

Indian IT - Propelling the Next Wave

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INDIA



is the 3rd largest economy
by Purchasing Power Parity

Her nominal GDP is
\$1.846
trillion

INDIA

accounts for

about **20%**

of **world**
consumption



Half the world's outsourced IT services come from India



amounting to a
\$47
billion industry

**100 OF THE
FORTUNE
500**
companies have

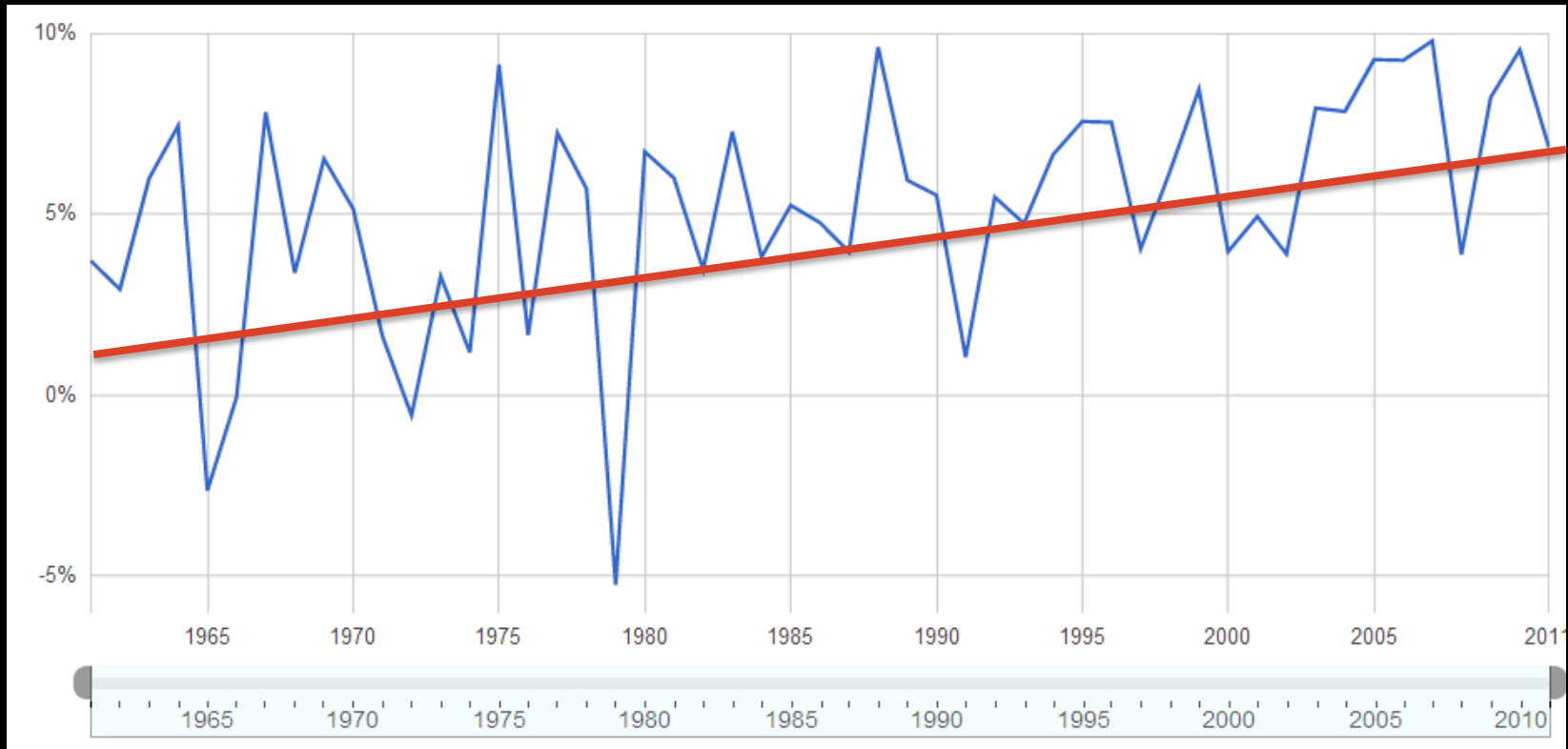




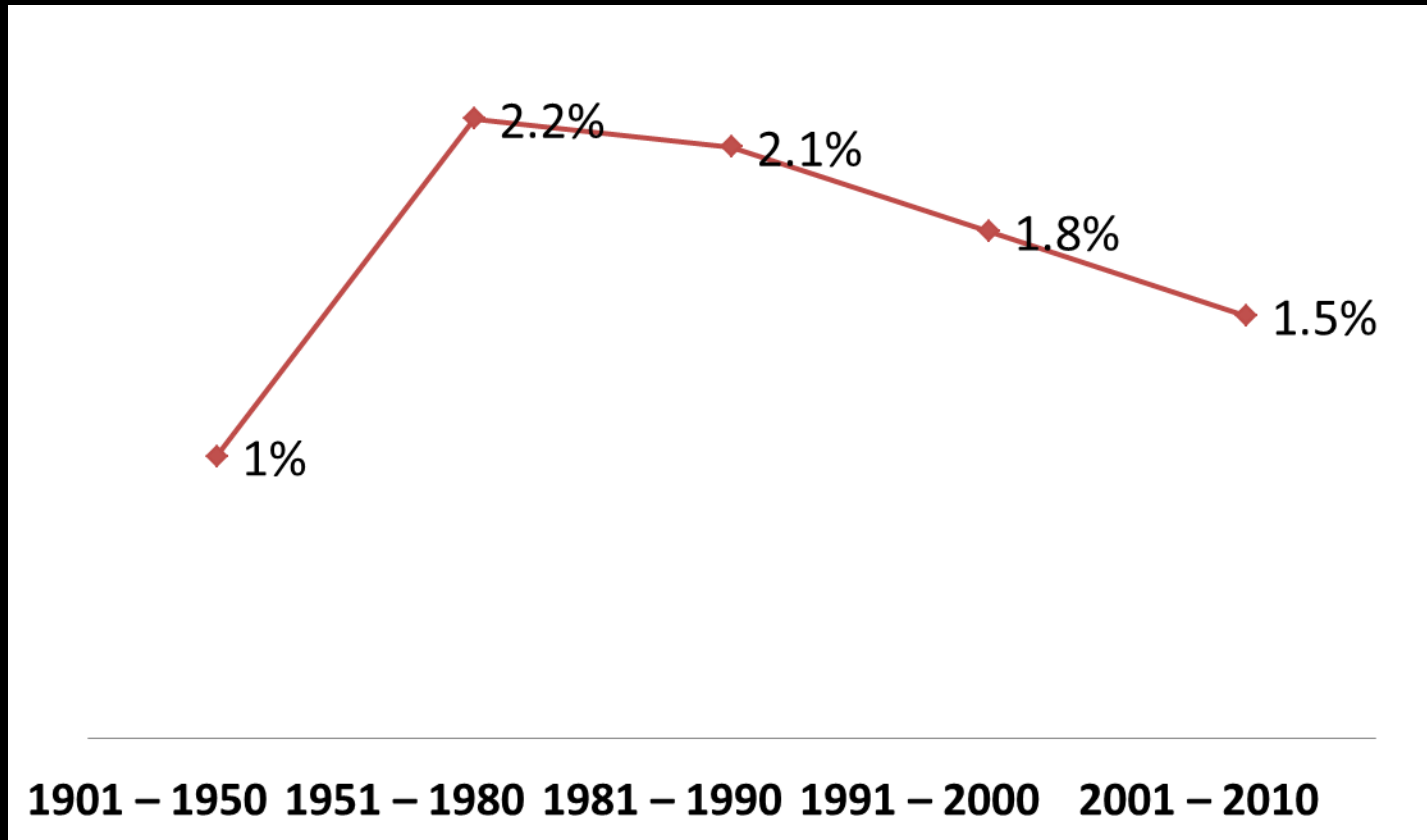
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Rising GDP Growth Trend

