India Software Market Subjected to Grow at a CAGR Higher Than Other Major Economies in APeJ Between 2018–2023: IDC India Reports

**NEW DELHI, December 5th, 2019** – As per International Data Corporation's (IDC) latest Worldwide Semiannual Software Tracker, 1H19 (January – June), India software market grew by 12.4% year-over-year (YoY). India's overall software market is estimated to grow at a compound annual growth rate (CAGR) of 14.1% between 2018-2023. India accounted for a share of 12.4% of the overall APeJ region software market. India is expected to achieve a higher growth rate vis-à-vis some of the other major economies in the region.

The 2019 general election has resulted into a medium-term political stability in the country, but the GDP forecast is lower in comparison to the previous estimates. The automotive, BFSI, and telecommunication industries were majorly impacted due to the decline in consumer spending and weak business sentiments. However, IDC expects the long terms impacts to be positive as the government increases spending on infrastructure development projects, creates domestic opportunities, and improves its ease of doing business ranking by implementing reforms and regulatory changes, slashing corporate tax rates and the likes.

IDC classifies the software market into three primary categories: applications, application development and deployment (AD&D), and systems infrastructure (SI) software. Applications contributed 61.3% to the overall market revenues, followed by AD&D and SI software with shares of 22.4% and 16.3%, respectively, in 1H19.

Figure 1

India Software Market, 1H19 Primary Software Market Share
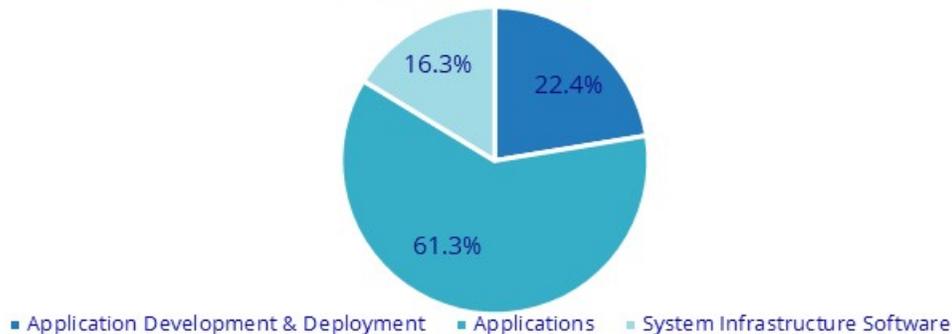
Source : IDC Worldwide Semiannual Software Tracker, 1H19

As per IDC's current estimates, collaborative applications are the highest revenue generating category with a growth of 31.2% YoY during 1H19. Other high revenue contributing software segments are data management, customer relationship management (CRM) applications, and enterprise resource management (ERM) applications. The growing adoption of software as a service (SaaS) based solutions among the large and SMB segments, strong emphasis on digital transformation (DX) initiatives, and the customer experience (CX) enhancement, acted as catalysts for the growth of enterprise applications' market in India.

"In the next 18–24 months, Indian organizations would be working on improving employee's productivity & profitability, delivering omni-channel experience to the customers, innovating & driving the disruptive digital ecosystem, and emphasizing on the creation of data-driven & customer-centric organization," said Mohsin Baig, enterprise software market analyst at IDC India.

The mentioned focus areas would be creating growth opportunities for collaborative applications, analytics, CRM, artificial intelligence (AI), relational database management software (RBDMS), robotic process automation (RPA), and content workflow & management applications. These software markets are expected to witness higher growth rates vis-à-vis other secondary software markets.

The AD&D market constitutes of analytics & AI, application platform, application development, database management, integration & orchestration, and software quality & life-cycle. During the forecast period 2018–2023, India AD&D market is anticipated to witness a double-digit growth. The growth will be primarily driven by the organizations' need of harnessing big data's potential and to evolve, modernize, and re-platform their existing enterprise application. The growth would also be fueled by the increasing demand for enabling digital initiatives for the business functions

across most of the Fortune 500 companies, which in turn would lead to an increase in demand for developers and IT professionals.

"India is currently going through an interesting time, where organizations are opening up to multi-cloud environment. They are currently taking a premeditated decision on making substantial investments in procuring SaaS-based application. On the other hand, the continued adoption of microservices, containers, and open source platforms, along with an increase in solution offerings from vendors, are aiding the growth of platform as a service (PaaS) market in India," said Shweta Baidya, senior research manager, enterprise software & IT services, IDC India.

Specific business potential is to be experienced in areas such as DevOps, primarily in the sectors such as BFSI, IT & ITeS, and retail where the organizations have already begun to mainstream the modules such as CD/CI, automated testing, version control, and secure analysis of code.

Commenting on the AD&D market, Mohsin Baig added, "Enterprises have adopted DevOps practice in selected projects in India. They prefer cloud-managed services based on open sources, in-house/custom solutions, and community-based free open sourcing option for acquiring DevOps enabling technologies. But organizations are still struggling with enterprise-wide adoption of DevOps practice due to lack of integration between development teams and IT operation processes and lack of skill sets in both the processes and budget constraints. Over the next five years, the demand will upsurge for the use of tools which could partially or primarily automate the CD and CI task."

About IDC Trackers

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