

SECTION V: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The information in this section includes information derived from third party industry sources and from publicly available information as well as industry publications and sources. We have taken extracts from the report titled 'Mordor Intelligence Report- Market Assessment of Indian IT Services and BPM Exports to North America' issued by Mordor Intelligence, 'Strategic Review 2025' issued by Nasscom, 'IBEF- IT & BPM Industry Report' issued by IBEF, respectively, and have taken their consent for inclusion of data from their reports , respectively, and have taken their consent for inclusion of data from their reports.

Industry sources generally state that the information contained therein has been obtained from sources generally believed to be reliable, but accuracy, completeness and underlying assumptions not guaranteed, and their reliability cannot be assured and accordingly, investment decisions should not be based on such information. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “Risk Factors - The information in the “Industry” section is derived from publicly available sources. There can be no assurance that such third-party statistical, financial and other industry information is complete or accurate and neither has our company independently verified the same. Prospective investors are advised not to place undue reliance on such information as included in this DRHP, when making their investment decisions” on page 68. Accordingly, investors should not place undue reliance on or base their investment decision on this information. The data may have been re-classified by us for the purpose of presentation. A copy of the section titled “Industry Overview” beginning on page 141 will be available on the website of our Company at <https://methodhub.in/industry-reports/>.

The extent to which the market and industry data is used in this Draft Red Herring Prospectus is meaningful, depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources. Accordingly, no investment decision should be made solely on the basis of such information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors.

Global Economic Outlook

The global economy is at a precarious juncture, marked by heightened trade tensions and elevated policy uncertainty, according to the World Economic Situation and Prospects as of mid-2025. The recent surge in tariffs—driving the effective U.S. tariff rate up steeply—threatens to raise production costs, disrupt global supply chains and amplify financial turbulence. Uncertainty over trade and economic policies, combined with a volatile geopolitical landscape, is prompting businesses to delay or scale back critical investment decisions. These developments are compounding existing challenges, including high debt levels and sluggish productivity growth, further undermining global growth prospects. Global GDP growth is now forecast at just 2.4 per cent in 2025, down from 2.9 per cent in 2024 and 0.4 percentage points below the January 2025 projection.

The slowdown is broad-based, affecting both developed and developing economies. Growth in the United States is projected to decelerate significantly, from 2.8 per cent in 2024 to 1.6 per cent in 2025, with higher tariffs and policy uncertainty expected to weigh on private investment and consumption. In the European Union, GDP growth is forecast at 1.0 per cent in 2025, unchanged from 2024, amid weaker net exports and higher trade barriers.

For many developing countries, this bleak economic outlook undermines prospects for creating jobs, reducing poverty, and addressing inequality. For least developed countries—where growth is expected to slow from 4.5 per cent in 2024 to 4.1 per cent in 2025—declining export revenues, tightening financial conditions and reduced official development assistance flows threaten to further erode fiscal space and heighten the risk of debt distress. Escalating trade frictions are further straining the multilateral trading system, leaving small and vulnerable economies increasingly marginalized

in a fragmented global landscape.

Source: Press Release (<https://policy.desa.un.org/sites/default/files/publications/2025-05/wesp-mid-2025-global-press-release.pdf>)

Indian Economic Outlook

The global economy exhibited steady yet uneven growth across regions in 2024. A notable trend was the slowdown in global manufacturing, especially in Europe and parts of Asia, due to supply chain disruptions and weak external demand. In contrast, the services sector performed better, supporting growth in many economies. Inflationary pressures eased in most economies. However, services inflation has remained persistent. Although commodity prices have stabilized, the risk of synchronized price increases persists. With growth varying across economies and last-mile disinflation proving sticky, central banks may chart varying paths of monetary easing. This will lead to uncertainty over future policy rates and inflation trajectories. This apart, geopolitical tensions, ongoing conflicts, and trade policy risks continue to pose significant challenges to global economic stability. In this global context, India displayed steady economic growth. As per the first advance estimates of national accounts, India's real GDP is estimated to grow by 6.4 per cent in FY25. Growth in the first half of FY25 was supported by agriculture and services, with rural demand improving on the back of record Kharif production and favorable agricultural conditions. The manufacturing sector faced pressures due to weak global demand and domestic seasonal conditions. Private consumption remained stable, reflecting steady domestic demand. Fiscal discipline and strong external balance supported by a services trade surplus and healthy remittance growth contributed to macroeconomic stability. Together, these factors provided a solid foundation for sustained growth amid external uncertainties. Looking ahead, India's economic prospects for FY26 are balanced. Headwinds to growth include elevated geopolitical and trade uncertainties and possible commodity price shocks. Domestically, the translation of order books of private capital goods sector into sustained investment pick-up, improvements in consumer confidence, and corporate wage pick-up will be key to promoting growth. Rural demand, backed by a rebound in agricultural production, an anticipated easing of food inflation and a stable macro-economic environment provide an upside to near-term growth. Overall, India will need to improve its global competitiveness through grassroots-level structural reforms and deregulation to reinforce its medium-term growth potential

Source: Economic Survey 2024-25 (<https://www.indiabudget.gov.in/economicsurvey/doc/eschapter/echap01.pdf>)

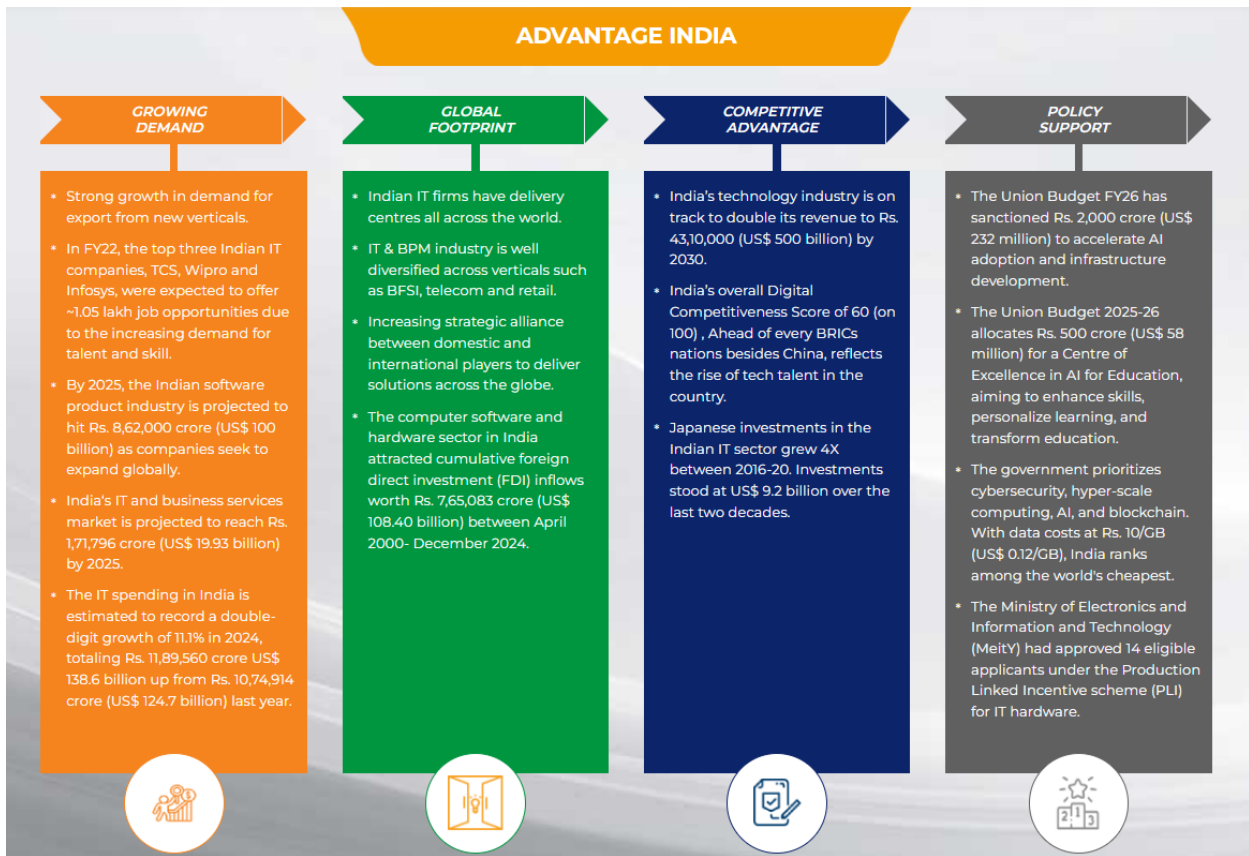
IT & BPM Industry in India

Introduction

The IT & BPM sector has become one of the most significant growth catalysts for the Indian economy, contributing significantly to the country's GDP and public welfare. India's IT sector witnessed a 16% YoY growth in hiring in April, driven by factors such as artificial intelligence (AI) adoption, cloud modernization, and the expansion of Global Capability Centers (GCCs).

India's first made-in-India graphics processing units (GPUs) are expected to be ready for technology demonstrations by the end of 2025. Production readiness is projected for 2029 under the Rs. 10,372 crore (US\$ 1.21 billion) IndiaAI Mission. As innovative digital applications permeate sector after sector, India is now prepared for the next phase of growth in its IT revolution. India is viewed by the rest of the world as having one of the largest Internet user bases and the cheapest Internet rates, with 76 crore citizens now having access to the Internet.

The current emphasis is on the production of significant economic value and citizen empowerment, thanks to a solid foundation of digital infrastructure and enhanced digital access provided by the Digital India Program. India is one of the countries with the quickest pace of digital adoption. This was accomplished through a mix of government action, commercial innovation and investment, and new digital applications that are already improving and permeating a variety of activities and different forms of work, thus having a positive impact on the daily lives of citizens. India's rankings improved six places to the 39th position in the 2024 edition of the Global Innovation Index (GII).



Market Size

According to the National Association of Software and Service Companies (NASSCOM), the Indian IT industry's revenue touched US\$ 227 billion in FY22, a 15.5% YoY growth and was estimated to have touched US\$ 245 billion in FY23. Mid-tier Information Technology (IT) companies have reported stronger growth than their larger counterparts in FY25, demonstrating their ability to effectively navigate an uncertain macroeconomic environment. The challenge, however, remains whether they can sustain this momentum in FY26.

India's IT exports are projected to reach Rs. 17,95,920 crore (US\$ 210 billion) in FY25, with the US market recovering, European demand weakening, and a 5-6% growth anticipated in FY26, alongside the opportunities and challenges posed by generative AI. The government has inked an agreement with Paytm (One97 Communications Ltd) under which the company would provide mentorship, infrastructure support, market access, and funding opportunities to start-ups.

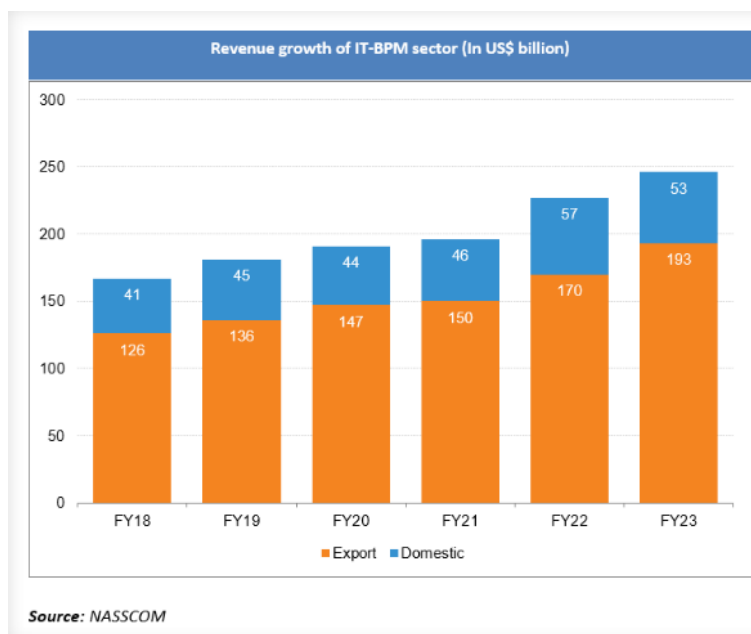
The system infrastructure software market in India is expected to reach a projected revenue of Rs. 178 million (US\$ 20,823.6 million) by 2030. A compound annual growth rate of 9.2% is expected of India system infrastructure software market from 2023 to 2030. The IT spending in India is estimated to record a double-digit growth of 11.1% in 2024, totalling US\$ 138.6 billion up from US\$ 124.7 billion last year. By 2025, the Indian software product industry is projected to hit Rs. 8,68,700 crore (US\$ 100 billion) as companies seek to expand globally.

The Indian software product industry is expected to reach US\$ 100 billion by 2025. Indian companies are focusing on investing internationally to expand their global footprint and enhance their global delivery centres. The data annotation market in India stood at US\$ 250 million in FY20, of which the US market contributed 60% to the overall value. The market is expected to reach US\$ 7 billion by 2030 due to accelerated domestic demand for AI.

India's IT industry is likely to hit the US\$ 350 billion mark by 2026 and contribute 10% towards the country's gross domestic product (GDP), Infomerics Ratings said in a report. The export of IT services has been the major contributor, accounting for more than 53% of total IT exports (including hardware).

BPM and engineering and R&D (ER&D) and software products exports accounted for 22% and 25%, respectively of total IT exports during FY23. Exports from the Indian IT industry stood at US\$ 194 billion in FY23. The export of IT services was the major contributor, accounting for more than 51% of total IT exports (including hardware). BPM, and Software products and engineering services accounted for 19.3% and 22.1% each of total IT exports during FY23.

By 2026, the increased use of cloud technology could create 14 million jobs and contribute Rs. 33,01,060 crore (US\$ 380 billion) to India's GDP.



Investments/Developments

Indian IT's core competencies and strengths have attracted significant investment from major countries and companies.

- Google inaugurated its Ananta campus in Bengaluru the company's largest campus in India and one of its largest offices globally. Spanning 1.6 million sq. ft., the new campus can house over 5,000 employees.
- Hyderabad, known for its prominence in the IT sector, achieved exports worth Rs. 2.68 lakh crore (US\$ 32.2 billion) in FY24, with a workforce of 9.46 lakh employees. This represents a YoY growth of 11.2%.
- Direct employment in the IT services and BPO/ITeS segment was estimated to reach 5.4 million in FY23 with an addition of 290,000 people.
- The revenue of India's public cloud services market totalled US\$ 6.2 billion in 2022, and it is expected to reach US\$ 17.8 billion by 2027 growing at a CAGR of 23.4%.
- Announced in January 2025, Reliance Industries is set to build the world's largest data center in Jamnagar, Gujarat, marking a major step in its entry into India's artificial intelligence (AI) sector.
- In January 2025, TCS approved the Rs. 1,625 crore (US\$ 187.1 million) acquisition of TRIL Bengaluru Real Estate Five & Six Ltd. to develop delivery centers, acquiring 100% equity in one year.
- In December 2024, TCS has expanded its partnership with Bank of Baroda, India's second largest public sector bank, to continue to implement an end-to-end financial inclusion solution over the next five years.
- In November 2024, TCS Partners With IIT KGP to Launch Advanced Research Center for Innovation in Digital Health, Robotics & Intelligent Systems
- In November 2022, ICICI Bank introduced two new products for its NRI clients - Loan against Deposits (LAD) and Dollar Bonds, at its branch in GIFT City.

- In November 2022, Amazon Web Services announced the launch of its second AWS infrastructure region in India - the AWS Asia Pacific (Hyderabad) Region. By 2030, it is anticipated that the region will support more than 48,000 full-time jobs annually thanks to investments totalling more than US\$ 4.4 billion in India.
- In November 2022, Google established a partnership with local gaming startup SuperGaming through its Google Cloud division. As part of the collaboration, game developers who use Google Cloud to create, host, and distribute their games will have access to SuperGaming's SuperPlatform game engine.
- HDFC Bank partnered with Flywire to enable their customers to make fee payments digitally to overseas colleges and universities.
- In August 2022, Network People Services Technologies (NPST) announced that it was working on a banking super app. The high-end platform can be used by banks, fintech companies, and other BFSI players, and it will offer a seamless user experience with all banking, financial, and transactional services combined into a robust, smart app.
- In August 2022, PwC India announced that it was planning to hire 10,000 employees in the cloud and digital technologies space over the next five years.
- In October 2022, PE/VC investments in the technology sector stood at US\$ 157 million across 12 deals.
- The computer software and hardware sector in India attracted cumulative foreign direct investment (FDI) inflows worth Rs. 7,65,083 crore (US\$ 108.40 billion) between April 2000- December 2024. The sector ranked second in FDI inflows as per the data released by Department for Promotion of Industry and Internal Trade (DPIIT). Computer software and hardware make up 15.11% of the cumulative FDI equity inflows.
- In July 2022, the Union Bank of India (UBI) launched a Metaverse Virtual Lounge and Open Banking Sandbox environment in partnership with Tech Mahindra.
- In June 2022, ZStack International, a worldwide market leader in cloud computing, IaaS, and PaaS solutions, announced that they were entering India and the SAARC Region.
- In June 2022, Redington India, an IT provider, entered into a multi-year strategic agreement with Amazon Web Services (AWS) to drive cloud technology adoption in India.
- American-Irish consumer credit reporting company Experian is planning a major expansion of its global innovation centre (GIC) in Hyderabad to about 4,000 employees over the next three to five years. According to sources, GIC will concentrate on employing emerging technologies in the BFSI (banking, financial services, and insurance) sector, including cloud computing, big data analytics, artificial intelligence, and machine learning.
- In 2021, PE investments in the IT sector stood at US\$ 23.4 billion.
- In March 2022, Licious, India's largest tech-first, fresh animal protein brand, raised US\$ 150 million in a Series F2 funding round.
- In March 2022, Byju's raised US\$ 800 million in funding as part of a pre-IPO round, which values the Bengaluru-based company at about US\$ 22 billion.
- In March 2022, debt marketplace CredAvenue raised US\$ 137 million in a funding round led by Insight Partners, B Capital Group and Dragoneer Investment Group, which propelled the startup's valuation to US\$ 1.3 billion.
- In February 2022, Hasura, a software company which helps developers with tools, raised US\$ 100 million in a fresh funding round led by Greenoaks Capital, which elevated the company into a unicorn.
- In January 2022, Google announced plans to invest US\$ 1 billion in India's Bharti Airtel Ltd. to push India's digital ecosystem.
- Amazon partnered with Airtel to sell Amazon Web Services (AWS) to its customers and intends to inject US\$ 1.6 billion into their two upcoming data centres in Hyderabad.

Government Initiatives

Some of the major initiatives taken by the government to promote the IT and ITeS sector in India are as follows:

- The Union Budget 2024-25, presented by Finance Minister Nirmala Sitharaman on July 23, 2024, proposes an allocation of Rs. 1,16,342 crore (US\$ 13.98 billion) for IT and Telecom sectors.
- In March 2024, The Cabinet approved an allocation of over Rs. 10,300 crore (US\$ 1.2 billion) for the IndiaAI Mission, marking a significant step towards bolstering India's AI ecosystem.
- The government prioritizes cybersecurity, hyper-scale computing, AI, and blockchain. With data costs at Rs. 10/GB (\$0.12/GB), India ranks among the world's cheapest.
- Cabinet approved PLI Scheme – 2.0 for IT Hardware with a budgetary outlay of Rs. 17,000 crore (US\$ 2.06 billion).
- In September 2022, the new Telecommunications Bill 2022 was published for public consultation by the Ministry

of Communications as a move toward creating a new telecom framework in India.

- In August 2022, the Indian Computer Emergency Response Team (CERT-In), in collaboration with the Cyber Security Agency of Singapore (CSA), successfully planned and carried out the "Synergy" Cyber Security Exercise for 13 countries to build network resilience against ransomware attacks.
- In June 2022, STPI Director General Mr. Arvind Kumar stated that exports through STPI units have increased from Rs. 17 crore (US\$ 2.14 million) in 1992 to Rs. 5.69 lakh crore (US\$ 71.65 billion) in 2022.
- In May 2022, it was announced that Indians can now avail of their DigiLocker services through WhatsApp to get easy access to their official documents.
- In April 2022, the Indian Computer Emergency Response Team (CERT-In) issued Directions to strengthen cybersecurity in the country.
- The government introduced the STP Scheme, which is a 100% export-oriented scheme for the development and export of computer software, including the export of professional services using communication links or physical media.
- The Department of Telecom, Government of India and Ministry of Communications, Government of Japan, signed an MoU to enhance cooperation in areas of 5G technologies, telecom security and submarine optical fibre cable systems.

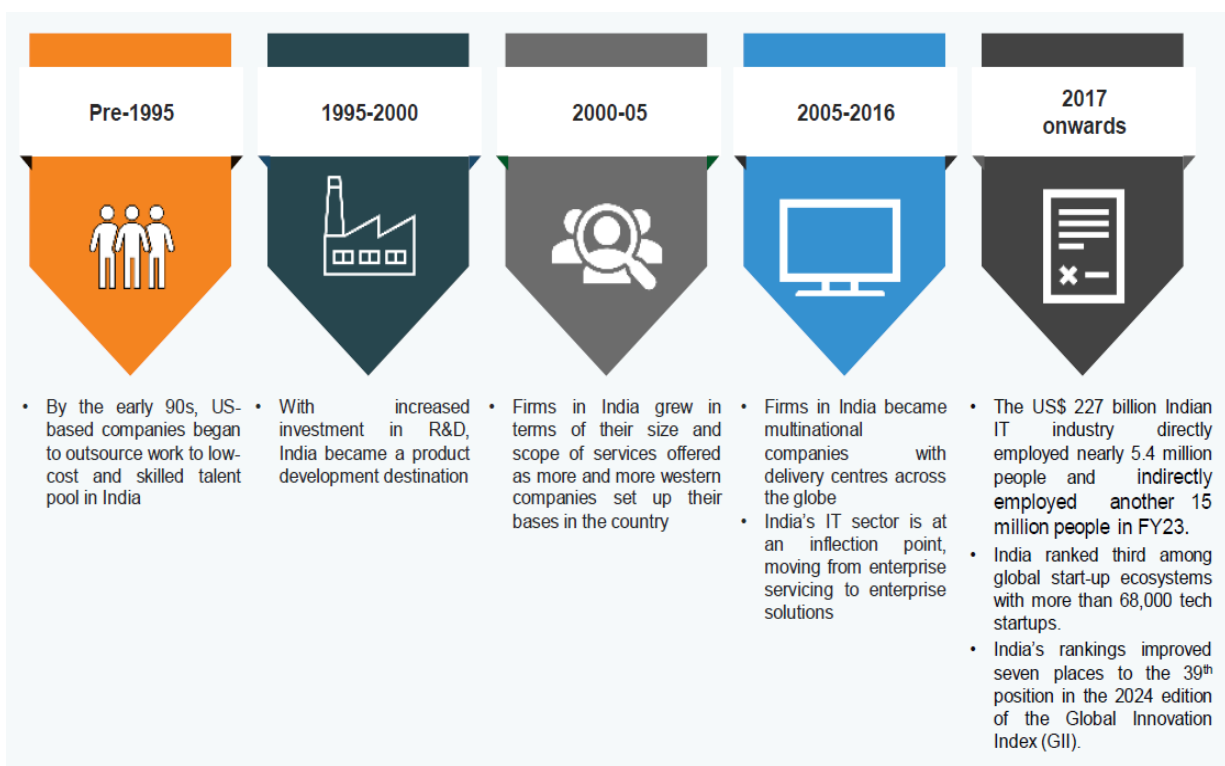
Road Ahead

India is the topmost offshoring destination for IT companies across the world. Having proven its capabilities in delivering both on-shore and off-shore services to global clients, emerging technologies now offer an entire new gamut of opportunities for top IT firms in India. The IT spending in India is estimated to record a double-digit growth of 11.1% in 2024, totaling US\$ 138.6 billion up from US\$ 124.7 billion last year.

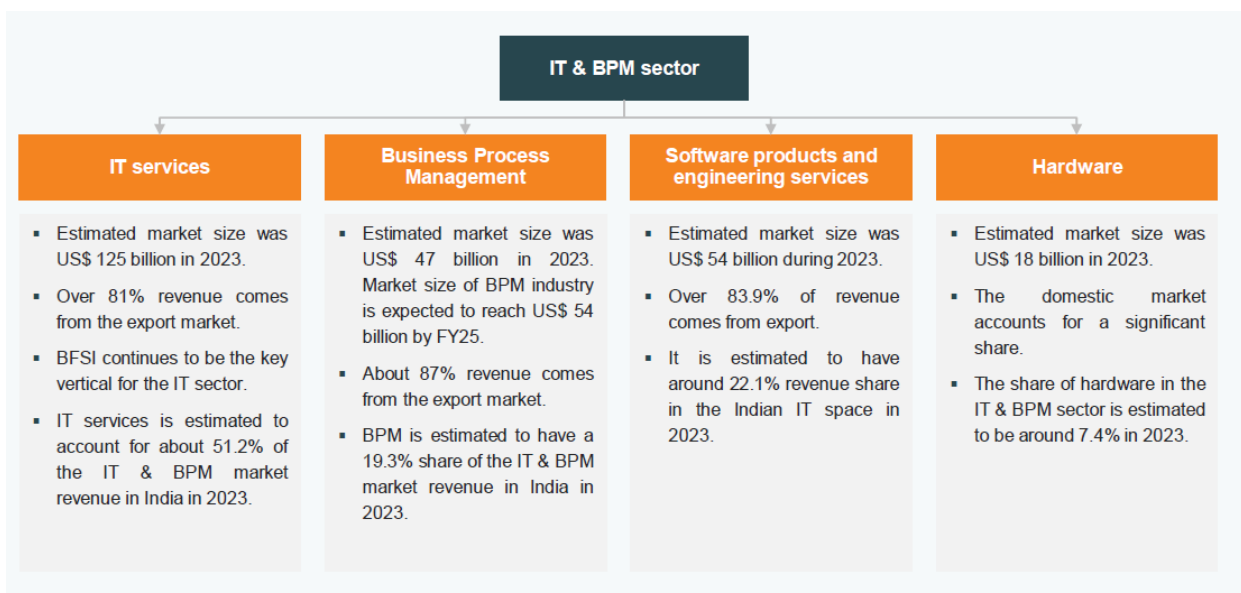
India's public cloud services market grew to US\$3.8 billion in the first half of 2023, expected to reach US\$ 17.8 billion by 2027. By 2026, widespread cloud utilization can provide employment opportunities to 14 million people and add US\$ 380 billion to India's GDP.

