

ITES Offshore: Why India is a Brand?

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Introduction

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- Paper presents an enquiry into the growth performance of ITES through SWOT analysis.
- Paper warns for challenges in offshore and provide lessons for Latin American and the Caribbean economies.

Offshore in the Globalized World

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- Offshore outsourcing means that the service provider is not residing within the same boundaries as firms.
- There are many reasons which attracts investors to look for India.

New India in The Globalized World

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- India emerged as a new economy
- Government initiated various policy reforms and made
- New India 'Entrepreneurship driven' and globally networked

India's Strength

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- India's ongoing economic reforms
- Market potential
- Emerging market openings
- Verities of work
- quality plus creativity
- Global customers are more comfortable with services

Cost and Wage Differences in ITES Offshore in India

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Issues	Differences
Cost differential	4-185 %**
Wage differences	60-70%***
BPO such as credit card and bill payment collection	40%****
Charges by a fresher in India /US in Legal Process Outsourcing(LPO)	\$50-75 /\$250*****

India's Weakness

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- India's place to be on top if 'Capability Maturity Model Level 5' is the highest quality certification in the software industry
- Not all workers are 'industry-ready'
- Plenty of supply at the entry level but there are huge gaps in the middle management and senior management levels
- High training costs due to poaching and attrition cases
- Weak IT Act and Single conviction under the IT Act

India's Opportunity

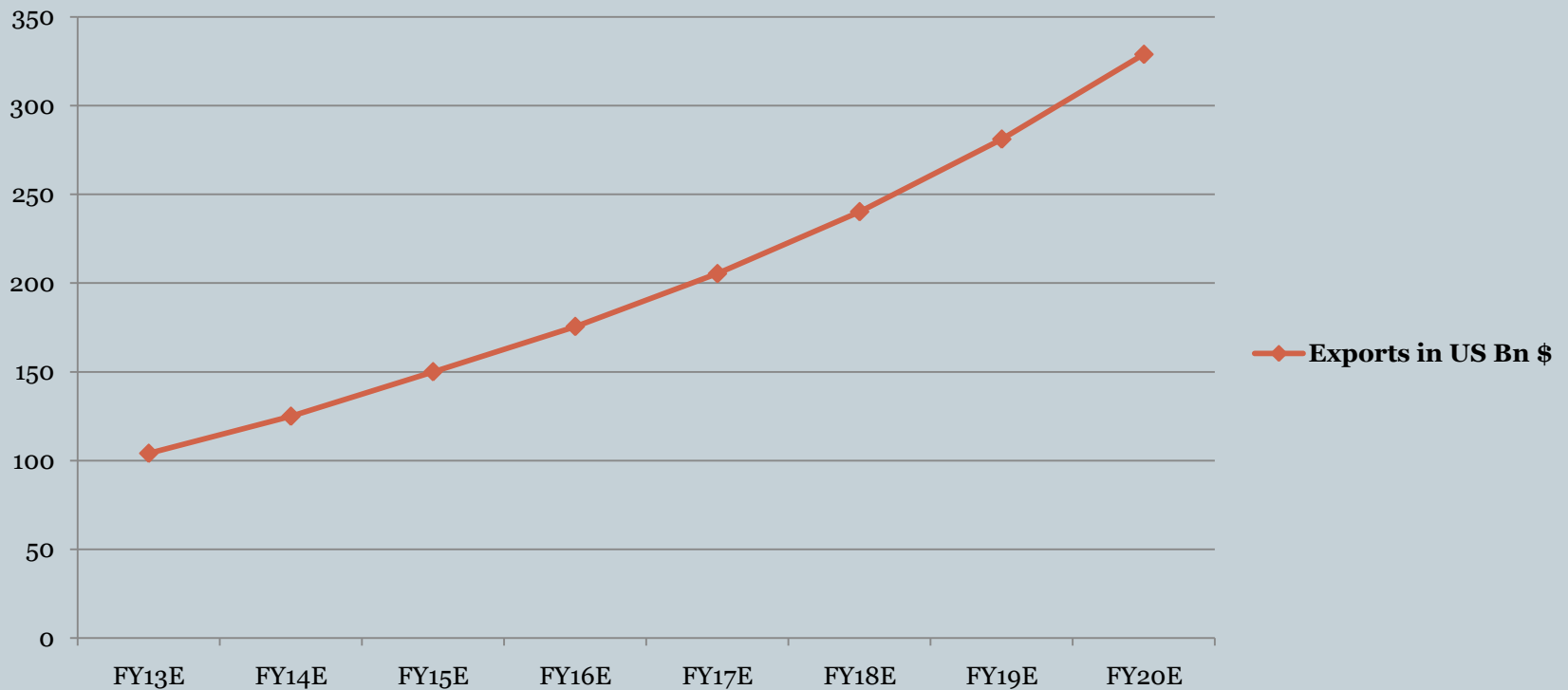
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- Potential for more jobs and exports
- Significant demand for incremental human and financial capital in the country

India's Projected Export

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India's IT & ITES Projected Export



Source: NASSCOM McKinsey Research

India's Threat

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- Data piracy
- Growing rate of cyber crime
- The intrusion originates both from within the country as well as outside the country
- Imbalance between IT Act (2000) and IT crime

Opportunities and Lessons for Latin America and the Caribbean Economy (LACE)

- Latin America is one of the emerging locations
- table describe LACE as a offshore destination.
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Large Foreign Companies in ITES Offshore in Latin America and the Caribbean Economy

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Indian Companies in ITES business	North American Companies in ITES business	More IT Companies	South American Companies	Factors attracting the ITES Offshore
Infosys (IN)	Genpact (GN)	Teleperformance	Urudata	Improved economic and political stability
TCS	Accenture (ACC)	Convergys	Quanam	Cost structure,
Wipro (WP)	IBM	Atento	Evalueserve	Availability of qualified human resources
Satyam (ST)	EDS (EDS)	TeleTech	Infocorp	Government support
	Oracle (OR)			
	Unisys (UN)			
	SAP (SAP)			

Conclusion

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- India from new economy to established brand.
- India should take proactive actions.
- But the weaknesses of India such as data piracy, low conviction in IT crime, mismatch between IT Act and ITES business etc. warns LACE to look for more regulatory framework.
- I hope such initiative with supportive governments' policy and active human resource may lead LACE to get benefits.