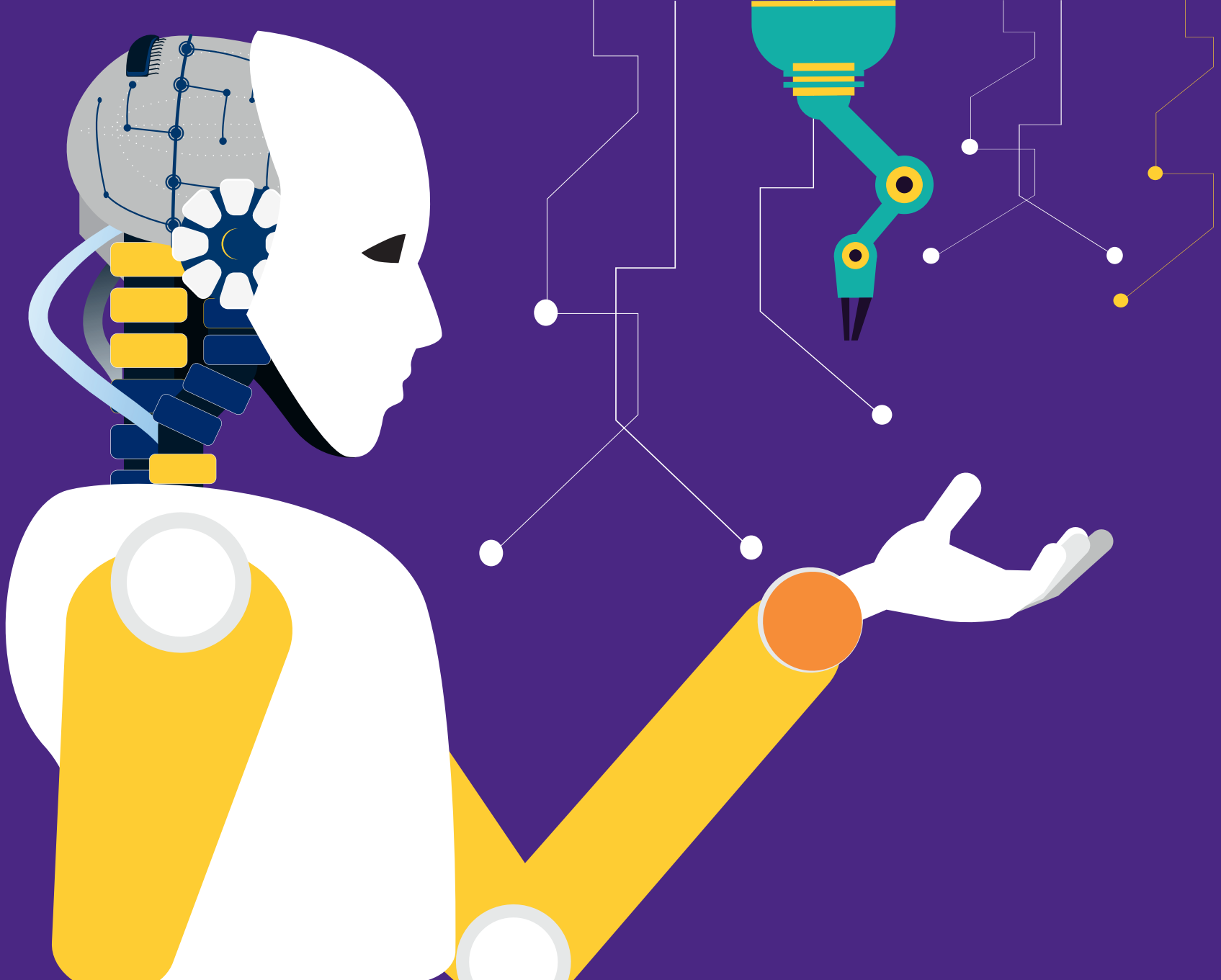




Current Overview & Future Roadmap

Indian IT Staffing Report 2017







Research Conducted by KPMG

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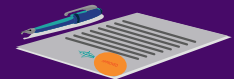
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Foreword

Indian Staffing Federation (ISF) comes to be in its 6th year of existence with a strong representation of over 85 members employing over 900,000 flexi-workers. This is indeed something to be proud of for the apex body of the industry. Over the past decade we have provided a stepping stone, to over 8.5 million youth, towards a better and brighter career. We have successfully created an eco-system which provides flexibility, administrative efficiencies and flawless compliance for Corporate India to enable them to expand and grow their business. We have upheld the law of the land at each step and ensured flexibility and security at the same time consistently.

Current study conducted by KPMG on behalf of ISF aims to highlight the scale, impetus and status of the IT staffing industry in India. The report has been made analytical to bring forth the growth of IT flexi staffing in the next 2-4 years across high contributing technologies in the top states and the sectors of the country. This shall help to have an understanding of the factors driving the economic and employment growth.

The study shows that the IT staffing industry which is pegged to grow at 14-16% per annum till 2021 and is the highest contributing employer of flexi staff in India. By the current economy, this will also be among the top few industries to propel the employment growth for the country. This is despite the fact that the IT industry is undergoing unprecedented transition phase with the automation, showing its impact on a global scale. The report interestingly suggests that most of the contribution to the overall IT flexi-staff size is likely to come from these sectors – Startups, Ecommerce, BFSI, Retail, IT and Manufacturing and from these states-- Karnataka, Maharashtra and Delhi (NCR).

Rituparna Chakraborty

President, Indian Staffing Federation

From the Chapter Chair's Desk

Information Technology is the bedrock for development in a rapidly changing global environment. Indian Staffing Federation represents the staffing companies who not only meet the demands & challenges arising from the ever changing dynamic field of IT but also devise bold strategies to support the growth of the industry, providing them the just in time support on projects, manpower and being the backbone to a host of issues such as reliable infrastructure, skilled human resources and other essential issues of capacity building.

In the report as conducted by KPMG, Indian IT Flexi Staffing Industry market is worth USD 3.04 Bn in FY 2017, which is projected to garner USD 5.3 Bn by FY 2021. Foreign Government policies and Automation are the key determinants for further growth of IT Flexi Staffing. Almost 55% of Indian Companies engage with IT Flexi staff for Infrastructure Management, while niche skillset and Just in time requirement are the major reasons for hiring IT flexi Staff.

The turnover of the industry across the globe is at USD 59 Bn and Indian IT Staffing industry contributes 4.8%. The report also highlights that India is 28% of APAC IT staffing industry, which makes India a significant contributor to the IT Staffing industry. The industry is still at a nascent stage and has a lot of unexplored opportunities.

Mehul Shah

Chairperson – Information Technology Chapter; Indian Staffing Federation
Board Member and Trustee, Indian Staffing Federation

From the Executive Director's Desk

As an enabler of the IT industry, the staffing industry and the members of Indian Staffing Federation contribute to a better mobilisation of employment across the technology and trend cycles. Thanks to the combined strength of the staffing experts, Information Technology stalwarts and specialists, the workforce around the world are not only given the dignity and recognition but also adapted to the changing dynamics of the technology. The faster response supports the industry enables to produce better results through alignment, adaptation, security and prosperity.

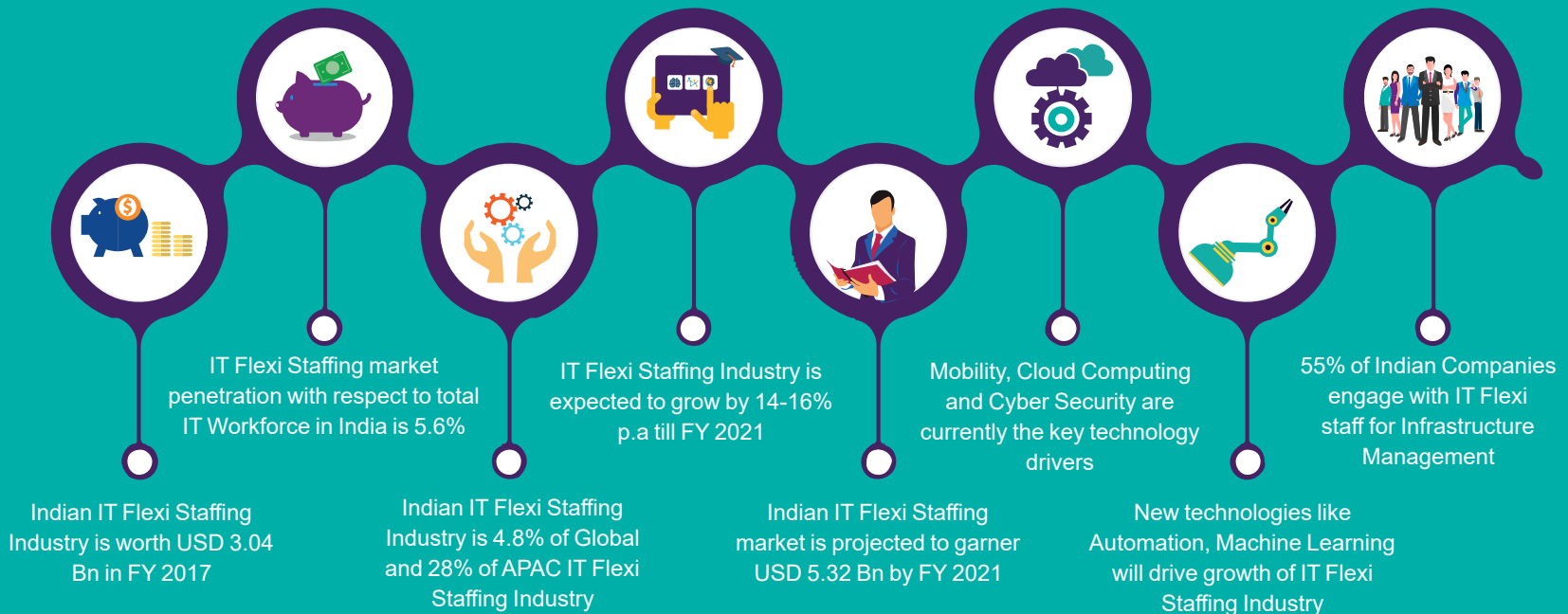
The Report on the Indian IT Staffing Industry 2017 of Indian Staffing Federation documents enabling factors that propels the growth of industry. The compilations of robust facts and figures from the research conducted by KPMG shows the strength and potential of the industry. The number of people employed who were able to access the work after intermediation by Indian staffing companies reached 0.26 million people in 2017 which will be close to 0.32 mn by 2021, including a majority of youngsters! There is much more information to be found in the report. I invite you to browse through it and find out for yourself.

