



Large scale Cloud adoption can contribute \$380 billion to India's GDP & add 14 Mn direct and indirect employment opportunities by 2026 - NASSCOM Report

A concerted all-round effort can result in a sustained growth of 25-30% of cloud spending over the next five years to reach US\$18.5 billion, helping India realize the full potential of the cloud opportunity

New Delhi, July 20, 2022- With cloud becoming a strategic priority and a crucial foundation for successful digital transformation for enterprises, government and SMBs, **National Association of Software and Services Companies (NASSCOM)**, along with **Oliver Wyman** has today launched its report "**Future of Cloud and Its Economic Impact: Opportunity for India**" which tracks India's sectoral progress on cloud adoption while highlighting its drivers and barriers.

Cloud for Digital India

From building public digital platforms to scaling up digital infrastructure with supportive policies to large scale digital transformation across sectors, India today has earmarked numerous activities to build a digitally empowered and inclusive society. Cloud computing has therefore become integral for all digital transformation initiatives across enterprises, governments and SMBs. Adoption of Cloud has the potential to account for ~8% of India's GDP in 2026 growing 4x over the next five years and can create ~14 million direct and indirect employment opportunities across sectors by 2026. At 44% CAGR (2016-2021E), the Indian cloud market has outpaced global market in terms of growth rate. Factors such as growing digital population, inflow of investments, digitization of enterprises and favourable government policies, are accelerating India's cloud growth.

Although India is still at the nascent stages of cloud adoption compared to mature markets, the shift to cloud has become inevitable since the COVID-19 pandemic and is playing a pivotal role in helping Indian businesses and government accelerate their digital transformation journey through infrastructure, platform, and software solutions.

Large scale cloud adoption has the potential to fundamentally improve citizen services and drive digital inclusion in areas of healthcare, access to financial services and democratize education for all. It can also stimulate innovation and open new opportunities for entrepreneurship in India, while at the same time help companies build improved commercial products, promote R&D, and contribute to India's Global Innovation Index.

Debjani Ghosh, President NASSCOM said, *"Cloud adoption brings immense potential across multiple facets like economic growth, digital inclusion, employment, and global technology edge. For India, cloud computing has the potential to transform the Indian economy technologically and make it more resilient and inclusive. However, to ensure large scale adoption of cloud and cloud based services will require multi-stakeholder collaboration to address mindset challenges & perceptions in cloud adoption, incentivise SMBs to transition to cloud, rapidly scale talent through re-skilling and up-skilling programs and amend cloud related policies to ease cloud deployments"*

Drivers and barriers of cloud adoption

Enhanced workplace productivity and cross function collaboration, the ability to quickly launch new product and service, better customer engagement and experience and superior security and compliance environment have emerged as the top drivers of cloud adoption across businesses and government. Cloud based initiatives like MyGov Saathi, Curfew ePass, COVID-19 repository, Aarogya Setu and CoWIN are few examples of the role of cloud in enabling timely launch of citizen services amongst government.



Although there is a clear business case for cloud adoption, there are still obstacles that stem from cloud-related mentality issues. Barriers to cloud adoption across end-user industries include "limited understanding of cloud features and benefits," "Integration of legacy systems/applications and migration," and "lack of in-house capability to drive transformation." India may stand to lose ~US\$118 billion in GDP and 5 million job opportunities by 2026, if businesses and government are late to cloud adoption. Further, with global players heading towards new systems like 3D printing, IoT, Robotic automation, slow or low adoption in cloud may result in Indian industries losing competitive edge and India may lose its attractiveness among investors, expats and new businesses.

Recommendations – Making Cloud progress in India

For India to position itself as a global hub for cloud services and cloud talent, rapid adoption of cloud across sectors is essential. Stakeholders need to take major initiatives across cloud adoption, talent building and regulatory support. End user industries should allocate cloud adoption targets and create a migration path for existing legacy systems and applications. Businesses should put their attention toward internal capability building through training and development initiatives for cloud transformation. And at the same time, government must encourage cloud adoption within its functions and Public Sector through capacity building, country and state level progress dashboards, improving ease of cloud purchase and support cloud services industry in India by defining frameworks around data classification, privacy and security in line with global standards.

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 3000-member companies. Our membership spans across the entire spectrum of the industry from startups to multinationals and from products to services, Global Capability Centres 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.

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