

Why India's IT firms are retraining masses of employees

Nearly every one of India's IT firms is talking about training employees as they shift gears towards digital services. Discover what other bets some of these companies are making.

By [Saritha Rai](#) August 1, 2015, 4:48 AM PST // [SarithaRai](#)

Rolling out new modules to coach employees, re-skilling, and retraining were never alien to India's IT services firms, which have continually demonstrated their ability to weather the many industry changes. This time around, the training exercises are necessitated by digital technologies but could point to a deeper shift for the [\\$146 billion-in-revenues industry](#).

Earlier this month, India's largest IT services firm, [Tata Consultancy Services \(TCS\)](#), said it would train [100,000 employees](#) — about a third of its workforce — in digital technologies this year alone. The massive training had been dictated by a strong demand for new technologies from many of its customers in verticals like financial services and retail, its CEO said. TCS revealed in its quarterly results that it, in fact, earned 12.5% of its revenues from digital services.

Then later in the month, the second-largest outsourcing firm, [Infosys](#), said it had already trained [39,000 of its 180,000 employees in design thinking](#), and the exercise is ongoing. Mphasis, another IT services firm in the Top 10 list of the country's IT services companies, said it was coaching 1,000 employees every quarter in newer generation technologies at its training academy. Nearly every one of India's IT firms is talking about skilling employees as they shift gears towards digital services.

Hardik Tiwari, lead analyst at Zinnov

Image courtesy of Hardik Tiwari

Digital disruption is a macro trend that every industry is going through, said Hardik Tiwari, lead analyst at management consultancy Zinnov. "Digital transformation services are a large opportunity in the next five years for IT service providers. Enterprises are expected to spend \$230 billion on digital transformation by 2020, yielding billions of dollars additional in revenues for IT services firms," he said.

Digital services demand an entirely new suite of skills around design such as UI and UX as well as engineering, automation, and analytics such as machine learning and big data, which [Indian IT service providers currently lack](#). Winning contracts in the emerging digital technology services market will entirely depend on services providers having adequate talent. But the market is clearly facing a digital talent shortage.

"We see that any firm well-equipped with digital capabilities will outpace industry growth," said Tiwari. Some companies are using innovative hiring strategies to acquire talent, including acqui-hiring and building delivery in talent hotspots, he said. Through acquisition of niche firms, IT services firms are acquiring high-quality talent such as design consultants and big data experts. Firms like India's third-largest IT services firm, Wipro, are building delivery centers around digital hotspots — for instance, [Wipro has set up digital pods](#) including in the Bay Area and London.



Ganesh Ayyar, CEO of Mphasis

Image courtesy of Ganesh Ayyar

But big training numbers could be understating the larger changes sweeping the industry, said Ganesh Ayyar, CEO of the \$1 billion in revenues Mphasis. "Digital decisions are not made by IT and procurement but made by the business; technology is getting ever closer to the business," he said.

The newer areas have very different processes, and the challenge facing the industry cannot be faced by retraining alone. "Rewiring the organization, including rewiring the CEO and taking stock as to whether the firm has the right orientation,

go-to-market, strategy, structures is what is needed," said Ayyar. Mphasis' own strategy has been to bet heavily on its top 16 customers. It has re-built its customer management processes and restructured its leadership "to get into the path of relevant for these 16 clients," said Ayyar.



Azfar Hussain, HR head of Zensar Technologies

Image courtesy of Azfar Hussain

Zensar Technologies, a Top 20 Indian IT services firm, is building leadership and increasing the level of customer-centric focus. Each employee is being trained to understand the business concerns of the customer and have a solution design mindset, said Syed Azfar Hussain, global HR head of Zensar Technologies. "As an organization, we are committed to helping each customer achieve their business outcomes and this requires a new way of thinking and imparting training," said Hussain.

Aiding its customers' complete transformation to function in a digital environment is the newest challenge for India's IT industry that is chasing an ambitious revenue target of \$300 billion by 2020. The industry has navigated changing technology and business environments with great alacrity these past decades. "The adversity quotient of India's IT services industry and its employees is very high," said Ayyar of Mphasis. This particular adversity could call for more than the usual change or as Ayyar terms it "rewiring" from the top down.