India Software Services Export - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

Market Report | 2024-02-17 | 143 pages | Mordor Intelligence

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Report description:

The India Software Services Export Market size is estimated at USD 151.60 billion in 2024, and is expected to reach USD 189.19 billion by 2029, growing at a CAGR of 4.53% during the forecast period (2024-2029).

As the cloud transformation in the North American and European nations involves high costs and lacks proper resources, India is preferred as it is at the forefront of offshoring and outsourcing and is updated with emerging trends, techniques, and technology. Thereby contributing to the market expansion during the forecast period.

Key Highlights
-Rapidly increasing digital transformation across industries, adoption of new technologies such as AI, IoT, and blockchain, and a growing emphasis on leveraging the core competencies by outsourcing non-core operations are the major driving factors of the market. According to IBEF, businesses in India have embraced technology to a large extent, and new digital business models may expand to most industries. By 2025, core digital industries like IT and business process management, digital communication services, and electronics manufacturing could double their GDP levels to USD 355-435 billion, while newly digitized industries and digital applications in the public sector and the labor market could each add USD 10-150 billion to the economy over the same period.
-As Indian organizations gravitate towards the cloud, artificial intelligence (AI), automation, network infrastructure, Internet of Things (IoT), and other developed technologies to transform them digitally, spendings on digital transformation (DX) and IT modernization are at the top of the mind of Indian companies. With more than 95% of Indian enterprises planning to increase DX spending or keep it at the same level in 2023, the overall DX spending in India is pegged to reach USD 85 billion by 2026, as per official data.
-Further, the growing migration to cloud services is a crucial driving factor in the market studied, resulting in significant

collaborations and generating revenue. In September 2022, Tata Consultancy Services assisted Penumbra, a US-based multinational healthcare organization focused on advanced technology, in completing the first stage of its cloud transformation journey by envisioning its order management, finance, and procurement processes with a new digital core.
-The Indian National Policy on Software Products has been addressed partly by the Next Generation Incubation Scheme (NGIS), which has been approved to support the software product ecosystem. It is planned to build a thriving software product ecosystem to support the strong IT sector's sustained expansion, new job creation, and competitiveness improvement.
-Regulatory pressures are intensifying along many industry supply chains. Climate change-related environmental concerns, globalization and the ensuing need to track, satisfy, and verify compliance with regulations from multiple locations, and mass customization, which requires regulatory compliance for an ever-increasing variety of products in an ever-smaller variety of lots or batches, all add to these pressures. Under these circumstances, manufacturers want compliance management software that delivers the appropriate data at the precise moment and in the manner required, in accordance with the essential quality requirements. While some manufacturers and industries have met these needs with paper-based or in-house compliance software solutions, an integrated compliance software solution is now necessary to satisfy the rising demands caused by expanding regulatory complexity. This is expected to hinder the market growth.
-Furthermore, in the Post COVID-19, several businesses have employees working from home, and the need to adopt efficient IT systems has increased substantially. Organizations have increasingly migrated to the cloud or cloud-based platforms for their applications and software. This situation augmented the market growth.

India Software Services Export Market Trends

Increasing Demand For Infrastructure Modernization, Digital Support, and Cloud Services

- Infrastructure Modernization delivers organizations with faster ways to do business. Powerful technologies offer new capabilities and better insights. It enables a company to build and run the applications that underpin its business. It includes computing, network, workplace, and data platform capabilities.
- According to IBEF, in the Union Budget 2023-24, the IT and telecom sector allocation stood at INR 97,579.05 crore (USD 11.77 billion). In addition, the Indian government recently launched the Meghalaya Enterprise Architecture Project (MeghEA) to expand service delivery and administration in the state by leveraging digital technologies to make Meghalaya a high-income state by 2030. Government initiatives may further drive market growth.
- According to official data, India's technology industry revenue is estimated to be USD 245 billion in FY 2023. Technology exports, at USD 194 billion, are expected to grow 9.4% in reported currency terms. Regarding FDI equity inflow, the computer software and hardware sectors attracted the highest FDI in FY 2021-22. Additionally, the BFSI, telecom, and healthcare sectors have been particularly lucrative for IT companies.
- Further, as of March 2022, the Ministry of MSMEs (Micro, Small, and Medium Enterprises) reported India possesses more than 7.9 million MSMEs, compared to about 6.5 million registered previously. This shows how the number of MSMEs increased rapidly in India, making it a highly potential market for IT implementations.
- In addition, in June 2022, Vi Business, a business of telecom operator Vodafone Idea (Vi), launched ReadyforNext, a dedicated program curated to help MSMEs increase their growth potential. The Vi Business ReadyforNext program is based on the perspective of holding hands with MSMEs throughout their digital journey. The product supports MSMEs' digital adoption efforts while helping them digitally secure their businesses in the new era of remote work. Such initiatives leverage the IT and telecom demand in the country.
- Furthermore, according to a poll by Yotta Data Service Pvt. Ltd, approximately 63% of Indian firms had their digital infrastructure in the cloud in 2022. Additionally, on-premise recorded 23% and 14% third-party co-location. Such developments in the studied segments may further prople the market growth.

