

Advantage India

The New Model for a Changing World

“The major challenge lies in realising the true potential that India has to offer as a destination...With the battleground moving from costs to services, it becomes even more critical to build upon the strengths that the country and the people have to offer than simply reaping upon the obvious benefits.”

David Andrews, Author of ‘How BPO can boost productivity’

It may have begun as a cost-cutting venture, but, in the process, Outsourcing to India has found its niche as the new model for a changing world.

Simple supply side economics and lower billing rates are no longer India's claim to fame. Average salary levels in the sector rising between 16 and 18%, the dollar facing continued devaluation and the emergence of competing outsourcing nations all pose a challenge to India's amazing ITES story.

Invariably the question arises. If cost-savings are no longer as pronounced, what keeps companies from turning to other emerging outsourcing destinations such as the Philippines, Mexico or China?

A potent combination of skilled workers, vendor sophistication and attractive pricing provides a competitive advantage that, overall, keeps India on the top of the return-on-investment lists year after year. The industry as a whole averaged 30.7% growth in the last fiscal year, exceeding expectations of 27% growth. And India's place is no longer limited to back-office operations alone. The industry is experiencing a ‘coming of age’ as companies move towards lower volume and higher value services, including knowledge processing, remote infrastructure management, offshore product development and design and engineering. Additionally, there is a concentrated effort to go beyond the financial sphere as industries such as telecom, manufacturing and retail increasingly embrace outsourcing.

Innovation in India is the next big discovery. Over 150 companies including Intel, Texas Instruments, Philips, General Motors, Daimler Chrysler, HP, Motorola and Bosch have already made significant investments in cutting edge research and development work and the list is only growing. According to an assessment by Nasscom, “In spite of the rising elements of cost, Indian

offshore operations provide cost savings of 40-50% and companies are able to leverage declines in telecom and other overhead costs, productivity gains and economies of scale to sustain the cost arbitrage.”

Studies carried out by Morgan Stanley, McKinsey and Nasscom on the relative attractiveness of key outsourcing destinations have all arrived at the same conclusion. Based on the criterion that Chief Information Officers typically evaluate in offshore operations – local attractiveness (infrastructure, country risks, FDI Incentives and time zones) and worker capability (qualifications, language skills, work ethic and costs) – the research brought to light that no destination is ideal. For example, China has the highest pool of qualified graduates but ranked low in local attractiveness and worker capability. Singapore is the ideal offshoring destination in terms of desired infrastructure, but lacks the cutting edge workforce.

India, with its strong workforce capability that combines cost and quality and its serious attempts to improve the infrastructure environment, place it ahead of the pack.

Outsourcing to India is being embraced by executives for another reason – it is allowing for better focus and more flexibility in the business. In a recent Accenture Survey of more than 800 health, manufacturing, retail and travel executives in the US and Europe, 86% said outsourcing gives them more control over business results in a variety of critical areas, the most important being the ability to plan. Additionally, 55% added that outsourcing allowed their companies to implement strategies and change in a swifter and more controlled environment.

India also commands global confidence in turnaround time. A variety of factors add to this confidence:

Security at the global benchmark

Foolproof security is an integral part of the Indian environment. Individual firm efforts are reinforced by federal level policies such as the strengthening of the IT Act 2000, scaling up cyber lab initiatives and National Skills Registry. Additionally, a large number of Indian firms have aligned their internal practices and processes to international quality standards such as ISO, CMM and SIX Sigma furthering the journey towards international standards.

Infrastructural growth

Rapid growth in key business infrastructure has ensured unhindered growth and expansion of this sector. Critical business infrastructure such as telecom and real estate is already in place and supporting infrastructure including roads and connectivity are currently on the government's priority list. More significantly, this development is not taking place in the metros alone. Rather, satellite towns and Tier II and Tier III cities are becoming hubs of growth, spurring a cycle of inclusive development.

A large pool of talent

India's largest foundation continues to be its supply base. Over two million graduates and 300,000 post-graduates graduate from India's non-engineering colleges every year. While 3% of them opt for jobs in other field, the majority join the IT industry. With the unique blend of technical knowledge and communication know-how that the Indian education system provides, the country is producing some of the most talented IT professionals in the industry. Over 50% of India's population is under 25, an inherent

advantage, and is complemented by an academic infrastructure that produces a large pool of English-speaking talent. Today any gaps in training to be part of a global talent pool are being addressed through a combination of government, academic and industry-led initiatives such as skill certification and job-specific training programs.

Increasingly sophisticated vendors

Ranked second only to the US in terms of people sophistication – a mix of the number, cost and skills of IT personnel – by Nasscom, India is also at the top of the list in terms of vendor sophistication. A growing number of vendors – Wipro, Satyam and Accenture India, to name a few – are able to successfully work on complex projects across all areas of software and services matching the level and quality of leading global players.

On the job – 24 x 7

Taking advantage of the time-zone factor, companies are available for their customers literally 24 hours a day. With turn-around times reduced, customer satisfaction levels are increasing manifold.

Favorable government policies

As a 'sunshine sector' of the Indian economy, the government has given special preferences to the IT sector. Minimal regulatory and policy restrictions and a broad range of fiscal and procedural incentives constitute an enabling policy environment.

The advantages are clear. India's sunshine sector, IT enabled services, continues to grow, charting double-digit growth, with revenues of \$ 39.6 billion in 2006-07. The industry has established itself as a robust business partner in delivering real value to corporations in terms of costs and benefits. In fact, well-managed operations have leveraged lower telecom costs, lower bench strengths and expanded scale of operations to significantly enhance the value proposition.



About Saviance Technologies:

Saviance Technologies offers the complete spectrum of Strategic Staffing, IT Consulting and Business Process Outsourcing (BPO) services to its clients.

The company has a cost effective, scalable and innovative business model, which provides flexibility for 24x7 operations.

Our Center of Excellence for Web Development delivers high quality, cost effective, world class solutions for startups, non-profits and enterprise organizations. We use open source frameworks for building agile, scalable and robust database backed web applications. We focus on an innovative and flexible engagement model with our clients using strong processes, best practices and Six Sigma methodology.

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