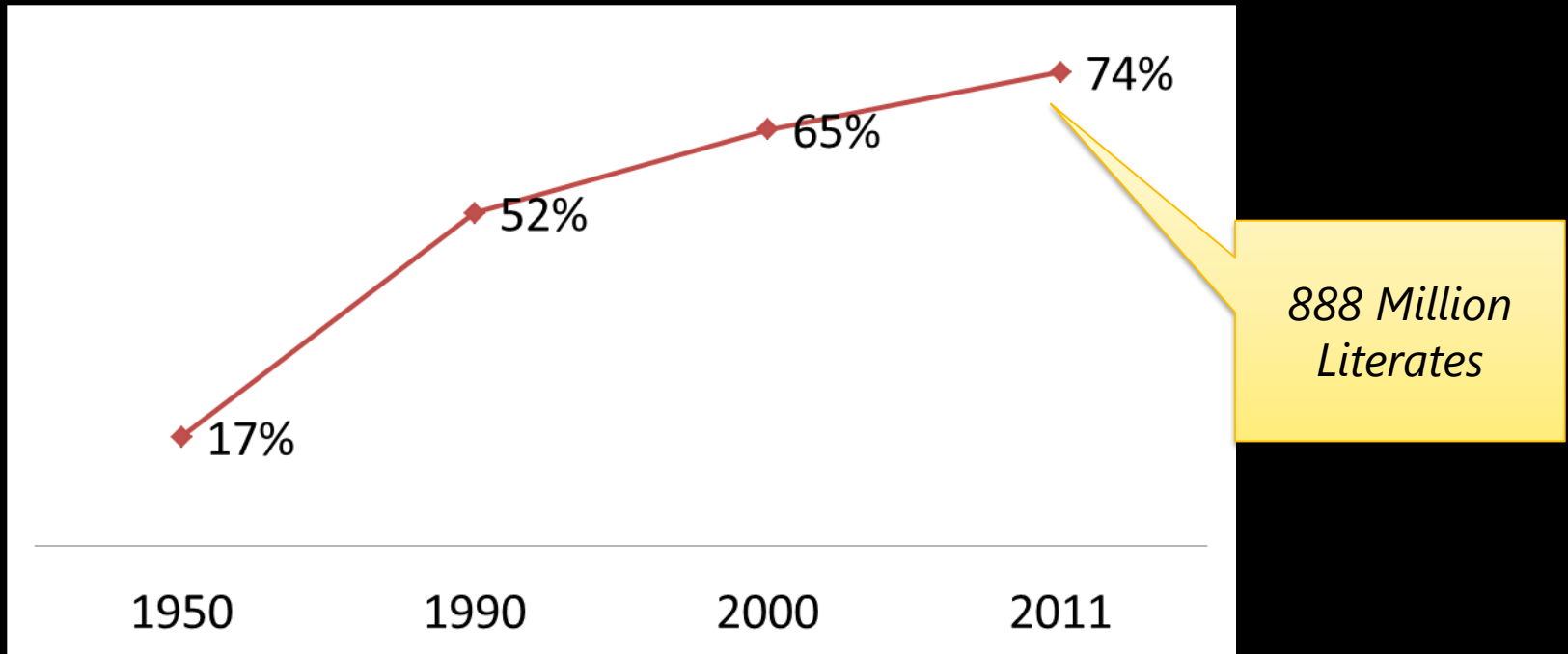
India's economic growth is not a recent phenomenon