Source: <https://www.ibef.org/industry/information-technology-india>

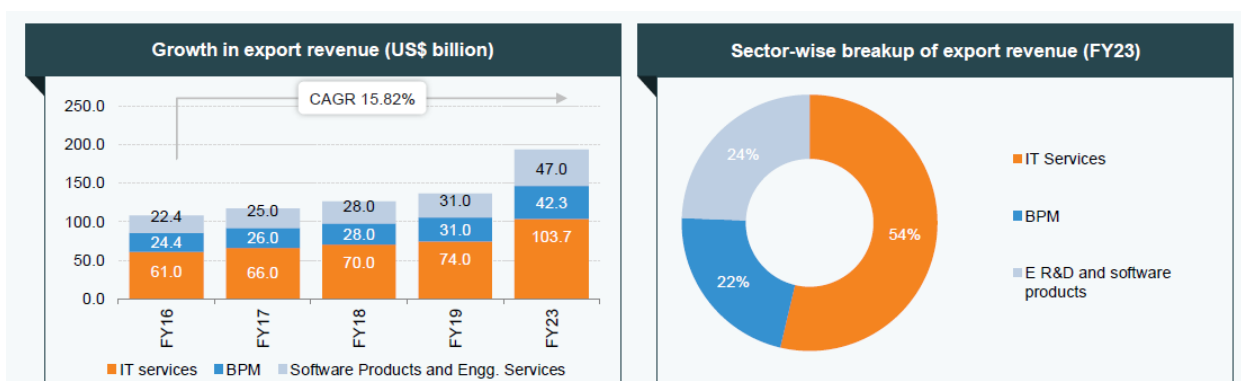
Evolution of Indian IT Sector



Segments of Indian IT Sector



Strong growth in IT & BPM exports



- India's IT exports are projected to reach Rs 17,95,920 crore (US\$ 210 billion) in FY 25 with the US market recovering, European demand weakening, and a 5-6% growth anticipated in FY 26 alongside the opportunities and challenges posed by generative AI.
- As an estimate, India's IT export revenue rose by 9 in constant currency terms to US\$ 194 billion in FY 23.
- Exports of IT services were the major contributor, accounting for more than 53 of total IT exports (including hardware).
- Hyderabad, known for its prominence in the IT sector, achieved exports worth Rs 2 68 lakh crore (US\$ 32.2 billion) in FY 24 with a workforce of 9.46 lakh employees This represents a YoY growth of 11.2%.
- BPM and engineering and R&D (ER& and software products exports accounted for 22% and 25% respectively of total IT exports during FY 23.
- According to STPI (Software Technology Park of India), software exports by the IT companies connected to it stood at Rs 1.20 lakh crore (US\$ 16.29 billion) in the first quarter of FY 22.

Notable Trends

Global delivery model

- Indian software product industry is expected to reach Rs. 8,62,000 crore (US\$ 100 billion) by 2025. Indian companies are focusing on investing internationally to expand their global footprint and enhance their global delivery centers.
- As of September 2024, TCS employs more than 23,000 people in the UK and Ireland, making it among the region's biggest IT employers.

India to become the data annotation and labelling hub

- The data annotation market in India stood at US\$ 250 million in FY20, of which the US market contributed almost 60% to the overall value. The market is expected to reach US\$ 7 billion by 2030 due to accelerated domestic demand for AI.

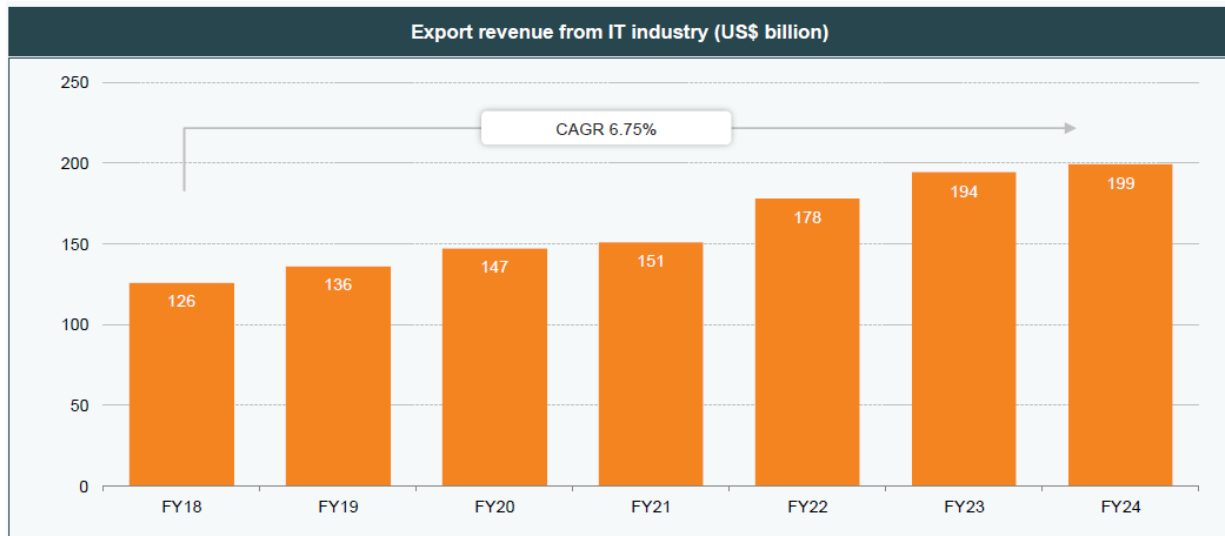
New technologies

- Disruptive technologies such as cloud computing, social media, and data analytics are offering new avenues of growth across verticals for IT companies In addition, emerging technologies like artificial intelligence, machine learning, blockchain, the Internet of Things (and robotic process automation are driving further innovation and creating additional opportunities for market expansion.
- In June 2022 ZStack International, a worldwide market leader in cloud computing, IaaS and PaaS solutions, announced that they were entering India and the SAARC Region.
- American Irish consumer credit reporting company Experian is planning a major expansion of its global innovation Center (in Hyderabad to about 4,000 employees over the next three to five years According to sources, GIC will concentrate on employing emerging technologies in the BFSI (financial services, and insurance) sector,

including cloud computing, big data analytics, artificial intelligence, and machine learning.

Exports to remain robust as global IT industry maintains growth

- As an estimate, India's IT export revenue rose by 3.3% YoY in constant currency to US\$ 199 billion in FY 24.
- Export revenue from the industry grew at a CAGR of 6.75% to US\$ 199 billion in FY 24 from US\$ 126 billion in FY 18



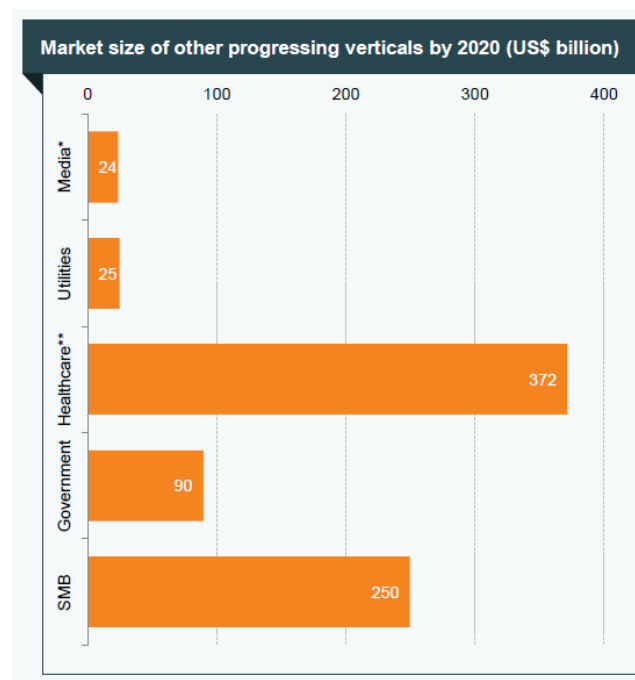
SEZs to drive IT sector; tier II cities emerge as new centers

- IT SEZs have been initiated with the aim to create zones that lead to infrastructural development, exports and employment.
- Over 50 cities already have the basic infrastructure and human resources to support the global sourcing and business services industry. Some cities are expected to emerge as regional hubs supporting domestic companies.
- Software Technology Parks of India (has set up 65 centers across the country to provide single window clearance and infrastructure facilities. STPI units can avail excise duty exemptions on procurement of indigenously manufactured goods. Notably 57 centers are in Tier II/III cities.

Parameters	STPI	SEZ
Term	▪ 10 years	▪ 15 years
Fiscal benefits	▪ 100% tax holiday on export profits ▪ Exemption from excise duties and customs	▪ 100% tax holiday on exports for first 5 years ▪ Exemption from excise duties and customs
Location and size restrictions	▪ No location constraints ▪ 23% STPI units in tier II and III cities	▪ Restricted to prescribed zones with a minimum area of 25 acres

Expansion of focus areas to aid future growth

- The Cabinet approved an allocation of over Rs 10,300 crore (US\$ 1.2 billion) for the IndiaAI Mission, marking a significant step towards bolstering India's AI ecosystem. This substantial financial infusion, slated over the next 5 years, is poised to catalyze various components of the IndiaAI Mission, including pivotal initiatives like the IndiaAI Compute Capacity, IndiaAI Innovation Centre (IndiaAI Datasets Platform, IndiaAI Application Development Initiative, IndiaAI FutureSkills IndiaAI Startup Financing, and Safe Trusted AI. A cornerstone of this effort is the IndiaAI Compute Capacity, envisioned to erect a cutting edge, scalable AI computing infrastructure by deploying over 10,000 Graphics Processing Units (through strategic public private collaborations).
 - India and France emphasized democratized AI access, ethical deployment, and cross border collaboration in AI governance at the AI Action Summit in Paris.
 - The government has approved the procurement of 19,000 GPUs to build AI data centers and foundational AI models, exceeding the initial target of 10,000 GPUs.
 - The government has also announced the establishment of five National Centers of Excellence for Skilling, focused on training professionals in AI, automation, and advanced IT technologies.
 - Technologies, such as telemedicine, health, remote monitoring solutions and clinical information systems, would continue to boost demand for IT services across the globe.
 - IT sophistication in the utilities segment and the need for standardization of the process is expected to drive demand.
 - Digitization of content and increased connectivity is leading to a rise in IT adoption by the media.
 - RBI is executing a plan to reduce online transaction costs to encourage digital banking in India.
 - Emerging geographies would drive the next phase of growth for IT firms in India.
 - AI and new age tech to increase India's annual growth rate by 1.3% by 2035.
 - Focus on building local credible presence, high degree of domain expertise at competitive costs and attaining operational excellence hold key to success in new geographies.
- Emphasis on export of IT services to current importers of other products and services.



Countries offering growth potential to IT firms

Country	IT spend	India's penetration	Key segments
Canada	US\$ 63 billion	~1.5%	Enterprise applications, cyber security, healthcare IT
Europe	US\$ 230 billion	<1.5%	IT sourcing, BPM, IS outsourcing, CAD
Japan	US\$ 235 billion	<1%	CRM, ERP, Salesforce automation, SI
Spain	US\$ 26 billion	<1.5%	IT sourcing, SI
Mexico	US\$ 29 billion	~4%	IT sourcing, BPM
Brazil	US\$ 47 billion	~2%	Low level application management, artificial intelligence, R D
China	US\$ 105 billion	<1%	Software outsourcing, R&D
Australia	US\$ 48 billion	~4%	Procurement outsourcing, infrastructure software and CAD

Source: <https://www.ibef.org/industry/information-technology-india> IT & BPM Industry Report

CY24 Global Trends- Stability makes a comeback

After the uncertainty that the world has witnessed over the past four years driven by a once-in-a-century pandemic, eruption of geopolitical conflicts, and extreme weather events that disrupted supply chains, and prompted governments to take unprecedented actions, 2024 began with signs of improved economic activity across major regions being better aligned to their potential.

This is reflected in the near-stable global GDP growth rate of 3.2% for CY24, down 10 bps from the 3.3% in CY23, but revised upwards from the 3.1% reported last year, despite delayed and lower quantum of rate cuts in major economies due to regional pockets of resilience, particularly a steady US, resurgent UK and Europe, and growing Middle East.

Discretionary spending continued to stay muted as most of the core spending sectors, including BFSI and healthcare grew much slower, while manufacturing, telecom, and retail de-grew. Semiconductor had the highest growth in CY24.

Global technology growth remains positive

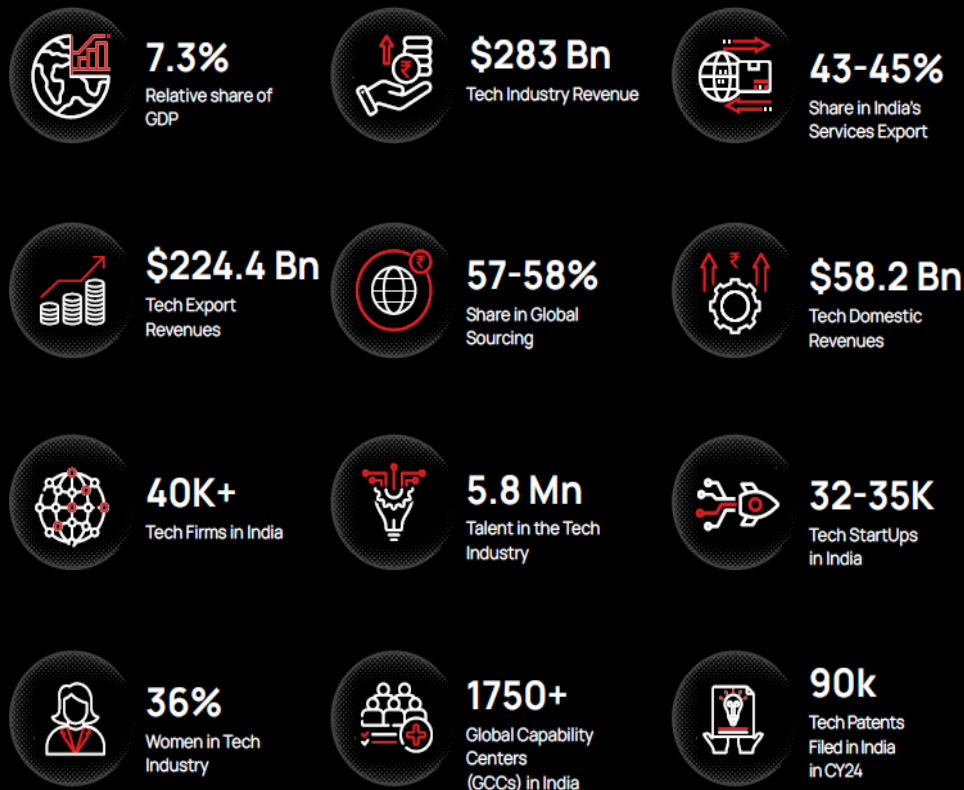
According to IDC, global technology industry witnessed significant growth with the global tech spending growing 10.8% primarily driven by strong hardware and software spending, while IT services growth remained flat at 4.7%.

According to ISG, global annual contract value (ACV) crossed the \$100 million mark reaching \$104.1 Bn growing 11.2% y-o-y, driven by increase in both managed services and As-a-Service ACV growing at 2% and 18% y-o-y respectively. According to Everest Group, global sourcing spend grew 3% in CY24 reaching \$289-294 Bn, with India accounting for 57-58% of the sourcing spend, continuing to be the most favored global sourcing location.

Indian Technology Industry Demonstrates Resilience

While FY24 emphasized on the industry's mettle to sail through a tough year, FY25 witnessed the industry strengthening its position as the global technology and innovation hub, reflected in higher revenue and hiring growth, growing share of GCCs, and increase in complex technology development.

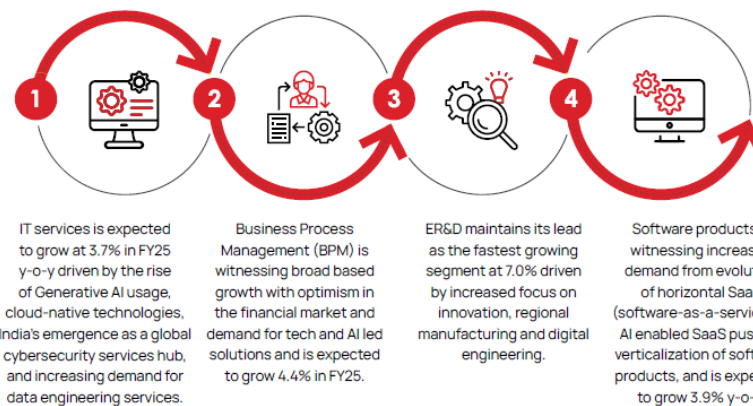
Technology Industry: FY25E Snapshot View



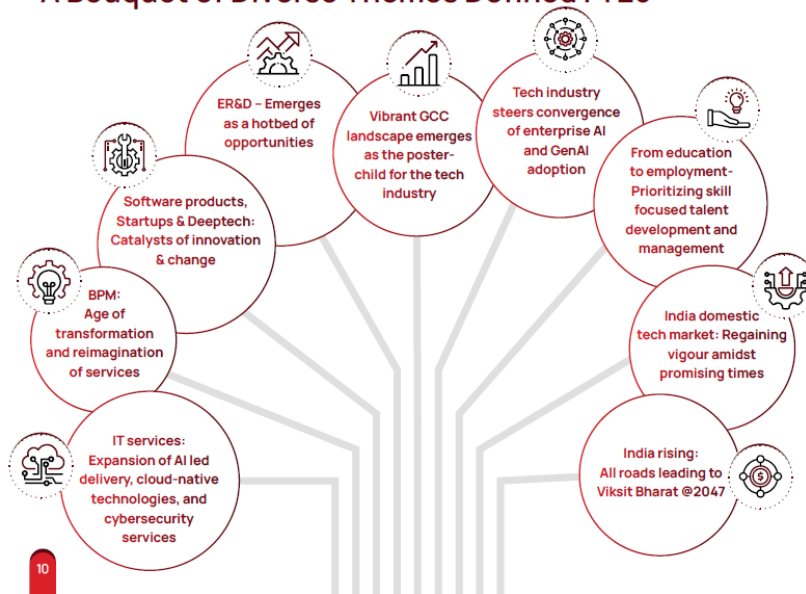
Despite uncertainties due to elections in several countries, the industry witnessed resilient growth in FY25 with revenue (including hardware) estimated to reach \$283 Bn (5.1% y-o-y growth), an addition of nearly \$14 Bn over last year. Exports at \$224 Bn is expected to grow 4.6% y-o-y, while the Domestic technology sector is expected to cross \$58.2 Bn, growing at 7.0% y-o-y.

With improving market conditions, the industry is expected to add 126K net employees this year, taking the total employee base to 5.8 Mn (2.2% y-o-y growth). Core markets USA and BFSI resurfaced as the key growth drivers with APAC, telecom, retail and healthcare emerging as the other key growth markets for the industry.

ER&D the Fastest Growing Export Segment for the Fourth Consecutive Year



A Bouquet of Diverse Themes Defined FY25



- Indian IT services was driven by expansion of AI-led delivery, cloud-native technologies, and cybersecurity services. The year highlighted growing adoption of these technologies, signaling a future where innovation and resilience are paramount in navigating the ever evolving and complex tech landscape.
- BPM witnessed transformation and reimagination of services as it drives innovation and adapts to the evolving client needs. GenAI became the top investment focus for organizations, amidst increased demand for customized BPM solutions across micro verticals including BFSI, healthcare, retail, and telecom.
- Software products and DeepTech remained catalysts for innovation and change. Software products ecosystem continues to play a pivotal role in driving transformative solutions across industries, while the technology startup ecosystem supports in addressing emerging challenges through cutting-edge technologies.
- ER&D remains the hotbed of opportunities emerging as the highest growth segment for the fourth consecutive year. This rapid growth is driven by increased focus across organizations towards outsourcing their research and engineering requirements as India transforms from a low-cost R&D destination to a global innovation hub.
- GCC emerged as the poster-child for tech industry with the number of new GCCs setup and expansions of existing GCCs witnessing accelerated growth. The segment underwent notable transformations characterized by growing mid-market GCCs, 'GCC as a Service' model and increased focus on skill development and innovation.
- AI strategy matured from self-led to partnership-led as majority clients seek PoC-to-production with simultaneous developments in both AI democratization and practical AI convergence. CY23 witnessed experimentations with LLMs for text-to-image models, open and closed-source models, first-pass prompts and hallucination-reducing techniques, with CY24 seeing a decisive shift toward practical use cases and vertical AI solutions. The year saw focus pivoting from raw capabilities to reliability, efficiency, and specificity led by improvements in model reasoning, factuality, and context management.
- Skill focused talent development and management remained a key focus with increased application of AI/GenAI in the tech sector further strengthening it across organizations. Professional skills and learning attitude gained prominence as top HR priorities, while 'Skills-First' emerged as the new approach for talent management. With this shift towards skilling academia also concentrated on redesigning curriculum in line with industry requirements to make the students' future ready.
- The domestic market maintained its vigour and grew faster than exports, second time in a row driven by the demand push from the government, enterprises and consumer segments with digital transformation and AI/GenAI emerging as the key focus areas of spending.
- India rising continued to be the dominant growth theme for the year with the country all set to fulfil the vision of a Viksit Bharat by 2047 which aims to transform the country into a developed and self- reliant nation by the

year 2047. This is also reflected in the improvements that the country has witnessed across economic development, employment statistics, global competitiveness, physical and digital infrastructure, sustainability and innovation and the overall tech ecosystem which includes the diverse landscape, cost competitiveness, robust tech talent pool and government policies and investment.

CY25: A Year of Possibilities & Technological Leaps

The start of a gradual demand revival backed by a limited soft recession, easing of monetary policies, and higher private capex for CY24, sets the foundation for the growth in CY25 with global GDP expected to increase 3.3%, 10 bps higher compared to CY24 with advanced economies taking the driver seat. However, the ongoing geopolitical conflicts, rising costs of ignoring climate action and exacerbating trade tensions due to protectionist policies could create disruptive growth shocks.

Nasscom Annual Enterprise CXO Survey 2025 indicates stronger growth momentum for CY25 with higher technology spend, particularly AI-led digital spend, enterprises are likely to invest in convergence of tech spend into high-impact use cases that could provide the foundation for the next five years of technological leaps. 82% of the CXOs expect to increase digital spend by 5%+ compared to CY24.

For technology providers, FY26 is expected to see greater technology spending with 77% of the providers in the Nasscom Annual Tech Services CXO Survey 2025 expecting a higher business growth compared to last year driven by growing foundational digital scope, emerging markets, and strategic AI-led demand. Hiring growth expectations are also modest with 45% of the providers expecting increased hiring compared to FY25. However, providers remain cautious of challenges emerging from AI-led services transformation, skills/labour shortage, cyber risks, and margin pressures. On the external side, macroeconomic and geopolitical upheavals and widening trade tariffs remain major challenges.

For the industry to focus beyond disruptions and become future-ready it is imperative to focus on the following:



Transformative Future Technologies Redefining a Digital-First World

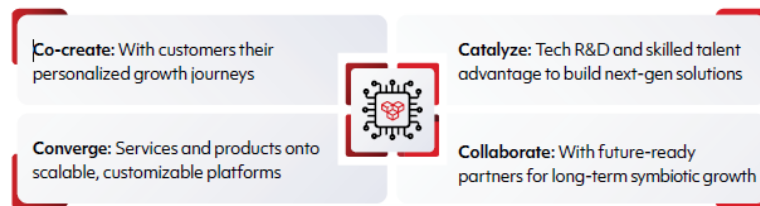
The emergence of GenAI has fuelled a global shift to digital native AI-first business models to -exploit the democratization of intelligence that this tech offers –from legacy companies trying a foot-in-the-digital door, to digital-natives spending on forward-looking tech. We have identified seven major technology domains and 20 key transformative technologies that could redefine the paradigm of a digital-first world over the next 4-5 years.

- **AI/ML** - Autonomous AI Agents, Multiagent AI systems, Edge AI, Disinformation Security, Autonomous Security, Business-to- Machine Models
- **Digital Twins** – Human Organs, Customer Experience, Digital Threads
- **Next- Generation Computing** – Quantum Computing, Spatial Computing,
- **Bio-Technology** - Intracellular Therapeutics, Synthetic Biology, 3D Bioprinting
- **Industrial Robotics** – Polyfunctional Robotics, Humanoid Robotics
- **Energy Security** – Distributed Energy Storage, Digital Grids

- **Autonomous Systems** - Neuromorphic Control Systems (Brain-Machine), Self-Driving Vehicles

4C's to Go Beyond Disruptions and Become Future-Ready Today

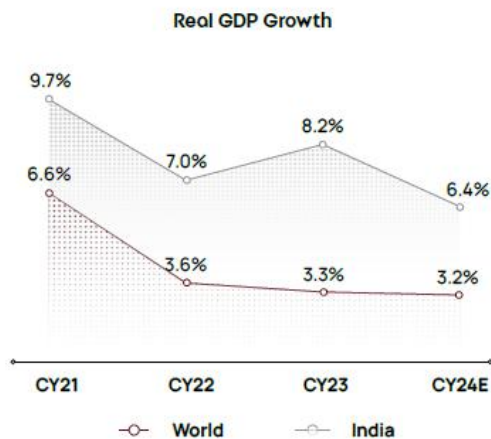
Indian tech industry is at yet another cusp of transformation where it is required to lead with a digital- first, but humancentric approach in a rapidly shape-shifting digital era. For the industry to go beyond disruptions, capitalise on the growth signals and become future-ready today, we recommend a set of '4C' strategic imperatives:



Global Macroeconomic Trends

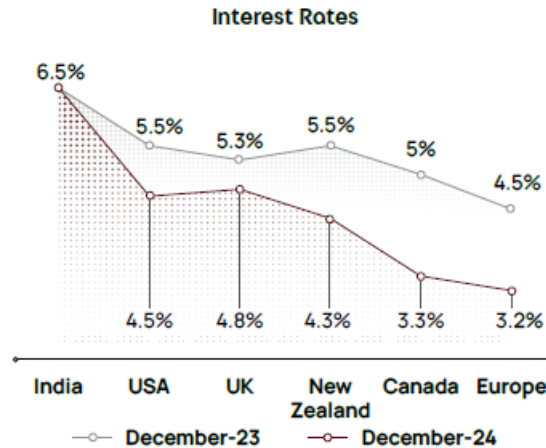
Stable real GDP growth

Late-n-less rate cuts fail to cause deceleration At 3.2%, CY24 is expected to close with near-stable global GDP growth rate, down 10 bps from the 3.3% in CY23 that was revised upwards from the 3.1% reported at this time last year.