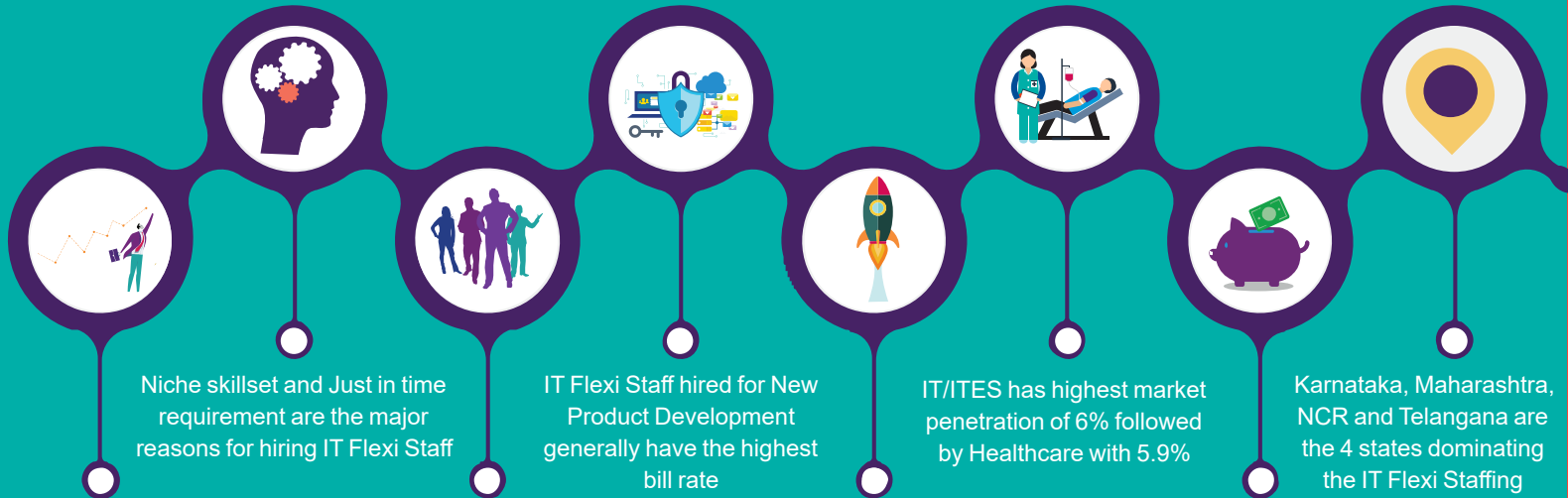
In addition to the hardcopy of this report, a complementary on-line version is available with additional data. This will make it easier for you to browse through the report and share its content more easily. If you have any questions after reading the report, please feel free to get in touch with the Indian Staffing Federation office through info@indianstaffingfederation.org

Suchita Dutta

Executive Director, Indian Staffing Federation

Executive Summary





On Time Delivery and Upscaling may further boost the growth of IT Flexi Staffing

Niche skillset and Just in time requirement are the major reasons for hiring IT Flexi Staff

Most Organizations hire IT Flexi Staff for a service tenure of 6-12 Months

IT Flexi Staff hired for New Product Development generally have the highest bill rate

IT Flexi Staff is expected to grow fastest in Startup & Ecommerce Sector by 17.3%

IT/ITES has highest market penetration of 6% followed by Healthcare with 5.9%

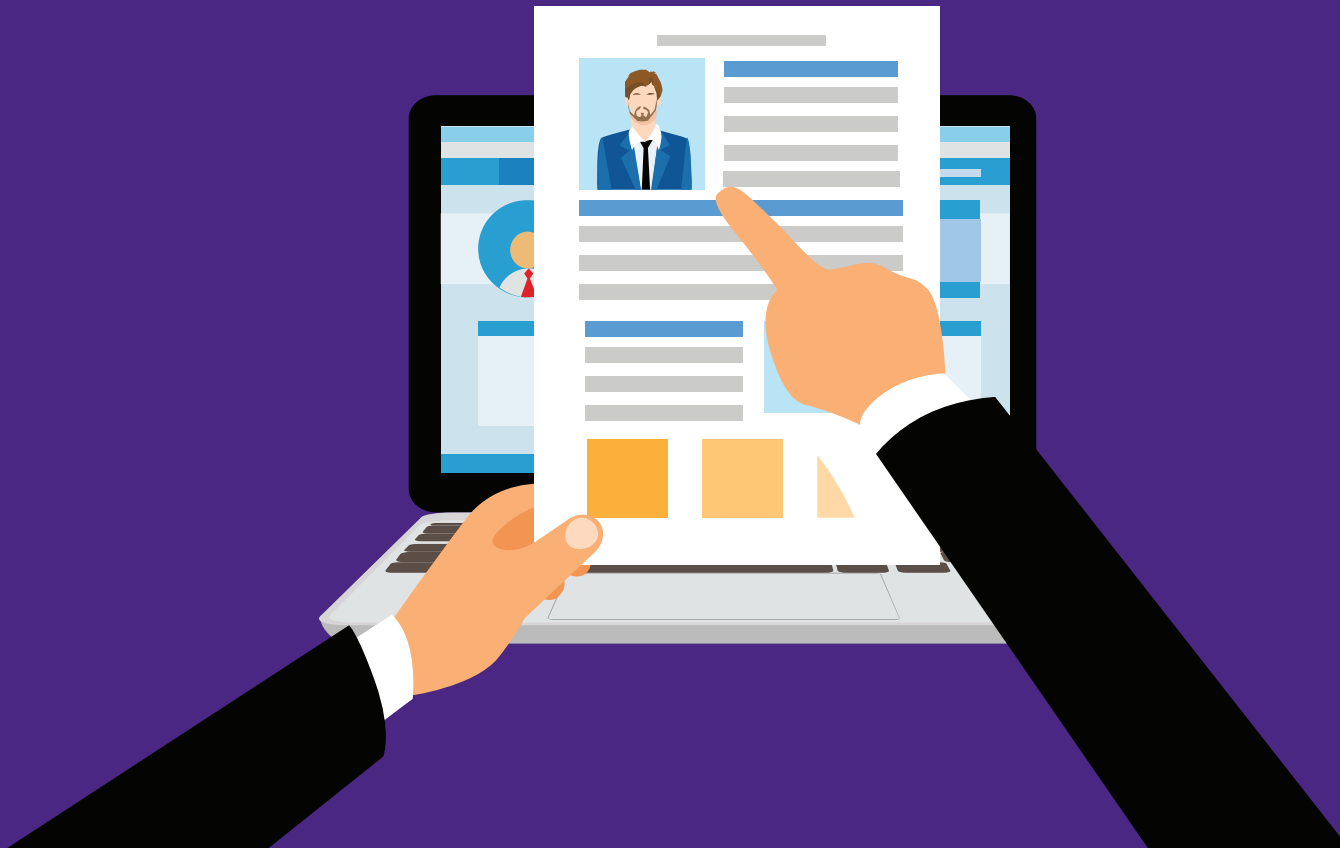
The IT Flexi Staffing Market is largest in the state of Karnataka (USD 1.05 Bn) followed by Maharashtra (USD 0.48 Bn)

Karnataka, Maharashtra, NCR and Telangana are the 4 states dominating the IT Flexi Staffing Industry in India

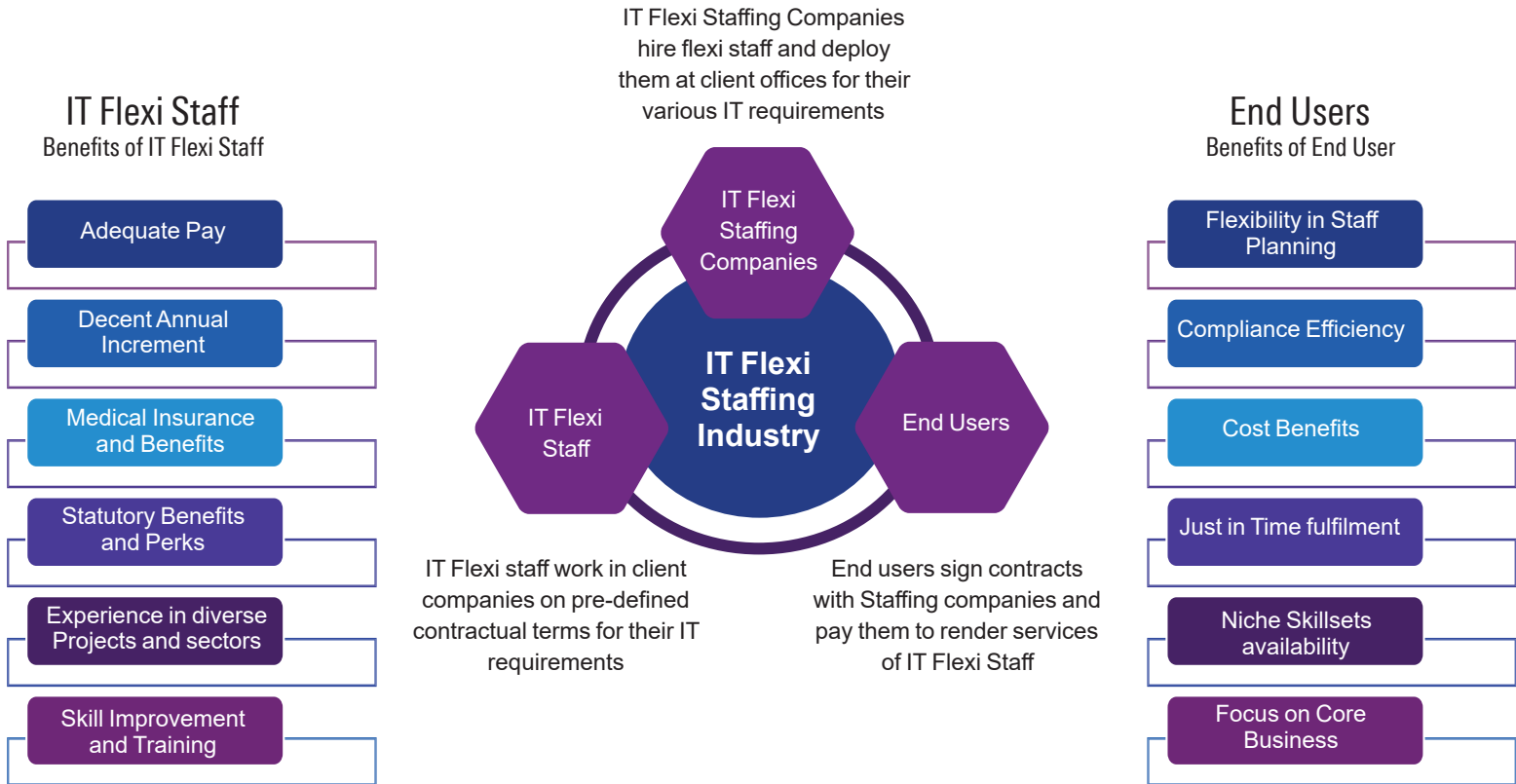




Introduction-IT Flexi Staffing



Key components of IT Flexi Staffing Industry



IT Flexi Staffing Companies – Key Capabilities & Offerings



IT staffing augmentation

It involves outsourcing of manpower to clients on skill or project requirement for a defined period of time

Master vendor program

It includes management of contract workforce for clients like resource transitions, compliance management and payroll administration



Recruiting services

Providing solution to hire and retain best talent as Contract or Permanent workforce for the client companies

Professional staffing

The service includes understanding the needs of client and finding talent requiring the given set of professional skills



Training and development program

Providing cost efficient training to enhance and develop skillset as per business requirement



Managed Services

Management of projects, programs and outsourced functions to improve operations



KPMG Research and Analysis

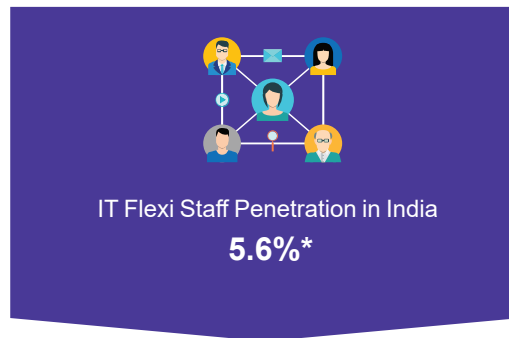
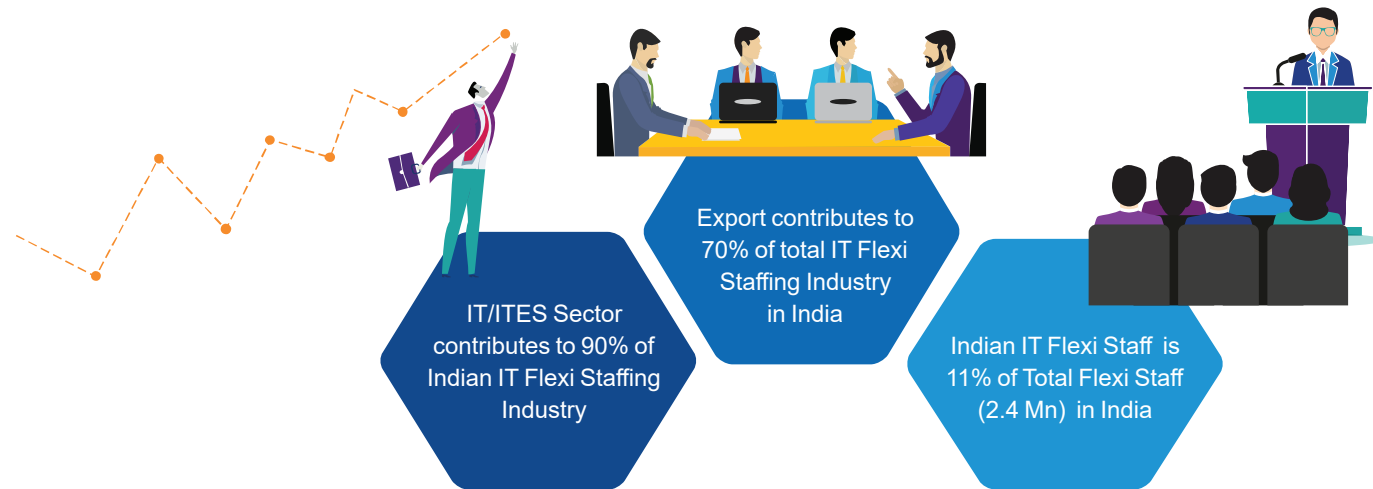
IT Flexi Staffing Industry vis-à-vis IT Services Industry

