

MEDIA COVERAGE

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News / PTI feed /

Indian IT eyes digitisation, automation for growth in 2016

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By Stuti Roy and Kiran Rathee New Delhi, Dec 27 (PTI) Having shifted gears from its focus on enterprise services to enterprising solutions in 2015, Indian IT industry is betting big on digitisation and automation to maintain its growth momentum in the New Year. The USD 140-billion industry will also look for a helping hand from the entrepreneurial zeal of startups as it seeks to maintain its dominant position in the global market in 2016. The industry maintained its growth trajectory despite some hiccups including due to headwinds from a slowdown in the global economy, problems related to the skilled manpower visa in the US and the unprecedented rains in Chennai where many glants including TCS and Wipro

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The government, on its part, announced a slew of initiatives like Digital India, Skill India and Startup India - all aimed at making digital services the backbone for delivering citizen services. As part of the programme, the government is deploying fibre, taking Internet connectivity to the masses and training people to ensure that there is at least one computer literate in every household. Talking about the governments plan of framing a policy for "digital village", Communications and IT Minister Ravi Shankar Prasad said the idea is to select a block in every state to ensure that technology can be used to deliver education and healthcare services. "The idea is to select a block in the first instance in every state, where there is good connectivity and the district is proactive in which the block is there. "We will healthcare services. "The idea is to select a block in the first instance in every state, where there is good connectivity and the district is proactive in which the block is there. "We will have focus on four things – e-education, telemedicine having linkage of primary health centres with district hospital, resource centre as a virtual classroom including training in all gap areas and LED light at the centre of village along with wi-fi," he said. The IT Department is also working on a fast-track programme for localisation of content on websites and the government will also have a tender for developing automatic machine translation, he added. These initiatives received global appreciation and international giants like Microsoft and IBM announced setting up of data centres to cater to domestic requirements as well as meeting compliance norms.

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While anti-outsourcing sentiments continued to be heard, the US hiked the special fee on the popular H-18 and L-1 visas for James Zadroga 9/11 Health and Compensation Act of 2010.

Almost all Indian IT companies would pay between \$8,000 and \$10,000 per H-1B visa from April 1, when the next annual H-1B visa filing session starts, thus making it quite economically unsustainable for them.

As per Nasscom estimates, this will have an impact of about \$400 million annually

A major calamity also struck the sector when heavy rains and flood upset daily life in Chennai, which is home to many IT glants like Cognizant, TCS, Wipro, Tech Mahindra and Mphasis. These companies have already warned that their revenues and margins for the December quarter would see an impact.

crore), US-based Viteos Group (Rs 860 crore) and Germany's Cellent AG for \$7

R Chandrasekaran, Executive Vice Chairman at Cognizant said platforms and IP are becoming key components of providing solutions to clients as "digital" gains significant traction and tuck-under acquisitions help build capabilities in specific areas.

Cognizant specifically would continue to focus on tuck-under acquisitions to help advance our platform/IP capabilities, fill in gaps in our solution spectrum, strengthen our consulting or domain capabilities, or expand our geographic footprint," he added

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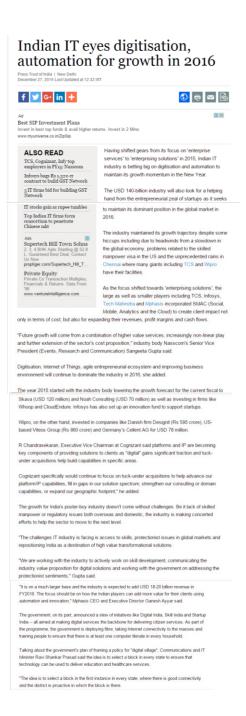


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The year also saw the many companies with billions of

dollars worth valuation emerging from India, a feat that giants like TCS and <u>Infosys</u> took much longer to achieve.

Industry experts are of the view that these startups will help India move away from the image of being the backroom for outsourcing services, as more products and IP (intellectual property) gets generated.

"Startups have been the game-changers of 2015. Indian startups with IP can positively impact the National Innovation capacity, technology start-ups need patents to protect their proprietary knowledge and suitably monetise them in line with their business interests," Nasscom's Gupta said.

If India has to be competitive in the business landscape, there is an urgent need to generate more Intellectual Property (IP), she added.

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In terms of M&A deals, the year witnessed two large announcements apart from many smaller deals as companies bought other firms to build expertise and expand operations.

In April, French IT services company Capgemini said it will buy US-based IGATE Corp, which has a large presence in India -- for USD 4 billion in cash to create an entity with a combined revenue of USD 14 billion. In October, PC maker Dell Inc said it will acquire EMC Corporation for about USD 67 billion to create the "worlds largest privately-controlled, integrated technology company".

Indian companies were not far behind. The otherwise reserved Infosys announced a series of investment under its new CEO Vishal Sikka. This included names like Panaya (USD 200 million), Skava



(USD 120 million) and Noah Consulting (USD 70 million) as well as investing in firms like Whoop and CloudEndure. Infosys has also set up an innovation fund to support startups.

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