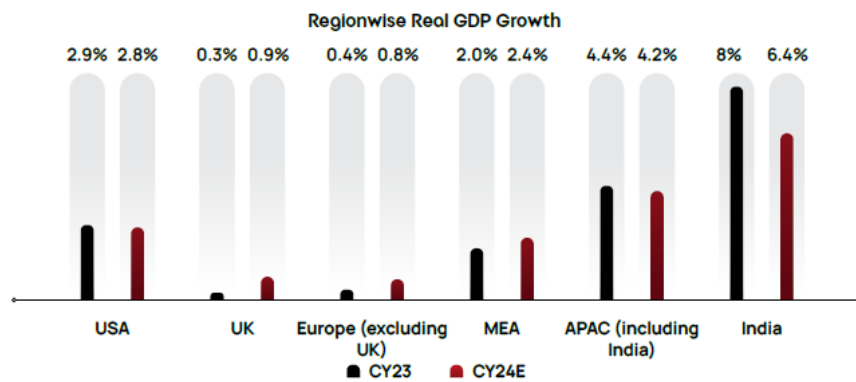
Late-n-less rate cuts fail to cause deceleration

27 of the 37 major economies' central banks cut rates in CY24 between 25-175 bps, below and behind expectations at the start of the year. Most regions saw persisting inflation and lower rate cuts, but did not expect steady growth.



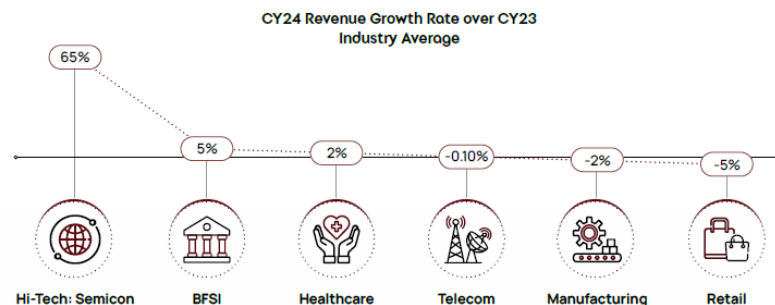
Growth seen in regional pockets

Private consumption in European markets, tight labor conditions in the US, combined with new market opportunities across MEA held CY24 growth steady. APAC declined slightly despite major downward adjustment to China and India GDP rates with ASEAN growing well.



Core sectors underperform

BFSI and healthcare grew relatively slower compared to CY23, while retail, manufacturing, and telecom de-grew in H1CY24, compared to H1CY23. Within manufacturing, automotive vertical saw significant decline affecting European demand, while semiconductor companies recorded 65% y-o-y growth.

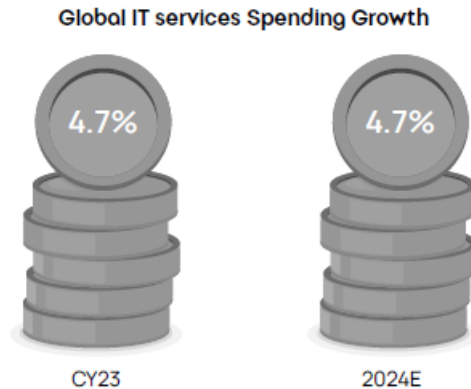


*This analysis includes top 10-15 global 500 companies within each sector
Source: Company Annual Reports, Economic Survey of India 2024-25, IMF, KPMG, OECD, Reuters, Regional Central Bank Websites, World Bank, Nasscom

CY24 Global Technology Trends

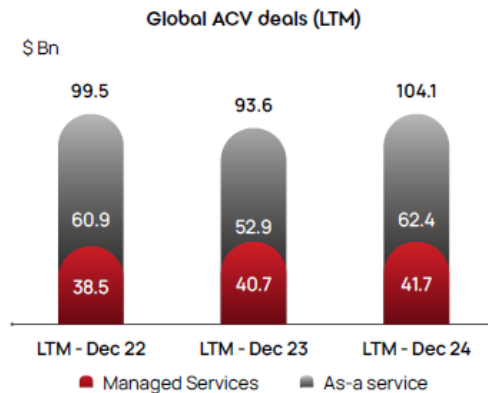
Global IT services spend growth flat at 4.7%

IT services spend worldwide growth stayed flat at 4.7%, same as CY23. However, overall techspend¹ grew by 10.8% y-o-y on the back of a 10% jump in hardware spending coming at 12.2% y-o-y growth and incremental growth in software spending at 13.8%, up 1.3% from CY23.



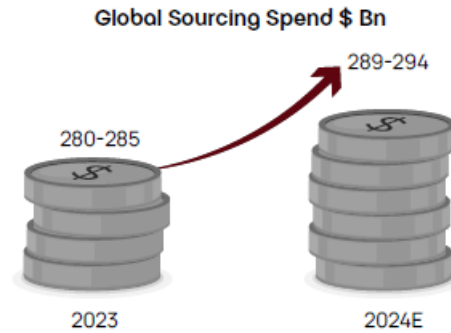
Global tech contracts grew by 11% in CY24

Global annual contract value (ACV) in CY24 grew 11.2% y-o-y to \$104.1 Bn, driven by increase in both managed services ACV of \$41.7 Bn at 2% y-o-y growth and As-a-Service ACV of \$62.4 Bn at 18% y-o-y increase.



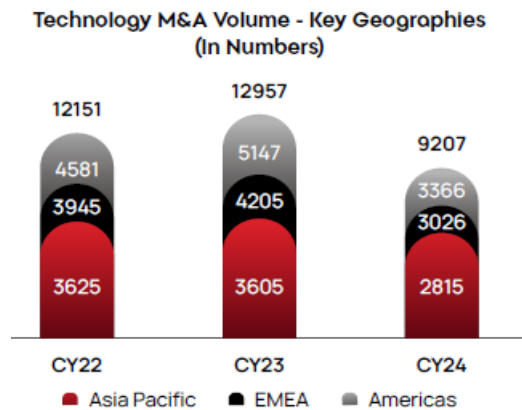
Global sourcing spend rises 3% in CY24

Global sourcing market is estimated to have grown ~3% in CY24, reaching \$289-294 Bn, from \$280-285 Bn in CY23. IT offshoring (ITO) market is estimated at \$168-170 Bn, growing at 1.8% while the business process outsourcing (BPO) market is estimated at \$122-124 Bn, a growth of 4.2% over CY23. India continues to be the most favored global sourcing destination.



Global tech M&A volume declined by ~29% in CY24

Global tech industry accounted for 20% by volume and 18% by value of total global M&A of \$655 Bn in CY24, dominated by the software product companies, and a stable M&A trend in APAC, amongst a sharp decline in Americas



Shift in imperatives for technology deployment in CY24

- Strength in developed markets of US, UK, and Europe, despite persistent inflation and lower-than-expected rate cuts, held growth in 2024 and resulting nondiscretionary tech spend. • Certain emerging markets, prominently Middle East and ASEAN countries, grew robustly, thereby creating opportunities for diversification of the current tech providers' portfolio.
- Growth varied within sectors, creating micro-verticals of concentrated high growth. For instance, while larger banking and insurance segments stayed flat or de-grew, financial services performed well. Providers with that exposure or ability to pivot benefited from the micro-vertical focused strategy.
- Tech services spending stayed at the same levels as in CY23, but not much lower against the uncertainties due to GenAI-led disruption. More as-a-service deals compensated and mega deals held steady at similar levels to CY23.
- AI-related deals saw an increase, and so did data services projects as organizations geared up to become AI-ready.
- Within as-a-service deals, enterprises increased investments in infrastructure-as-a-service to procure more compute and store for AI workloads, driving up cloud adoption.
- Greater tech and digital allocation also manifested in more IT and BPM outsourcing contracts being materialized. BPM managed services grew the most as BPM providers quickly pivoted to AI-enabled customer service and process transformation offerings.
- More global MNCs took to offshore insourcing of tech services by setting up global capability centers (GCCs) in locations with tech talent and cost advantages.
- India continued to be the most preferred global location for outsourcing and GCC establishments in CY24.

FY25E – Technology industry traverses the \$280 Bn mark

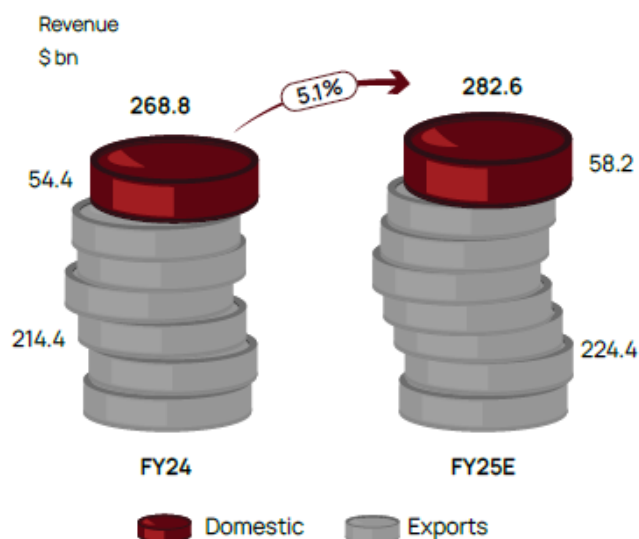
Changing structure of the Indian tech industry

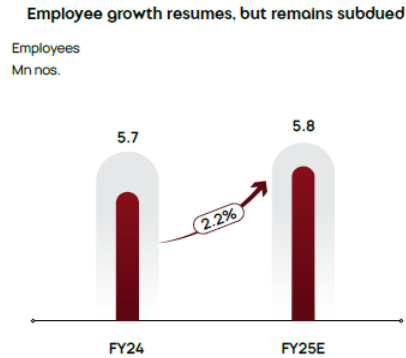
Indian tech sector is on its way to become the global technology and innovation hub, which is reflected in the increasing share of MNCs and GCCs which today account for nearly 50% of the total tech sector revenues in the country. Over the last five years the number of GCCs in the country have increased from 1285+ in FY19 to 1750+ GCCs in FY25 employing over 1.9 million professionals. India's innovation prowess is reflected in the fact that most of the MNCs and GCCs today house their largest engineering teams in India which are supporting the nextgen technology innovation. This maturity in capability is also reflected in India's technology revenue which is expected to grow 5.1% in FY25 - from \$268.8 Bn in FY24 to \$282.6 Bn (including IT services, BPM, Software products, ER&D, and Hardware).

Industry exports composition by type of companies
% Share



India's technology¹ revenues maintain growth

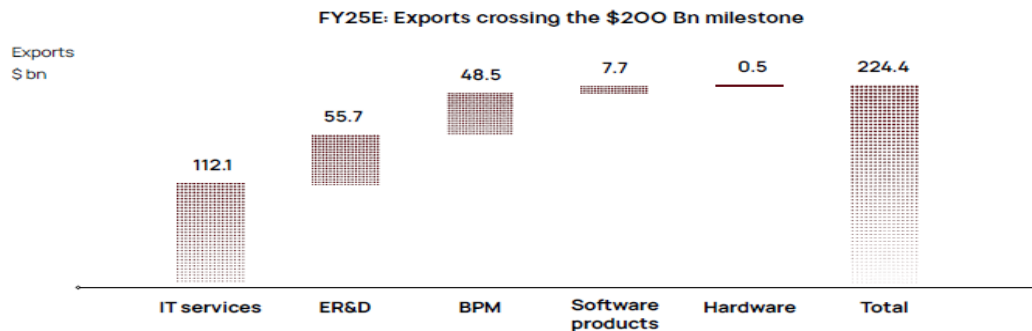




The direct employment in the industry is estimated to reach 5.8 Mn people, indicating a net addition of 126,000 people over FY24, 1.4x higher than last year's lowest ever addition.

Exports for the industry are expected to cross \$224 Bn (incl. hardware), an addition of \$10 Bn, growth of 4.6% over FY24.

All Export Segments Record Positive Growth Rates



IT services

3.7% growth; driven by the rise of Generative AI usage across the delivery cycle, cloud-native technologies accelerating time to market, India's emergence as a global cybersecurity services hub, and increase in demand for data engineering services.

BPM

4.4% growth; this segment witnessed broad based growth with optimism in the financial market and demand for tech and AI led solutions. Prior investments in developing specialized capabilities in data monetization, harnessing cloud-based AI and analytics, platform-based services and automation are now yielding results.

Software products

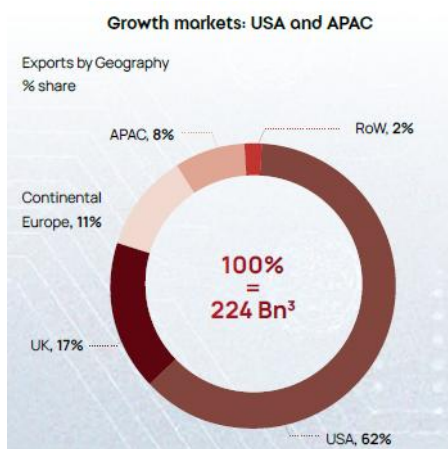
Growing at 3.9%; evolution of horizontal SaaS (software-as-a-service) to AI enabled SaaS is pushing verticalization of software products, in turn increasing the demand across industries.

ER&D

Fastest growing at 7%, as ER&D intensity across sectors continues, driven by the focus on innovation, emphasis on regional manufacturing coming from the China plus one approach and the concentration on digital engineering with the growth in AI. Domain wise transportation and sustainability led the growth for the segment.

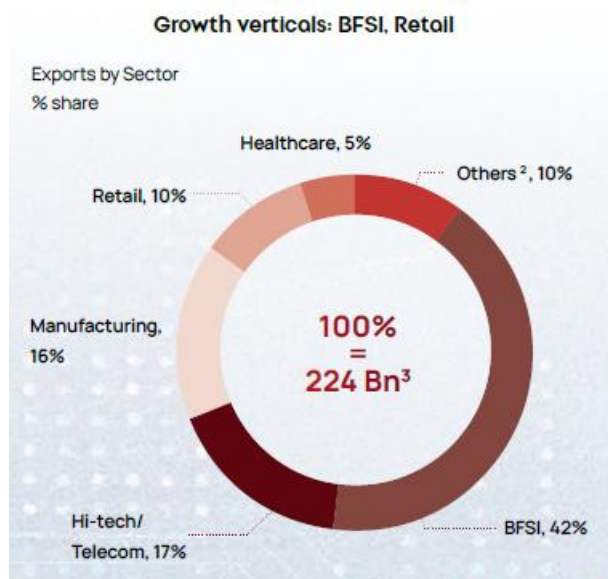
USA witnessed a resurgence in growth

USA, the largest market grew at 5.3%, demonstrating signs of recovery with increased client spending. Continental Europe, UK and APAC grew at 3.3%, 2.8% and 5.5%, respectively, driven by increased traction in the BFSI segment, while APAC continues to witness increasing investment in technology.



Growth Sectors – BFSI regains growth momentum

With global geopolitical tension easing out, clients are now shifting their focus from efficiency to high-priority transformation projects that were put on hold last year. BFSI, retail, healthcare and telecom emerged as the leading growth segment.

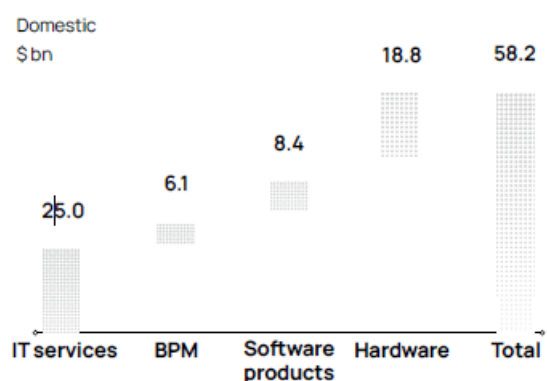


Domestic Segment - Continues to lead growth

FY25E: Domestic market continues to lead growth at 7%

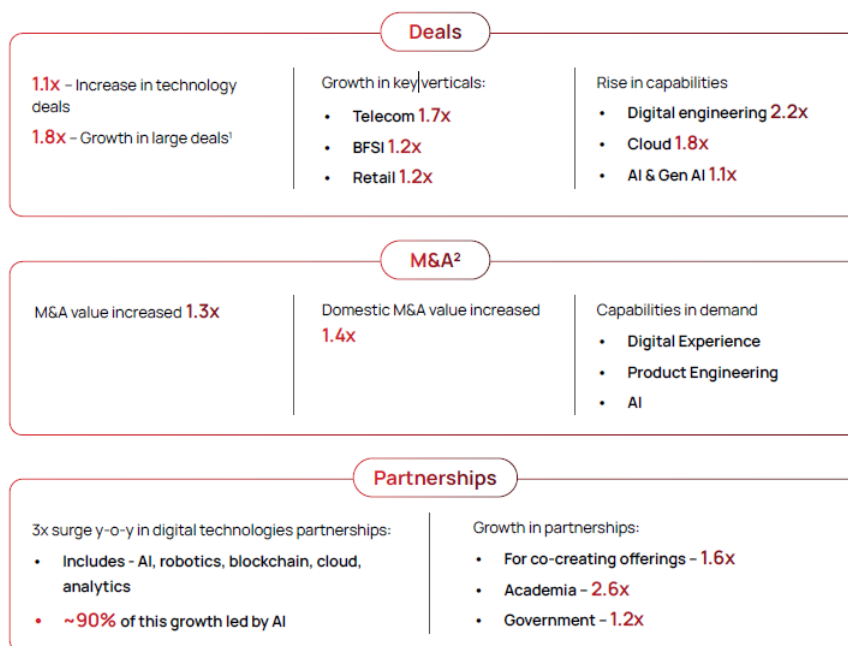
Domestic revenues is expected to register a growth of 7% in FY25, higher than exports for the second year in a row, reaching \$58.2 Bn.

Demand push both by the government and enterprises with a focus on AI/ GenAI, cloud, and cybersecurity emerged as a key driver for growth this year. Steady rise in digital consumers especially in the Tier 1 and 2 cities, played the lead role on the consumer side.



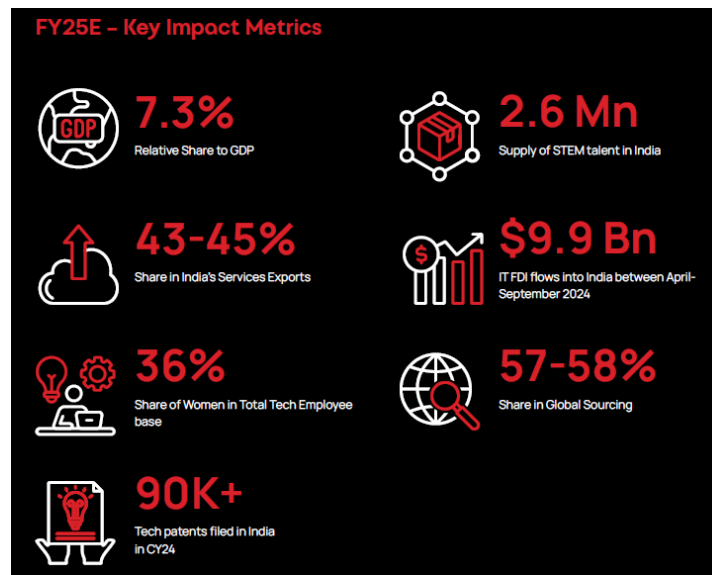
AI-led deals, M&A and partnerships remains a key growth strategy

Key highlights of technology deals, M&A and partnerships in CY24



Number of deals won by Indian tech companies increased 8% y-o-y for CY24, primarily driven by the increased uptake in North America, and improved momentum in Telecom, BFSI and Retail verticals, while the deal duration remained stable at 5-6 years. In CY24, technology M&A's value increased 25% y-o-y driven by increased focus on geographic & vertical expansion and strengthening capabilities.

Corporate alliances were led by building AI capabilities to enhance efficiency, customer experience and innovation; and to create transformative sector-wide co-offerings. Academic partnerships were primarily driven by advanced research and addressing skill demands in AI and other emerging technologies. Government partnerships focused on creating Centres of Excellence (COEs), improving digital infrastructure, and skilling initiatives.



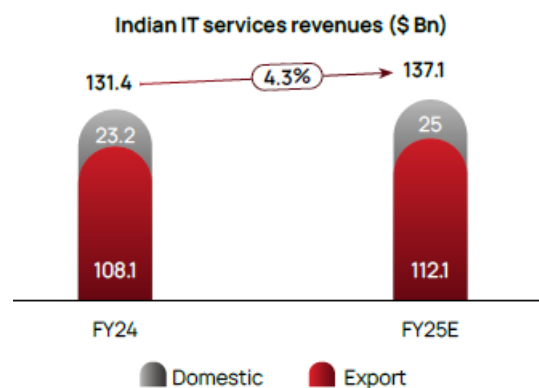
Themes That Defined FY25E

IT services: Expansion of AI led delivery, cloudnative technologies, and cybersecurity services

The convergence of AI advancements, cloud-native development, and intensified cybersecurity needs has driven the recovery for IT services in FY25. Organizations have responded to these trends by enhancing development and bolstering defenses against cyber threats. This year highlights the growing adoption of these technologies, signaling a future where innovation and resilience are paramount in navigating the ever evolving and complex tech landscape.

IT services exports growing at 3.7%; domestic at 7.5%

The Indian IT services revenue is expected to see a growth of 4.3% in FY25 compared to FY24, with exports accounting for 82% of the revenues. In the spotlight – FY25E Highlights.



- Dynamic mix of deals driving growth and consolidation, with cybersecurity and cloud services leading the way.
- AI/GenAI transforming the software development and delivery landscape, streamlining processes, and accelerating time to-market.
- Cloud-native technologies empowering rapid development and deployment of scalable, resilient applications by unlocking speed & efficiency.
- India emerging as a global hub for innovative cybersecurity solutions

Software products, Startups & Deeptech:

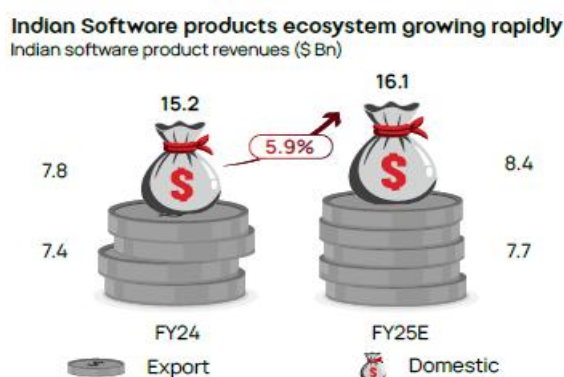
Catalysts of innovation and change

Innovation serves as the cornerstone of India's journey toward becoming a global technology leader, with the software products and technology startup ecosystems forming complementary pillars of this narrative. The software products ecosystem, encompassing IT services giants, tech-first enterprises, software product companies, and traditional businesses, has been instrumental in driving transformative solutions across industries. Meanwhile, the technology startup ecosystem – often overlapping with the software products space brings unparalleled agility and entrepreneurial creativity, addressing emerging challenges through cutting-edge technologies such as AI, SaaS, and DeepTech. Together, these ecosystems reflect India's multi-faceted approach to innovation, where established players scale solutions globally, and startups pioneer disruptive ideas.

Software products

India's journey towards becoming a software product hub

India's software products segment has grown into a strategic pillar of the country's digital economy with revenues accounting for \$16 Bn in FY25 up from \$15.2 Bn in FY24. The rise of affordable cloud computing, low-code development tools, and AI-driven platforms has enabled companies to deliver globally competitive products. Furthermore, the segment is redefining its role by catering to underserved markets and scaling solutions tailored to emerging economies. This transformation is being fuelled by an evolving funding landscape that prioritizes scalability and IP-rich solutions, highlighting India's ambition to become a global hub for software products.



In the spotlight – FY25E Highlights

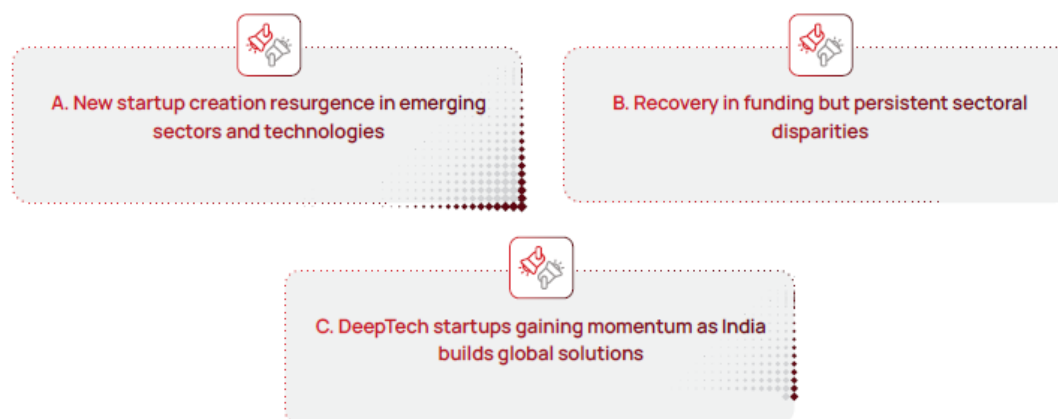


Startups

Indian technology startup landscape disrupting the status quo

India's technology startup ecosystem has emerged as a powerhouse of innovation and growth, making its mark not only in the domestic market but also on the global stage. With between 32k-35k active startups, more than 80 active unicorns, India is now the third-largest startup ecosystem globally. The country also boasts of the second largest Incubator/Accelerator (I/A) ecosystem in the world with the second highest I/A density (number of I/As per 1000 startups). Indian startups are now building for the world, with a significant share of the total revenue coming from international markets, particularly the US and Europe. Furthermore, India's reputation as a hub for affordable and scalable innovation has drawn attention from global investors, including sovereign wealth funds and corporate VCs. While tech startups have been addressing some of the most critical national imperatives, the rise of DeepTech startups, particularly in areas like AI, blockchain, and robotics, reflects the ecosystem's maturity and ambition to lead in high-impact and high-tech domains.

