

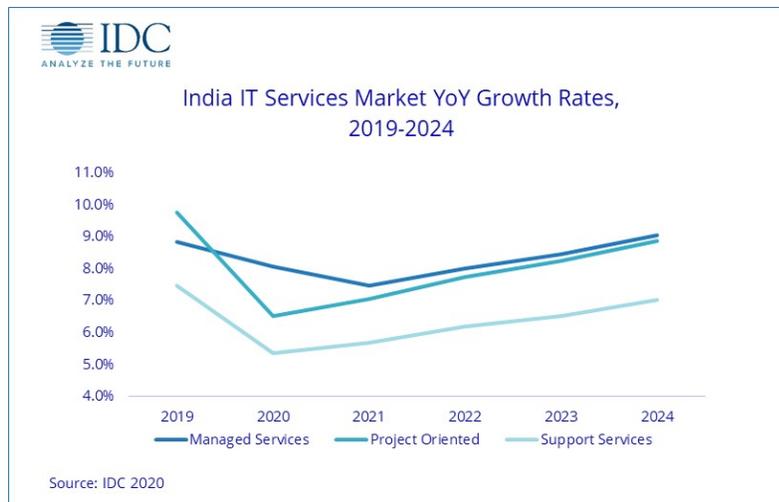
COVID-19 pandemic slowing growth in the India IT Services & Business market, expected to reach US\$14 Billion by December 2020; IDC India Reports

NEW DELHI, May 5th, 2020 - The India IT & Business Services market grew by 8% YoY in 2H19, according to the International Data Corporation (IDC) [Worldwide Semiannual Services Tracker](#) -2H19. Of the IT & Business Services market, the IT Services market contributed 76.3% in 2H19 and grew by 8.5% year-over-year (YoY) in 2H19.

IDC forecasts that the IT & Business Services market is expected to grow annually by 6.5% to reach US\$14 billion by December 2020. Further, as per IDC, the IT Services market will grow at a CAGR of 7.6% between 2019-2024, to be valued at US\$14.6 billion by the end of 2024. The COVID-19 pandemic has resulted in a slowdown in the overall economy, and also in the IT Services market.

IDC classifies the IT Services market into three primary markets – Project-Oriented, Managed Services, and Support Services. For 2H19 (July – December 2019), Project-Oriented Services was the largest segment, followed by Managed Services and Support Services.

Figure 1



Although new contracts as well as contract renewals in IT Services are expected to be affected during the crisis, it is also expected that consulting services, modern collaborative applications, managed security services, network management services and hosting services will represent higher revenue generating opportunities in CY2020. In 2H19, the higher growth markets continued to be hosting services (applications and infrastructure hosting), which is expected to continue in CY2020, on account of increased remote business functions being carried out across sectors.

Amidst the COVID-19 outbreak, project-oriented services, such as consulting, custom application development, systems integration, etc. are expected to reduce steeply in the short-term, while managed services, such as application management, hosting services, IT outsourcing, network management etc. are expected to reduce only marginally in the short-term. Further, it is expected that helpdesk support services will witness an upsurge for emergency support extended to remote working professionals.

"In CY2020, the focus of IT Services vendors during the pandemic has shifted to addressing the challenges of remote connectivity and collaboration, connecting with

their ecosystem of customers, suppliers and partners, while also ensuring business continuity, building organizational resilience, and being more adaptable. Digital technologies are the core in ensuring business continuity in this challenging time, with cloud and AI being the technology forerunners. Enterprises which had invested in digital transformation (DX) initiatives in the past have proved to be more resilient than companies which have been laggards in technology adoption. Organizations are expected to use current learnings to prepare for future business disruptions by adopting a Business Continuity Plan (BCP) that includes migrating their business operations to digital infrastructure and platforms,” said [Garima Goenka](#), Market Analyst, IT Services, IDC India.

"The crisis has accelerated the adoption of digital technologies to keep the lights on amidst the COVID-19 pandemic. Enterprises that are ahead in the digital maturity curve will clearly be better equipped to handle the crisis and will further invest in technology upgradation to address the changing customer demand. Long-term managed services contracts are expected to continue despite lock downs, as IT vendors find innovative ways to continue servicing their customers. Vendors have created emergency response teams and are also leveraging automation tools

and AI to provide uninterrupted service to their employees and customers for business continuity plans," said [Shweta Baidya](#), Senior Research Manager, Software and IT Services, IDC India.

*All market size and growth percentage numbers are in constant currency

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