	IT Flexi Staffing 	IT Services 
Deliverables	Contractual or contingent manpower are hired for different IT requirements	Projects are outsourced and implemented by IT Services Firm
Reporting Lines	Each of the Flexi staff reports to a designated individual who is responsible for their utilization and getting output	Project team members report to team lead who in turn reports to project steering committee. Team members do not report individually to the end client
Billing Structure	It is usually Monthly based, as per the agreed bill rate per person	Billing is usually time based or project specific
Deployment Responsibility	The client decides the quality and size of Flexi staff required for the project. Client has visibility of the staff hired	The IT services firm also decides on quality and staff size required for the project. Clients typically do not have visibility of the staff hired
Bench Concept	There is no bench facility in IT Flexi Staffing and employees are not readily available	IT services firms have ability of on demand filling of requirements
Physical Infrastructure	Staff work from the client location, thus less of physical infrastructure is required	Staff may provide offsite support to the client thus the cost of physical Infrastructure is higher

Market Analysis-IT Flexi Staffing



Indian IT Flexi Staffing Industry is **USD 3.04 Bn** in FY 17



NASSCOM, Data.gov.in, ISF- Nilesen report on Flexi Staff, KPMG Research and Analysis

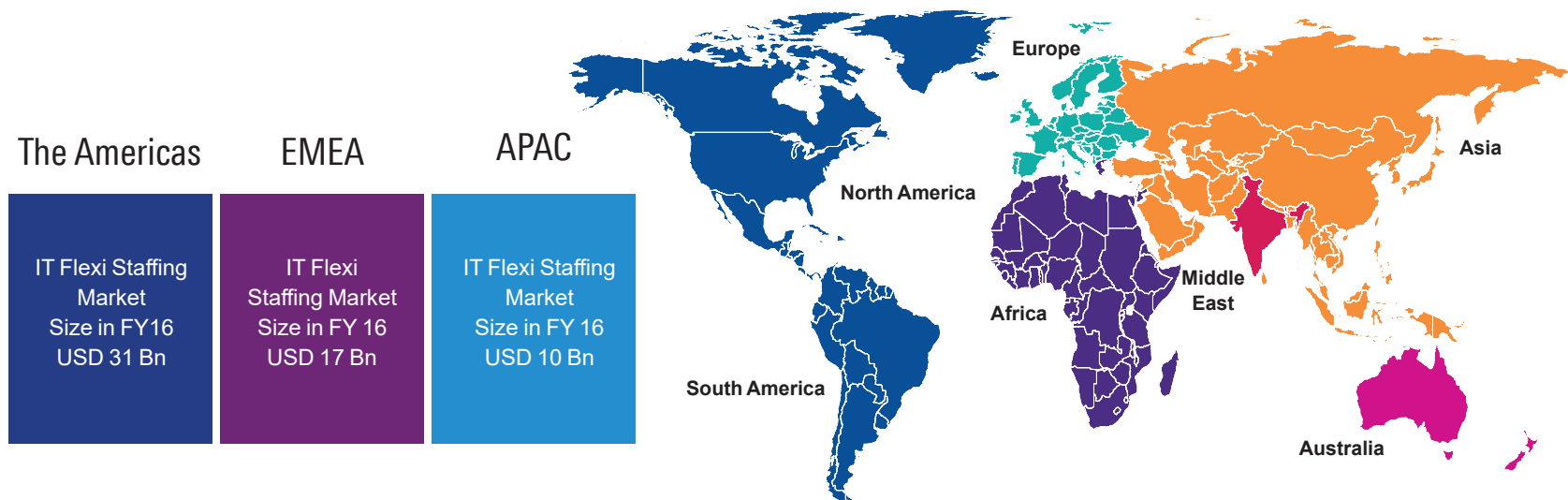
* Market Penetration of IT Flexi Staff is with respect to Total IT Headcount in India

Indian IT Flexi Staffing Industry is 28% of APAC IT Flexi Staffing Industry

Global IT Flexi Staffing Market size \$ 59Bn in FY 2016

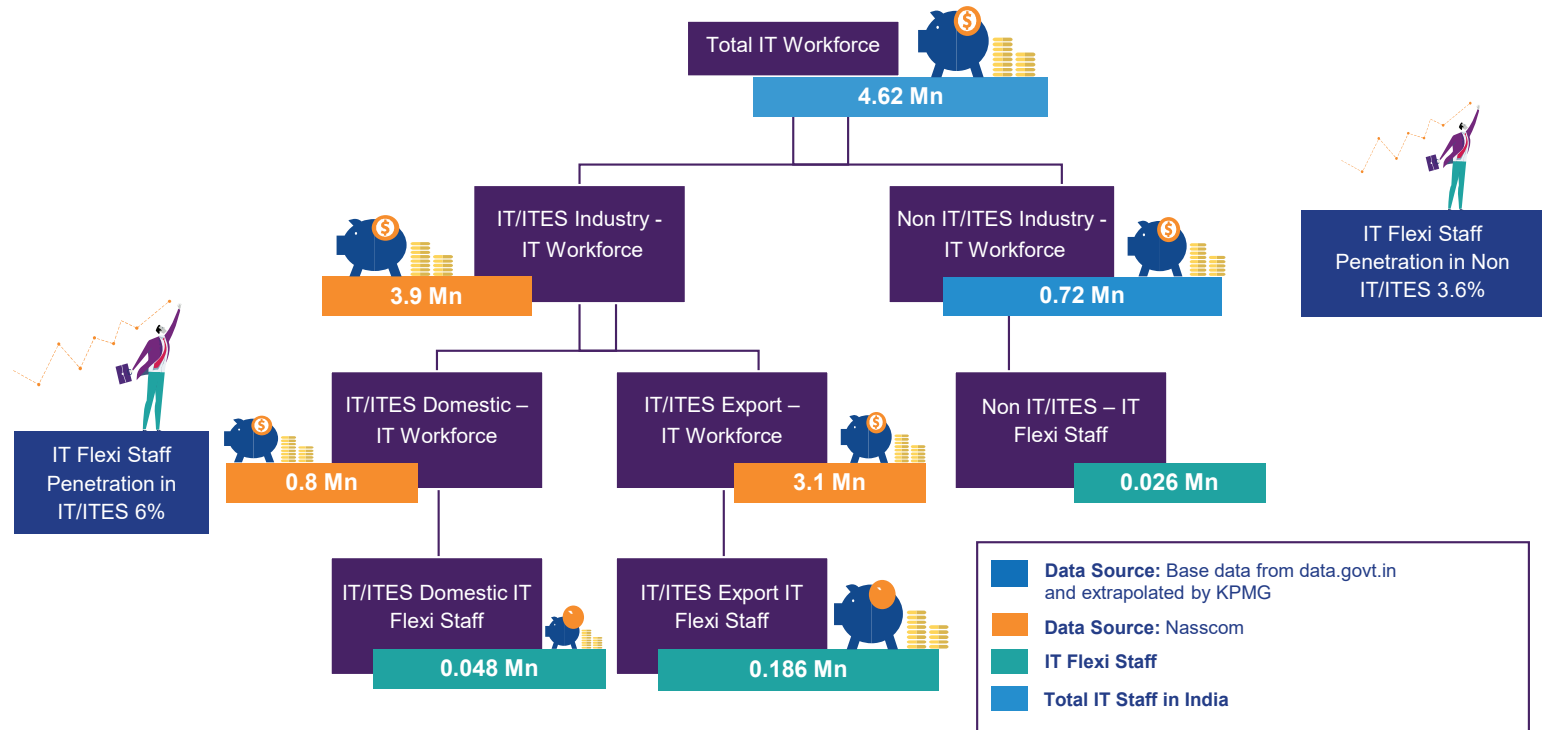
Indian IT Flexi Staffing Industry is 4.8% of Global IT Staffing Industry

Indian IT Flexi Staffing Industry is still at a nascent stage and has a lot of unexplored opportunities

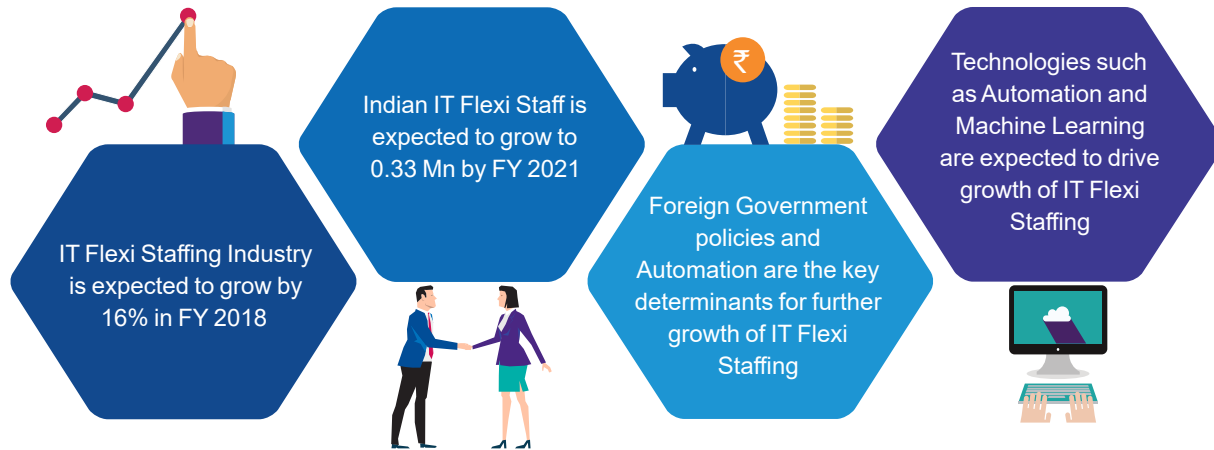


Source: Staffing Industry Analyst and KPMG Research and Analysis

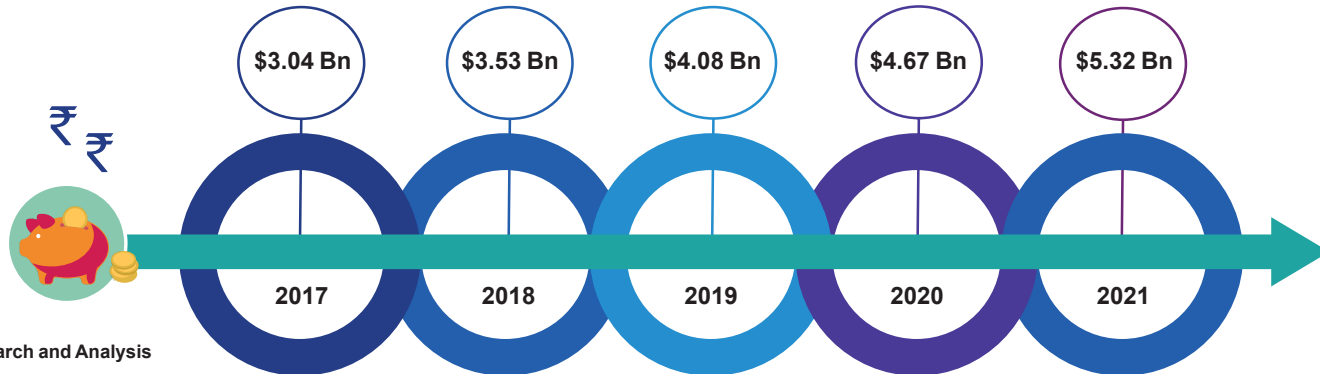
IT/ITES Sector employs 90% of India's IT Flexi Staff