2 Population growth is slowing

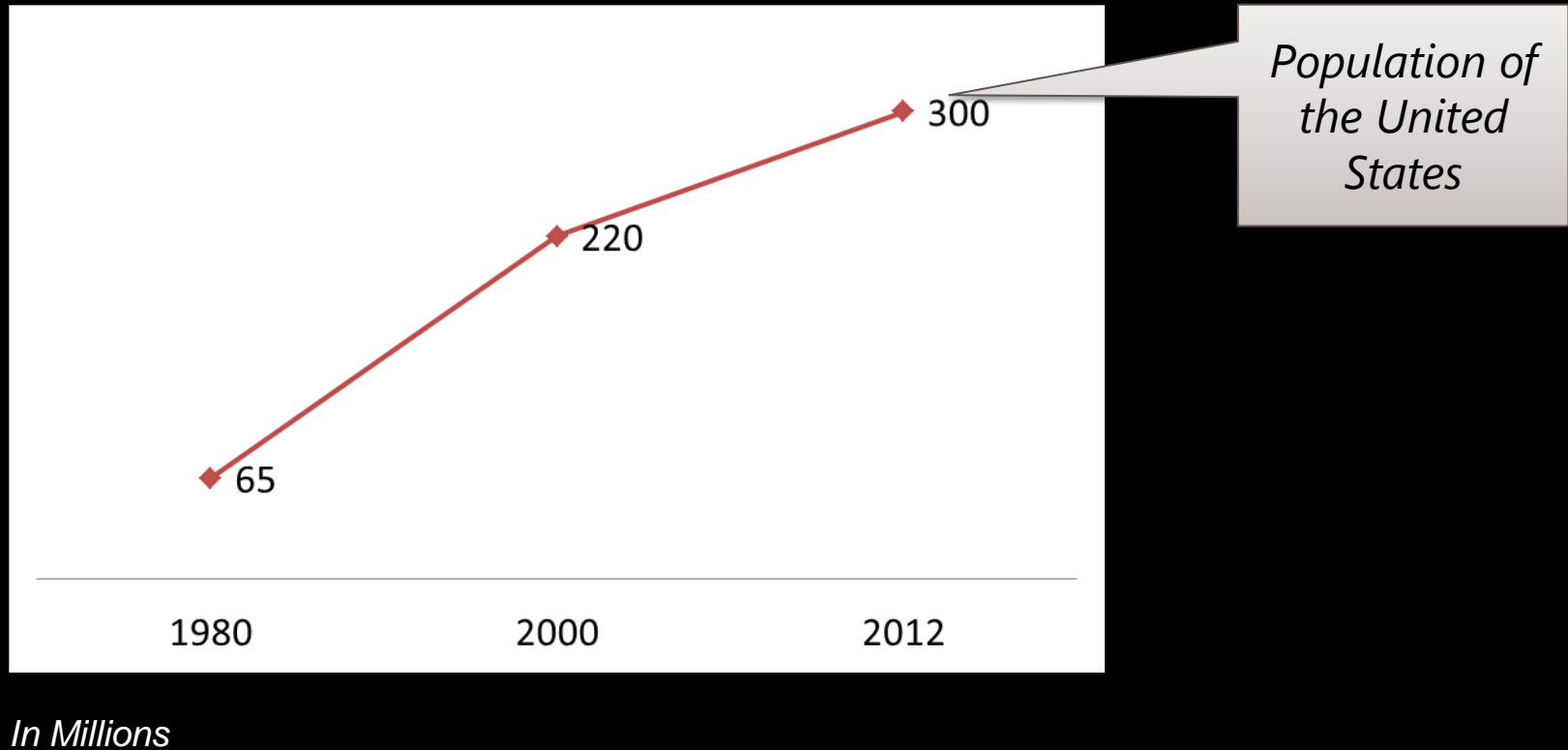


3 Literacy is rising

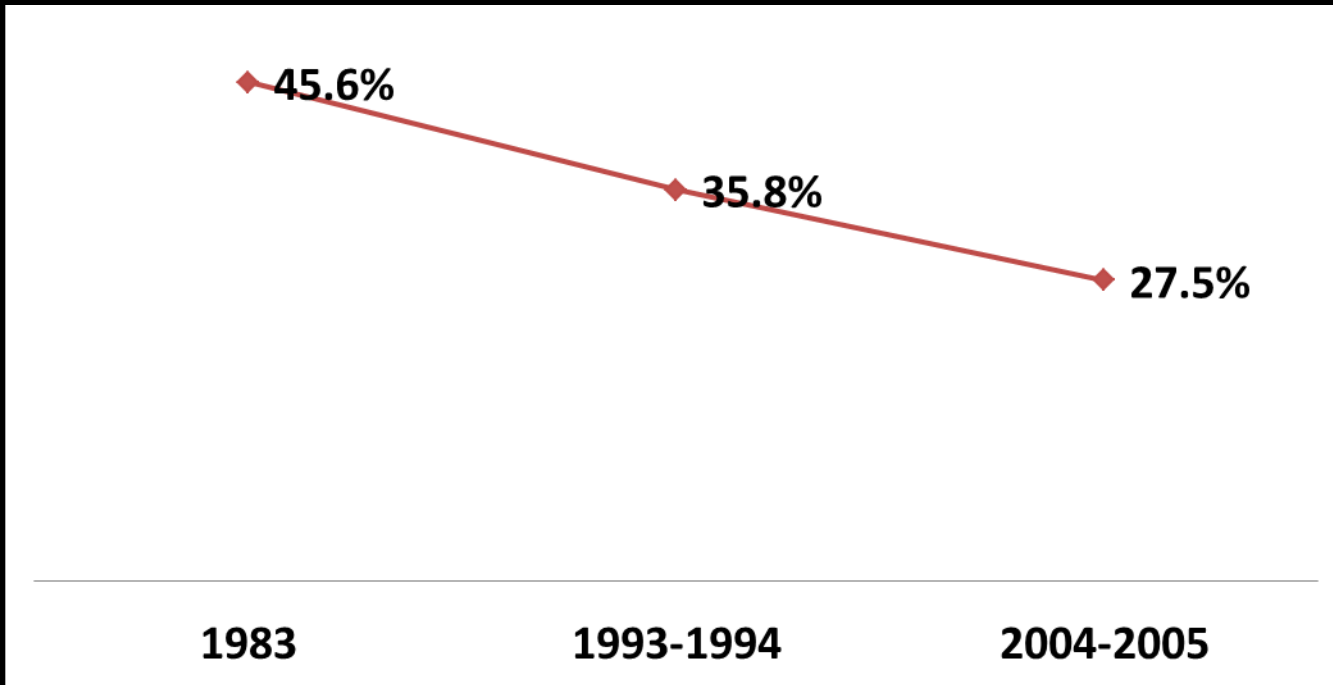


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Created a veritable United States (India's Middle Class)