In the spotlight – FY25E Highlights



ER&D emerges as a hotbed of opportunities

For the fourth consecutive year, ER&D emerged as the highest growing segment within Indian tech industry

ER&D revenues from India's tech sector grew 7.1% in FY25 over FY24. This is the fourth consecutive year that the ER&D segment has grown above industry average, and its share of total revenues now stands at 21.1% as compared to 20.2% in FY21.

ER&D is growing rapidly, outpacing other segments as companies shift toward outsourcing to partner for their research and engineering requirements. Offshoring, both in terms of outsourcing and GCCs continue to grow propelled by a symbiotic connection between the traditional as well as new value levers shifting the discourse from cost efficiency, and cost arbitrage through low-cost R&D to driving global innovation strategies. With this, India is no longer just a low-cost centre but emerging as the global innovation hub.

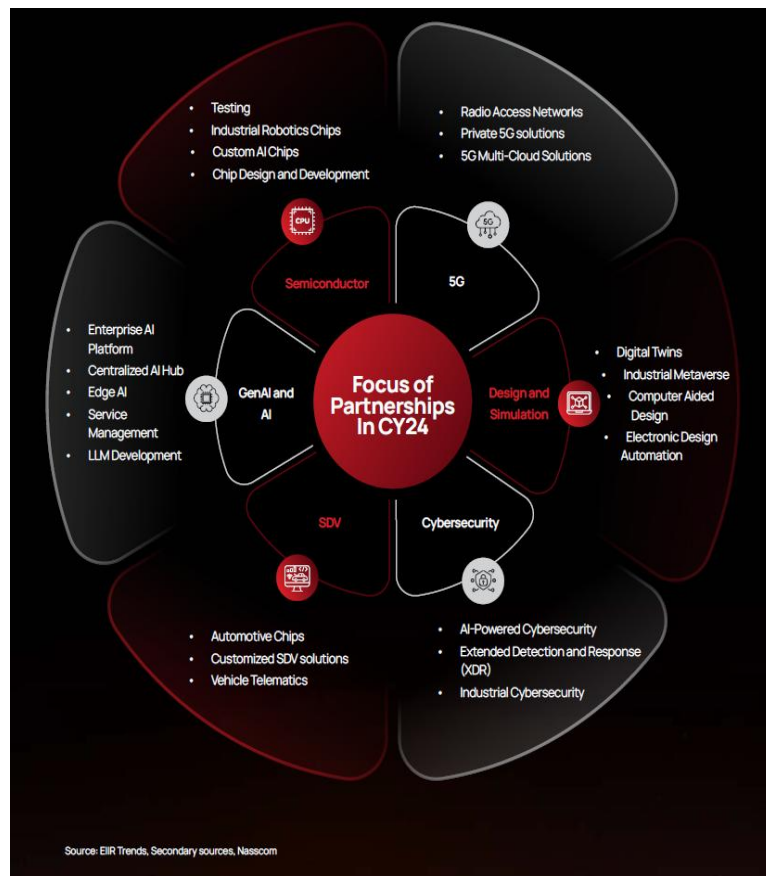


In the spotlight – FY25E Highlights

A. Large deals, M&As and enhanced digital engineering demand fuel India ER&D growth

B. Mega trends like AI, digitalization, and sustainability leading to emergence of new growth levers for India ER&D

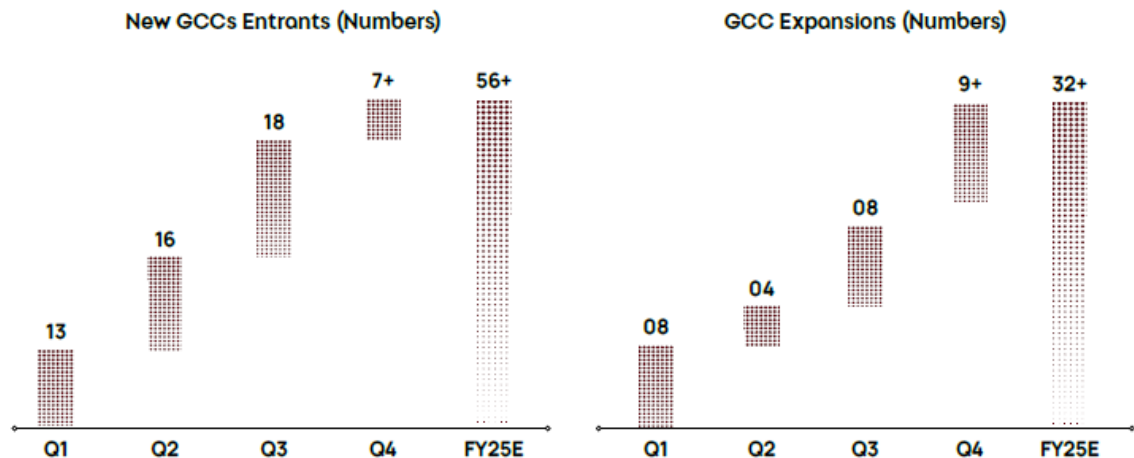
Non-traditional/ growth sectors gain prominence expanding the growth continuum of ER&D



Vibrant GCC landscape emerges as the poster-child for the tech industry

In 2024, GCCs in India continued its accelerated growth journey, underwent significant transformations characterized by a notable increase in employment, a strong emphasis on skill development, and the establishment of a supportive ecosystem for growth.

GCCs in India – Additions and expansions in FY25E



Note: The number of new GCC additions and expansions are illustrative and not comprehensive
Source: Zinnov, Nasscom

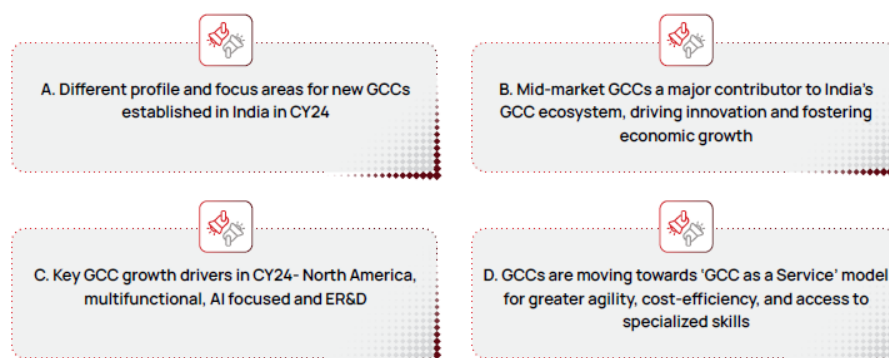
New and Expanding GCCs in India in CY24

Illustrative



Source: Zinnov, Nasscom

In the spotlight – FY25E Highlights



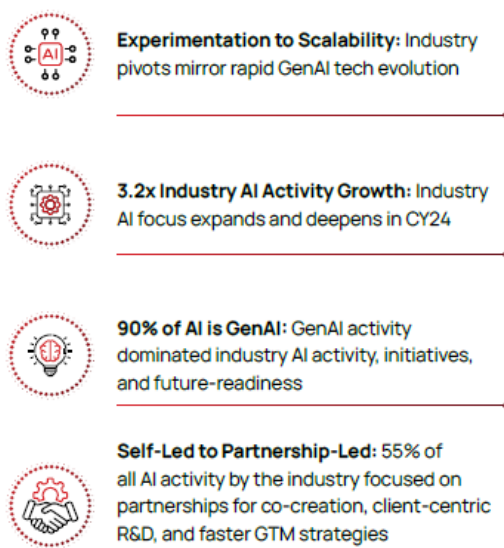
Tech industry steers convergence of enterprise AI and GenAI adoption

CY24 could be the distinguishing year for AI with simultaneous developments in both AI democratization and practical AI convergence. After experimentations in CY23 with LLMs to text-to-image models, open and closed-source models, first-pass prompts and hallucination-reducing techniques, CY24 witnessed a decisive shift toward pragmatic use cases and vertical AI solutions. Focus pivoted from raw capabilities to reliability, efficiency, and specificity led by improvements in model reasoning, factuality, and context management. Progress in RAGs and knowledge graphs improved contextual outputs, custom and industry-specific small models became mainstream, and tech providers started integrating AI, cloud, data, and GenAI onto scalable and highly customizable platforms in a strong PoC-to-production push.

Recently introduced and rapidly advancing agentic AI technology is set to transform the construct of both AI systems and AI-enabled systems even further. Through these rapid GenAI developments, overall relevance of AI and data engineering regained prominence. According to ISG's Index Insider global tech services contracts data for CY24, most large cost optimization contracts are beginning to report components of AI/GenAI and data engineering services embedded in them, with companies having allocated ~5% of their technology spend on AI initiatives, amounting to over \$15 Bn in deal value signed in CY24.

Yet, the technology is nascent, rapidly evolving, and unproven in RoI terms. Taking cognizance of the unfolding dynamism, the tech industry accentuated its pace of innovation, focused partnerships, and development of end-to-end PoC-cum-production grade AI and GenAI offerings in CY24.

Key growth themes from tech industry AI initiatives in CY24





Scalable, Integrated Platforms over Point Solutions: GenAI platforms increasingly integrate cloud, data, and traditional AI using flexible, future-ready architecture



Base to Advanced AI Skilling: Tech providers step-up skilling stakes covering broad-based pyramid skilling to advanced AI capability building initiatives



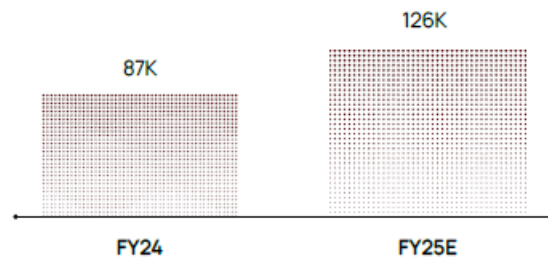
Preparing for Agentic AI: AI startups and tech providers re-purpose existing GenAI offerings for agentic AI integration

From education to employment- Prioritizing skill focused talent development and management

Tech industry hiring in FY25E grew ~1.5x over FY24 with all tech sub segments going back to colleges.

The year witnessed increased application of AI/Gen AI in the tech sector which in turn strengthened the emphasis on skilling across organisations. Academia concentrated on redesigning curriculum in line with industry requirements to make the students future ready. Professional skills and learning attitude gained prominence as top HR priorities, with 'Skills-First' emerging as the new model for talent management.

Tech incremental hiring grows ~1.5X



In the spotlight - FY25E Highlights



A. Skills and job landscape continues to evolve as AI takes center stage



B. 'Skills-First' - The emerging talent management model gaining prominence

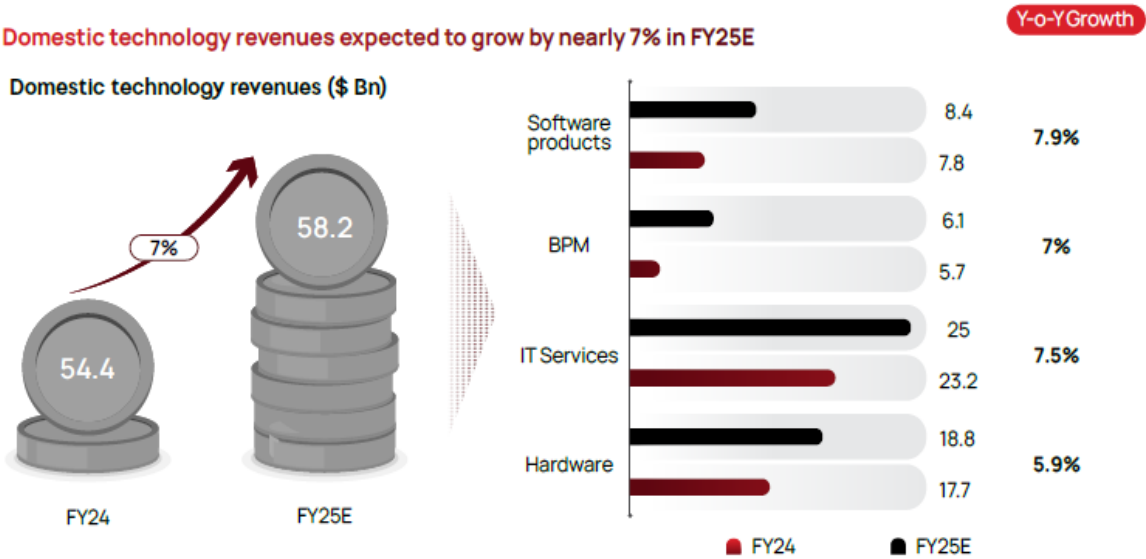


C. Academia realigning focus with evolving industry and market requirements

India Domestic Tech Market: Regaining vigour amidst promising times

The Indian domestic tech market maintained its growth momentum and grew faster than exports, second time in a row. The demand push provided by the government, enterprise and consumer segments powered a revenue of \$58.2 Bn and near 7% growth rate during the year.

Both on the government and enterprise front, digital transformation and AI/GenAI emerged as key focus areas of spending. Further, service providers’ focus on delivering India-centric solutions and heightened activity in the semiconductor and data centre domains opened a new avenue of opportunity driving optimism in the market. On the consumer-side, consistent onboarding of digital consumers especially in the tier I/II cities, declining rural urban digital divide, as well as a booming eCommerce segment, that witnessed a y-o-y growth of 35%, remained a key driver of growth.



IT Services

Growth driven by rising adoption of cloud implementation and app maintenance and management services. As per MarketsandMarkets in CY24, SMEs reported a higher (19%) growth in the managed services sub-segment, in comparison to large enterprises, which witnessed a growth of 16%. In terms of share, large enterprises accounted for 64% of the market, while SMEs accounted for 36%. Further, on-premise deployments accounted for 65%, while cloud accounted for 35% of the market.



BPM

Data annotation, data analytics, database administration, data creation for GenAI, outsourced recruitment services, telecom and BFSI verticals drove demand. Further, the rise of regional call centres enabled growth in tier II/III cities like Coimbatore, Chandigarh, Mysore, and Ahmedabad etc, which witnessed the fastest growth in the domestic BPM segment.



Software Products

Software products witnessed the fastest y-o-y growth at 7.9% driven by CRM, ERP and content management. More than 25% of growth was driven by the growth of hyperscalers, while the remaining demand came from heightened cloud adoption by government organizations, public sector enterprises and the BFSI vertical.



Hardware

Demand from the consumer and commercial segments enabled growth in the hardware segment. On the consumer side, rising adoption of PCs for gaming and content creation and increasing focus on AI features and tools in PCs remained key drivers. On the commercial front, enterprises slowly kickstarting their IT device refreshment cycles was the driving factor.

In the spotlight – FY25E Highlights



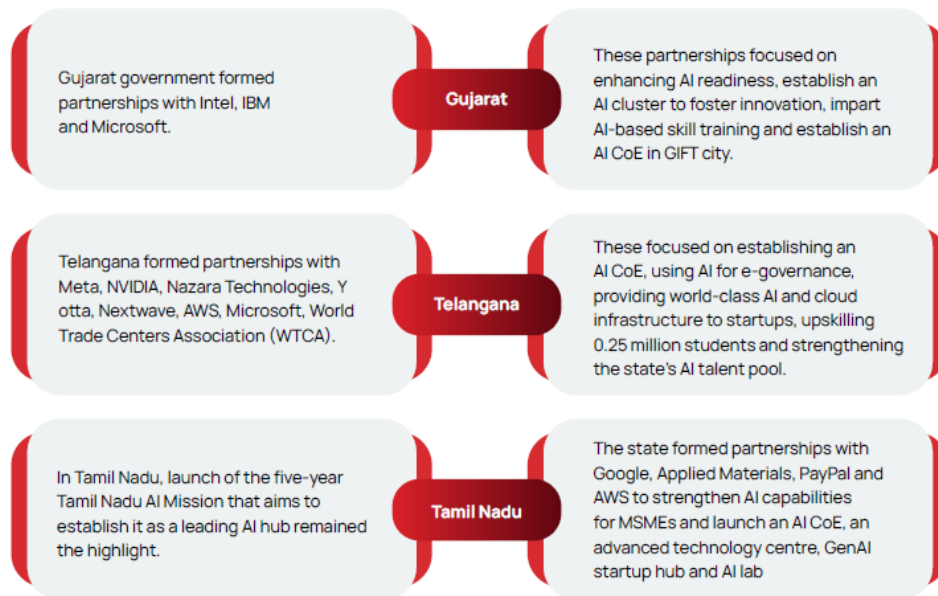
A. Hi-tech vertical outshines in enterprise tech spend, players line up to explore newer data centre and semicon opportunities



B. Government takes the lead in AI initiatives, powering new-age tech adoption and forming partnerships



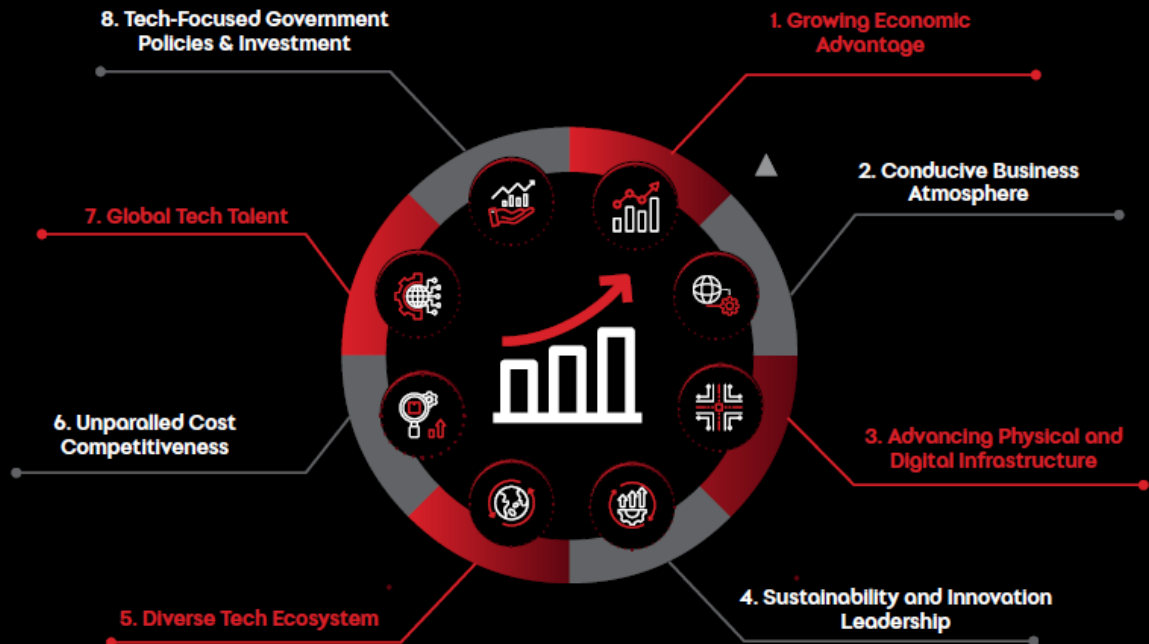
C. Tech interventions drive digitalization in consumer-focused verticals, eCommerce and 'Quick' commerce





India Rising: All roads leading to Viksit Bharat @2047

As the stage is set to fulfil the vision of a Viksit Bharat by 2047 introduced by the Government of India aiming to transform the country into a developed and self-reliant nation by the year 2047, marking the centenary of India's Independence, here are the pillars empowering this dream to reality.



Diverse Tech Ecosystem



Dynamic Tech Industry Landscape

- In 2024, India's large and diverse tech ecosystem stands strong, encompassing Global Capability Centers (GCCs), tech startups, SMEs, and technology firms, making it a key player in the global technology landscape.



Powerhouse of Innovation & Growth

- India's tech ecosystem in 2024 reflects a spirit of innovation, with a sharp increase in patents, thriving DeepTech startups, a robust unicorn pipeline, and significant growth in GenAI startups.



75 Mn+

SMEs



240+

GenAI Startups



40,000+

Technology Firms



4000+

Number of DeepTech Startups



32k-35k +

Tech Startups



400K+

Tech patents filed in India between January 2010 to January 2025



1750 +

GCCs



82

Active Unicorns

Global Tech Talent Leader



Large and Skilled Workforce

- With a robust technology talent pool, India is recognized as a world leader in terms of skilled professionals.



Global Impact

- Indian-origin leaders have revolutionized global corporations, showcasing their transformative leadership.



5.79 Mn

Tech Industry workforces in FY25E



\$ 4.3 Tn

Market cap addition in Indian-led 5 top tech companies¹ between 2018 and 2024



#1

Leads in Global AI Skill Penetration Index in 2024



90

Indians in the list of US unicorns' immigrant founders



2.6 Mn

Largest number of STEM graduates



72%

Indians have the biggest share of skilled visas in US in FY23 (Oct 2022–Sept 2023)



17 Mn

2nd largest Developer community on GitHub

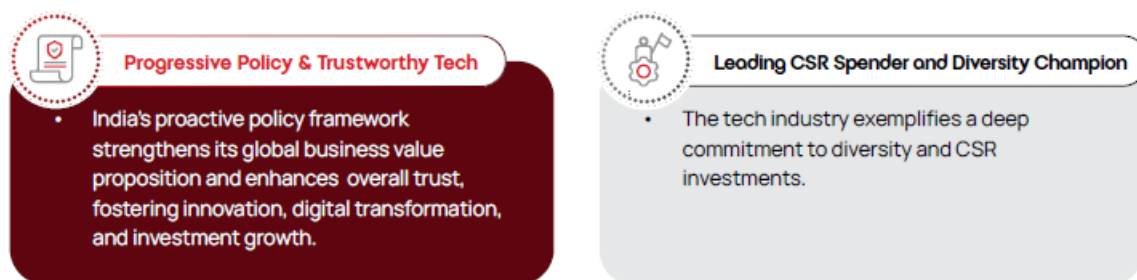


6500

Indians having global roles and global portfolios in FY24

¹ Companies include Adobe, Alphabet, Mastercard, Microsoft, Palo Alto networks
 Source: Ilya A. Strebulaev - Stanford Graduate School of Business, US State Department, Zinnov, Nasscom

Tech-Focused Government Policies & Investment



Global Economic Growth Outlook for CY25

I. Stabilizing real GDP growth rate

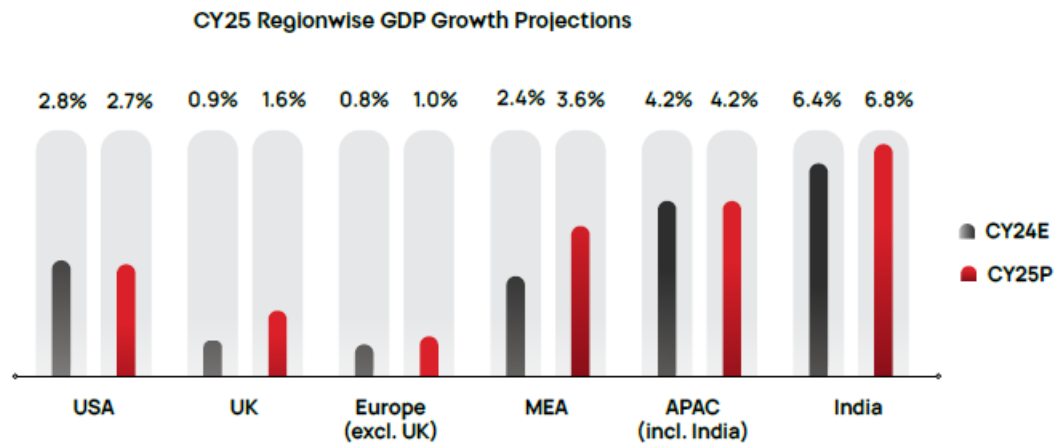
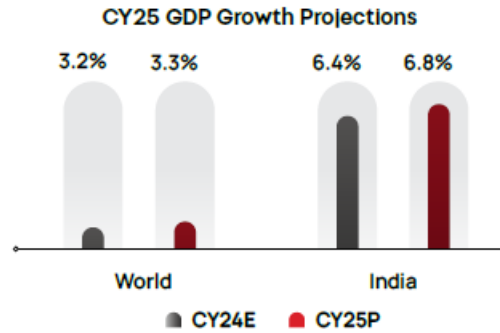
At 3.3%, CY25 global GDP is expected to stay within the post-COVID range of 3-3.5% growth rate, up 10 bps from the 3.2% in CY24, and just a tad lower than the 2015-2019 average of 3.4%. India is expected to grow between 6.3% to 6.8% as per the Economic Survey of India 2025.

II. Advanced economies to drive growth

US growth forecast resilient at 2.7% despite higher for-longer interest rates due to rare wage rate vs. labor participation balance coupled with pro-America policy tailwinds. UK expects faster interest rate cuts and private and public spending boost from earnings/ tax collections.

Germany's return to positive could drive up manufacturing-led growth in Europe, although stricter regulations could start hurting innovation-led growth advantage for the region.

In EMDEs, relative slowdown is expected due to BRICS, except a stable India and growing South Africa. China's further growth decline is likely to create positive momentum for other ASEAN nations. MEA is likely to grow by 1.5x based on its renewed oil+ strategy.



III. Core sectors set for revival

Easing fiscal stances will likely boost BFSI and retail, while major public spending in a bid to boost local industry will revive manufacturing. Countries with aging demographics are planning investments in healthcare delivery and R&D.

In CY25, enterprises and governments are expecting better demand revival than CY24 and growth stabilizing within the 3-3.3% range. Supportive factors include continued easing of monetary policy with disinflation, robust growth in advanced economies, and strong tech push to reverse productivity declines due to aging populations. Yet, ongoing geopolitical conflicts, exacerbating trade tensions due to accentuated protectionist policies, and rising costs of ignoring climate action, could create disruptive growth shocks.

Major global tailwinds in CY25

Continued US resilience



US GDP's upward revision by 50 bps to 2.7% for CY25, likely based on consumption increase due to robust labour markets, accelerating investments creating strong wealth effects, and a growth trajectory agnostic of smaller misses in disinflation and rate cuts, offers strong global growth support.