Industry is expected to grow by **14-16%** YOY till FY 2021



Industry is expected to be worth **USD 5.32 Bn** by FY 2021



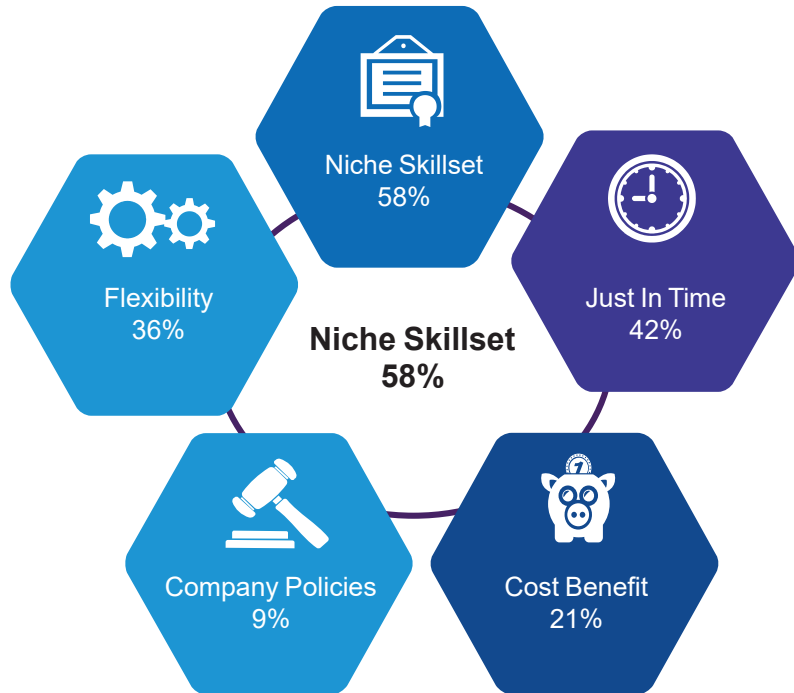
KPMG Research and Analysis

Industry Point of View- IT Flexi Staffing



58% of Organizations hire IT Flexi Staff for their Niche Skillsets

Companies adopt IT Flexi Staff for Multiple Reasons




% of respondent companies who cited the factor for hiring IT Flexi Staff
Percentages Don't Add Up to 100%, as some companies hire for more than 1 reason


KPMG Research and Analysis




55% of Organizations engage with IT Flexi Staff for Infrastructure Management




Infrastructure Management
To manage and operate the IT Infrastructure efficiently which needs long term support



Applications Support/ Maintenance
To minimize service disruption and reduce downtime using Database and network configuration knowledge



New Product/ Project Development
To build, develop and launch new products and applications which needs good programming skills



Testing and Quality Assurance
To develop and execute exploratory tests to ensure product quality and automation skills will be a key growth driver

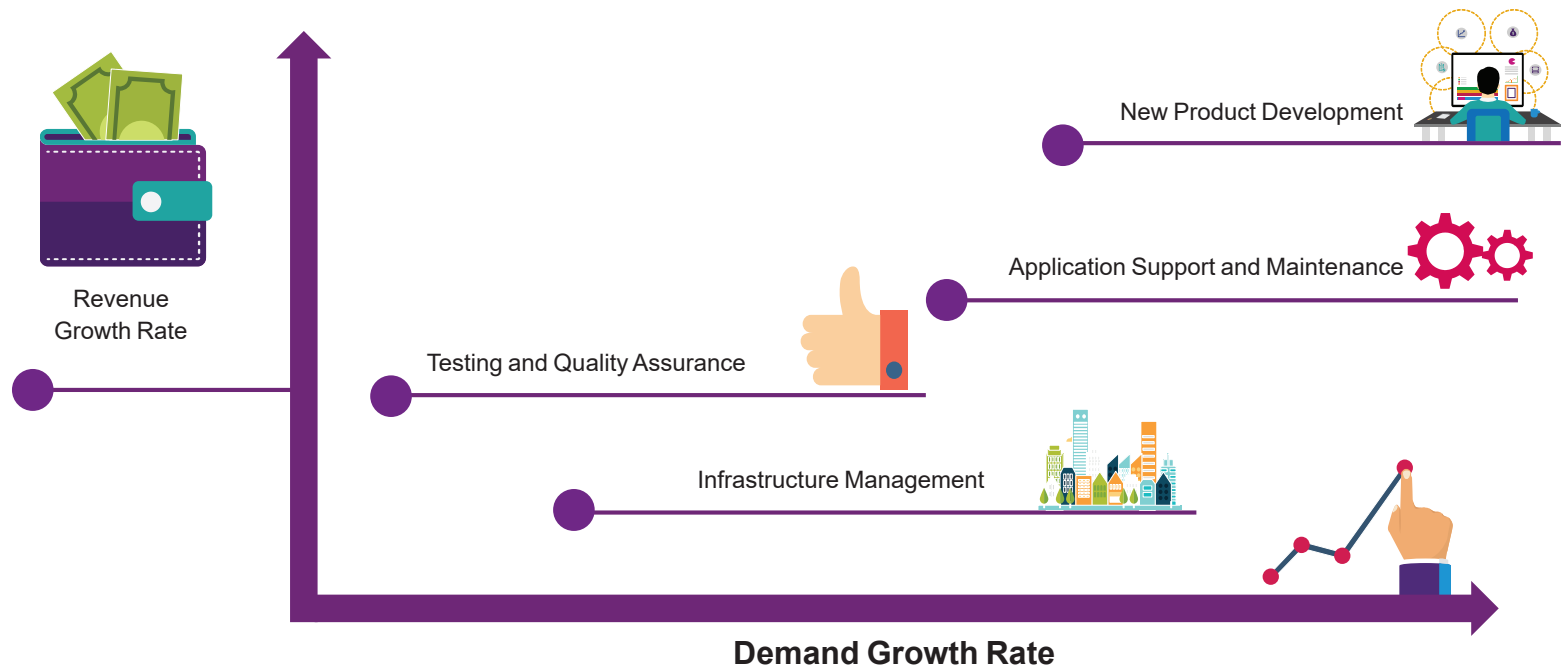


% of respondent companies who use IT Flexi Staff in the domain

Percentages Don't Add Up to 100%, as some companies have demand for more than 1 function

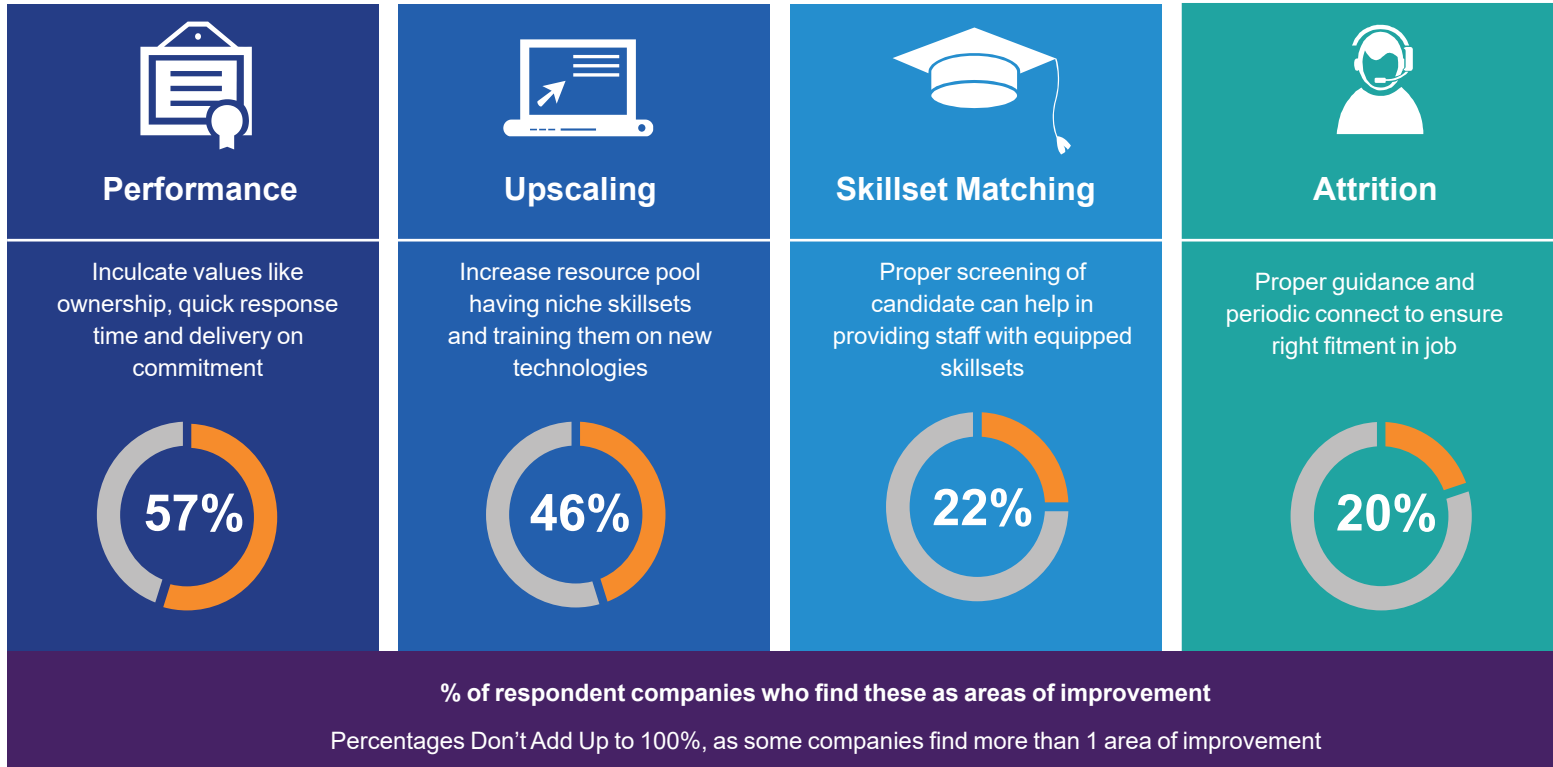
New Product Development is expected to have the maximum growth rate for IT Flexi Staff by FY 2021

IT Flexi Staffing Industry is expected to observe a paradigm shift in demand and revenue of Technology Domains. New Product Development is estimated to have highest revenue and demand growth rate because of constant innovations and requirement of niche skillsets to develop applications where as Infrastructure Management growth rate will reduce due to advent of automation across different Industries