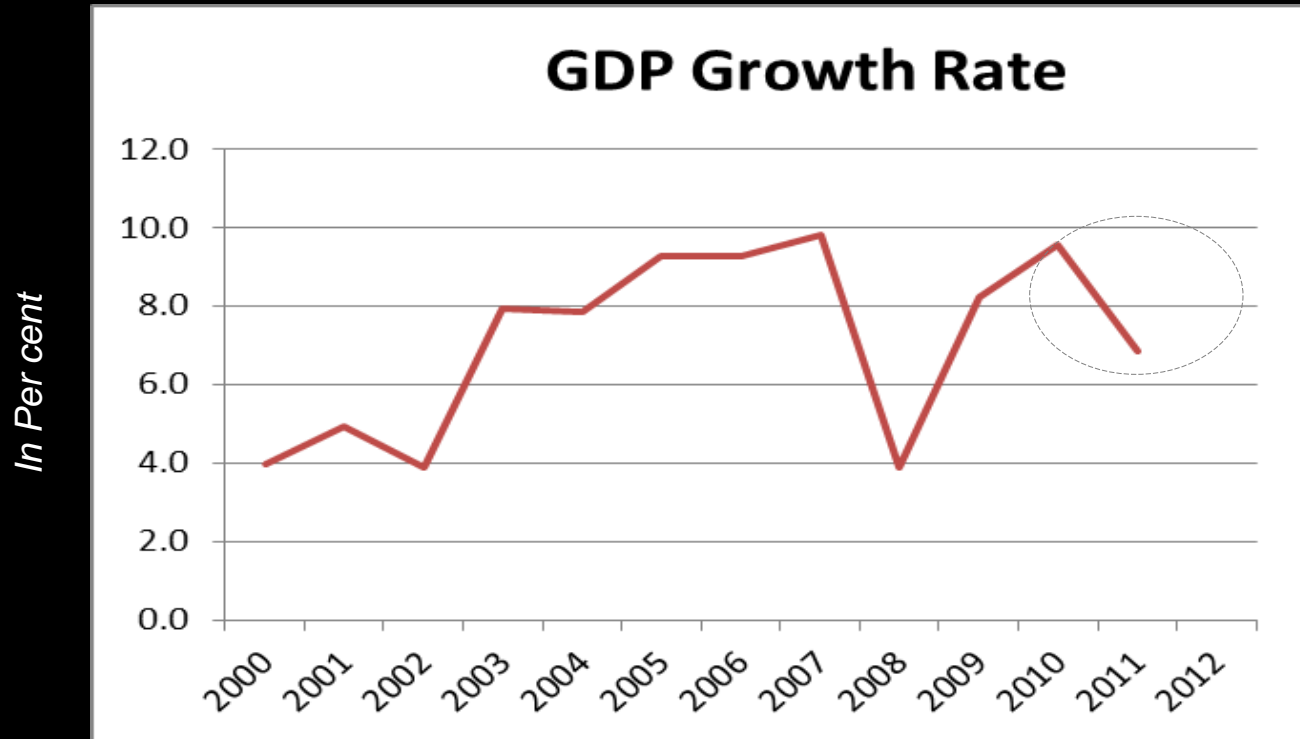


5 Poverty is declining



1% of the people have been crossing the poverty line each year for 20 years. Equals ~ 200 million people lifted out of poverty.

Is the Indian Juggernaut Slowing Down?

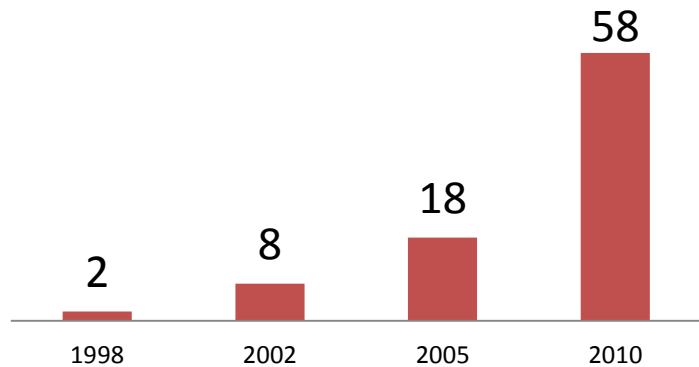


Growth has been slowing down in the past couple of years but this is an aberration – India's fundamentals are sound

Indian IT & BPO Industry – The Fuel Behind India's Growth

Rapid growth in the last decade

Exports USD billion



CAGR
Exports at
35%

CAGR
Domestic at
22%

45% of new urban jobs
created (1995-2005)

6-7x fold increase in
tertiary education in
exporting states

Women in the workforce
estimated to be 30%; new
entrants-45%
30% of delivery outside
India

Exports
offset close
to 65 per
cent of
India's
cumulative
net oil
imports over
past decade

IT & BPO – Propelling Future Growth

Large Scale demographic changes in developed markets will result in the growth of new sectors, markets, and service lines

- **Increase in retiree (60+ years) population: United States**
- **Decrease in working age (15-60 years) population: Japan**

India will see an increase in its working age population (from 63 per cent in 2008 to 67 per cent in 2020) driven by relatively high birth rates and average life expectancy ratios.

