

NASSCOM-EVEREST INDIA BPO STUDY 'ROADMAP 2012 - CAPITALIZING ON THE EXPANDING BPO LANDSCAPE' RELEASED

Findings indicate Indian BPO industry at an inflexion point; holds potential of five-fold growth over the next five years - given the right choices are made

- Currently ~ USD 11 billion¹, the report indicates possibility of a five-fold growth in the next five years, to touch USD 50 billion in revenues by 2012
 - Five-fold growth in the Indian BPO market can add ~2.5% to India's GDP from exports; provide direct employment to 2 million² people; spur growth in smaller tier-2 and 3 cities to support this growth
- Analysis of offshoreable cost base of buyers that can be tapped by India shows a maximum addressable market of \$220-280 billion for Indian BPO industry
- Study calls for concerted and collaborative action by various stakeholders to create an enabling 'eco-system' for future growth of the industry
 - Efforts are required across eight action themes for the industry to realize its potential

Bangalore, January 29, 2008: NASSCOM, the premier trade body and 'voice' of the Indian IT-BPO industry, along with Everest Group, a global strategy consulting firm, today released the findings of the landmark study on India's BPO industry, titled, **NASSCOM-Everest India BPO Study - Roadmap 2012 - Capitalizing on the Expanding BPO Landscape**. This study provides a comprehensive fact-based view of capabilities of sector, opportunities and growth imperatives for the Indian BPO industry and its key stakeholders. It sets the stage for the next wave of the industry's growth.

Speaking at the launch, **Som Mittal, President, NASSCOM** said, "The Indian BPO sector has evolved tremendously since its inception, not only in its size but also in terms of maturity - service lines, service delivery capability and footprint. This US\$ 11 billion industry today employs more than 700,000 people across 25 countries and accounts for approximately 40 percent of the global BPO offshore market thereby creating huge job opportunities and impacting the economy. The future potential is even larger. This study not only estimates the opportunity ahead but also lays down specific agenda for all stakeholders to help achieve this."

Gaurav Gupta, Country Head, Everest Group added, "Though the initial focus was on moving activities regarded as non-core in order to cut costs, today an increasing number of buyers are showing the confidence to pursue complex global sourcing and transformational programmes with offshore providers, including third-parties and captives. This confidence reflects in the Indian BPO industry's rapidly evolving capabilities and an exciting future for its stakeholders."

The NASSCOM-Everest study presents a detailed, bottom-up analysis of the Indian BPO industry and perspectives from constituents including buyers, suppliers and captive BPO organizations. The effort covered over 60 percent of the Indian BPO market, with detailed findings and opportunity assessments in a variety of industries and functions. Adds **Gaurav Gupta**, "the report indicates a possible target of US\$50 billion by 2012 for the Indian BPO industry. This reflects a 5-fold growth over the next five years and can create up over 2 million direct jobs in India."

Raman Roy, Chairman and Managing Director, Quattro said "The right choices by stakeholders of the Indian BPO industry will decide and impact this potential five-fold growth. Less than 5 percent of the total opportunity has been tapped till now, which is indicative of the enormous growth potential available to the industry. While the aspired target is aggressive – it is definitely achievable, and will bring huge payoffs to India's economy, employment and development."

The report outlines the need for significant collaboration between the industry, government and other stakeholders on a range of initiatives including education, infrastructure, country-competitiveness, and domestic BPO. **Nikhil Rajpal, Global Services Practice Head, Everest Group**, said "capturing the true benefits of this opportunity will require significant change to how buyers and suppliers operate in an increasingly competitive market for global services. The

¹ US\$10.9 billion Indian BPO industry

² 1.8-2.2 million

government will need to actively support and partner with the industry to ensure that India does not lose out on the opportunity to add up to 2.5% to its GDP by 2012."

From a talent perspective, while the number of people required to capture a five-fold growth are available, there may be a requirement of employable talent, of which approximately 50 percent of the additional talent requirements will have to be met from Tier 2 and 3 cities in India, necessitating the creation of physical and social infrastructure in these cities.

Domestic market

The domestic Business Process Outsourcing market with a growth rate of ~50 percent over the last five years has grown faster than the overall Indian BPO market to reach nearly US\$1.6 billion by FY2008. Tapping significant opportunities for domestic businesses, such as, Banking, Retail, Insurance, Media, Telecom and Government provides an additional US\$15-20 billion opportunity for the industry.

Action themes for stakeholders

While India is best equipped to capitalize on the available opportunities, these opportunities are not lost to other offshore destinations. Stakeholders of Indian BPO industry need to act on eight action themes for the Indian BPO industry to realize its potential, and to maintain and accelerate the growth trajectory over the next 5-10 years

- a) Protect India's cost advantage to ensure that buyer interest, adoption and growth are sustained
- b) Create '**BPO hubs**' with enabling physical and social 'eco-system' to drive BPO-led growth broader and deeper within India
- c) Increase employability and access untapped talent pools by creating greater linkages between the current education system and the needs of the BPO industry, and facilitating the development of BPO-specific education models
- d) Encourage the growth of domestic BPO to enhance the competitiveness of Indian industry, create additional employment and facilitate development
- e) 'Up-shift' the third-party and captive value proposition to effectively deliver against changing buyer expectations
- f) Shape an 'integrator' role for the Indian BPO industry in the emerging global services supply chain
- g) Communicate the true performance and potential of the industry to a broader set of stakeholders, including buyers, employees and Government
- h) Help buyers embrace the overall opportunity of India's BPO industry in a more meaningful way

The report will be discussed in detail at the forthcoming **NASSCOM 2008: India Leadership Forum**, the largest IT Summit in Asia, to be held in Mumbai between February 13 and 15, 2008.

About NASSCOM

NASSCOM (www.nasscom.in) is India's National Association of Software and Service Companies, the premier trade body and the chamber of commerce of the IT software and services industry in India. NASSCOM is a global trade body with over 1100 members, of which over 250 are global companies from the US, UK, EU, Japan and China. NASSCOM's member companies are in the business of software development, software services, software products, IT-enabled/BPO services and e-commerce. NASSCOM has been the strongest proponent of global free trade in India.

NASSCOM is committed to work proactively to encourage its members to adopt world class management practices, build and uphold highest quality standards and become globally competitive. In India and around the world, NASSCOM members are participants in the new global economy and are reputed for their cutting-edge business practices and social initiatives.

About Everest Group

Everest Group (www.everestgrp.com) is a global consulting firm specializing in services strategy and operations. Everest Group's autonomous research entity, the Everest Research Institute (www.everestresearchinstitute.com), serves as a central source of independent and objective strategic intelligence, analyses, and actionable insights for leading corporations,

service providers, and investors in the global services marketplace. To further augment its research and consulting practice, and to provide a competitive advantage to its clients, the Everest Group has an online publishing and marketing channel called Outsourcing Center (www.outsourcing-center.com). The portal hosts a wealth of free research, case studies and frequently conducts webinars on relevant topics for the industry.

For further information please contact:**Deepakshi Jha Sinha****NASSCOM**

Tel: + 91 9899096202

Email: deepakshi@nasscom.in**Parul Gupta****Text 100**

Tel: +91 9999333695

Email: parulg@text100.co.in**For Everest Group:**

Abhishek Jain/Puneet Khunger

R&PM : Edelman – Everest Press office

Mobile : 9811693370/9810191409

Email: Abhishek.jain@edelman.com/ puneet.khunger@edelman.com