and tech adoption. National Association of Software & Services Companies (NASSCOM) today showcased the Strategic Review 2021 titled, ‘New World: The Future is Virtual’, which captured key trends that shaped 2020-21 and the road ahead for the new normal.

Despite headwinds in 2020, Indian tech contributed ~8% relative share to the national GDP, with 52% relative share in services exports, and 50% share in total FDI (Based on FDI inflows for the period April to September 2020). Testifying to its growth, despite the downturn, Indian tech industry continues to be a net hirer with significant focus on digital upskilling. The industry is expected to add over 138,000 net new hires in FY2020-21, taking total employee base to 4.47 million in FY2020-21. Digital talent pool is expected to cross 1.17 million, growing at 32% over last year.

Investing in digital continues to rise as an imperative for the industry, with organisations building their capabilities and aligning business models to digital practices - upto 28%-30% of the industry revenues was recorded for digital. Resonating with the overarching call-to-action for Atmanirbhar Bharat, domestic digital adoption intensified in 2020. The Indian domestic market, driven by hardware led demand continued to show resilience, growing at 3.4% in the year. With an increased focus on innovation, India witnessed more than 115,000 tech patents filed by companies in India in the last 5 years.

Sharing his views, U.B. Pravin Rao, Chairman NASSCOM said, “Digital transformation is the topmost priority for global corporations and in a highly connected world that will remain largely contactless for an extended period, there are shifts in business models, customer experience, operations, and employee experience. Our CEO survey for 2021 indicates that almost 70% companies expect investment in global technology higher than the previous year. In this hyper-digital economy, Trust with the four cornerstones of competence, reliability, integrity, and empathy, will be the single-most-important currency, leading the industry growth towards a better normal.”

Enterprises are re-balancing their technology spends to prioritize digitization. The industry saw an overall shift of 10% in outcome-based pricing; offshore witnessed more than 4% shift in 2020 and attrition rate dropped by 50% in H2 2020 compared to H1 2020. The industry witnessed 146 M&A deals in 2020, 90% of which were digitally focused. Companies saw a significant rise of 80% in cloud adoption during H1 FY2021 Vs H2 FY2020. Further, Continental Europe, APAC emerged as one of the strongest growth geographies in FY2021. BFSI & Healthcare were key growth verticals during the year.

COVID-19 has accelerated digital adoption across industries and technology service providers are witnessing a sharp growth in digital deals. The consolidated revenues of top listed technology companies recorded a growth of 5.3% in H2 2020 over H1 2020. Further, with an increase in focus on digital upskilling initiatives revenue per employee grew at 5.5% in H2 2020 as compared to H1 2020.
Speaking on the occasion, Ms. Debjani Ghosh, President, NASSCOM, said, “As we look at 2021, while there are positives on the vaccination front and accelerated digitization across verticals, the technology industry in India is well geared to build on these trends and continue its transformation journey in this re-defined techade”

As we enter the new normal, however, analysts are cautiously optimistic, and technology is expected to drive front end operations and customer experience. As per NASSCOM’s CEO survey, 97% CEOs anticipate a significantly better global economic growth in 2021 as compared to 2020. In terms of hiring, 95% CEOs expect 2021 hiring to be more than what they hired in 2020. Further, 67% CEOs believe the Indian technology industry to grow significantly higher than 2020.

In the next normal, discussions with CEOs suggest the industry is warming up to a blended work model. 70% of the survey respondents expect to have higher prevalence of remote work along with boost in gig workforce in 2021.

Interestingly, as the industry looks forward at leaner structures with more flexibility and faster adoption of cloud-based products and services in 2021, 60% of the industry CEOs expect larger digitization deals in 2021, with investments likely to recover in core sectors including BFSI, Retail and Manufacturing. With hyper-digitization and technology adoption accelerating across sectors, 2021 will put the spotlight on emergence of growth verticals like healthcare, pharma, medical devices, software & internet, consumer electronics.

As India stands at the cusp of a re-imagined Techade, 2021 will re-define the industry narrative for the future.

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.