*Epicenter of Global Work Force shifts to Developed Economies
Growth of Opportunities in Health Care Domain*

* Estimates

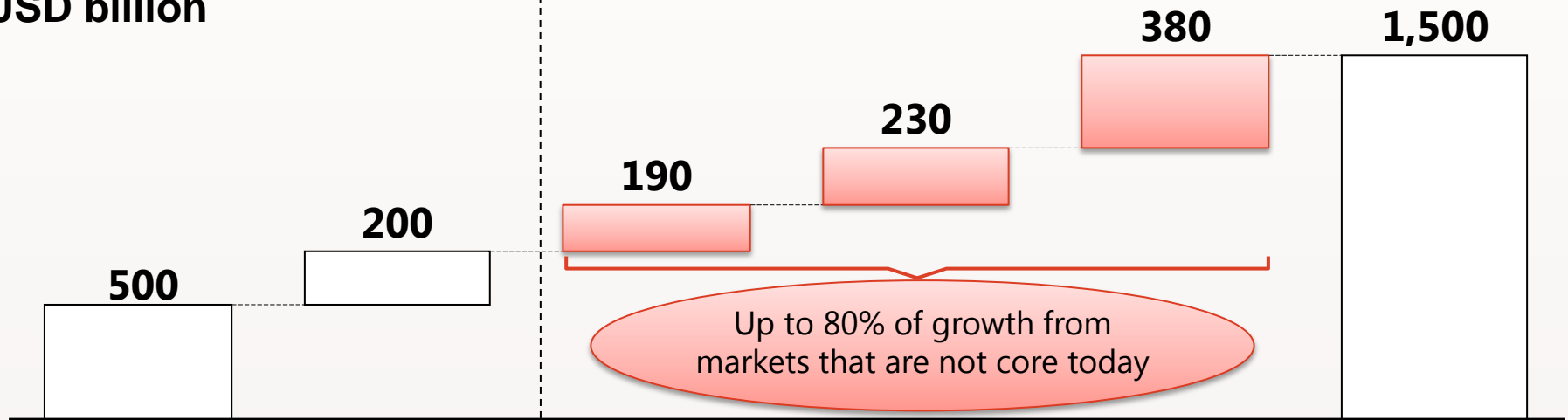
Source: McKinsey Global Forces research

IT & BPO – Propelling Future Growth

80% of incremental growth will be driven by opportunities outside the current core markets, verticals and customer segments

Total revenue potential for global sourcing, 2020

USD billion



Core markets 2008

- 6 verticals*
- N. America, Europe, Japan
- Large enterprises

Growth in core markets

- Not adjusted for potential erosion due to automation

New verticals in developed countries

- Public sector
- Healthcare
- Media
- Utilities

New customer segments

- SMBs

Outsourcing market in new geographies

- BRIC
- ASEAN

IT & BPO – Propelling Future Growth

80 per cent of incremental growth cannot be captured solely through the current “offshore and low-cost” proposition. Need for new business models

How to compete (competitive advantage)

Multi-client services/ products

④ Platform approach

“SaaS”/ “ PaaS”/ “ IaaS”

Domain expertise

③ Domain approach

Domain Experts

Customer intimacy

② Customer-centric approach

Chief Customer Centricity Officer

Delivery excellence

① Delivery / Technical approach

Lean / Agile / CMMi

Large enterprises
(Fortune 1000)

SMBs

Large enterprises

SMBs

Developed markets

New geographies (BRIC & ASEAN)

Where to compete (customer segments)

IT & BPO – Propelling Future Growth

Need focussed Investments to meet these growth targets

- Slow pace of reforms in education
- Limited development of Tier II, III cities
- Continued trust as a sourcing hub
- Continued government support
- Limited backlash from protectionism