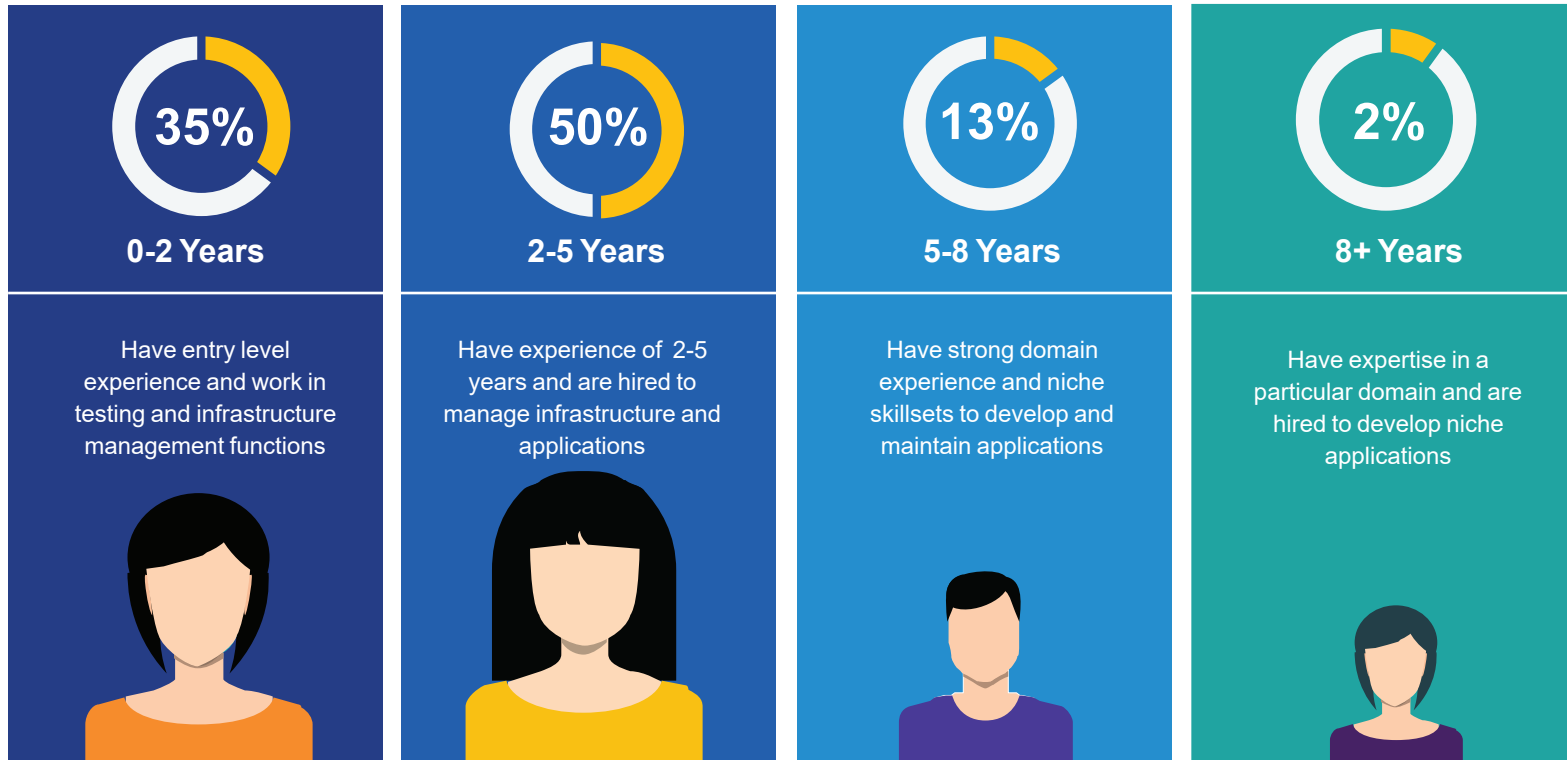
KPMG Research and Analysis

On Time Delivery and Upscaling may further boost the growth of IT Flexi Staffing



50% of IT Flexi Staff in the Industry have 2-5 years of experience

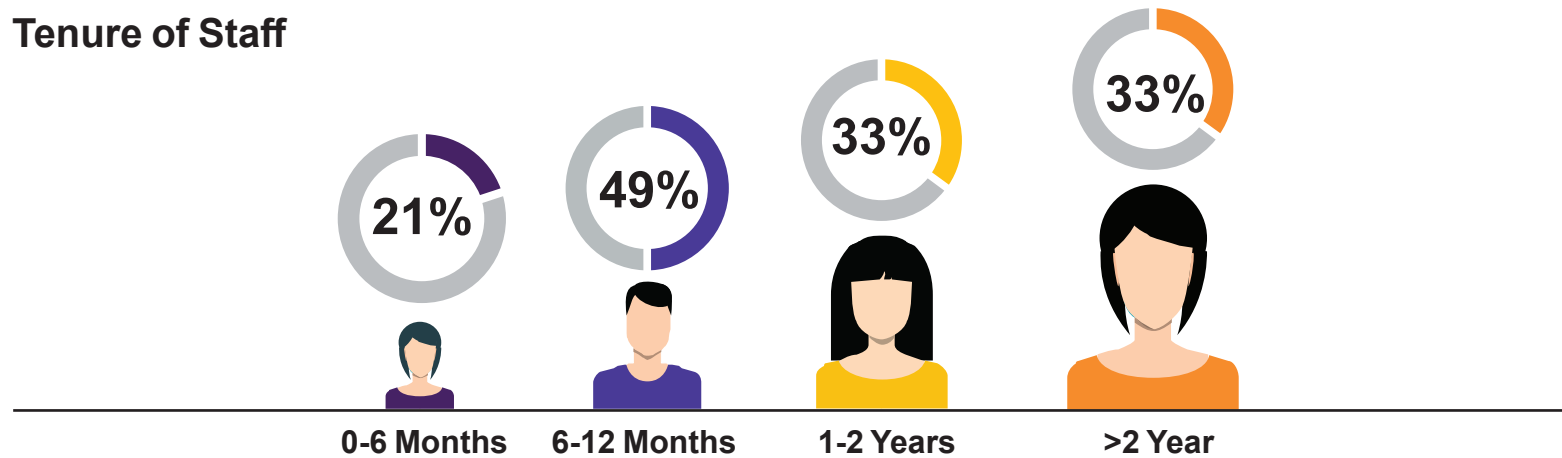
% of IT Flexi staff working in industry with this experience level



KPMG Research and Analysis

49% of organizations hire IT Flexi Staff for 6-12 months service tenure

Tenure of Staff



% of respondent companies hiring IT Flexi Staff for above tenure
Percentages Don't Add Up to 100%, as some companies hire IT Flexi Staff for different tenures

1 year

2 years



0 year

IT Flexi staff hired for 0-6 months are majorly required for immediate requirement

IT Flexi staff hired for more than 2 years period are needed majorly for infrastructure support

IT Flexi Staff hired for 6 to 12 months are typically used for niche skillsets

1 year

2 years



0 year

IT Flexi Staff hired for New Product Development has highest bill rate

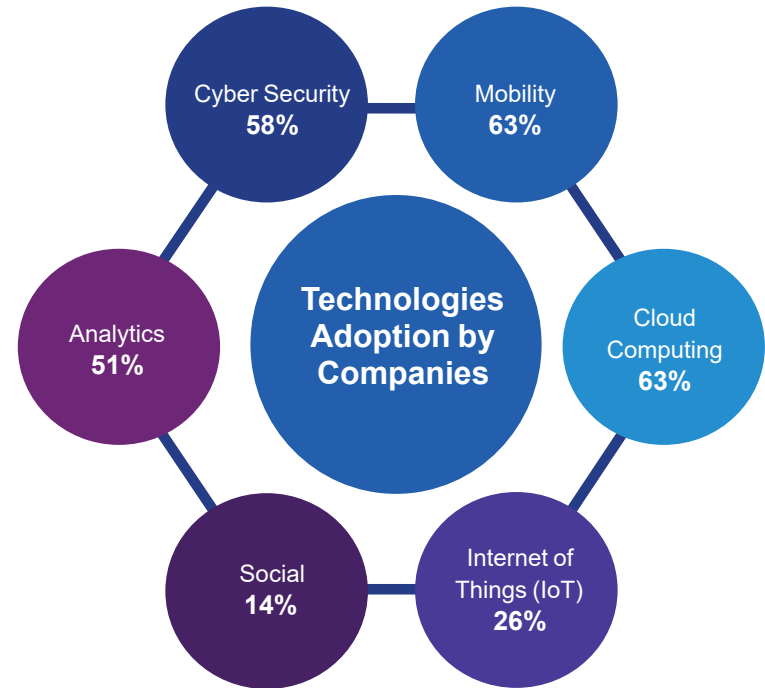
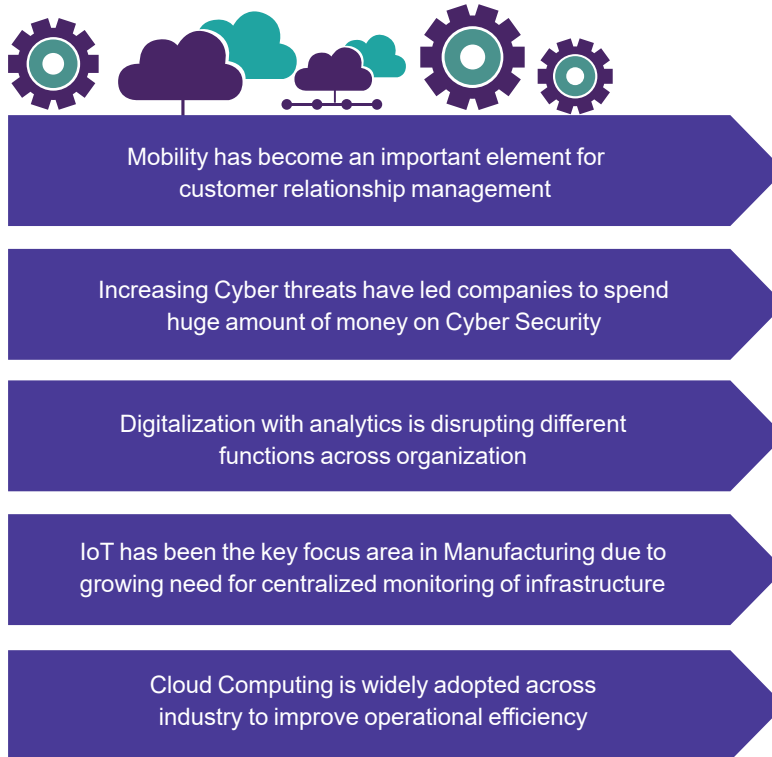
	Infrastructure Management	Applications Support & Maintenance	New Product Development	Testing and Quality Assurance
0-2 Years	4.5 - 5 LPA	5.5 - 6 LPA	7 - 7.5 LPA	5.5 - 6 LPA
2-5 Years	6.5 - 7 LPA	8 - 8.5 LPA	10 - 10.5 LPA	8 - 8.5 LPA
5-8 Years	10.5 - 11 LPA	11 - 11.5 LPA	14 - 14.5 LPA	10.5 - 11 LPA
8+ Years	13 - 13.5 LPA	14.5 - 15 LPA	18 - 18.5 LPA	13 - 13.5 LPA

