Adapting Talent to Market: The GIC IT Services Talent Landscape in India

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Market Report: April 2016 – Preview Deck

EGR-2016-2- PD-1749

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1 Banking, financial services, and insurance

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Background and scope of the research

Background of the research

India is the world's largest offshore IT services delivery location, both for IT service providers and Global In-house Centers (GICs). Currently, GICs based in India employ 170,000-200,000 FTEs engaged in a variety of IT services ranging from traditional IT services, such as Application Development and Maintenance (ADM) and infrastructure services, to emerging next generation services, such as mobility and cloud.

As GICs continue to expand the scale and scope of services being delivered from India, the talent market is heating up. The GICs are already concerned about sustainability of delivery of high-quality services and growth. GIC leaders are now looking for a talent strategy that not only meets their business objectives but also aligns with prevailing talent demand-supply dynamics. In this report, we will take a closer look at the talent landscape for the IT services GICs in India and address some of the burning questions often asked by stakeholders.

In this research, we have analyzed the talent landscape for GICs delivering IT services from India, across various dimensions:

- IT services delivery in Indian GICs
- IT graduate demand-supply dynamics
- Educational profile
- Delivery model
- Compensation benchmarks
- Talent mobility and attrition trends

The scope of the analysis includes:

- Type of companies: GICs of global companies
- Geographic focus: India
- Services in scope: IT services[1]

1 IT services include services such as application development & maintenance, infrastructure support services, testing, R&D, IT consulting services, and next-generation services (digital) such as mobility, cloud, automation, Internet of things, and analytics

This assessment covers various types of IT services undertaken by India-based GICs of global corporations

IT functions	Types of services include (indicative list, not exhaustive)
Application Development and Maintenance (ADM)	• Applications development • Application maintenance • Independent testing • Package implementation • ERP services • Business intelligence / data warehousing
Infrastructure Services (IO)	• Traditional IO • Remote Infrastructure Management (RIM) • Infrastructure Management Services (IMS)
System Integration (SI) / Consulting	• ERP implementation and support • IT strategy/operations consulting • Business consulting • Infrastructure consulting
Digital	• Social and Interactive • Mobility • Analytics[1] • Cloud • Automation • Internet of Things (IoT) • Cybersecurity

1 Traditional business intelligence and data warehousing excluded from definition of digital used in the research

For this research, Everest Group leveraged a variety of sources to analyze the IT talent employed by India-based GICs of global companies

Coverage and key questions addressed

- This report covers ~390 India-based GICs focused on delivering IT services globally, employing 170,000-200,000 FTEs
- GICs across locations (tier-1 and tier-2 cities in India) and a variety of verticals, including Banking, Financial Services, and Insurance (BFSI), Manufacturing, Distribution, and Retail (MDR), technology, healthcare, energy & utilities, and telecom
- The key questions addressed in this report are:
  - Which type of companies are leveraging India to setup GICs for IT services delivery?
  - What is the scale and distribution of the IT talent employed by GICs in India?
  - What is the qualification criteria for talent being hired by these GICs? How does this vary across different IT subfunctions?
  - Which are the talent hotspots that serve as key sources for entry-level talent?
  - Can India offer sufficient talent to meet expanding demand for IT talent through 2020?
  - What is the typical delivery structure (experience level, delivery pyramid) for GICs in India and how does it vary across IT subfunctions?
  - What are the typical compensation levels for various IT roles across IT subfunctions?
  - What are the key trends associated with migration of talent within this sector?

Approach and Sources of Information

- Everest Group has leveraged a variety of sources including secondary research (e.g., LinkedIn, job portals, and databases) and primary research (interviews with market participants) to collect data for this report. This was further augmented with Everest Group's existing IP and knowledge from past projects/engagements
- This involved an extensive analysis of the educational background and career profiles of IT employees working with the top 20 IT focused GICs based in India, which employ 80,000-90,000 FTEs across India (40-45% of the total IT talent employed by GICs in India)
- We have used a sampling approach for several dimensions, where a representative population (~2,000 FTEs from top 20 IT focused GICs) has been analysed in detail

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Overview and abbreviated summary of key messages