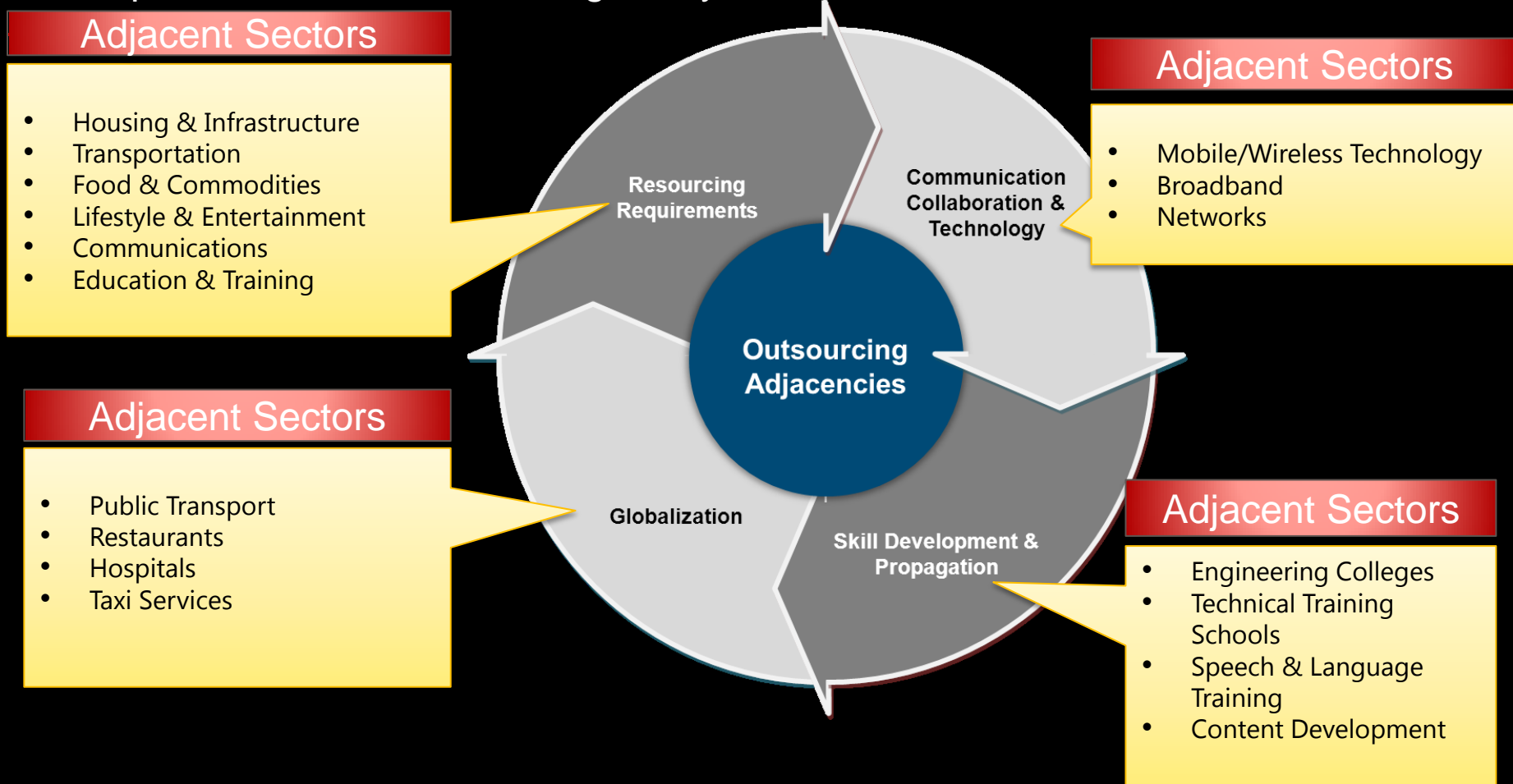
Current Situation

- Expedited reforms in tertiary education
- 10-15 Tier II cities with world class infrastructure
- Adoption of new business models by the industry
- India among the top 3 innovation hubs of the world
- Talent pool of 13.5 million


Focus Needed for Growth

IT & BPO – Catalysts for Growth in Adjacent Sectors