LPA – Lakhs per Annum

Technology Trends



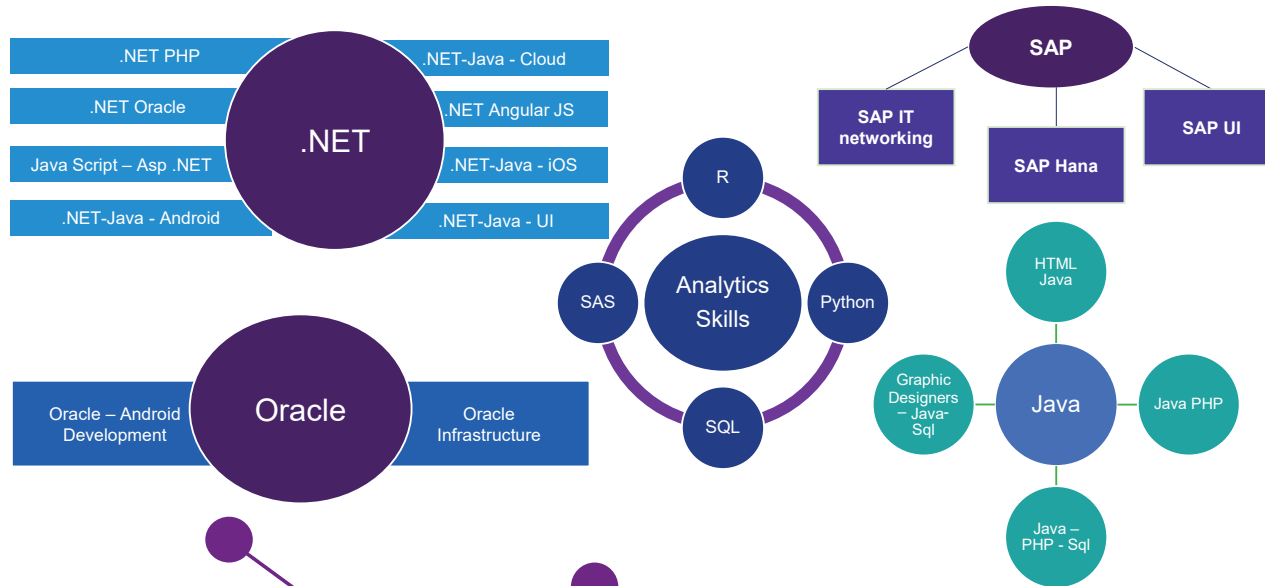
Mobility and Cloud Computing are in maximum demand



% of respondent companies who cited the technology as drivers

Percentages Don't Add Up to 100%, as some respondents feel more than 1 technology as driver

IT Skills/Languages currently in Demand



Experis IT Survey and KPMG Research and Analysis



Next Big things in Technology and Key Job Roles



Automation

- Quality assurance engineers
- Scada Automation engineer



Internet of Things

- Wireless Network Specialist
- Embedded System Programmer



Data Science

- Data Scientist
- Data Architect



Artificial Intelligence

- AI Research Scientist
- Language Processing Specialist



Robotics

- RPA Developer
- Deployment Engineer



3D Printing

- 3D Modeling Engineer
- 3D Designer



Cloud Computing

- Cloud Architect
- Migration Engineer



Social and Mobile

- Android/ iOS developer
- Digital Marketing

Sectoral Analysis - IT Flexi Staffing



IT/ITES has highest IT Staffing penetration @6.0%

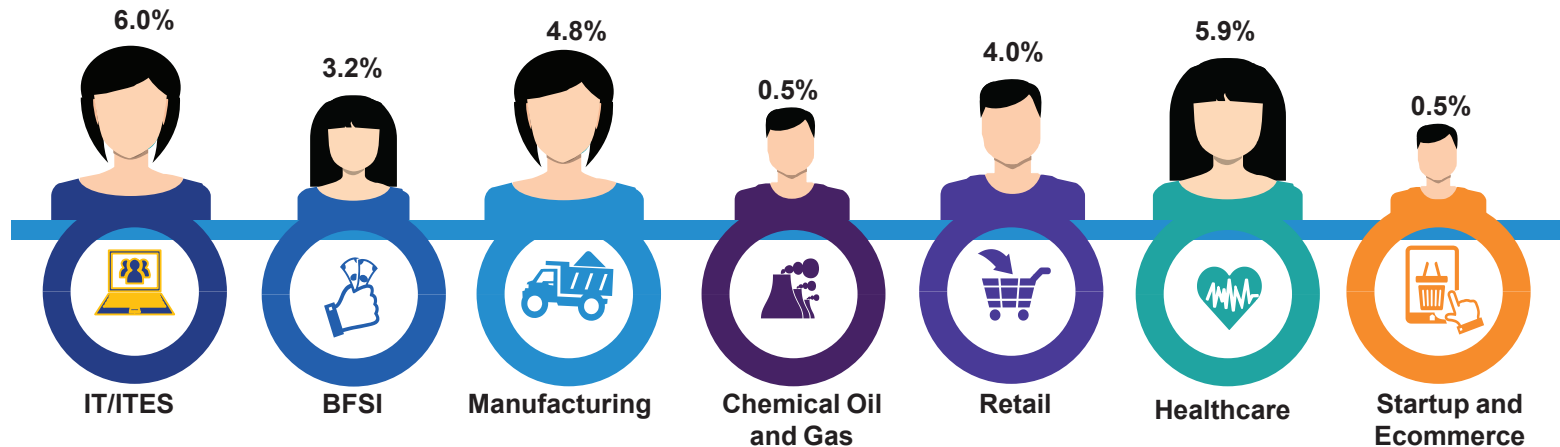
IT Flexi Staff Penetration in India is 5.6%

IT/ITES has highest market penetration followed by Healthcare and Manufacturing

Startup & Ecommerce industry and Chemical oil & gas have the lowest IT Flexi Penetration

Penetration in BFSI is low due to security concerns and regulations

IT Flexi Staff Market Penetration (Sector Wise) in FY 17



KPMG Research and Analysis

Market Penetration of IT Flexi Staff is with respect to Total IT Headcount in an Industry

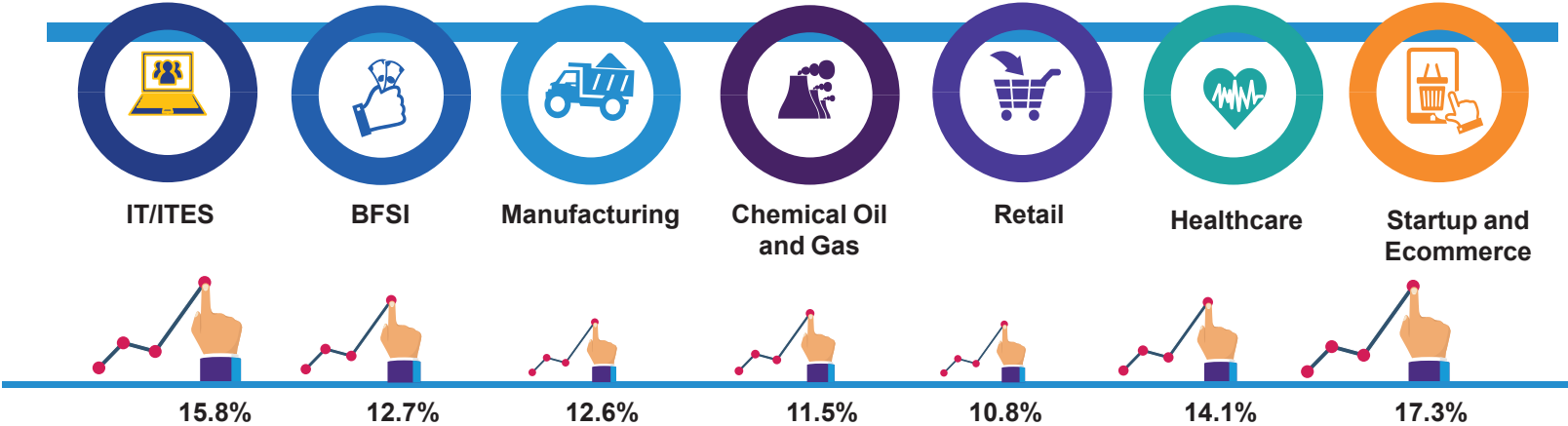
Startup & Ecommerce is projected to grow @17.3%

Startup & Ecommerce Industry will grow fastest followed by IT/ITES and Healthcare industry

Big Data will drive growth in BFSI and Retail whereas IOT will drive growth in Manufacturing

Automation will be a key determinant in growth of IT Flexi Staffing in IT/ITES and Startup Ecommerce

IT Flexi Staff Growth Forecast (Sector wise) in FY18



Market Analysis– IT/ITES

Market Penetration and Forecast



Market Penetration FY17:
6.0 %

Growth Forecast FY18:
15.8 %

IT/ITES Headcount (000)
Domestic – 48
Export - 186

Top 3 Technology Drivers



Cyber Security, 73%



Cloud, 73%



Mobility, 45%

% of respondents who cited the technology as driver

Primary Reasons to Hire



Just in Time
36%



Niche Skillsets
64%



Flexibility
36%



Skillset Matching
50%



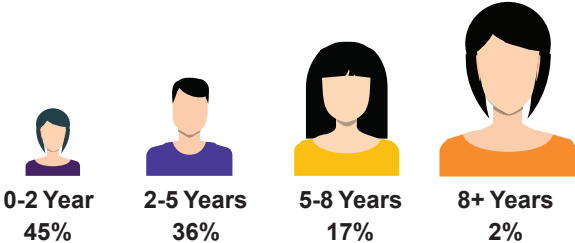
Performance
37%

KPMG Research and Analysis

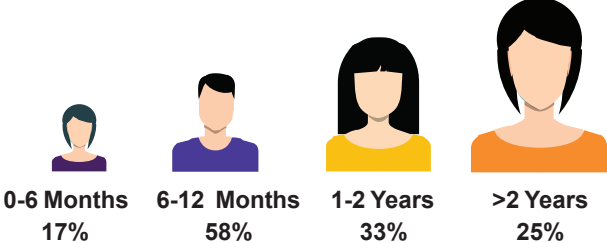
Market Penetration of IT Flexi Staff is with respect to Total IT Headcount in the Industry

Skills, Roles and Service Tenures– IT/ITES

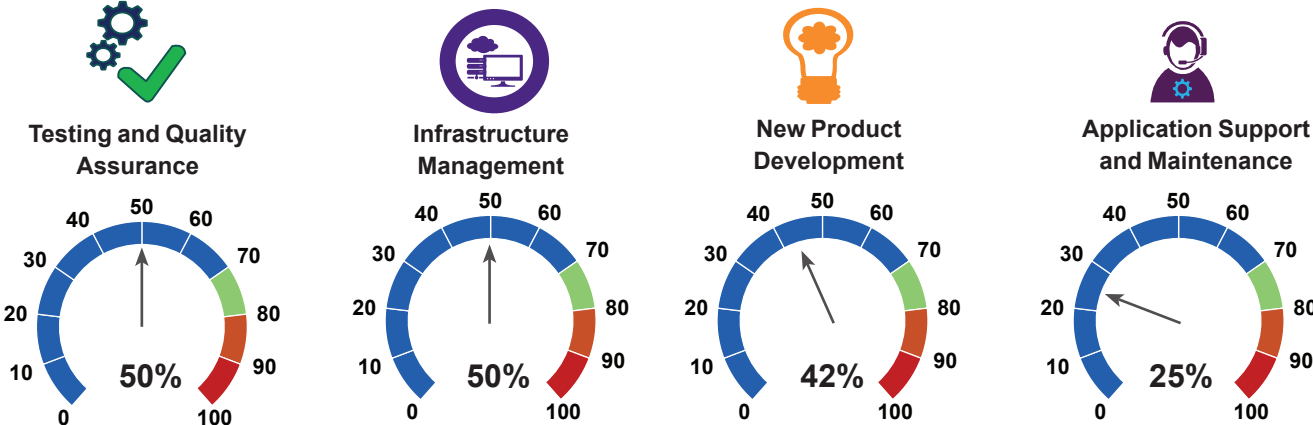
Work Experience



Contract Tenure



Area of Work



KPMG Research and Analysis

Market Analysis- BFSI

Market Penetration and Forecast



Market Penetration FY17:
3.2 %

Growth Forecast FY18:
12.7 %

Top 3 Technology Drivers



Mobility, 87%



Cyber Security, 73%



Cloud, 60%

 % of respondents who cited the technology as driver

Primary Reasons to Hire



Niche Skillsets
60%



Just in Time
70%



Flexibility
36%



Skillset Matching
50%



Performance
37%

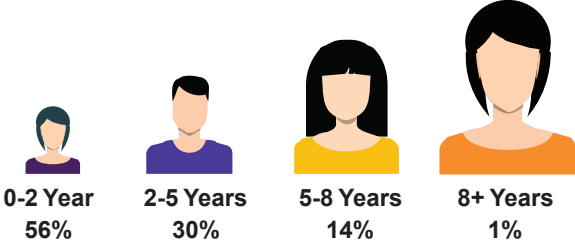
Key Areas of Improvement

KPMG Research and Analysis

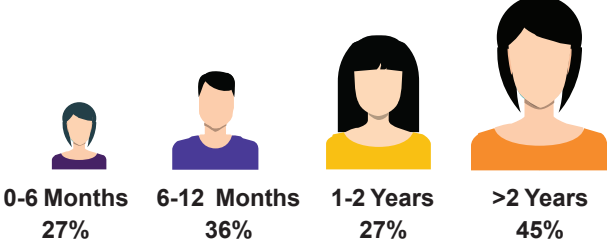
Market Penetration of IT Flexi Staff is with respect to Total IT Headcount in the Industry