Global efforts towards disinflation and rate cuts



Analysts expect ECB to effect sub-2% interest rates, UK to reduce by 100 bps, while eagerly awaiting more US rate cuts than the two announced for CY25. Emerging markets may have sticky inflation for longer and hence a gradual interest rate reduction. Collectively global consumer price index is expected to decline to 4.2% from 5.7%.

Higher growth in UK, Europe, MEA, and India



UK economy likely to grow from 0.9% in CY24 to 1.6% in CY25, powered by public investment and private consumption from better incomes and rate cuts. Germany returning to positive growth, from -0.2% to 0.3%, likely to trigger manufacturing upcycle in the region. MEA's growth offers new market opportunities, while a stable India is expected to offset weaker China growth in APAC with a 6.8% growth rate.

Efficiency-focused measures to prevent growth divergence



In a bid to prevent growth divergence from better performing peers, some countries may undertake efforts to increase labour supply, reduce misallocation, enhance competition, and support innovation, thereby improving long-term sustainability of growth.

Revival of core sectors



Hi-Tech, BFSI, healthcare, particularly biotech, pockets of manufacturing, and trade, transport, and logistics are expected to drive growth, while auto, telecom, and alternative energy sectors may continue to see challenges.

AI-led acceleration of technology convergence



With AI becoming the foundation of next-age digital and competitive advantage, the fight for dominance will benefit through greater and more integrated use cases of AI for solving intractable societal and global challenges and deliver productivity improvements at speed and scale.

Source: IMF, Institute and Faculty of Actuaries (IFoA), World Economic Forum, Nasscom

Major global growth headwinds in CY25

Heightened policy uncertainty



With newly elected governments across the globe, a threat of intense protectionist policies looms. This could take the form of a new wave of tariffs, exacerbate trade tensions, lower investment, reduce market efficiency, distort trade flows, and disrupt supply chains.

Rising government debt



Globally, rising government debt poses as a challenge with debt levels rising from \$59.7 trillion in 2015 to \$102 trillion in CY2024. Managing rising debt will particularly be a challenge in developing as well as low-income countries given their limited fiscal space and need to maintain expenditure on programs supporting the most vulnerable.

Exacerbated climate risks



Extreme weather events and rising climate change risks might dampen growth prospects in CY25. As per Institute and Faculty of Actuaries (IFoA) and the University of Exeter, climate change has the potential to cause a 50 per cent loss of global GDP.

Regulation-driven growth stagnation in Euro area and slowing China



Overly rigorous regulations stand to limit Euro area's ability to leap in technological R&D and innovation, resulting in broad-based growth declines, in addition to the cost of supporting/rebuilding Ukraine, and securing the energy futures amidst tepid climate financing sentiment. China too is expected to witness tepid growth due to passive consumption demand and real estate weakness.

Elevated tensions in regional pockets



Elevated geopolitical tensions in regions like the Middle East along with bouts of political instability in some Asian and European countries are expected to pose risks of rattled markets, heightened global trade frictions and additional uncertainty regarding fiscal and structural policies.

Unfavourable demographics



Aging population, declining fertility rates and the resulting shift in labour supply, particularly in advanced economies and China is likely to slow down GDP per capita growth. In super-ageing societies such as Japan, South Korea, Italy or Germany, these risks could heighten and create irreversible slowdown.

Source: IMF, Institute and Faculty of Actuaries (IFoA), World Economic Forum, Nasscom

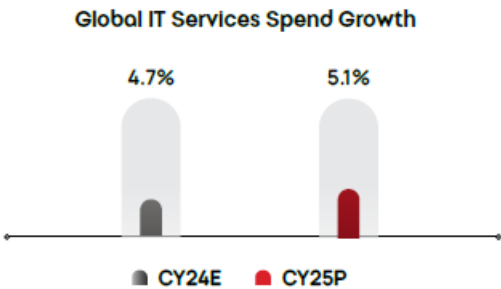
Enterprise Technology Spend Outlook for CY25

With higher technology spend, particularly AI-led digital spend, enterprises are likely to invest in convergence of tech spend into high-impact use cases that could provide the foundation for the next five years of technological leaps, through 2030. In nasscom's Annual Enterprise CXO Survey 2025, 500 global CXOs indicate a stronger CY25 in terms of demand, growth, tech spend, and digital focus. Major trends are:

I. 5.1% Global IT services spend growth in CY25

IDC's January 2025 global tech spending forecast reveals a likely 5.1% growth rate in IT services spending in CY25. Significant impetus from data and cloud spending may continue while core AI spending is expected to gain with

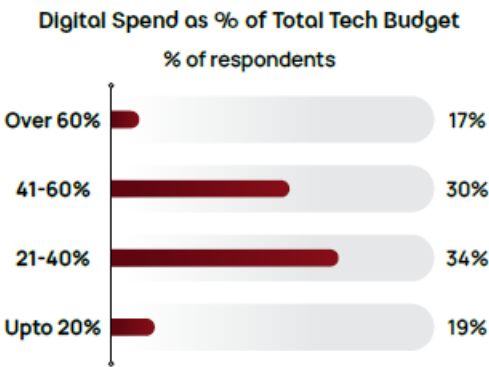
emerging clarity on vertical and cross-functional use cases. Spend on software is expected to stay flat at around 13.5% while hardware is expected to decline to 7.8% growth, after a strong CY24.



II. Higher-range digital spending to rise

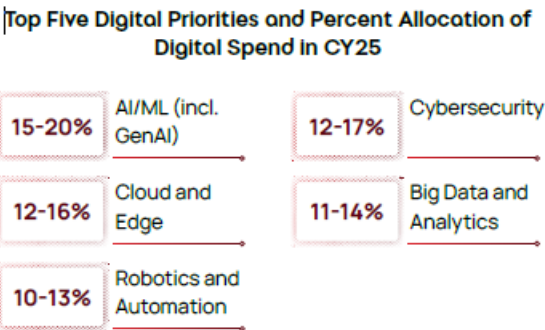
70% CXOs expect an increase of 5% or more In their CY25 tech budgets with another 15% suggesting no change from CY24.

82% of the CXOs expect to increase digital spend by 5% or more from the CY24 levels, spending at least 20% of the tech budget on digital, with a significant 10 pp increase in the category spending 40-60%.



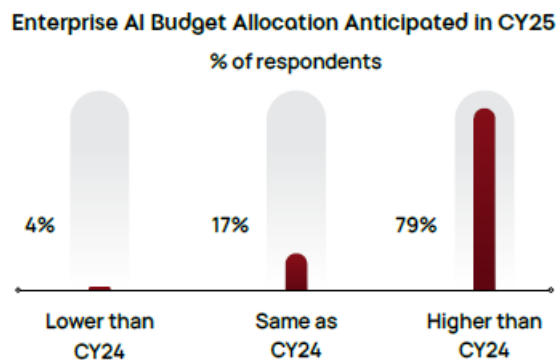
III. Top five areas to account for 60-80%

AI/ML (including GenAI), cybersecurity, cloud and edge, big data and analytics, and robotics and automation, account for 60-80% of the digital spend basket. AI/ML spending is expected to grow by ~30% y-o-y, with ~80% of the companies planning to increase their AI spend, including GenAI, and another 17% intending to retain CY24 allocations. Companies plan to decrease spend on networking tech from CY24.



IV. AI expected to invite higher allocation

79% of the CXOs have indicated increasing AI allocation as part of their digital budgets in CY25, clearly indicating the primary technology spend focus for the year. Several enterprises also plan to hire specialist AI roles to boost internal capabilities, such as Chief AI officers, AI model trainers, AI ethics officers and AI reinforcement experts.



V. Tech outsourcing strong with India leading

Over 75% of the CXOs prefer outsourcing digital services, with India retaining top position in location of preference globally.

Top Five Preferred Outsourcing Destinations

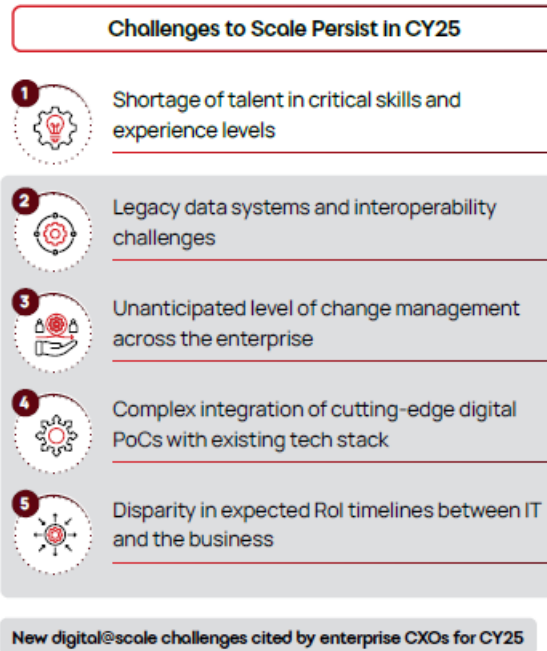


VI. Headwinds to scale digital more internal-facing, adaptability-driven

Majority CXOs concur that lack of operational flexibility to adapt is going to be the biggest hindrance to scaling up digital in CY25. When compared with their responses in CY24, challenges were more stakeholder-centric, such as building competitive differentiation, dealing with new market dynamics and ESG compliance.

Concerns about lack of right mix of domain and tech expertise exacerbated by the fast-evolving AI technologies is a major concern, same as last year. CXOs are also concerned about interoperability between coexisting legacy, modernized, and more-recently acquired, AI-centric tech stack components to deliver an integrated, seamless technology portfolio. This creates major change management challenges.

Due to these concerns, RoI from ongoing digital initiatives prove elusive and could impact future tech investments.

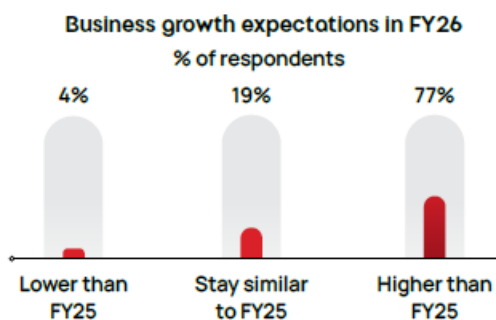


Technology Sector Growth Outlook for FY26

FY26 is expected to see greater technology spend, levels that were anticipated at the start of FY25. In nasscom's Annual Tech Services CXO Survey 2025, across 100+ tech service providers comprising IT services, BPM, ER&D, and software product companies, tech providers reveal their optimism toward better client demand, AI spend, and growth prospects.

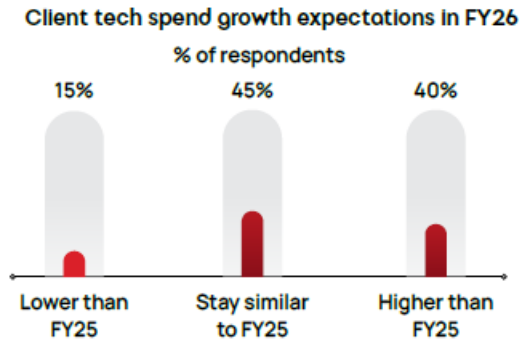
I. Business growth expectations rise for FY26

77% of the providers expect an increase in business growth in FY26. Growth is expected from growing foundational digital scope, emerging markets, and strategic AI-led demand.



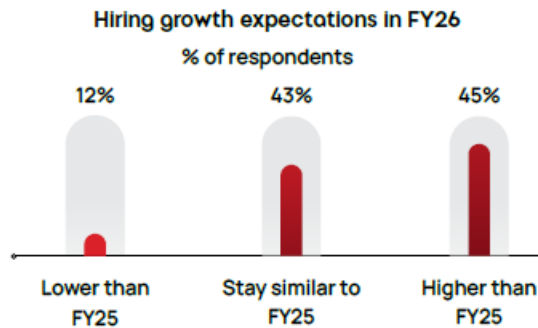
II. Although enterprise (client) tech budget expectations are moderated for FY26

In FY26, providers have expressed a more cautious view of client tech budget increase. Only 40% expect an increase, while another 45% expect levels similar to last year.



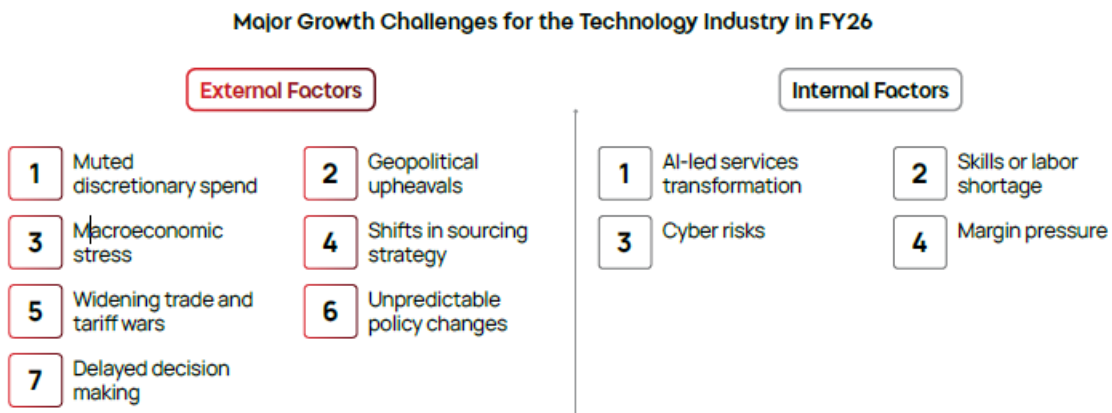
III. Hiring expectations to be modest in FY26

45% of the providers expect hiring to exceed FY25 levels, most likely at fresher levels where higher intake for further upskilling into AI-related roles may be seen. Data and cloud-related job roles may increase as more demand comes. Providers are also expecting to invest in new specialist roles to manage AI adoption, such as AI model validation or reinforcement trainers.



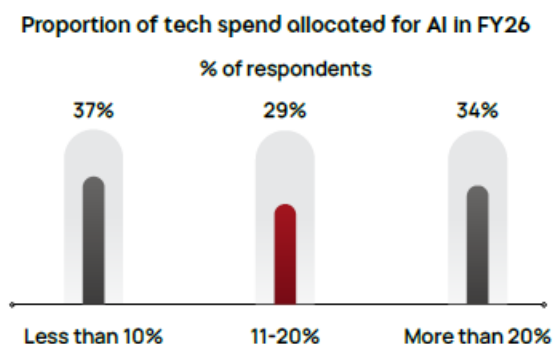
IV. Industry expects multiple factors to affect client tech spending in FY26

In FY26, the industry anticipates AI-led services transformation to be the primary source of disruption, followed by macro factors of muted discretionary spend and geopolitical upheavals. Providers anticipate multi-directional headwinds and will likely work to be flexible and responsive to address both external and internal challenges.



V. AI spending is expected to increase, albeit gradually

Providers are uniformly distributed across levels of AI spending indicating that while it may take time get to higher allocations, that the spread of intent and actual spend is broadening across the client base. More clients are expected to decisively move PoCs to production in FY26.



VI. Industry is expected to focus on specific strategies to capture growth tailwinds

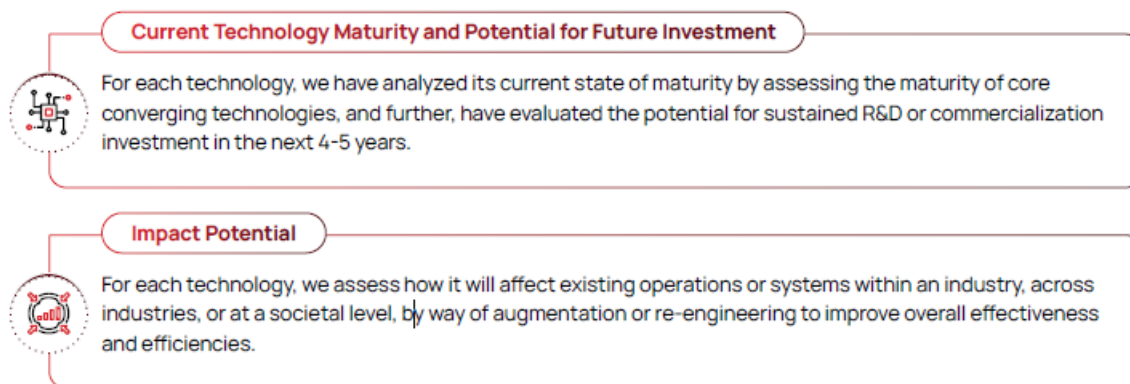
Majority of the industry leaders highlight the need for somewhat diversified strategies for core and emerging markets, balance of portfolio across fixed cost and outcome-based deals, aggressive process rationalization and effective use of GenAI productivity tools, a strategic approach to partnerships for niche opportunities to allrounded growth, and extensive expertise development across the talent base.



Transformative Technology Trends – A 2025-2030 Perspective

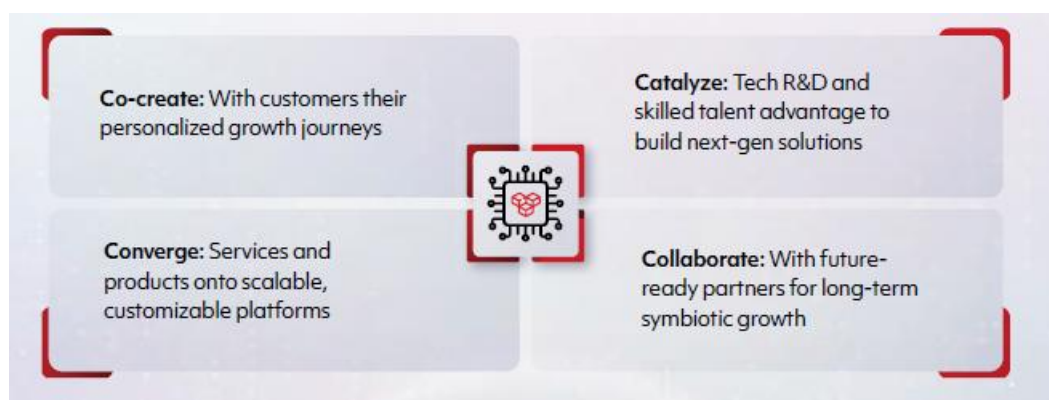
Emergence of GenAI has fueled a global shift to digital native AI-first business models in order to exploit the democratization of intelligence that this tech offers – from legacy companies trying a foot-in-the-digital door, to digital-natives spending on forward looking tech. Several analyses have been conducted to understand the technologies that will transform living and liveability by the turn of 2030. We have chosen a set of seven major technology domains and 20 key transformative technologies that could redefine the paradigm of a digitalfirst world over the next 4-5 years, inviting most R&D and commercial-grade investments, innovative solutions from providers, and new-to-world business models.

The shortlisted transformative technology trends score high on a combination of factors –



Strategic Priorities for the Indian Tech Industry in CY25

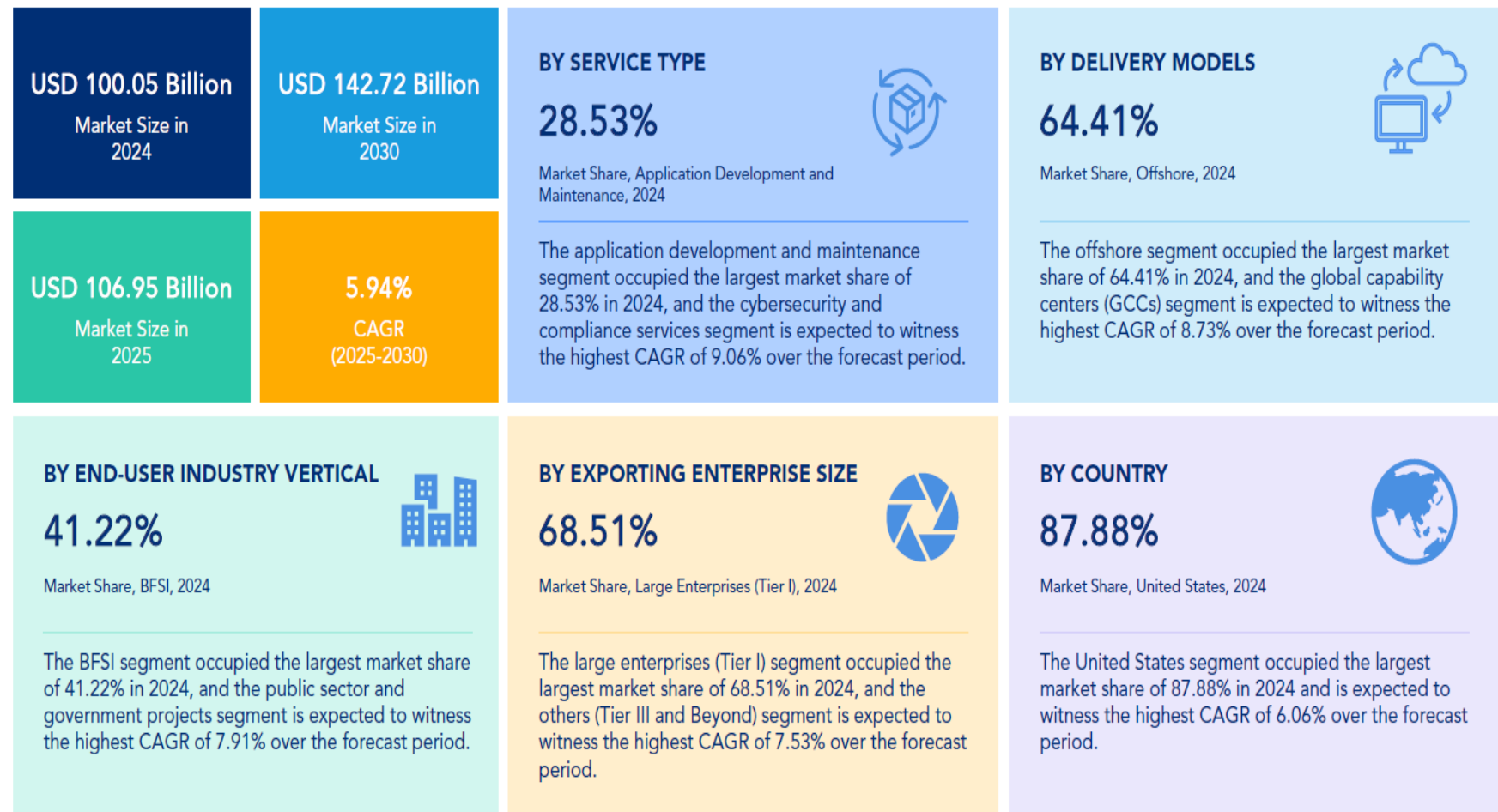
Indian tech industry is at yet another cusp of transformation where it is required to lead with a digitalfirst, but human-centric approach in a rapidly shapeshifting digital era. AI's infusion is as empowering, as intimidating. Global clients look towards the largest tech services industry for pragmatic direction, an empathetic and consultative partnership, and future-ready solutions. Not only the global markets, but India's domestic market too is primed for a rapid digital leap as India aggressively prepares for and executes on its 2047 vision. As the primary export-oriented services industry of the soon to-be 4th largest economy, 2nd largest startup hub, 3rd largest AI workforce provider, and aiming to be the applied AI lab of the world, India's tech industry has its objectives well-placed. With government-aided active CoEs in AI, quantum, deeptech, and cybersecurity, and a holistic approach to expansion of existing DPI framework, the future of digital tech expansion and advancement from India for the world has several promises in the years to come. The tech services industry will play a pivotal role in driving these promises to fruition. We recommend a set of strategic imperatives for the industry to capitalize on growth signals in CY25.



Source: Nasscom – Strategic Review 2025

Market Assessment of Indian IT Services and BPM Exports to North America

Executive Summary



Market Overview

The Market Assessment of Indian IT Services and BPM Exports to North America was valued at USD 100.05 billion in 2024 and is expected to reach a value of USD 142.72 billion in 2030, registering a CAGR of 5.94% during the forecast period (2025-2030).

INDIA'S ROLE IN DELIVERING IT SERVICES TO NORTH AMERICA

- India has established itself as a dominant player in the global IT services market, particularly in North America. The country has consistently increased its share in global IT outsourcing, showcasing its ability to adapt to evolving market demands and deliver high-quality services.
- The Indian IT services industry is on a robust growth trajectory, driven by innovation, digital transformation, and a strong focus on customer-centric solutions. The sector's growth is supported by its ability to scale operations and maintain competitive pricing.
- India's software and IT services exports continue to grow steadily, reflecting the country's strong position as a global technology hub. This growth is underpinned by its skilled workforce, advanced infrastructure, and a favorable business environment.

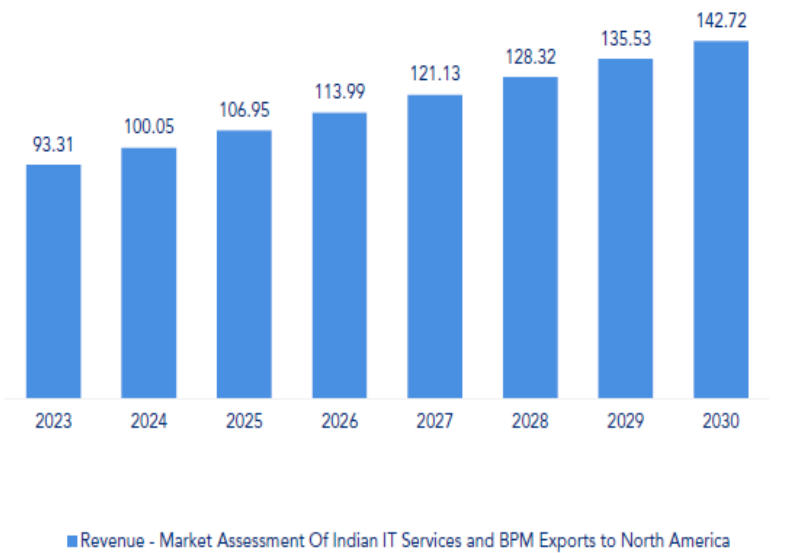
NORTH AMERICAN MARKET PENETRATION

- The United States remains the largest market for Indian IT exports, highlighting the strong bilateral trade relationship and the trust North American companies place in Indian service providers. This partnership is driven by India's ability to deliver cost-effective and innovative solutions.
- Canada, along with the United States, plays a significant role in India's IT export landscape. The combined demand from these two countries underscores the importance of North America as a critical region for India's IT services sector.
- North America's contribution to India's IT services revenue emphasizes the region's strategic importance. The strong presence of Indian IT companies in North America reflects their ability to meet the region's complex technological needs.