- IT-BPO industries have transformed many outsourcing destinations and have served as catalysts for growth
- Creation of **Outsourcing Adjacencies** - or those individual components, which compose the entire outsourcing ecosystem.



What is Indian IT & BPO doing to spur this growth?

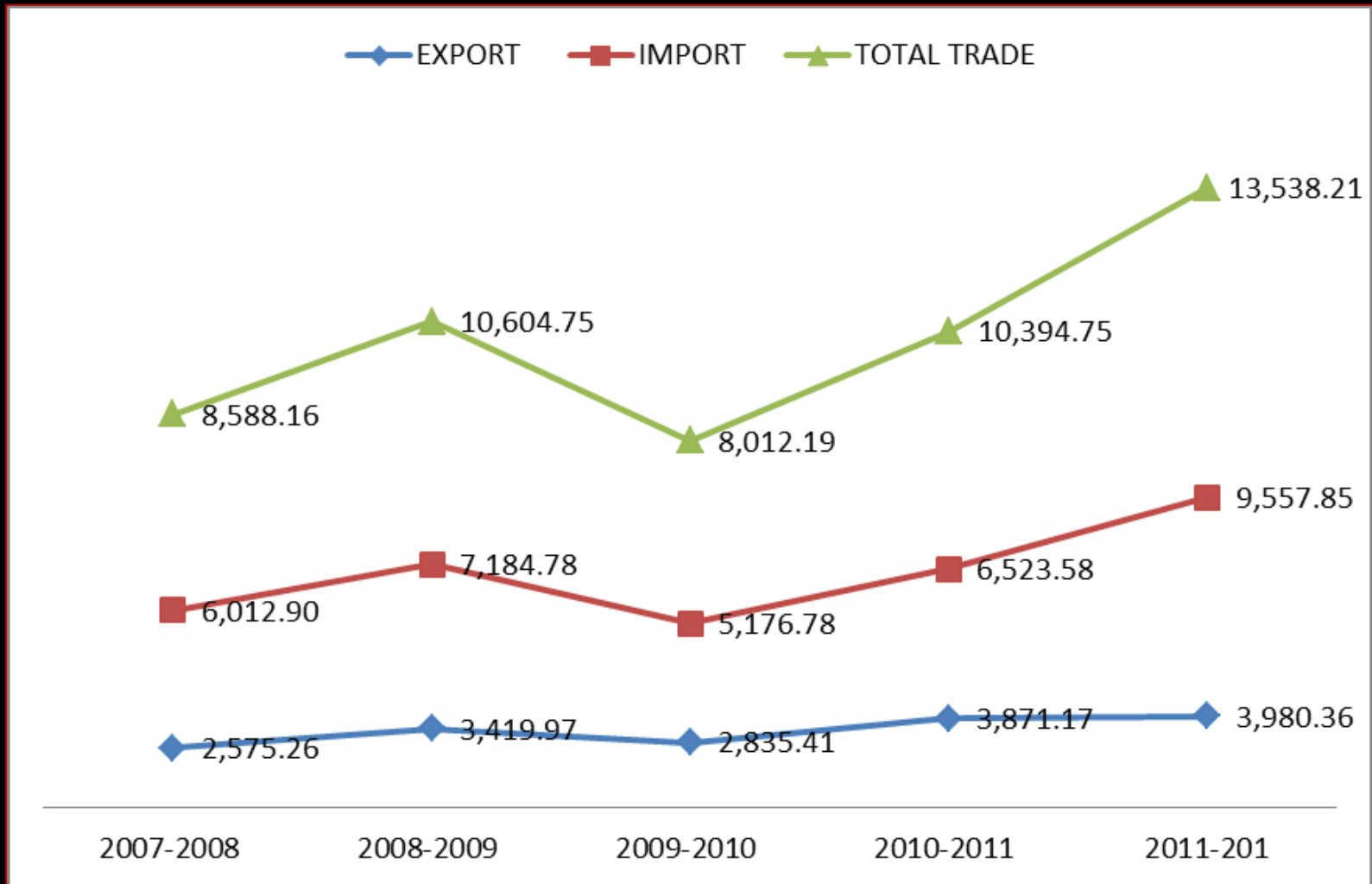
- Resourcing Requirements
 - Communication, Collaboration & Technology
 - Globalisation
 - Skill Development & Propagation
- 