Skills, Roles and Service Tenures - BFSI

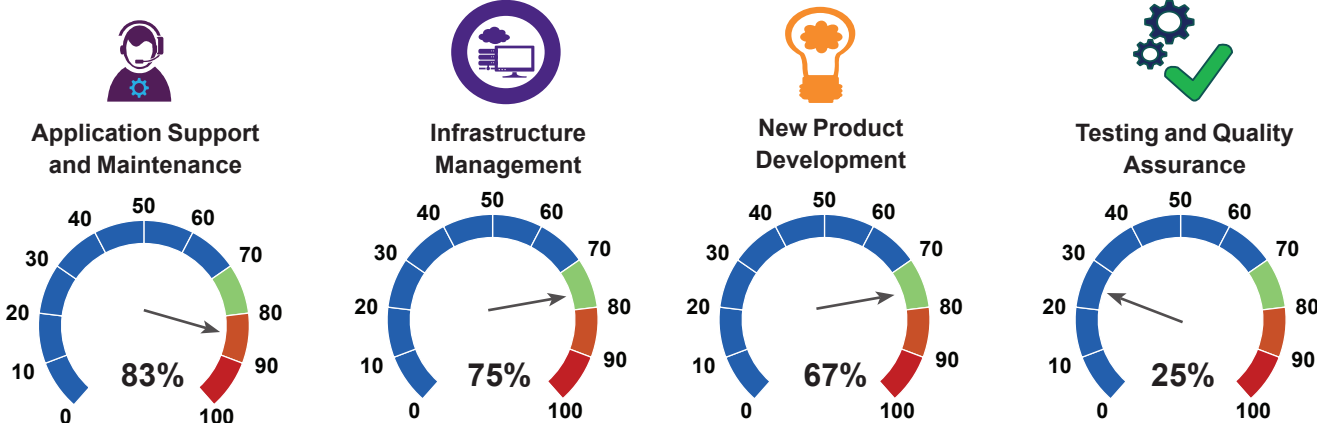
Work Experience



Contract Tenure



Area of Work



KPMG Research and Analysis

Market Analysis - Manufacturing

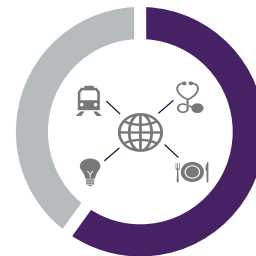
Market Penetration and Forecast



Market Penetration FY17:
4.8 %

Growth Forecast FY18:
12.6 %

Top 3 Technology Drivers



Internet of Things, 60%



Cloud, 60%



Analytics, 40%

 % of respondents who cited the technology as driver

Primary Reasons to Hire



Niche Skillsets
33%



Just in Time
33%



Flexibility
33%



Performance
83%



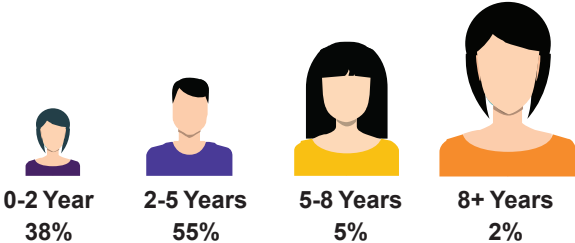
Skillset Matching
73%

KPMG Research and Analysis

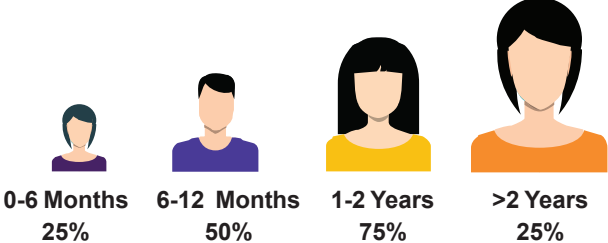
Market Penetration of IT Flexi Staff is with respect to Total IT Headcount in the Industry

Skills, Roles and Service Tenures - Manufacturing

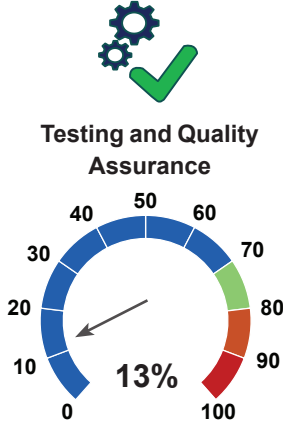
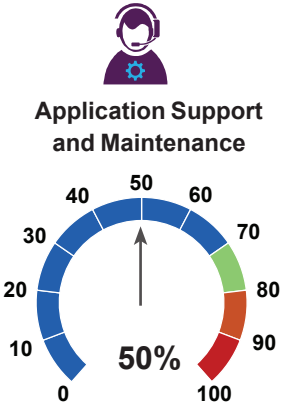
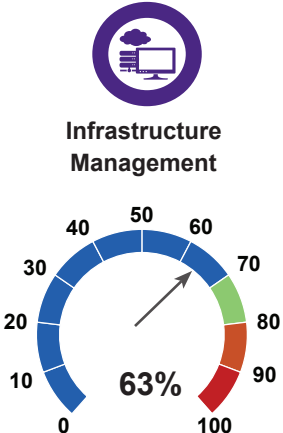
Work Experience



Contract Tenure



Area of Work



Market Analysis – Chemical Oil and Gas

Market Penetration and Forecast



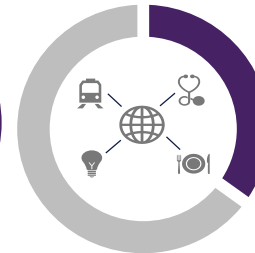
Market Penetration FY17:
0.5 %

Growth Forecast FY18:
11.5 %

Top 3 Technology Drivers



Mobility, 50%



Internet of Things, 33%



Cloud, 33%

 % of respondents who cited the technology as driver

Primary Reasons to Hire



Niche Skillsets
25%



Flexibility
50%



Cost Benefits
25%



Performance
50%



Skillset Matching
50%

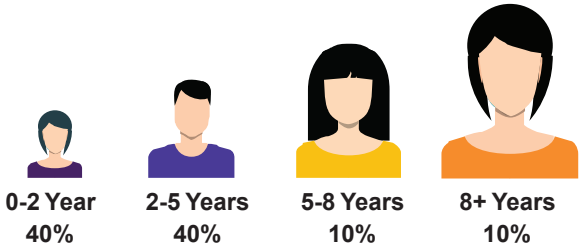
Key Areas of Improvement

KPMG Research and Analysis

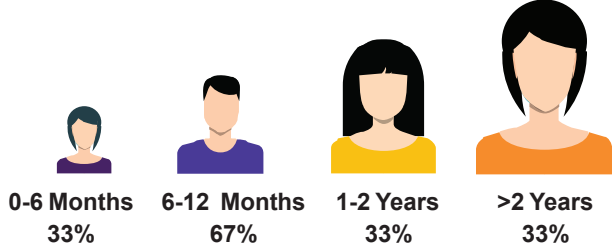
Market Penetration of IT Flexi Staff is with respect to Total IT Headcount in the Industry

Skills, Roles and Service Tenures – Chemical Oil and Gas

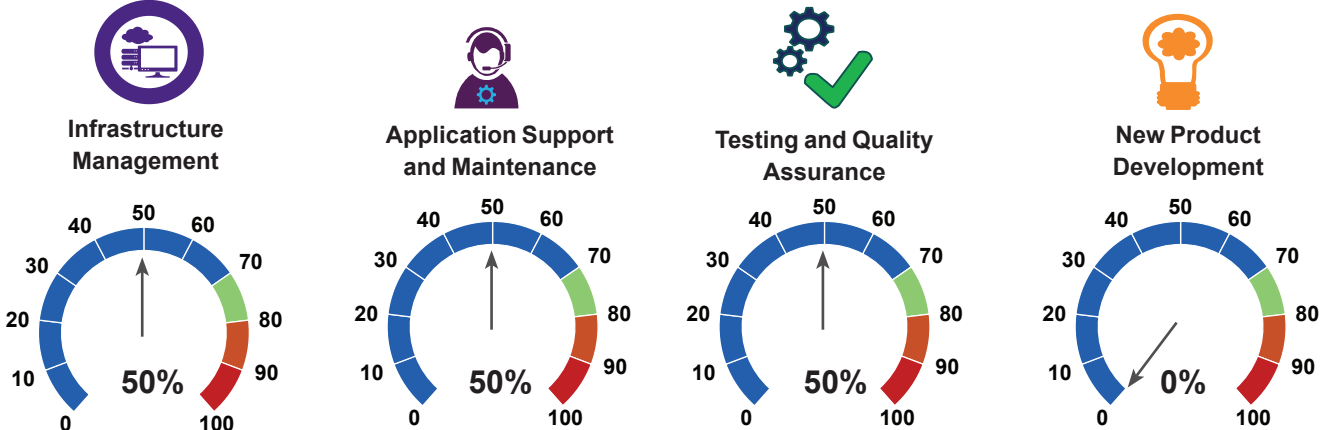
Work Experience



Contract Tenure



Area of Work



KPMG Research and Analysis

Market Analysis - Retail

Market Penetration and Forecast



Market Penetration FY17:
4.0 %

Growth Forecast FY18:
10.8 %

Top 3 Technology Drivers



Mobility, 86%



Cloud, 71%



Analytics, 43%

 % of respondents who cited the technology as driver

Primary Reasons to Hire



Just in Time
33%



Niche Skillsets
67%



Cost Benefits
33%



Performance
50%



Cost
50%

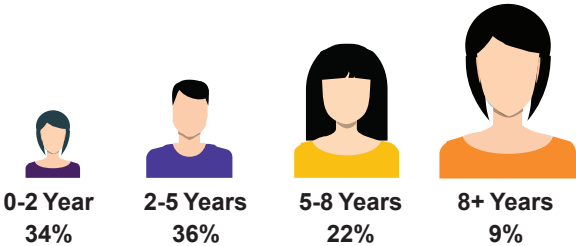
Key Areas of Improvement

KPMG Research and Analysis

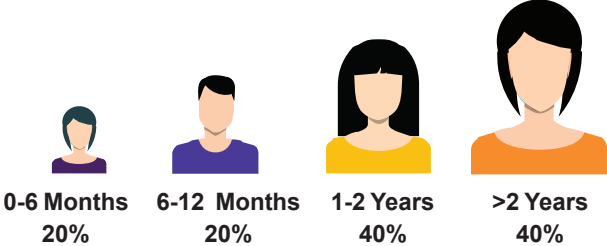
Market Penetration of IT Flexi Staff is with respect to Total IT Headcount in the Industry