Source: Mordor Intelligence, India Brand Equity Foundation

MARKET ASSESSMENT OF INDIAN IT SERVICES AND BPM EXPORTS TO NORTH AMERICA, REVENUE, IN USD BILLION, 2023-2030

CAGR (2025-2030): 5.94%



SERVICE PORTFOLIO COMPOSITION

- The IT services segment remains significant in India's export portfolio, driven by its expertise in areas such as application development, infrastructure management, and cloud services. This segment continues to evolve, incorporating emerging technologies to meet global demands.
- The Business Process Management (BPM) sector showcases India's leadership in delivering intelligent, data-driven operations. This segment has become a key differentiator for India, offering end-to-end solutions that enhance operational efficiency for global clients.
- Engineering Research & Development (ER&D) is emerging as a high-growth area, with Indian companies increasingly focusing on innovation and product development. This segment is expected to play a pivotal role in shaping India's future as a global technology leader.

WORKFORCE AND INFRASTRUCTURE SCALE

- India's IT and BPM sector is supported by a vast and skilled workforce, which continues to expand year after year. The sector's ability to create jobs reflects its resilience and capacity to adapt to changing market dynamics.
- Global Capability Centers (GCCs) in India are increasingly focusing on high-value services and engineering R&D, catering to the needs of North American corporations. These centers are instrumental in driving innovation and delivering customized solutions.
- India's BPM industry has established itself as a global leader, supported by a strong infrastructure and a deep talent pool. The industry's ability to capture a significant share of the global market highlights its competitive edge and operational excellence.

Source: Mordor Intelligence

HIGHLIGHTS OF KEY MARKET VENDORS IN THE NORTH AMERICAN REGION

Company	U.S. Operations	Canadian Ventures	Strategic Initiatives
Tata Consultancy Services Limited	Boasts multiple delivery and innovation centers across various U.S. states, forging robust ties with top banks, insurers, and retailers.	Establishes a primary delivery hub in Toronto, collaborating closely with Canadian financial institutions and public sector entities.	Drives local recruitment and invests in STEM education to nurture regional talent.
Infosys Limited	Sets up innovation hubs in Indiana, Texas, and North Carolina, actively focusing on the manufacturing, retail, and healthcare sectors.	Operates delivery centers in Ontario, catering to Canadian public sector and BFSI clients.	Launches expansive training academies and ramps up local hiring.
Wipro Limited	Establishes offices in pivotal U.S. tech hubs, forming alliances with firms in healthcare, energy, and technology.	Maintains operations in Toronto and Vancouver, with an expanding footprint in telecom and utilities.	Bolsters industry expertise through acquisitions of U.S.-based consulting firms.



SIGNIFICANCE OF NORTH AMERICA AS A TOP MARKET FOR INDIAN SERVICE PROVIDERS

- Revenue Dependency on North America
 - Indian IT service providers heavily rely on North America as their most significant geographic market, showcasing a strong revenue concentration in the region.
 - The recovery of the U.S. market is expected to drive steady growth in the coming years, with sectors such as banking and retail playing a pivotal role in boosting demand for IT services.
 - India has established itself as the preferred outsourcing destination for American companies, reflecting the strong dependency of U.S. firms on Indian IT expertise.

STRATEGIC EDGE IN THE NORTH AMERICAN MARKET

- The time zone difference between India and North America allows Indian IT service providers to deliver round-the-clock support and development services, ensuring uninterrupted operations for North American clients.
- Cost efficiency remains a key advantage for Indian IT firms, offering significant savings to North American businesses without compromising on quality or language proficiency.
- Indian IT companies have built a mature ecosystem of partnerships with leading global enterprises, particularly Fortune 500 companies, fostering long-term strategic relationships and reinforcing their market presence.

KEY BENEFITS FOR INDIAN IT OUTSOURCING COMPANIES IN NORTH AMERICA (U.S. AND CANADA)



Source: Mordor Intelligence

STRATEGIC MARKET EVOLUTION



- The India IT outsourcing market in North America is undergoing a significant transformation, moving away from traditional outsourcing models toward strategic partnerships. Companies in North America are increasingly seeking outcome-based revenue models and co-innovation initiatives to achieve shared business objectives. This shift, as highlighted by NASSCOM, reflects the growing demand for collaborative and value-driven relationships between Indian IT service providers and North American enterprises.
- Digital transformation is a major growth driver for Indian IT outsourcing services in North America. Businesses in the region are prioritizing the adoption of advanced technologies such as cloud migration, artificial intelligence (AI), and cybersecurity solutions to enhance operational efficiency and maintain a competitive edge. NASSCOM emphasizes that these services are critical for addressing the evolving technological needs of North American enterprises, positioning Indian IT firms as key enablers of innovation and growth.
- Global Capability Centers (GCCs) in India are emerging as innovation hubs, playing a crucial role in supporting North American businesses. According to NASSCOM, 72% of GCC leaders are focusing on talent management to bridge skill gaps and drive productivity, while 96% are leveraging emerging technologies to deliver advanced solutions. This evolution underscores India's strategic importance in the North American IT outsourcing market, as GCCs continue to provide high-value services and foster innovation for their clients.

COMPETITIVE POSITIONING

- India continues to maintain a strong foothold in the global services sector, highlighting its ability to sustain a competitive edge and establish itself as a key player in the global market.
- North America remains a vital region for India's software services exports, contributing significantly to the growth and expansion of the sector over time.
- India has positioned itself as a strategic alternative to China in the technology services space, with the United States relying heavily on Indian IT services to meet its operational and technological demands.

FUTURE GROWTH TRAJECTORY

- The services export sector is anticipated to experience significant growth, with software and IT services continuing to dominate and play a pivotal role in the overall export landscape.
- Artificial intelligence and other emerging technologies are expected to lead the next wave of growth, as top service companies increasingly adopt AI in their operations and prioritize investments in these advanced technologies.
- Market diversification initiatives are being actively pursued to reduce reliance on the U.S. market, while still leveraging North America as a primary driver of growth and expansion.

Source: Mordor Intelligence



Market Drivers

Driver	Definition & Mechanism	Affected Segments	Timeline	Geographic Variations	Synergies
Digital Transformation Initiatives Across Fortune 500 Companies	Enterprise-wide modernization programs leveraging AI, cloud, and automation to achieve operational efficiency gains of 30-50% and revenue increases.	All service types, particularly enterprise digital transformation and data analytics segments	Peak impact 2024-2027, sustained growth through 2030.	U.S. leads with USD 3.4 trillion investment by 2026, Canada following with federal digitization initiatives.	Amplifies cloud migration demands and AI adoption strategies.
Cloud-first and AI-driven Strategy Adoption	Strategic shift to cloud-native architectures combined with AI integration enabling 89% of organizations to report significant revenue increases.	Cloud migration services, AI/GenAI solutions, hybrid delivery models	Immediate acceleration 2024-2025, maturation by 2027.	U.S. enterprises prioritizing GenAI (95% adoption plans), Canada focusing on hybrid cloud models.	Drives 24x7 support requirements and compliance automation.
Regulatory Compliance (HIPAA, PCI DSS, SOX, etc.)	Mandatory adherence to industry-specific regulations creates demand for specialized compliance services and governance frameworks.	BFSI, Healthcare, Cybersecurity services segments	Continuous requirement with intensification in 2024-2026.	U.S. stricter enforcement, Canada harmonizing with U.S. standards.	Enables cost optimization through managed compliance services.



Driver	Definition & Mechanism	Affected Segments	Timeline	Geographic Variations	Synergies
Cost Optimization Via Managed Services and Outsourcing	Strategic sourcing initiatives achieving 42% cost reduction compared to in-house operations while maintaining service quality.	All delivery models, particularly offshore and hybrid arrangements	Sustained driver throughout 2024-2030 period.	U.S. enterprises leading adoption, Canada following corporate trends.	Supports digital transformation funding and 24x7 operational models.
24x7 Support Via Global Delivery Centers	Round-the-clock service delivery leveraging time zone advantages to provide continuous operations and reduced downtime.	All service types, particularly BPM and infrastructure services	Immediate and sustained impact 2024-2030.	Critical for U.S. operations, growing importance in Canadian market.	Enhances cloud migration success and compliance monitoring.
Cloud Migration and Hybrid Infrastructure Demands Fueling Outsourcing Growth	Comprehensive cloud transformation initiatives requiring specialized expertise in multi-cloud environments and hybrid architectures.	Cloud services, infrastructure management, enterprise transformation	Peak growth 2024-2026, sustained demand through 2030.	The U.S. leads with IT spending, and Canada is accelerating cloud adoption.	Integrates with AI strategies and digital transformation programs.

Market Restraints

Restraint	Nature & Severity	Affected Participants	Mitigation Strategies	Resolution Timeline	Strategic Navigation
U.S. visa policies (H-1B, L-1 constraints)	Severe operational disruption with 72.3% visa dependency and declining approvals affecting talent mobility.	All Indian IT providers, particularly Tier I companies, such as Tata Consultancy Services Limited (TCS), Wipro Limited, and Infosys Limited.	Local hiring expansion, nearshore partnerships, automation investment.	Policy uncertainty through 2025-2027, potential tightening under new administration.	Develop hybrid workforce models and reduce visa dependency.
Increasing U.S. data localization and cybersecurity mandates	High compliance complexity with mandatory U.S. data storage and one-hour incident reporting requirements.	BFSI, Healthcare, Government services providers	U.S. data center investments, compliance-as-a-service offerings, and local partnerships.	Gradual implementation 2024-2026, full enforcement by 2027.	Establish U.S. infrastructure and specialized compliance capabilities.

Restraint	Nature & Severity	Affected Participants	Mitigation Strategies	Resolution Timeline	Strategic Navigation
Competition from nearshore (Latin America) and onshore models	Moderate to highly competitive pressure with significant growth in LATAM and cultural proximity advantages.	Mid-tier providers and new market entrants are the most vulnerable.	Value differentiation, specialized capabilities, outcome-based pricing.	Intensifying competition through 2025-2028.	Focus on high-value services and strategic partnerships.
Talent attrition and rising labor costs in high-demand skill areas	Moderate operational impact with elevated attrition despite stable employee base growth.	All providers, particularly those in AI, cloud, and cybersecurity segments.	Comprehensive retention programs, upskilling initiatives, competitive compensation.	Ongoing challenge through 2025-2030, stabilization expected by 2028.	Invest in talent development and alternative sourcing strategies.

Emerging Trends and Opportunities

Accelerating AI and GENAI adoption in U.S. firms

Generative AI Spending Highlights

- U.S. enterprise spending on generative AI (GenAI) surged significantly in 2024, reflecting the increasing reliance on AI technologies across industries.
- AI adoption in the U.S. has become widespread, with a majority of businesses implementing AI technologies. Among large enterprises, many have established dedicated teams focused on GenAI, emphasizing its strategic importance. However, only a small percentage of enterprises report achieving full AI maturity, indicating a substantial opportunity for IT service providers to bridge this gap. Key drivers for AI adoption include productivity improvements, automation of customer service, code generation, and demand forecasting.
- A significant number of large U.S. companies plan to increase their investments in GenAI over the next three years. Despite this enthusiasm, many organizations cite a lack of skilled AI professionals as a major barrier, which has fueled the demand for external expertise. Indian IT giants are positioning themselves as AI-first partners by offering pre-trained models, proprietary tools, and frameworks for responsible AI. Outsourcing AI development has proven to be a cost-effective strategy for U.S. firms, enabling them to reduce operational costs and accelerate time-to-market.

Revolutionizing Business: Key AI Trends in the U.S.

- Enterprise-Wide Integration
 - U.S. companies are transitioning from isolated AI trials to integrating AI and Generative AI into essential functions like customer service, software development, and operations.
- Productivity and Efficiency Gains
 - AI tools are accelerating coding, testing, and content creation, leading to faster turnaround times in both back-office and customer-facing operations.
- Industry-Specific Applications
 - Adoption is surging across industries, from banking's fraud detection to manufacturing's predictive maintenance, each benefiting from customized AI applications.
- Partnership and Talent Demand
 - Collaborations are forming between cloud providers, AI platform vendors, and U.S. companies, driving a surge in demand for skilled integration partners, a domain where Indian IT firms excel.

Empowering the Future: Generative AI and Indian IT Outsourcing

- In the U.S., generative AI has transitioned from a mere experiment to a cornerstone of enterprise strategy. The demand for quicker outcomes, tailored industry solutions, and seamless integration is paving the way for Indian IT outsourcing firms. Armed with profound technical know-how, adaptable delivery frameworks, and strong ties in North America, these companies are primed to fast-track AI implementations. Moreover, they play a pivotal role in guiding clients through governance, compliance, and sustained innovation challenges.
 - Accelerated AI Deployments: Indian IT firms leverage their scalable delivery models and technical expertise to implement AI solutions swiftly and efficiently.
 - Customized Industry Solutions: These companies provide tailored applications to meet the unique demands of various industries, ensuring relevance and effectiveness.
 - Governance and Compliance Support: By addressing governance and compliance complexities, they enable clients to focus on long-term innovation.

Source: Mordor Intelligence



Cybersecurity Outsourcing Trends

- The managed security services market in North America is experiencing significant growth, driven by increasing cybersecurity threats and the need for advanced security solutions. The market is expected to witness robust expansion over the forecast period, with certain segments demonstrating accelerated growth due to evolving technological advancements and rising demand for specialized services.
- Organizations are increasingly allocating a substantial portion of their security budgets to outsourcing cybersecurity functions. This trend is fueled by the growing complexity of cyber threats and the need for specialized expertise. A majority of Chief Information Security Officers (CISOs) are planning to outsource critical security functions in the near future, reflecting a shift toward leveraging external managed security service providers to enhance organizational resilience.

Rising Demand for 24x7 Managed Security Services

- The prevalence of cybersecurity incidents has underscored the importance of continuous monitoring and rapid response capabilities. Businesses are increasingly turning to managed security services that offer round-the-clock protection to mitigate risks and ensure operational continuity. This demand is further amplified by the need for proactive threat detection and response mechanisms to address the evolving threat landscape.

Role of Indian IT Companies in Cybersecurity

- Indian information technology companies, including Infosys Limited, Wipro Limited, and Tata Consultancy Services Limited (TCS), have emerged as global leaders in the cybersecurity services market. These firms are recognized for their innovative artificial intelligence (AI)-powered solutions, advanced threat detection capabilities, and expertise in regulatory compliance. Their ability to deliver comprehensive and scalable security solutions positions them as key players in addressing global cybersecurity challenges.

Addressing Talent Shortages in the United States Cybersecurity Workforce

- The shortage of skilled cybersecurity professionals in the United States has created opportunities for outsourcing to global service providers. Indian firms are well-positioned to fill this gap by offering managed detection and response (MDR), cloud security, and compliance consulting services. Their expertise and cost-effective solutions make them valuable partners for organizations seeking to strengthen their cybersecurity posture.

Regulatory and Financial Drivers for Security Services

- Regulatory requirements and the rising costs associated with cyberattacks are driving the demand for robust security services. Compliance with regulations such as those set by the United States Securities and Exchange Commission (SEC), Federal Trade Commission (FTC), and General Data Protection Regulation (GDPR) has become a critical priority for businesses.

Future Outlook

The managed security services market in North America is set to grow further as organizations continue to prioritize cybersecurity in response to evolving threats and regulatory demands. With Indian IT companies playing a critical role in addressing talent shortages and delivering innovative solutions, the market is well-positioned for sustained expansion in the coming years.

Source: Mordor Intelligence



NORTH AMERICA CLOUD MIGRATION MARKET: A STRATEGIC SHIFT

GROWTH OF THE NORTH AMERICA CLOUD MIGRATION MARKET

- The North America cloud migration market is witnessing significant growth, driven by the increasing demand for modernization and digital transformation. Enterprises are prioritizing cloud migration to enhance operational efficiency, scalability, and innovation.
- This shift reflects the growing importance of cloud technologies in enabling businesses to remain competitive in a rapidly evolving digital landscape. Organizations are increasingly viewing cloud migration as a strategic investment to future-proof their operations and align with the demands of a digital-first economy.

ADOPTION OF CLOUD SERVICES IN THE UNITED STATES

- Cloud services have become a cornerstone of business operations in the United States, with widespread adoption across industries. Enterprises are increasingly relying on cloud-native development to streamline processes, improve agility, and foster innovation.
- This trend highlights the critical role of cloud technologies in shaping the future of business operations and application development. Businesses are leveraging cloud platforms to not only optimize their existing processes but also to create new revenue streams and enhance customer experiences.

STRATEGIES AND TRENDS IN CLOUD MIGRATION

- Organizations are employing various strategies to migrate to the cloud, including lift-and-shift and full refactoring. These approaches are tailored to meet specific business needs and objectives.
- Emerging trends such as microservices, containers, and serverless architectures are gaining traction, offering enhanced flexibility and efficiency. Leading Indian IT companies, including Infosys Limited, Tata Consultancy Services (TCS), Wipro Limited, HCL Technologies Limited, and Mphasis Limited, are at the forefront of application modernization.

U.S. ENTERPRISES EMBRACE CLOUD-NATIVE ARCHITECTURES

- U.S. enterprises are increasingly turning to cloud-native architectures for their application rebuilds to achieve greater scalability, resilience, and quicker deployment cycles. This transition has spurred a heightened demand for Kubernetes, microservices, and DevOps expertise, particularly from Indian IT providers.

Source: Mordor Intelligence



Indian GCCs: North America's Strategic Tech Allies

- Indian Global Capability Centers (GCCs) have established themselves as significant contributors, delivering IT and business services to organizations across the United States and Canada. Operating as integral extensions of their North American headquarters, these centers enhance product development timelines, ensure uninterrupted 24x7 operations, and capitalize on India's abundant and skilled technology workforce. By leveraging India's cost advantages and technical expertise, GCCs enable companies to remain competitive in an increasingly dynamic global market.
- In addition to fostering core innovations, GCCs play a critical role in enabling outsourcing strategies. By assuming responsibility for specific operational tasks, they allow internal teams to redirect their efforts toward high-priority strategic objectives. This operational model equips North American enterprises with the ability to achieve an optimal balance between cost-effectiveness and the delivery of superior service quality. Furthermore, GCCs contribute to operational scalability, allowing businesses to adapt quickly to changing market demands without compromising efficiency or performance.
- Beyond operational benefits, GCCs are increasingly becoming hubs for strategic decision-making and innovation. Many organizations are now leveraging these centers to drive digital transformation initiatives, develop cutting-edge technologies, and explore new business models. By integrating GCCs into their global operations, companies can access a diverse talent pool, foster cross-border collaboration, and accelerate their journey toward achieving long-term business goals. This evolution underscores the growing importance of GCCs as not just support centers but as strategic assets in the global business.

Source: Mordor Intelligence

GCCs Transforming into Strategic Innovation Hubs

- GCCs Evolve into Strategic Innovation Hubs: Once viewed merely as back-office cost centers, GCCs have now emerged as pivotal players in the global innovation arena. Embracing advanced technologies like AI, cloud computing, and digital transformations, these centers are reshaping the landscape of global innovation.

India's GCC Growth and Emerging Opportunities

- India's GCC Surge and New Opportunities: With a strong and skilled workforce backing it, India stands on the brink of a significant GCC expansion. Multinational corporations are tapping into India's strengths in R&D, engineering, and digital transformation. As GCCs integrate advanced technologies such as AI/ML, cybersecurity, and analytics, they open doors for IT providers to offer high-value, outcome-centric services. Furthermore, the Build-Operate-Transfer (BOT) model is witnessing a surge, with numerous new GCCs forming through strategic partnerships with providers.
- As of 2024, India is home to over 1,700 Global Capability Centers (GCCs), generating a collective revenue of USD 64.6 billion. Projections, as per NASSCOM, suggest a leap to USD 100 billion by 2030. This trajectory underscores India's ascent as a global GCC hub, bolstered by its skilled workforce, cost-effectiveness, and a strong digital backbone.

Future Outlook

In conclusion, Indian GCCs have transitioned from being mere cost-saving hubs to becoming indispensable components of global business strategies. Their ability to deliver innovation, scalability, and operational excellence positions them as critical enablers for North American enterprises aiming to thrive in a competitive and technology-driven market.

RISING TRENDS IN IT OUTSOURCING: A FOCUS ON MID-MARKET ENTERPRISES

SURGE IN IT OUTSOURCING DEMAND

- North America's IT outsourcing market is experiencing significant growth, with mid-market enterprises playing a pivotal role in driving this expansion. These enterprises are increasingly outsourcing IT functions to external providers, focusing on critical areas such as cybersecurity, cloud integration, and digital transformation. The primary drivers behind this shift include the need to enhance operational efficiency, address skill shortages, and accelerate the adoption of advanced technologies. By outsourcing IT functions, mid-market enterprises can focus on their core business operations while leveraging external expertise to stay competitive in a rapidly evolving digital landscape.

INDIAN IT SERVICE PROVIDERS: KEY ENABLERS FOR MID-MARKET ENTERPRISES

- Indian IT service providers have emerged as key enablers for mid-market enterprises, offering tailored solutions to meet their unique needs. These providers leverage their extensive engineering expertise and cost-effective service models to deliver a wide range of IT solutions. Their ability to provide scalable, reliable, and innovative IT services has positioned them as trusted partners for enterprises seeking to strengthen their IT infrastructure and capabilities. Additionally, Indian providers are increasingly focusing on building long-term relationships with mid-market enterprises by offering customized solutions that address specific business challenges, such as improving operational efficiency and enabling digital transformation.

EMERGING OUTSOURCING MODELS RESHAPING THE MID-MARKET LANDSCAPE

- The mid-market outsourcing landscape is undergoing a significant transformation, driven by the adoption of innovative outsourcing models. Nearshore and hybrid outsourcing models are gaining traction, offering enterprises greater flexibility and access to skilled talent in closer geographical proximity. These models enable businesses to achieve a balance between cost efficiency and operational effectiveness, making them an attractive option for mid-market enterprises. Nearshore outsourcing, in particular, allows companies to collaborate more effectively with service providers due to shared time zones and cultural similarities, while hybrid models combine the benefits of onshore and offshore outsourcing to deliver optimal results.

TECHNOLOGICAL ADVANCEMENTS DRIVING OUTSOURCING EVOLUTION

- The integration of advanced technologies such as Robotic Process Automation (RPA) and Artificial Intelligence (AI) is reshaping how enterprises approach outsourcing. These technologies enable service providers to deliver more efficient and innovative solutions, helping enterprises streamline operations and reduce costs. The shift toward outcome-based contracts is further redefining the relationship between service providers and enterprises, emphasizing measurable results and performance metrics over traditional resource-based agreements. This approach ensures that service providers are aligned with the business objectives of their clients, fostering a more collaborative and results-driven partnership.

Source: Mordor Intelligence



Regulatory Landscape

The regulatory landscape for Indian IT services and BPM exports to North America is characterized by a complex web of federal and state regulations designed to protect data privacy, ensure financial transparency, maintain cybersecurity standards, and preserve national security interests.

KEY U.S. REGULATIONS IMPACTING IT SERVICES

HIPAA COMPLIANCE FOR HEALTHCARE IT SERVICES

- **Regulatory Framework and Requirements**
 - Indian IT service providers, classified as Business Associates under HIPAA, must comply with U.S. regulations when handling Protected Health Information (PHI), irrespective of their offshore status.
 - Offshore vendors grapple with compliance hurdles, often due to unfamiliarity with HIPAA and clashes with local data protection laws.
 - For offshore vendors, traditional Business Associate Agreements (BAA) fall short, necessitating enhanced security measures and policy adaptations.
- **Compliance Requirements for Indian Providers**
 - To safeguard PHI during processing and transmission, robust security frameworks like encryption, access controls, and audit trails are essential.
 - Offshore personnel undergo extensive training on HIPAA mandates, patient privacy rights, and data management protocols.
 - Regular evaluations of data security practices and compliance are integral to ongoing risk management.
- **Penalty Structure and Enforcement**
 - Service providers face hefty financial risks, with non-compliance penalties soaring up to USD 1.5 million annually for grave violations. Beyond financial repercussions, HIPAA breaches can tarnish reputations and jeopardize client trust in the healthcare domain.

GDPR AND CCPA DATA PRIVACY REQUIREMENTS

- **GDPR's Reach Extends to U.S. Operations**
 - Extraterritorial Implications: GDPR's jurisdiction extends to Indian IT service providers handling EU residents' data, even when catering to U.S. clients with European clientele.
 - Distinguishing Roles: Service providers need to identify if they're acting as Data Controllers or Data Processors, each with distinct compliance responsibilities.
 - Penalty Framework: Breaching GDPR can lead to fines soaring up to EUR 20 million or 4% of global annual revenue, whichever sum is greater.
- **CCPA Mandates for the California Market**
 - Upholding Consumer Privacy: Indian service providers are obligated to adhere to the California Consumer Privacy Act when managing data of California residents.
 - Upholding Data Subject Rights: Service providers must establish systems to address consumer requests regarding data access, deletion, and opting out of sales.
- **Key Compliance Steps**
 - Appointing a Data Protection Officer (DPO): Organizations dealing with significant personal data volumes must appoint a qualified DPO.
 - Conducting Data Protection Impact Assessments (DPIA): High-risk data processing activities necessitate these assessments.
 - Ensuring Valid Consent: Organizations must establish clear consent management systems to validate data processing activities.

Source: Mordor Intelligence



SARBANES-OXLEY (SOX) COMPLIANCE REQUIREMENTS

SOX COMPLIANCE FRAMEWORK FOR IT SERVICES

- **Section 302 Requirements:** CEO and CFO certification of financial reports necessitates robust IT controls for data integrity and accuracy.
- **Section 404 Internal Controls:** Management assessment of internal controls requires comprehensive IT systems for financial data management and reporting.
- **Section 409 Real-Time Disclosures:** Requirements for real-time financial disclosures drive the need for advanced IT monitoring and reporting capabilities.

IT GENERAL CONTROLS (ITGC) REQUIREMENTS

- **Access Management Controls:** Implementation of role-based access controls, user authentication, and authorization systems for financial applications.
- **Change Management Procedures:** Formal change control processes for financial systems, including approval workflows, testing procedures, and documentation requirements.
- **Data Security and Backup:** Comprehensive data protection measures including encryption, backup procedures, and disaster recovery planning.

