

INDIAN SaaS LANDSCAPE GROWING AT ~1.5X FASTER THAN GLOBAL SaaS: NASSCOM **Report in Partnership with SaaSBOOMi and Zinnov**

New Delhi, 23 July 2020: As India continues to take swift steps towards digitalization, it is also witnessing the rise of new SaaS verticals and segments backed by strategic partnerships. To chart out the imperatives to make India a “Global SaaS Hub”, the **National Association of Software and Services Companies (NASSCOM) in partnership with SaaSBOOMi and Zinnov as knowledge partners, today announced the findings of their first in depth SaaS study “Riding the Storm: Towards the Giant India SaaS Opportunity”.**

Growing at 30% CAGR, India’s SaaS revenue has reached \$3.5 billion as of FY2020, with 75% of it coming from global sales. Clocking a growth rate of ~1.5 times faster than the global SaaS landscape, top Indian pure-play vendors are dominating the SaaS market, with the top 5 vendors account for ~33% of market share.

Sharing her thoughts, **Debjani Ghosh, President, NASSCOM**, said, *“It is phenomenal to see SaaS emerging as a key growth driver for the country. As a technology industry, we have barely scratched the surface when it comes to use cases that can be delivered via SaaS to benefit across sectors. India today needs greater cross-industry collaborations, supportive government policy, and investment in deep technologies, to further the growth of the SaaS industry exponentially.”*

Key Facts & Figurers:

- 1.** Global SaaS market - a rapidly evolving \$100 billion industry in 2019 growing at CAGR-22.6%
- 2.** Indian SaaS industry with revenues of USD 3.5 bn is growing ~1.5X global market in FY 2020. Pure play Indian SaaS companies - USD 2.5 bn revenues
- 3.** Indian SaaS industry includes over 1,000 firms with 150+ firms generating an ARR greater than \$1 million, 6 SaaS unicorns
- 4.** Huge \$400 Bn untapped addressable opportunity for SaaS, presents a chance for India to increase global market share by 2025
- 5.** Indian SaaS companies can grow 6X and garner revenues of USD 13-15 bn by 2025

Fuelled by an increase in cloud consumption, need for scalability and digital technology adoption, the Software-as-a-Service (SaaS) industry, globally, has grown significantly with a market value of \$100Bn in 2019. From a geographical point of view, the Americas are the highest SaaS adopters accounting for almost 60% of the market. The US also accounts for more than 70% of global SaaS funding.

SaaS industry in India has witnessed accelerated growth in the past couple of years, with 75% of the demand for Indian SaaS products coming from overseas markets.

India’s burgeoning start-up landscape and its rapid strides in digital adoption are one of the key contributors to the growing SaaS adoption in the country. As of 2020, India has seen the growth of 6 SaaS unicorns and is expected to see the emergence of many more by 2025. The industry is also seeing an increase in investment sentiments from key Indian and global investors. SaaS funding in India has grown by 15% CAGR over the last 3 years.

The Indian SaaS industry today has more than 1,000 companies with 150+ companies generating an ARR greater

than \$1 million. Chennai has emerged as the “SaaS capital” of the nation, generating \$1Bn+ in revenue. India’s top IT services companies are also building products and platforms that leverage the SaaS model.

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India, today is a testbed for innovation with a focus on digital and deep tech adoption. Its global success in the SaaS landscape is largely attributed to a large skilled talent pool, competitive pricing as compared to European and American markets, and a strong ecosystem. India counts for more than 3 million software developers and 100,000 SaaS developers as of 2019.

There is a huge opportunity for India to tap the global SaaS market. It is estimated that by 2025, the global addressable market for SaaS will be around \$400 billion. For India to ride on this huge untapped market share, Indian SaaS companies need to build on their strategic playbook, which includes ensuring business continuity during times like COVID-19, enhancing its existing value proposition, identifying growth opportunities, and customize GTM strategies.

By 2025, the pure-play India SaaS industry currently at \$2.5Bn revenues, has the potential to grow to \$13-15 Billion, clocking a 6X growth. To realize this growth potential, the study recommends certain immediate measures that can be implemented to boost entrepreneurship, talent, market access, intellectual property and ecosystem support. These include :

- Strong push for procurement of India SaaS products through changing procurement norms, specific incnet ives and linkages with Indian MSMEs for their digitalisation journey.
- Increase focus on Design Thinking & Product Management across universities and making it a part of formal curriculum
- Build India's brand as a 'Global SaaS hub' through marketing, visibility and trust
- Building a non-VC funding model requiring to grow current SaaS industry base
- Creating specialized SaaS focused accelerators & incubators and promote tier-II/III and non-metro locations to develop SaaS companies in India

NASSCOM through its Product Council will continue to work with the Indian SaaS ecosystem through its key pillars of deeptech, skill development, mentorship and evangelisation.

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. 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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