This Everest Group research analyzes the talent landscape among GICs delivering IT services in India. It provides detailed insights about scale and distribution of IT talent and profile of talent (educational profile, type of educational institutes) hired by GICs. The report also captures the IT graduate demand-supply dynamics and highlights top talent hubs for both experienced- and entry-level pool. Further, it analyzes IT delivery pyramids, compensation by role, and highlights trends in talent migration and attrition among GICs in India

Some of the findings of the report

Assessment of IT services delivery from GICs in India

- Global enterprises have established more than 800 GICs in offshore locations for delivery of IT services, of which 45-50% are located in India
- Large global enterprises have been at the forefront of setting up offshore GICs for IT services
- ADM comprise the largest slice of services being delivered from these GICs. However, over the last few years, this share has declined as there is an increasing trend among enterprises to insource infrastructure services. GICs are also investing significant resources in building next generation or digital capabilities

Assessment of entry-level IT talent pool in India

- Annual supply of IT graduates at entry level in India increased by 18% CAGR between 2011-2015. During this period, demand from IT services exports sector grew from 169,000 to 184,000 graduates
- Considering the pan-India supply of employable graduates, the talent pool availability exceeds the demand from the IT exports sector

Educational profile and key institutions

- As the GICs continued to expand the scale and scope of their services delivered from India over the past decade, they have diversified their talent acquisition approach. GICs have significantly leveraged non-computer science engineers and other technical post graduates across IT subfunctions
- From the perspective of the type of educational institutes from which entry-level talent is sourced, 80-85% of the employed pool has completed graduation / post-graduation from tier-2/3 institutes

Delivery model and compensation analysis

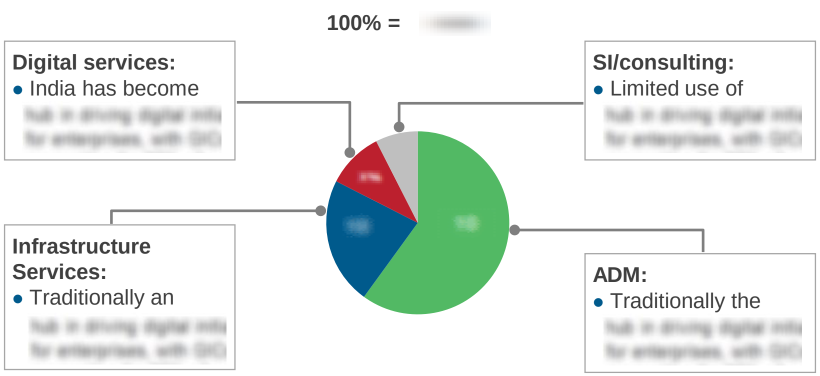
- GICs typically maintain a four-level delivery structure across subfunctions. Level five represents functional leadership roles
- Mature IT GICs have optimized their delivery pyramid, especially for ADM services
- The average experience bands within the GICs are relatively broader as compared to typical service providers

Talent mobility and attrition trends

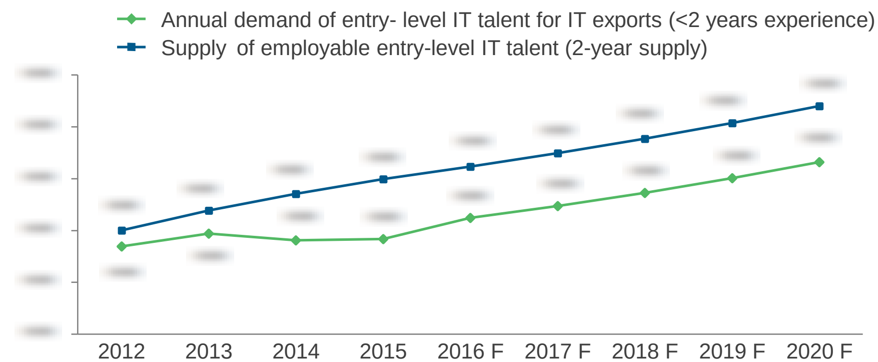
- IT talent in India is highly mobile and candidates are typically willing to move to a new location; especially in the initial years of their career
- GICs across tier-1 cities in India attract significant talent from other cities. Bengaluru is the most attractive location among candidates in the IT sector
- GICs have leveraged their brand positioning, work environment, and better compensation to control attrition