OUTSOURCING CONSIDERATIONS FOR SOX COMPLIANCE

- **Service Provider Evaluation:** Due diligence requirements for selecting SOX-compliant service providers with appropriate certifications and control frameworks.
- **Shared Responsibility Model:** Clear delineation of compliance responsibilities between client organizations and service providers.
- **Continuous Monitoring:** Ongoing assessment and monitoring of service provider compliance with SOX requirements.

TECHNOLOGY TOOLS FOR SOX COMPLIANCE

- **Security Information and Event Management (SIEM):** Centralized logging and monitoring systems for detecting security incidents and compliance violations.
- **Data Loss Prevention (DLP):** Systems to prevent unauthorized data access and transmission.
- **Identity and Access Management (IAM):** Comprehensive user identity management and access control systems.

Source: Mordor Intelligence

CYBERSECURITY REQUIREMENTS UNDER NIST FRAMEWORKS - NIST CYBERSECURITY FRAMEWORK 2.0 OVERVIEW

FRAMEWORK STRUCTURE AND COMPONENTS

- **Core Functions:** Five key cybersecurity functions including Identify, Protect, Detect, Respond, and Recover, providing comprehensive risk management approach.
- **Implementation Tiers:** Four tiers (Partial, Risk Informed, Repeatable, Adaptive) allowing organizations to assess and improve their cybersecurity maturity.
- **Organizational Profiles:** Customizable frameworks enabling organizations to align cybersecurity practices with business requirements and risk tolerance.

FRAMEWORK 2.0 ENHANCEMENTS

- **Expanded Scope:** Broader applicability beyond critical infrastructure to all organizations, including IT service providers.
- **Enhanced Governance Focus:** Strengthened emphasis on cybersecurity governance and integration with enterprise risk management.
- **Supply Chain Risk Management:** Improved guidance on managing cybersecurity risks in supply chain relationships.

NIST FRAMEWORK IMPLEMENTATION FOR IT SERVICE PROVIDERS - IDENTIFY FUNCTION REQUIREMENTS

- **Asset Management:** Comprehensive inventory of hardware, software, data, and personnel assets supporting business functions.
- **Risk Assessment:** Regular assessment of cybersecurity risks to organizational operations, assets, and individuals.
- **Governance Structure:** Establishment of cybersecurity policies, procedures, and oversight mechanisms.

PROTECT FUNCTION IMPLEMENTATION

- **Access Control:** Implementation of identity management and access control systems to limit access to authorized users.
- **Data Security:** Protection of data at rest and in transit through encryption and other security measures.
- **Protective Technology:** Deployment of security tools and technologies to protect against cybersecurity threats.

DETECT, RESPOND, AND RECOVER FUNCTIONS

- **Continuous Monitoring:** Implementation of systems for ongoing detection of cybersecurity events and anomalies.
- **Incident Response:** Established procedures for responding to detected cybersecurity incidents.
- **Recovery Planning:** Development of business continuity and disaster recovery plans to restore normal operations.

Source: Mordor Intelligence



EXPANDING INDIAN IT & BPO GROWTH IN CANADA

Indian IT services and BPO companies are targeting the North American market, with Canada emerging as a key destination for expansion. As industries such as BFSI, healthcare, telecom, and energy undergo digital transformations, the demand for agile, innovative, and cost-effective IT and BPM solutions is increasing. Rather than perceiving a U.S. market slowdown as a challenge, Indian firms view it as an opportunity to expand in Canada. By diversifying their geography, services, and clientele, and offering flexible contracts, Indian IT and BPO companies effectively manage uncertainties and capitalize on emerging opportunities.

EXPANSION STRATEGY: A GATEWAY TO CANADIAN OPPORTUNITIES

Diversifying North American Revenue Streams

- **Capitalizing on Canada's Economic Resilience:** Indian IT/BPO firms target resilient sectors like healthcare, finance, and telecom in Canada, where digital modernization drives demand despite U.S. slowdowns.
- **Harnessing Cost Advantages:** Indian firms reallocate resources to Canadian clients during U.S. project reductions, offering competitive pricing and faster delivery.
- **Bridging the Talent Gap:** Indian IT/BPO firms address Canadian talent shortages and high labor costs by providing skilled remote teams and project-based solutions.

Navigating Uncertainty: Indian Companies' Strategies

- **Diversifying Services and Industries:** Indian firms are expanding into cloud solutions, cybersecurity, analytics, and BPM to reduce sector-specific risks. MethodHub Software Limited, for example, targets mid-market enterprises in Canada's BFSI, healthcare, and telecom sectors to lower U.S. market dependency.
- **Embracing Contract Flexibility:** Indian companies are adopting fixed-price, time-and-material, and outcome-based contracts to manage client costs and ensure service continuity.
- **Building Local Trust:** By opening offices or forming partnerships in Canada, Indian firms build trust and comply with local regulations.
- **Harnessing Agility:** Smaller firms like MethodHub Software Limited quickly adjust team sizes and innovate faster than larger competitors.

Source: Mordor Intelligence



STRATEGIC EXPANSION & MARKET DIVERSIFICATION OF METHODHUB SOFTWARE LIMITED



Mitigating U.S. Market Slowdown

Acquired a strategic stake in Toronto-based Zortech Solutions Inc. to leverage its Canadian presence and ensure continued growth across North America.



Strengthening Service Portfolio

Acquired an additional 59% interest in BrainCapitol Technologies (partnership firm) to enhance staffing and IT service capabilities.

Key Impact

- Expanded North American footprint and access to new clients.
- Increased delivery capacity and diversified service offerings.
- Strengthened recurring revenue streams and market resilience.

Strategic Recommendations

- MethodHub Software Limited is poised to pivot 30–40% of its North American focus from U.S. clients to Canada in response to a potential U.S. economic slowdown.
- By targeting Canadian BFSI and healthcare sectors, MethodHub Software Limited can deploy remote project teams efficiently, offering cost savings of 15–25% compared to local providers.
- Forging strategic partnerships with mid-sized IT consultancies in Canada can bolster MethodHub Software Limited's market entry and shield it from U.S. economic volatility.

Source: Mordor Intelligence



DEEP TECH TALENT POOL WITH STRONG ENGLISH PROFICIENCY

- India boasts one of the world's largest and most diverse pools of engineering talent. Professionals in India, trained at top-tier institutions and boot camps, excel in areas ranging from software development and cloud engineering to data science and cybersecurity. This rigorous training not only imparts deep domain expertise but also nurtures a talent ecosystem finely attuned to the evolving demands of North American enterprises.
- Furthermore, proficiency in English, both written and spoken, greatly boosts collaboration efficiency. With their linguistic skills, Indian professionals engage seamlessly with North American stakeholders, needing little in the way of cultural or communicative adjustment.
- This fluency not only builds trust but also speeds up onboarding and mitigates risks in offshore delivery models. To further bolster this advantage, Indian firms have established localized upskilling infrastructures. These include corporate academies, virtual learning platforms, and partnerships with esteemed universities, ensuring professionals stay updated in cutting-edge areas like AI, cloud-native technologies, and BPM tools.
- India's engineering talent pool is further strengthened by its cost-effectiveness, making it an attractive destination for global enterprises seeking high-quality services at competitive rates. The combination of technical expertise, linguistic proficiency, and affordability positions India as a strategic partner for businesses aiming to optimize their operations and drive innovation. This unique value proposition has led to a steady increase in foreign investments and collaborations, further solidifying India's role in the global technology and services market.

TIME ZONE OVERLAP ENABLING CONTINUOUS DELIVERY

- India's time zone, which is 9.5 to 12.5 hours ahead of North America, provides a strategic advantage through a "follow-the-sun" delivery model. This model ensures that when U.S. businesses conclude their workday, Indian teams seamlessly take over operations, enabling continuous, real-time progress overnight. This approach significantly accelerates issue resolution, shortens release cycles, and ensures uninterrupted, 24x7 support for mission-critical applications, which is a key requirement for many global businesses.
- This synchronized delivery framework also enhances agile collaboration. Sprint planning conducted during U.S. business hours is promptly executed by Indian teams overnight, allowing results to be delivered by the next U.S. business morning. This efficient process not only reduces feedback loops but also eliminates the financial burden of idle time and minimizes delays for clients. The ability to maintain such a responsive and efficient operational model is a critical factor in meeting the dynamic demands of global markets.
- Clients across a wide range of industries, including financial services, healthcare, and technology, highly value this operational agility. It is particularly beneficial in time-sensitive domains such as digital customer experiences and real-time analytics, where speed and accuracy are paramount. The ability to deliver consistent, high-quality outcomes in these areas strengthens client trust and fosters long-term partnerships.
- Key Development (August 2025): Recognizing the strategic importance of 24x7 delivery capabilities, Tamil Nadu introduced "GCC One," a single-window clearance system designed to streamline and expedite approvals for capability centers. This initiative underscores the country's commitment to supporting overseas businesses by leveraging time-zone alignment and operational efficiency.

Source: Mordor Intelligence

A COST-EFFECTIVE WORKFORCE COMBINED WITH DELIVERY MATURITY

- India's cost-to-value proposition is highly competitive. Skilled professionals earn salaries 60–75% lower than their North American counterparts, while Indian centers leverage scale, infrastructure, and mature delivery capabilities to enhance margins and value.
- Indian Information Technology (IT) and Business Process Management (BPM) firms have developed quality frameworks and agile methodologies. Process frameworks like Capability Maturity Model Integration (CMMI), International Organization for Standardization (ISO), and Information Technology Infrastructure Library (ITIL) meet global standards. Domain-specific playbooks, automation frameworks, and centers of excellence (CoE) further ensure efficient execution.
- Corporate teams are increasingly establishing client-specific delivery hubs in India. These hubs, equipped with automation tools, industry templates, and integrated governance, are driving a shift from low-value outsourcing to high-value shared service models.

STRONG TRACK RECORD WITH LARGE U.S. ENTERPRISES

- Indian IT (Information Technology) and BPM (Business Process Management) firms have built enduring partnerships with Fortune 500 companies across sectors such as banking, healthcare, retail, and manufacturing.
- These collaborations often begin with standard mandates but evolve into strategic engagements, including app modernization, cloud migration, BPM automation, and AI (Artificial Intelligence)-driven innovation. By delivering mission-critical tasks at scale, Indian firms have become trusted partners. Their institutional knowledge, domain expertise, and global delivery quality, supported by referenceable case studies, sustain client confidence.
- Many U.S. and Canadian enterprises have adopted onshore-offshore delivery models with Indian partners, embedding them into their strategic IT roadmaps. These models enable businesses to leverage cost efficiencies, access a skilled talent pool, and ensure round-the-clock operations. Additionally, the integration of Indian partners into IT strategies allows companies to scale operations to maintain a competitive edge in the market.

GCC ECOSYSTEM MATURITY AND SCALE

- India leads the Global Capability Centers (GCCs) market, driving IT services and BPM exports to North America. These centers support traditional outsourcing and high-demand services like engineering R&D, product innovation, and enterprise transformation.
- Nearly 90% of India's GCCs integrate technology, operations, and engineering, enabling end-to-end execution, faster time-to-market, and reduced silos. Engineering R&D-focused GCCs are growing 1.3 times faster, reflecting a shift toward innovation-led engagements that enhance North American client competitiveness.
- India's GCC ecosystem benefits from network effects and geographic diversification. Centers in metros and Tier II/III cities like Coimbatore, Visakhapatnam, and Ahmedabad enable cost optimization, risk diversification, and access to fresh talent pools, supporting next-gen GCC growth.
- Additionally, India's GCCs leverage advanced digital tools and automation to enhance operational efficiency and deliver scalable solutions, meeting the evolving demands of North American enterprises.

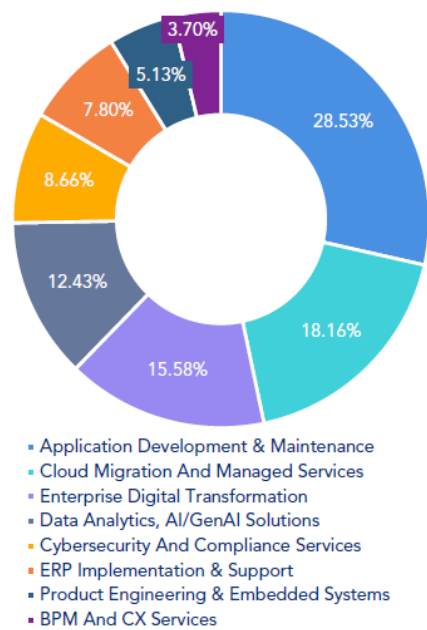
Source: Mordor Intelligence



Market Size and Growth Forecast Value

By Service Type

MARKET ASSESSMENT OF INDIAN IT SERVICES AND BPM EXPORTS TO NORTH AMERICA, REVENUE SHARE (%), BY SERVICE TYPE, 2024

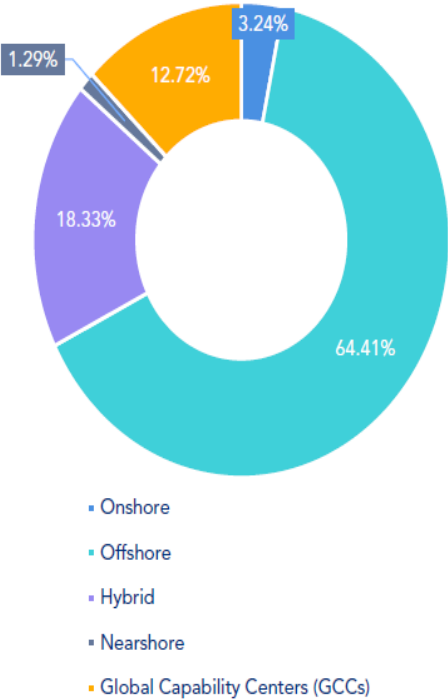


MARKET ASSESSMENT OF INDIAN IT SERVICES AND BPM EXPORTS TO NORTH AMERICA, REVENUE IN USD BILLION, BY SERVICE TYPE, 2023-2030

Service Type	2023	2024	2025	2026	2027	2028	2029	2030	CAGR (%) (2025-2030)
Application Development & Maintenance	27.15	28.55	29.92	31.25	32.52	33.73	34.87	35.91	3.72%
Cloud Migration And Managed Services	16.70	18.17	19.70	21.29	22.94	24.63	26.37	28.14	7.39%
Enterprise Digital Transformation	14.53	15.59	16.69	17.80	18.94	20.09	21.24	22.39	6.05%
Data Analytics, AI/GenAI Solutions	11.34	12.44	13.60	14.81	16.08	17.40	18.76	20.15	8.18%
Cybersecurity And Compliance Services	7.82	8.66	9.56	10.50	11.50	12.54	13.62	14.74	9.06%
ERP Implementation & Support	7.45	7.81	8.16	8.50	8.82	9.12	9.39	9.64	3.39%
Product Engineering & Embedded Systems	4.82	5.13	5.44	5.75	6.06	6.37	6.67	6.96	5.07%
BPM And CX Services	3.51	3.70	3.90	4.09	4.27	4.45	4.62	4.78	4.18%
Total	93.31	100.05	106.95	113.99	121.13	128.32	135.53	142.72	5.94%

By Delivery Models

MARKET ASSESSMENT OF INDIAN IT SERVICES AND BPM EXPORTS TO NORTH AMERICA, REVENUE SHARE (%), BY DELIVERY MODELS, 2024

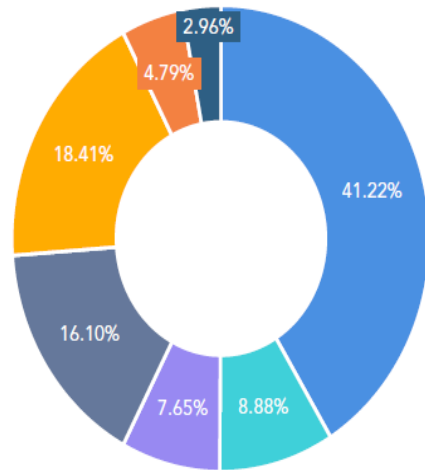


MARKET ASSESSMENT OF INDIAN IT SERVICES AND BPM EXPORTS TO NORTH AMERICA, REVENUE IN USD BILLION, BY DELIVERY MODELS, 2023-2030

Delivery Models	2023	2024	2025	2026	2027	2028	2029	2030	CAGR (%) (2025-2030)
Onshore	3.03	3.24	3.38	3.52	3.64	3.77	3.87	4.12	4.03%
Offshore	60.69	64.45	68.44	72.35	76.27	80.14	83.95	87.45	5.03%
Hybrid	16.80	18.34	19.77	21.35	22.92	24.59	26.25	27.98	7.19%
Nearshore	1.21	1.29	1.40	1.50	1.59	1.69	1.78	1.94	6.83%
Global Capability Centers (GCCs)	11.58	12.73	13.97	15.28	16.70	18.13	19.67	21.22	8.73%
Total	93.31	100.05	106.95	113.99	121.13	128.32	135.53	142.72	5.94%

By End-User Industry Vertical

MARKET ASSESSMENT OF INDIAN IT SERVICES AND BPM EXPORTS TO NORTH AMERICA, REVENUE SHARE (%), BY END-USER INDUSTRY VERTICAL, 2024



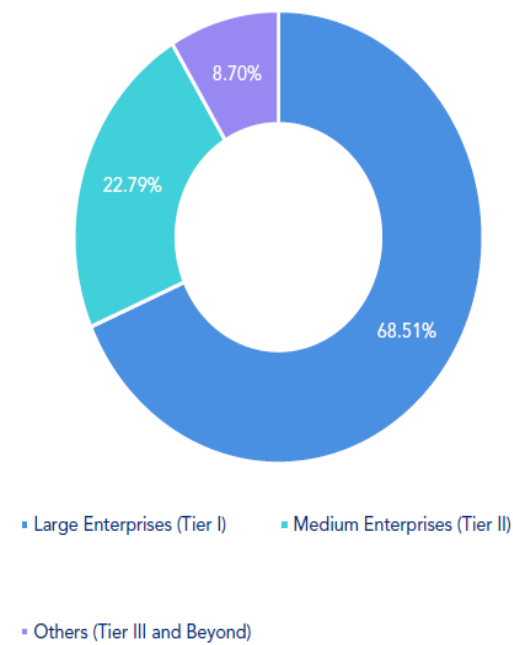
- BFSI
- Healthcare And Life Sciences
- Retail And Consumer Goods
- Manufacturing & Automotive
- Technology, Media & Telecom
- Public Sector And Government Projects
- Energy & Utilities

MARKET ASSESSMENT OF INDIAN IT SERVICES AND BPM EXPORTS TO NORTH AMERICA, REVENUE IN USD BILLION, BY END-USER INDUSTRY VERTICAL, 2023-2030

Service Type	2023	2024	2025	2026	2027	2028	2029	2030	CAGR (%) (2025-2030)
BFSI	38.76	41.24	43.74	46.24	48.75	51.23	53.66	56.04	5.08%
Healthcare And Life Sciences	8.16	8.88	9.63	10.41	11.21	12.04	12.89	13.76	7.40%
Retail And Consumer Goods	7.09	7.65	8.23	8.83	9.45	10.07	10.71	11.35	6.63%
Manufacturing & Automotive	15.05	16.11	17.20	18.31	19.43	20.56	21.69	22.81	5.80%
Technology, Media & Telecom	17.10	18.41	19.77	21.17	22.59	24.04	25.50	26.97	6.41%
Public Sector And Government Projects	4.38	4.79	5.22	5.67	6.14	6.62	7.12	7.64	7.91%
Energy & Utilities	2.78	2.97	3.16	3.36	3.56	3.76	3.95	4.15	5.59%
Total	93.31	100.05	106.95	113.99	121.13	128.32	135.53	142.72	5.94%

By Exporting Enterprise Size

MARKET ASSESSMENT OF INDIAN IT SERVICES AND BPM EXPORTS TO NORTH AMERICA, REVENUE SHARE (%), BY EXPORTING ENTERPRISE SIZE, 2024

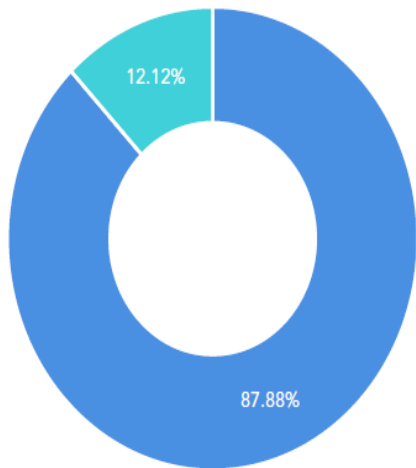


MARKET ASSESSMENT OF INDIAN IT SERVICES AND BPM EXPORTS TO NORTH AMERICA, IN USD BILLION, BY EXPORTING ENTERPRISE SIZE, 2023-2030

Exporting Enterprise Size	2023	2024	2025	2026	2027	2028	2029	2030	CAGR (%) (2025-2030)
Large Enterprises (Tier I)	64.10	68.55	72.99	77.44	81.89	86.44	91.00	95.38	5.50%
Medium Enterprises (Tier II)	21.19	22.80	24.55	26.36	28.23	30.04	31.91	33.81	6.61%
Others (Tier III and Beyond)	8.02	8.70	9.41	10.19	11.00	11.83	12.62	13.53	7.53%
Total	93.31	100.05	106.95	113.99	121.13	128.32	135.53	142.72	5.94%

By Country

MARKET ASSESSMENT OF INDIAN IT SERVICES AND BPM EXPORTS TO NORTH AMERICA, REVENUE SHARE (%), BY COUNTRY, 2024



United States Canada

MARKET ASSESSMENT OF INDIAN IT SERVICES AND BPM EXPORTS TO NORTH AMERICA, REVENUE IN USD BILLION, BY COUNTRY, 2023-2030

Country	2023	2024	2025	2026	2027	2028	2029	2030	CAGR (%) (2025-2030)
United States	81.91	87.92	94.09	100.39	106.79	113.26	119.76	126.25	6.06%
Canada	11.41	12.13	12.86	13.60	14.33	15.06	15.77	16.47	5.07%
Total	93.31	100.05	106.95	113.99	121.13	128.32	135.53	142.72	5.94%

Competitive Landscape

Market Concentration

- In the Indian IT Services and BPM export market, North America stands out as a focal point. Dominating the scene are major players like TCS, Infosys, HCL Technologies, Wipro, and Tech Mahindra. Yet, it's noteworthy that smaller entities hold a significant 74.75% of the market share. While the landscape is marked by fragmentation, intense competition, and price pressures, a discernible trend emerges consolidation and strategic acquisitions. This trajectory hints at an enduring dominance by the larger firms. However, it simultaneously opens avenues for niche players, emphasizing the importance of innovation and specialization.

CONSOLIDATION DYNAMICS



- **Market Fragmentation:** Despite the presence of leading companies such as TCS, Infosys, HCL, Wipro, and Tech Mahindra, the "Others" category accounts for a significant 74.75% of the market share. This highlights a highly fragmented market structure, characterized by many smaller and mid-sized IT firms actively competing for the remaining share. The COMPETITIVE LANDSCAPE reflects the diverse range of players striving to establish their presence and cater to various client needs.
- **Increasing Consolidation:** Prominent market players are consistently expanding their reach through a combination of strategic acquisitions, partnerships, and organic growth initiatives. For instance, TCS and Infosys have strategically acquired smaller, specialized firms operating in high-growth areas such as cloud computing, cybersecurity, and artificial intelligence. These acquisitions enable them to diversify their service portfolios, enhance their technological capabilities, and strengthen their market positioning in an increasingly competitive environment.
- **Mergers and Acquisitions (M&A):** The Indian IT services market is experiencing a notable rise in mergers and acquisitions activity. Smaller firms are increasingly consolidating their resources and expertise to remain competitive against larger players. Simultaneously, major companies are actively acquiring niche firms to augment their capabilities in specialized domains, including artificial intelligence, cloud computing, and business process management (BPM). This trend reflects a strategic focus on enhancing operational efficiency and addressing evolving client demands.

Source: Mordor Intelligence

COMPETITIVE INTENSITY



- **Market Saturation:** Leading players such as TCS, Infosys, and HCL are encountering signs of market saturation, particularly in their enterprise and large-scale service offerings. These companies are engaged in an ongoing battle for market leadership across critical sectors, including banking, telecom, manufacturing, and retail, where competition remains intense.
- **Focus on Differentiation:** To navigate the highly COMPETITIVE LANDSCAPE, Indian IT companies are increasingly emphasizing differentiation by leveraging innovative solutions. Key focus areas include advancements in cloud computing, AI-driven automation, and data analytics, which are being utilized to enhance service offerings and deliver greater value to clients.
- **Service Differentiation:** To maintain a competitive edge, industry players are concentrating on providing tailored solutions, sector-specific services, and comprehensive digital transformation capabilities. These efforts are particularly targeted at attracting high-value clients in North America, a region that continues to be a significant revenue driver for the industry.
- **Price Pressure:** The sector faces mounting price pressures due to market fragmentation and the growing presence of low-cost service providers. While smaller firms often struggle to compete on price and scale, they are differentiating themselves by focusing on specialized expertise and niche service offerings, enabling them to capture opportunities in specific market segments.



Strategic Moves (Mergers and Acquisitions)

Key market drivers motivating Indian IT/BPM firms to pursue strategic alliances with North American counterparts

Indian IT services and BPM firms are increasingly forming strategic alliances, encompassing mergers, acquisitions, partnerships, and collaborations, with U.S. and Canadian companies to capitalize on North America's dominant position in global technology spending, which accounts for over 40% of worldwide IT expenditures. These alliances are driven by a confluence of economic, technological, and geopolitical factors, enabling Indian firms to enhance their competitive edge, accelerate innovation, and achieve sustainable revenue growth.