Opportunities to Invest in

- **Housing & Infrastructure**
- **Transportation**
- **Food & Commodities**
- **Lifestyle & Entertainment**
- **Communications**
- **Education & Training**
- **Mobile/Wireless Technology**
- **Broadband**
- **Networks**
- **Public Transport**
- **Restaurants**
- **Hospitals**
- **Engineering Colleges**
- **Technical Training Schools**
- **Speech & Language Training**
- **Content Development**

For every job created in the IT/BPO industry, 4 additional jobs are created

India – Malaysia : A Burgeoning Partnership



India – Malaysia : A Burgeoning Partnership



Malaysian Exports to India

Palm oil (25.2%), followed by electronic and electrical products (19.4%), crude petroleum (17.4%), chemicals and chemical-based products (10.6%) and transport equipment (4.8%).



Indian Exports to Malaysia

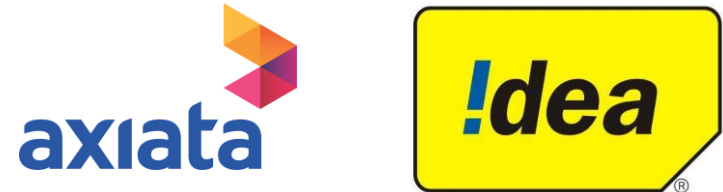
Refined petroleum products (18%), chemicals and chemical products (16.3%), live animals and meat (8.9%), cereals (6%) and electrical and electronic products (5.2%).



*India is Malaysia's
11th largest trading
partner*



Current Investments



Between 1998 to August 2008, a total of 20 Malaysian companies have completed 58 construction projects worth US\$2.6 billion in India



Malaysia & India - Synergies

India + 1 & Malaysia + 1 Strategy (Offer End-to-End Solutions)

- Enterprises in the US & Europe want an **India + 1 Strategy**
 - Malaysia is an ideal base – Multimedia corridor, English language skills, Asian Language BPO base
 - Malaysia is the hub for Islamic banking and this can be taken in a big way to the Middle East
 - MSAT has set-up base in Malaysia and runs global operations for GE & Master Card
- Malaysian companies that want to globalise – *India can become the **Malaysia + 1** base as well*

Malaysia & India

The ICT Sum is Far Greater than the Parts



Indian
Investments in
Malaysia



Investments in Malaysia

- Deliver India + 1 Strategy
- Leverage Malaysia for Asian Language BPO
- Utilise Malaysian knowhow in Islamic Banking



Malaysian
Investments in
India



Investments in India

- Invest in the ICT Lead Growth Adjacencies
 - Housing & Infrastructure
 - Transportation
 - Food & Commodities
 - Lifestyle & Entertainment
 - Communications
 - Education & Training
- Deliver Malaysia + 1 Strategy



Partnering for a brighter future

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