This study offers five distinct chapters providing a deep dive into the various aspects of the IT talent landscape within GICs based in India; below are some charts to illustrate the depth of the report

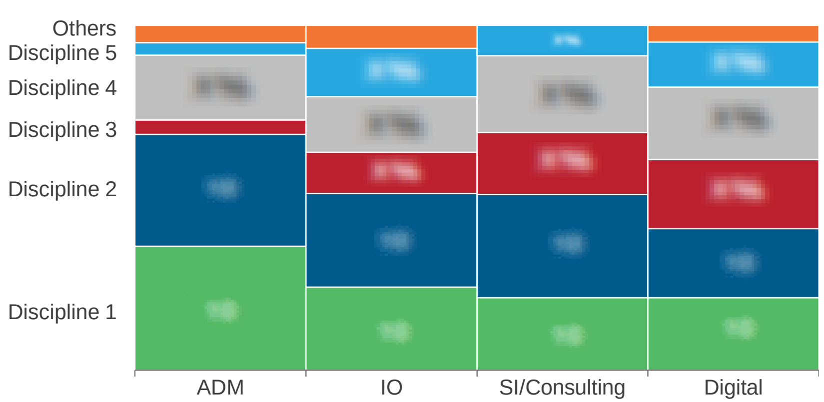
Distribution of FTEs by IT functions served
2015; Number of FTEs in '000s



IT exports industry demand & supply for entry-level talent pool in India
2012-2020F; Number of graduates/FTEs in '000s



Distribution of FTEs by type of discipline by IT subfunction
2016; Number of FTEs



Share of migrated talent by city
2016; Percentage of FTEs

Source: Everest Group (2016)

Global sourcing research calendar

Published | Current

Topic	Release date
GICs leading the way for digital transformation of the enterprise	January 2016
Viewpoint: Upshifting Value and Talent through Robotic Process Automation (RPA)	February 2016
Global In-house Center (GIC) Landscape Annual Report 2016	March 2016
Finance & Accounting Delivery from GICs: Trusted Partner to Move F&A Beyond Delivery to Value Creation	April 2016
Adapting Talent to Market: The GIC IT Services Talent Landscape in India	April 2016
GIC landscape report: Delivery landscape for retail and commercial banking in GICs	Q2 2016
Thematic report: Future readiness of talent model in GICs	Q2 2016
Function focused report - Procurement services in GIC	Q3 2016
Location focused report - Philippines as delivery geography for GICs	Q3 2016
Viewpoint: Evolving role of Global sourcing CoE (Centers of Excellence)	Q4 2016
Thematic report - A practitioner's view on GICs supporting parent's digital agenda	Q4 2016
Global In-house Center (GIC) Landscape Annual Report 2017	Q1 2017

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Additional research references

The following documents are recommended for additional insight into the topic covered in this report. The recommended documents either provide additional details on the topic, or complementary content, that may be of interest:

1. **Global In-house Center (GIC) Landscape Annual Report 2016** (EGR-2016-2-R-1727); 2016. This report provides a deep-dive into the GIC landscape and a year-on-year analysis of the GIC trends in 2015, comparing them with trends in last two years. The research also brings out key insights related to the GIC market across locations, verticals, and functions and concludes with an assessment of best practices for GICs to leverage start-ups to drive innovation

2. **GICs Leading the Way for Digital Transformation of the Enterprise** (EGR-2016-2-R-1682); 2016. This report gives an overview of the current state of digital adoption in GICs, assesses digital maturity of GICs based on a framework, evaluates functional maturity of the top three industry verticals, and highlights best practices, key implications, and the call-to-action for GICs. The report will assist senior GIC stakeholders in understanding the opportunities and challenges offered by this disruptive wave of digital services

3. **Upshifting Value and Talent through Robotic Process Automation (RPA)** (EGR-2016-2-R-1654); 2015. This whitepaper analyzes the distinct position of GICs to provide leadership in the robotic automation journey for their enterprises. This whitepaper is based on Everest Group's extensive research examining the state of RPA and the broader topic of Service Delivery Automation (SDA). The whitepaper leverages Everest Group's ongoing primary and secondary research encompassing enterprises, technology vendors, GICs, and other relevant industry stakeholders

For more information on this and other research published by Everest Group, please contact us:

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