Access to Advanced Technologies	North American firms lead in advanced technologies like AI, cloud computing, and quantum computing, which Indian companies aim to adopt to enhance their offerings. For instance, the US-India Initiative on Critical and Emerging Technology (iCET), launched in 2023 and evolving through 2025, facilitates joint ventures in AI, allowing Indian firms like Infosys Limited and TCS to co-develop solutions. This driver is fueled by India's need to bridge the innovation gap. Such alliances help Indian firms access U.S. R&D ecosystems, boosting their tech capabilities amid a projected global AI market growth.
Client Base Expansion	Alliances provide Indian firms with entry into North America's vast client networks in sectors like BFSI, healthcare, and retail, where outsourcing demand is high. North America contributes significantly to the Indian IT exports, with U.S. clients alone driving growth for the sector. Additionally, Wipro Limited's 2024 partnership with a Canadian fintech firm to expand into North American banking resulted in a 15% revenue uplift in that segment. This expansion mitigates India's domestic market saturation and leverages North America's economic recovery, with U.S. IT spending forecasted to grow in 2025.
Competitive Pressures	Geopolitical tensions, including US-China trade wars, position India as a preferred alternative for outsourcing, with 70% of U.S. firms citing India for cost-effective, reliable services. Competitive rivalry from global players like Accenture Plc pushes Indian firms toward acquisitions in 2024. Indian IT M&A deals reached USD 15 billion, many targeting North American assets for market share. Infosys' acquisition of a U.S.-based AI startup in early 2025 exemplifies this, enhancing its competitive positioning and contributing to a 12% year-over-year revenue growth.
Digital Transformation Demands:	North American enterprises are accelerating digital overhauls, with 58% adopting specialized outsourcing for AI and cloud. Indian firms ally to meet this, as seen in TCS's 2024 partnership with a Canadian telecom giant for 5G transformation, driving USD 2 billion in combined revenue. North America is expected to dominate the digital transformation market, encouraging Indian firms to pursue long-term contracts in the region.
Key Insights	The Indian IT firms should focus on building partnerships to access advanced technologies, expanding their client base in high-demand sectors, aligning with evolving regulatory frameworks, pursuing strategic acquisitions to enhance competitiveness, and meeting the growing demand for digital transformation services in North America.

Highlights on Indian IT Services Firms are Acquiring, Merging and Partnering with U.S. Firms to reduce Opex and Increase Revenue

HIGHLIGHTS ON INDIAN IT SERVICES FIRMS ARE ACQUIRING, MERGING, AND PARTNERING WITH U.S. FIRMS TO REDUCE OPEX AND INCREASE REVENUE

Timeline	Type of Development	Details	Implications (Cost/Opex)	Opportunity (Revenue/Growth)
February 2024	Acquisition (majority stake)	Wipro Limited acquired 60% of Aggne Global Inc. (U.S.), a Duck Creek–focused P&C Insurtech consultancy, for USD 66 million.	This acquisition adds IP-led, repeatable Duck Creek delivery playbooks and nearshoring leverage, lowering delivery costs per implementation.	Cross-sell Duck Creek cloud transformations to U.S. insurers; faster time-to-value drives larger managed services annuities.
April 2024	Strategic partnership	Tata Consultancy Services Limited signed a multi-year agreement with Amazon Web Services, Inc. to accelerate cloud modernization and train 25,000 staff in GenAI on AWS.	Standardized tools and a skilled workforce minimize project rework and infrastructure overhead, while managed cloud operations deliver operational cost efficiencies.	Larger U.S. cloud/GenAI transformation deals; packaged migrations and GenAI solutions expand wallet share.
May 2024	Strategic partnership	Tata Consultancy Services Limited and CrowdStrike Holdings, Inc. (U.S.) launched a global cybersecurity partnership to power TCS Extended Managed Detection and Response (XMDR) with Falcon Extended Detection and Response (XDR).	A unified platform, supported by a managed Security Operations Center (SOC), reduces tooling complexity and staffing expenses, providing TCS with a scalable managed framework.	In the United States, new recurring Extended Managed Detection and Response (XMDR) revenue emerges, emphasizing the importance of attaching security to cloud and data deals to achieve a higher Average Contract Value (ACV).
July 2024	Acquisition	Persistent Systems Limited to acquire Starfish Associates, LLC (U.S.), an enterprise communications automation platform.	The automation of multi-vendor Unified Communications (UC) and Contact Center (CC) systems decreases operational efforts and Level 1/Level 2 costs, while expanding opportunities for reusable accelerators.	Upsell AI-powered contact center modernizations and managed services across U.S. customer base.
July 2025	Partnership extension	Infosys Limited extended collaboration with AGCO Corporation (U.S.) to transform IT & HR ops using Infosys Cobalt/Topaz.	Streamlined IT and HR processes, along with platform consolidation, lower operational costs, and established scalable templates.	Deeper penetration in U.S. industrials; referenceable case to win similar ops-transformation deals.

Strategic Recommendations

Indian IT services firms must adopt a multifaceted strategy to thrive in the competitive U.S. market. By focusing on sector-specific acquisitions, upskilling in GenAI and cloud technologies, and fostering robust partnerships with hyperscalers and SaaS providers, they can enhance operational efficiency and revenue growth. This approach will enable firms to reduce costs, deliver scalable solutions, and secure a stronger foothold in the U.S. IT services landscape.

Source: Mordor Intelligence

ACTIONABLE RECOMMENDATIONS

- Evaluate Partners Strategically:
 - Prioritize North American firms with complementary tech stacks (e.g., AI/cloud) via due diligence tools like SWOT analyses. Target acquisitions under USD 500 million for quick integration, aiming for 10 -15% revenue within 18 months.
- Build Resilience in Alliances
 - Allocate 5 -10% of deal value to compliance and risk management; establish KPIs for productivity (e.g., 20% cost reduction) and revenue (e.g., 15% growth from new clients).
- Leverage Government Frameworks
 - Engage the US-India Initiative on Critical and Emerging Technology (iCET) or Canada's Indo-Pacific Strategy for incentives; monitor U.S. tariffs to diversify into Canada, where alliances grew 25% in 2024-2025.
- Monitor Metrics Quarterly
 - Track alliance performance via dashboards focusing on revenue attribution (target 20 - 30% from North America) and productivity metrics like utilization rates (aim for 85%).

Unlocking Revenue Potential in the North American Tech Ecosystem:

By focusing on these strategies, Indian IT service companies can tap into an additional USD 50-100 billion in revenue by 2030, elevating their firms to the forefront of the North American tech landscape.

OPERATING EXPENSE (OPEX) REDUCTION

Operating Expense (OPEX) Reduction: Indian IT services firms provide a cost-efficient global delivery model for U.S. and Canadian companies through acquisitions or partnerships. Key factors include:

- Offshore/Onshore Hybrid Delivery – Routine tasks are managed in Indian centers, while critical client-facing work remains onshore, reducing TCO by 20–40%.
- Shared Services Consolidation – M&As centralize IT support, HR, finance, and procurement in India, eliminating redundancies. Technology-Driven Automation – Indian partners leverage RPA, AI, and ITSM automation to reduce manual processes and lower OPEX.

Revenue Growth: These strategies enhance cost efficiency and drive revenue growth:

- Access to Established Client Portfolios – Acquisitions provide immediate access to U.S. and Canadian enterprise accounts. Cross-Selling & Upselling Opportunities – Indian firms offer digital transformation, cloud migration, and analytics services to acquired clients.
- Expansion into High-Value Sectors – Partnerships enable entry into regulated industries like BFSI, healthcare, and the public sector. Co-Innovation with Clients – Joint ventures create productized solutions for global marketing.

Realization Path

- **Phase 1: Integration & Cost Synergy** (0 - 12 months) Consolidate delivery operations. Implement standardized ITSM and DevOps frameworks. Optimize workforce allocation between onshore and offshore teams.
- **Phase 2: Growth Synergy** (12 - 36 months) Launch joint go-to-market strategies for large transformation deals. Expand service offerings for North American clients. Leverage the local partner's reputation to secure high-margin contracts.

Source: Mordor Intelligence



Technology Leadership

- Indian vendors are increasingly adopting advanced technologies such as artificial intelligence (AI), machine learning (ML), robotic process automation (RPA), data analytics, and cloud computing to enhance their service portfolios. This strategic integration not only accelerates digital transformation for their clients but also drives superior automation capabilities and improves process intelligence, enabling businesses to achieve greater efficiency and competitiveness.
- Leading players in the market are focusing on the development and enhancement of low-code/no-code platforms and workflow automation tools. These innovations allow clients to quickly adapt their business processes to changing demands while achieving significant operational efficiencies. Furthermore, AI-powered automation and industry-specific solutions tailored for sectors like BFSI, healthcare, and manufacturing have emerged as critical differentiators, providing a competitive edge in the market.
- Supported by government initiatives, companies have established multiple Centers of Excellence (CoE) dedicated to emerging technologies. These CoEs function as innovation hubs, fostering the development of skilled talent and driving advancements in next-generation, technology-led BPM and IT services. By leveraging these centers,

businesses can stay at the forefront of technological innovation and maintain a competitive position in the market.

Strategic Moves and Developments

GEOGRAPHIC EXPANSION



- **Market Focus:** North America, particularly the United States, continues to be the primary focus for Indian IT services and BPM vendors due to the region's early adoption of digital solutions and its large base of enterprise customers. Indian vendors are actively enhancing their presence in the region by establishing local offices, acquiring U.S.-based firms, and forming strategic partnerships with American companies. These efforts are aimed at improving their ability to serve key sectors effectively and expand their footprint in a highly competitive market.
- **Customized Solutions for Large Enterprises:** A significant portion of the demand for IT services and BPM originates from large, geographically distributed enterprises that require tailored solutions to manage complex multinational operations. To meet these demands, vendors are customizing their service offerings, emphasizing support capabilities, compliance with regional regulations, and a deep understanding of the local market dynamics. This approach allows vendors to provide more targeted solutions, ensuring better alignment with the operational needs of large-scale enterprises.
- **SME Outreach:** The widespread adoption of cloud-based technologies has opened up new opportunities for IT and BPM vendors to cater to small and medium-sized enterprises (SMEs) in North America. Cloud-based offerings provide scalable, flexible, and cost-effective solutions that are particularly appealing to SMEs looking to modernize their business operations without large upfront investments. By offering services that meet the specific needs of this segment, vendors are expanding their customer base and contributing to the growth of digital transformation in businesses of all sizes.

BUSINESS MODEL INNOVATION



- **Cloud-based Delivery Models:** There is a clear and growing shift towards Software-as-a-Service (SaaS) and cloud-based Business Process Management (BPM) solutions. Indian vendors are increasingly adopting these delivery models, which offer clients the flexibility of pay-as-you-go pricing and the ability to scale services as needed. These cloud-based models reduce the barriers to entry for businesses, especially smaller ones, by lowering upfront costs and enabling rapid scaling without significant capital investment. The shift to cloud-based delivery also allows for more efficient service management, ensuring greater agility in meeting client demands.
- **Process and Outcome-based Pricing:** In response to evolving client expectations, there has been a notable innovation in commercial pricing models. Vendors are increasingly adopting process and outcome-based pricing structures, where fees are linked to the actual business performance and outcomes achieved by the client. These models align the interests of both parties, creating a performance-driven partnership where the vendor is incentivized to deliver tangible results. By tying compensation to specific business outcomes, such as cost savings or efficiency improvements, these models help strengthen client-vendor relationships and foster long-term collaborations based on trust and mutual benefit.
- **Value-added Partnership:** Indian IT and BPM companies are increasingly positioning themselves not just as service providers, but as strategic partners in their clients' digital transformation journeys. This approach involves taking full ownership of end-to-end processes and collaborating closely with clients to drive innovation and transformation. By becoming integral to the client's digital roadmap, vendors can deliver value beyond traditional service provision, offering strategic insights, new capabilities, and solutions that drive long-term growth.

Source: Mordor Intelligence

Peer Benchmarking of Key Competitors of Our Company

Company	North American Presence	Expertise Sectors	Innovation & Strategic Growth in North America	Ranking	Reasoning Behind Ranking	Opportunities
MethodHub Software Limited	USA, Canada	Cloud & Data Services, AI/BPM, BFSI, Healthcare, Telecom, and Energy	- Opened Hyderabad AI/LLM CoE. - Acquired Zortech Solutions (Canada) (Apr 2024).	3	Agile mid-tier player with diverse IT services and growing North America footprint.	Expand AI and data services and grow sector-specific projects with additional funding.
NuSummit Cybersecurity Limited (Formerly known as Aujas Cybersecurity Limited)	USA (Cupertino, Jersey City), Canada (Ottawa)	Cybersecurity, Cloud Security, and Risk Advisory.	- Rebranded under NuSummit (2024) to strengthen the North America identity. - Expanding cybersecurity solutions.	5	Strong cybersecurity expertise and increasing demand for managed security services in North America.	Increasing demand for managed security and compliance services in North America.
InfoVision Inc.	USA, nearshore Mexico	Digital transformation, AI analytics, and digital engineering	- Launched nearshore center in Guadalajara (2024). - Recognized for AI analytics solutions.	1	Strong digital solutions focus but moderate scale in North America.	Expand nearshore delivery and AI analytics for mid-market clients.
Damco Group	USA (New Jersey HQ), supports North America via multiple offices	Digital transformation consulting, cloud, low-code, and BPM	- Expanded North America operations (2025). - Offers a global delivery model.	4	Established delivery model with slower growth and limited sector penetration in North America.	Leverage cloud and low-code services to attract SMBs and mid-market clients in North America.
Tezo Solutions Inc. (formerly Technovert)	USA (New Jersey), Canada	Salesforce, Digital Transformation, and Cloud Services	- Established North American delivery centers (2024). - Partnerships with system integrators.	5	Nearshore delivery and AI/analytics capabilities for mid-market clients in North America.	Expand Salesforce and cloud services for mid-sized enterprises in North America.
Nucleus Software Exports Limited.	USA (New Jersey), Canada	BFSI Software, Banking Solutions, and IT Services	- Strengthening North America sales & implementation (2024–2025). - AI-enabled banking tools.	6	Strong BFSI specialization with an established North American client base.	Expand BFSI IT services to meet banking digital transformation demand in North America.

Source: Mordor Intelligence

MethodHub Software Limited – Capability Comparison with Peers

CAPABILITY COMPARISON: THE COMPANY AND ITS COMPETITORS ON THE BASIS OF THE SERVICES PROVIDED

Company	Cloud Services	Data & AI Services	IT Infrastructure	Recruitment Delivery Services	ERP/CRM Integration	Cybersecurity	Combined Offerings	Embedded Systems Engineering
MethodHub Software Limited	✓	✓	✓	✓	✓	✓	✓	X
Saksoft	✓	✓	✓	X	✓	✓	✓	X
InfoBeans Technologies	✓	✓	✓	X	X	X	✓	X
Silver Touch	✓	✓	✓	X	✓	✓	✓	X
Esconet	✓	✓	✓	X	X	X	✓	X
Avance Tech.	✓	X	✓	X	X	X	✓	X
Sagarsoft (India)	✓	✓	✓	X	X	X	✓	✓

CAPABILITY COMPARISON: THE COMPANY AND ITS COMPETITORS ON THE BASIS OF THE INDUSTRIES SERVED

Capability Comparison with Peer	Healthcare & Lifesciences	BFSI	IT Consulting	Oil & Gas/Energy	Automotive & Transport	Telecom & Tech Infrastructure	Others	Media and Entertainment
MethodHub Software Limited	✓	✓	✓	✓	✓	✓	✓	X
Saksoft	✓ (not lifesciences)	✓	X	X	✓ (Transport)	✓	✓	✓
InfoBeans Technologies	X	✓	✓	X	✓ (Manufacturing)	X	✓	✓
Silver Touch	✓	✓	✓	✓	X	X	✓	X
Esconet	✓	✓	X	X	X	✓	✓	X
Avance Tech.	✓	✓	X	X	X	X	✓	X
Sagarsoft (India)	✓	✓	X	X	X	X	✓	X



MethodHub Software Limited – Strategy

Strategy Type	Description
Corporate Strategy	MethodHub Software Limited pursues growth through strategic acquisitions and alliances, targeting companies in the U.S. and Canada to expand its client base and technology footprint. The company emphasizes rigorous due diligence and funds these acquisitions via capital raised through its IPO. It also fosters business partnerships and joint go-to-market strategies with deep-tech solution providers to gain access to emerging technologies and markets. Geographic expansion is a priority, with focused efforts on strengthening presence in North America, supported by offshore product engineering and captive operations in India. The company maintains operational excellence by streamlining processes and building exclusive delivery centers in India to optimize cost and delivery timelines. Recruitment excellence ensures rapid, quality talent acquisition, reinforcing scalability and customer satisfaction.
Brand Positioning	MethodHub positions itself as a customer-centric, quality-driven IT service provider focused on delivering tailored solutions that address diverse business needs across multiple industries. It emphasizes operational excellence, timely delivery, and cost efficiency while maintaining a strong brand image associated with reliability and innovation.
Channel Strategy	MethodHub employs a multi-channel marketing and sales approach, leveraging digital platforms and partnerships to maximize reach. The company actively uses social media (especially LinkedIn) for brand promotion and customer engagement through daily, value-driven content. It expands geographically by partnering with local firms in strategic sectors like BFSI, healthcare, energy, telecom, and eCommerce, enabling organic and inorganic growth.
Product and Innovation Strategy	The company is committed to expanding and diversifying its software services beyond supply chain management into areas like marketing, sales, and finance by developing new enterprise products. Innovation is driven by leveraging data and AI technologies to create smart, ready-to-use solutions that solve industry-specific challenges. MethodHub fosters co-innovation through partnerships and acquisitions, integrating emerging deep-tech capabilities into its portfolio.
Geographical Expansion	The company is expanding into the United States and Canadian markets by targeting emerging sectors. Strategic partnerships have driven growth in BFSI, Healthcare, and Energy. A Texas-based services company with SAP expertise enabled entry into the Oil & Gas and Energy sectors, while an offshore delivery center in Mohali, India, supports North American healthcare clients, ensuring cost efficiencies and revenue growth. The acquisition of a Canada-based telecom and eCommerce consulting firm provided access to Canada, global infrastructure, and a scalable offshore framework. This positions the company to grow with clients and expand across Canada and key U.S. regions, including Silicon Valley, Dallas, Chicago, and Montreal.

Source: Mordor Intelligence, Company Website



Our Companies SOWT

STRENGTHS



- Highly skilled and trained IT professionals: The company boasts a team of highly skilled and well-trained IT professionals, ensuring the delivery of high-quality solutions and services to clients.
- Proven track record of delivering innovative and customized IT solutions: The organization has consistently provided bespoke IT solutions tailored to the unique needs of marquee clients, showcasing its ability to innovate and adapt.
- Long-standing client relationships and repeat business: The company has cultivated enduring relationships with its clients, resulting in a high rate of repeat projects and customer loyalty.

WEAKNESSES



- Limited operational presence: The company operates from a restricted number of locations, which may hinder its ability to expand its market reach and tap into new opportunities.
- Need for skill enhancement: The project execution teams require continuous knowledge upgrades to stay competitive and effectively manage evolving project demands.
- Revenue concentration risk: The company relies heavily on its top two customers for a substantial share of its revenue, posing a risk to financial stability if these clients reduce their business.

OPPORTUNITIES



- Limited penetration in the U.S. and Canadian markets, which restricts the company's ability to fully capitalize on growth opportunities in these regions.
- Dependence on offshore locations for executing partner-driven business sales, which may pose challenges in addressing local market dynamics and customer preferences effectively.
- Limited engagement with large enterprises, as well as federal, state, and local governments, due to insufficient partnerships with veteran-owned companies, which could hinder access to these segments.

THREATS



- Exposure to currency fluctuations, which may impact profitability and financial stability.
- Intense competitive activities and the need to continuously adapt to evolving customer IT strategies and technological advancements, posing challenges to maintaining market position.
- Uncertainty in government policies and political scenarios, including fluctuations in interest rates, political instability, and changes in immigration policies, which could affect business operations and workforce management.

Source: Mordor Intelligence

Our Companies North America Growth Strategy



STRATEGIC RECOMMENDATION TO GRAB INVESTMENT OPPORTUNITY

Benefit for MethodHub Software Limited

Expand North American footprint through targeted acquisitions, industry-specific solutions, and AI-driven services, driving recurring revenue, operational efficiency, and scalable growth.

Benefit for Investors

Gain exposure to a high-growth, high-margin IT services and BPO company with strong brand positioning, diversified client base, and measurable value creation through strategic expansion and innovation.

Source: Mordor Intelligence



Market Opportunities and Future Trends

Projected Growth of IT Exports in North America

PROJECTED GROWTH OF IT EXPORTS TO NORTH AMERICA

Market Size and Growth Trajectory

- Indian IT Services and BPM Exports to the North America market present substantial opportunities for Indian IT service providers, with the market projected to grow from USD 106.95 billion in 2025 to USD 142.72 billion by 2030, representing a compound annual growth rate (CAGR) of 5.94%. This robust growth trajectory is driven by accelerating digital transformation initiatives, cloud migration requirements, and increasing demand for specialized IT services across multiple industry verticals, creating significant expansion opportunities for Indian technology companies.
- Revenue Growth Projections
- NASSCOM forecasts the Indian technology industry will achieve revenue of USD 282.6 billion in FY25, representing 5.1% growth, with expectations to exceed USD 300 billion in FY26, driven by recovery in the US market and sustained demand across key verticals. Export revenues are anticipated to reach USD 224.4 billion in FY25, reflecting a 4.6% year-over-year increase, with traditional IT services expected to grow 4.3% to USD 137.1 billion and business process outsourcing revenues projected to rise 4.7% to USD 54.6 billion.

Sectoral Growth Opportunities

- The Public Sector and Government Projects vertical is anticipated to be the fastest-growing segment within the North American IT services market. This growth, projected at a compound annual growth rate (CAGR) of 7.91%, is primarily attributed to the rising demand for IT support services, as organizations in this sector increasingly prioritize digital transformation and operational efficiency.
- Banking, Financial Services, and Insurance (BFSI) continues to represent the largest opportunity for Indian IT service providers, with increased discretionary spending observed in the sector and growing investments in digital transformation, regulatory compliance, and customer experience enhancement initiatives. The retail sector demonstrates significant potential, driven by omnichannel transformation requirements, e-commerce platform modernization, and supply chain digitization needs that align with Indian IT companies' expertise in digital commerce and customer experience solutions.

Source: Mordor Intelligence



EVOLUTION OF SERVICE MODELS: EXPANDING NEARSHORE + HYBRID DELIVERY

Transformation of Delivery Models

- The traditional offshore delivery model is evolving toward sophisticated hybrid and nearshore approaches, driven by client requirements for proximity, cultural alignment, and enhanced collaboration capabilities. Cross-border supply of software services has increased to 83.5%, while off-site services now account for 90% of total exports, representing a significant increase from 80% a decade ago, indicating the maturation and acceptance of remote service delivery models. This evolution reflects both technological advancement in remote collaboration tools and client comfort with distributed delivery models that optimize cost, quality, and responsiveness.
- Indian IT service providers are strategically establishing nearshore capabilities in locations such as Canada, Mexico, and the Caribbean to serve North American clients more effectively while maintaining cost advantages. Companies like Hexaware Technologies have opened new headquarters in Jersey City, New Jersey, while Zensar Technologies established a delivery center in Research Triangle Park, North Carolina, demonstrating the industry's commitment to proximity-based service delivery that combines offshore efficiency with onshore accessibility. These nearshore investments enable Indian companies to provide services during North American business hours, facilitate face-to-face client interactions, and address data sovereignty requirements while preserving cost competitiveness.

Hybrid Workforce Strategies

- The hybrid delivery model encompasses both geographic distribution and workforce composition, with Indian IT companies significantly increasing local hiring in North American markets to address visa restrictions, cultural requirements, and client preferences for domestic talent. Infosys has implemented a strategy to increase local hires to 60% of its US workforce, reducing reliance on H-1B visas while enhancing cultural alignment and client service capabilities. This approach enables companies to maintain competitive positioning while addressing political and regulatory concerns about foreign worker dependency.

Global Capability Centers (GCC) Expansion

- The GCC model enables North American companies to access Indian talent and innovation capabilities while maintaining direct control over operations, intellectual property, and strategic initiatives. Major technology companies, including Microsoft, Cisco, and JP Morgan Chase & Co., have established significant GCC operations in strategic locations such as Bengaluru, Hyderabad, Pune, Gurugram, and GIFT City, creating opportunities for Indian professionals to work directly with global organizations while remaining in India. This model represents a hybrid approach that combines the cost advantages of Indian operations with the strategic control and cultural alignment desired by North American enterprises.

Source: Mordor Intelligence



TECH SEGMENT TRENDS: AI, 5G, IOT, DIGITAL WORKPLACE

Artificial Intelligence and Generative AI Opportunities

- Artificial Intelligence represents the most significant growth opportunity for Indian IT services exports to North America, with 63% of technology executives expecting AI investments to exceed 10% of overall tech spending in FY26, creating substantial demand for AI implementation, integration, and management services. The generative AI revolution has created unprecedented opportunities for Indian IT companies, with over 90% of top service providers integrating AI across functions and 35% of deal pipelines being AI-led, demonstrating the market's rapid adoption of AI-driven solutions and services.

5G and Next-Generation Connectivity Services

- The deployment of 5G networks across North America creates substantial opportunities for Indian IT service providers specializing in telecommunications infrastructure, network optimization, and 5G-enabled application development. The technology enables new service categories, including edge computing, IoT connectivity, and ultra-low-latency applications that require specialized expertise in network engineering, software development, and systems integration. Indian companies like Cyient have been recognized as Major Contenders in the Everest Group PEAK Matrix for 5G Engineering Services, demonstrating their capabilities in this high-growth technology segment.

Internet of Things (IoT) and Edge Computing

- The Internet of Things represents a significant growth opportunity for Indian IT services, with North American enterprises increasingly adopting IoT solutions for operational efficiency, predictive maintenance, and customer experience enhancement across manufacturing, healthcare, retail, and smart city applications. The IoT market requires specialized expertise in device connectivity, data analytics, security, and systems integration that aligns with Indian companies' strengths in software development, data management, and technology integration services.

Digital Workplace Transformation

- Digital workplace transformation represents a substantial and growing opportunity for Indian IT service providers, driven by permanent changes in work patterns, collaboration requirements, and employee experience expectations resulting from the pandemic and ongoing digital transformation initiatives. The digital workplace market encompasses collaboration platforms, productivity tools, security solutions, and employee experience technologies that require comprehensive integration, customization, and ongoing management services.

Source: Mordor Intelligence

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