IT Services Expected to Capture Significant Market Share

- Many countries have long exported IT work to developing economies like India to save on labor costs. With the country housing many major IT service export players, the demand for IT services export is expected to gain significant momentum in the coming years.
- Further, in the wake of digital transformation worldwide, companies are rapidly upgrading their legacy IT infrastructure, thus creating demand for IT consulting and implementation services. Digital transformation provides companies with a strategic and competitive advantage in determining IT Services and their importance, and further organizes the IT services as an activity of plan-build-run framework and defines IT Service strategy to the organization.
- In addition, companies that choose IT consulting operations can keep 24-hour customer service and technical support lines open and operate with professionals in different time zones than the customer calling in the complaint. The landscape of IT services is changing rapidly. The proliferation of advanced technologies, like big data and machine learning in various end-user industries, fuels the need for updated IT infrastructure. Enterprises across different end-user verticals need help to balance their IT infrastructure and cost management. In addition, the adoption of emerging technologies that are expected to grow exponentially as businesses look to replace outdated infrastructure. The need to replace obsolete hardware is another factor driving the IT services segment's growth.
- Due to advancements in IT operation across the cloud-based platform, IT services have become more data-driven and real-time, creating greater value for the business, especially in operational efficiency, business opportunity discovery, and remote access optimization.
- In addition, IT service providers are indulging in partnerships with various end-user companies to assist them with advanced technology implementation. For instance, in February 2022, Infosys, a global player in next-generation digital services and consulting, collaborated with Qualtrics, the creator of the Experience Management category. Infosys has launched a Qualtrics center of excellence to bring solutions on Qualtrics to the market. These solutions are a part of Infosys Cobalt cloud offerings and help clients improve their customer, employee, and supplier experiences.
- Further, in March 2022, HCL Technologies DRYiCE and LogicMonitor, a SaaS-based observability and IT (information technology) operations data-sharing platform for companies and MSPs, created a strategic partnership (managed service providers). LogicMonitor and DRYiCE from HCL Technologies will offer an end-to-end solution for automated IT incident remediation. It will assist in guaranteeing business service continuity and customer experience innovation in the contemporary digital economy.
- According to Invest India, India's business process management industry is significant because it is one of the most prominent outsourcing destinations for IT organizations worldwide. In the fiscal year 2022, the information technology sector contributed around 7.4 % of the country's GDP. BPM is more of a discipline than a process because it includes methods for improving, analyzing, automating, and improving business processes.

India Software Services Export Industry Overview

The Indian software services export industry market is fragmented. Tata Consultancy Services Limited, Infosys Limited, Wipro Limited, HCL Technologies, and Tech Mahindra Ltd are among the major companies. The corporations continue to innovate and form strategic partnerships to maintain their market share.

- September 2022 - Wipro Limited and Finastra, a global provider of financial software applications and marketplaces, stated that they would help corporate banks hasten their digital transformation using Finastra's market-leading solutions. This agreement offers cutting-edge API-enabled platforms enabling banks to innovate, streamline, and digitize crucial trade finance processes while reducing overhead costs thanks to Finastra's advanced solutions and Wipro's expertise in consulting digital, infrastructure,

and operations. Due to this multi-year partnership, Wipro became the only implementation and go-to-market partner for all Indian banks using Finastra's Fusion Trade Innovation and Fusion Corporate Channels. Wipro is one of Finastra's top international partners for its cash and liquidity management products.
- July 2022 - Move Works, the AI platform, and Tata Consultancy Services joined to create workplaces. Due to this partnership, joint clients started offering staff assistance in any language, at any time, and from any location. The technology used by Move Works and its clients may be relied upon by clients to support staff automatically.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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