Skills, Roles and Service Tenures - Retail

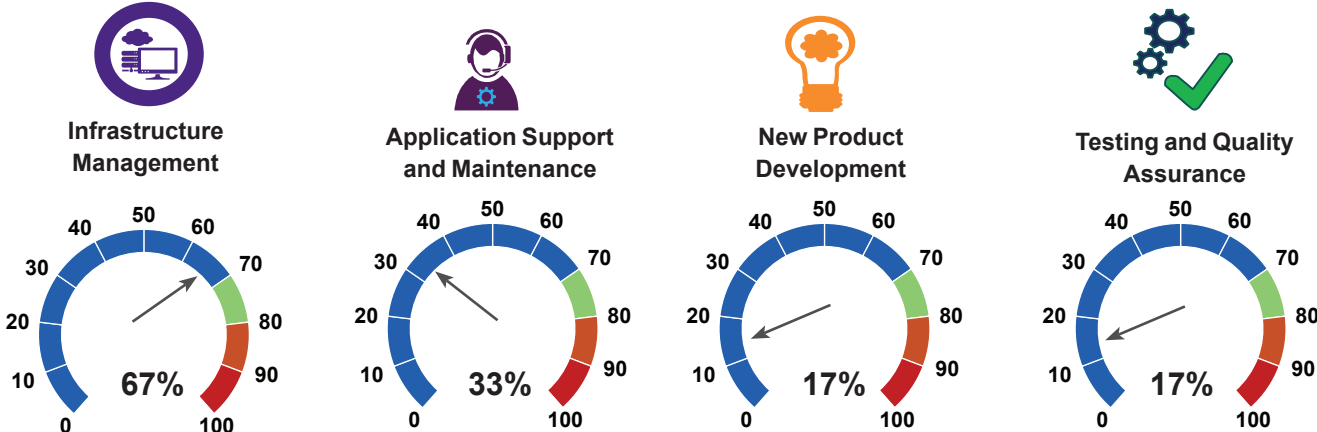
Work Experience



Contract Tenure



Area of Work



KPMG Research and Analysis

Market Analysis - Healthcare

Market Penetration and Forecast



Market Penetration FY17:
5.9 %

Growth Forecast FY18:
14.1 %

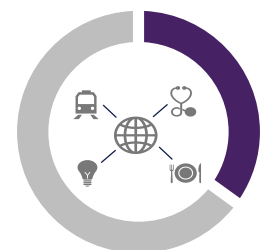
Top 3 Technology Drivers



Analytics, 67%



Cyber Security, 50%



Internet of Things, 33%

 % of respondents who cited the technology as driver

Primary Reasons to Hire



Niche Skillsets
67%



Just in Time
67%



Cost Benefits
33%



Performance
75%



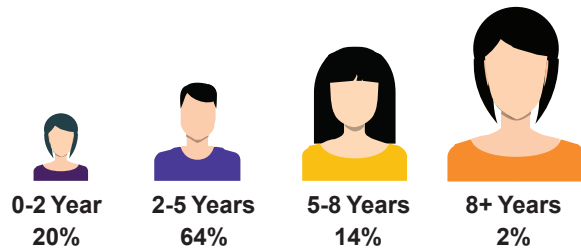
Skillset Matching
50%

KPMG Research and Analysis

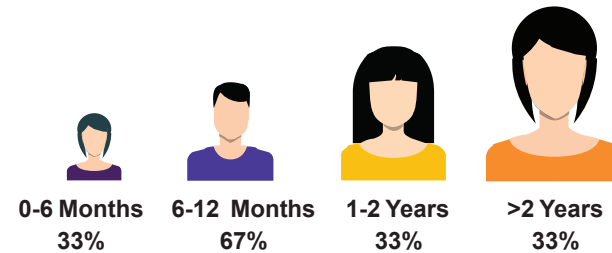
Market Penetration of IT Flexi Staff is with respect to Total IT Headcount in the Industry

Skills, Roles and Service Tenures - Healthcare

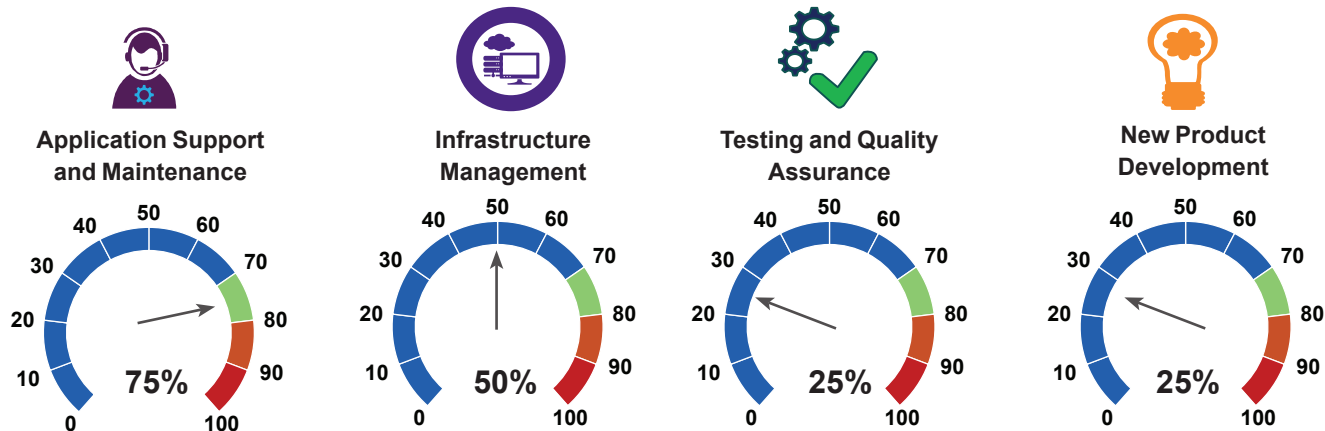
Work Experience



Contract Tenure



Area of Work



KPMG Research and Analysis

Market Analysis - Startup & Ecommerce

Market Penetration and Forecast



Market Penetration FY17:
0.5 %

Growth Forecast FY18:
17.3 %

Top 3 Technology Drivers



Mobility, 100%



Cloud, 75%



Cyber Security, 50%

 % of respondents who cited the technology as driver

Primary Reasons to Hire



Niche Skillsets
67%



Just in Time
67%



Flexibility
33%



Performance
60%



Skillset Matching
40%

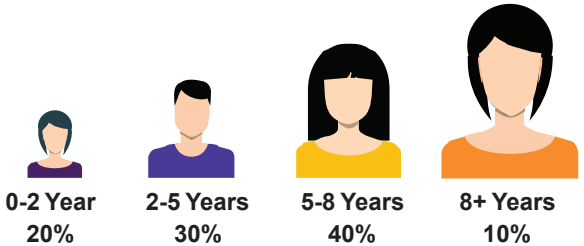
Key Areas of Improvement

KPMG Research and Analysis

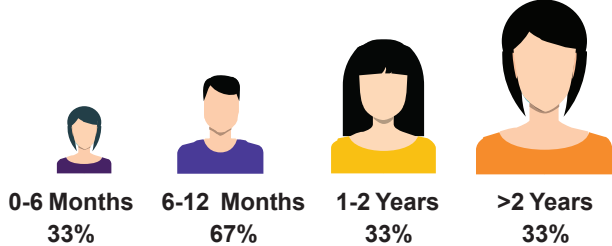
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Skills, Roles and Service Tenures - Startup & Ecommerce

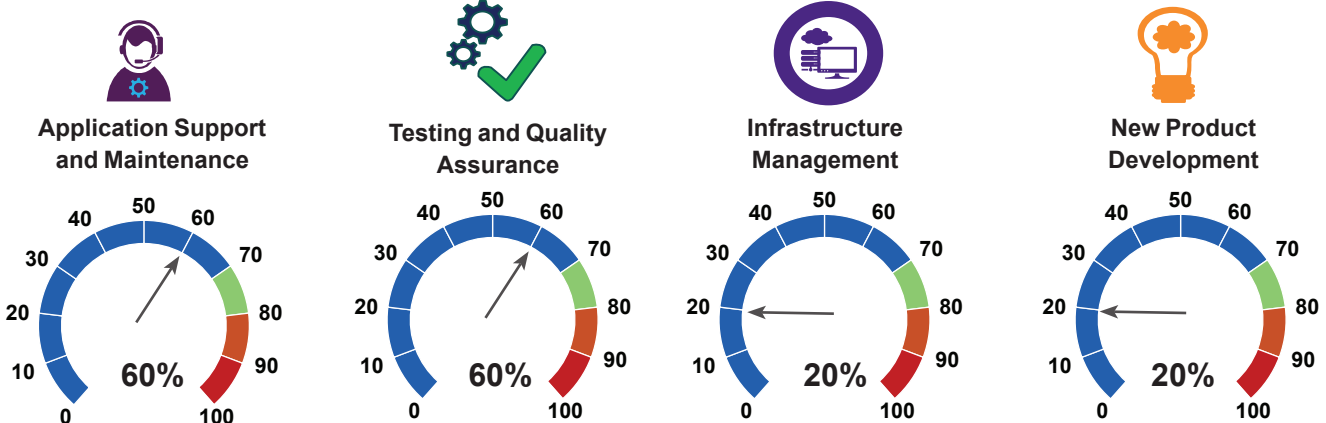
Work Experience



Contract Tenure



Area of Work



KPMG Research and Analysis

Captives – Key Market for IT Flexi Staffing



IT Flexi Staff in Captives is expected to grow by 18%

Market Penetration & Growth



Market Penetration FY17:

6.8 %

Growth Forecast FY18:

18%

Domain

67%



Infrastructure Management

44%



Application Support and Maintenance

44%



Testing and Quality Assurance

33%



New Product Development

Top 3 Sectors – highest growth rate



IT/ITES

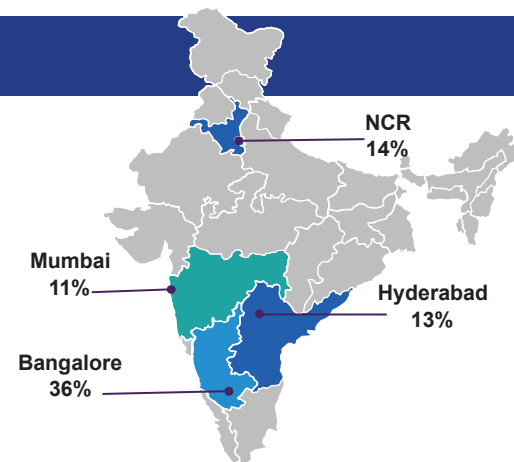


BFSI



Healthcare

Average Tenure



State Wise Analysis IT Flexi Staffing



Karnataka

Market Penetration



IT Flexi Staff Penetration:
6.9%

Flexi Staff Size



IT Flexi Staff Size (000's):
90



Karnataka IT Flexi Staffing Market Size:
\$ 1.05 Bn

Reasons to Hire

29%

Flexibility



57%

Niche Skillsets



43%

Just in Time



Domain

Infrastructure Management

56%



New Product/Project Development

44%



Experience Level



Average Tenure



Karnataka

Maharashtra

Market Penetration



IT Flexi Staff Penetration:
5.0%

Flexi Staff Size



IT Flexi Staff Size (000's):
41



Maharashtra IT Flexi Staffing Market Size:
\$ 0.48 Bn

Reasons to Hire

31%

Flexibility



62%

Niche Skillsets



62%

Just in Time



Domain

Infrastructure Management

62%



New Product/Project Development

58%



Experience Level



Average Tenure



Maharashtra

KPMG Research and Analysis

National Capital Region (NCR)

Market Penetration



IT Flexi Staff Penetration:
3.0%

Flexi Staff Size



IT Flexi Staff Size (000's):
20



NCR IT Flexi Staffing Market Size:
\$ 0.23 Bn

Reasons to Hire

33%

Flexibility



67%

Niche Skillsets



33%

Just in Time



Domain

Infrastructure Management

86%



New Product/Project Development

57%



Experience Level



Average Tenure



NCR

Telangana

Market Penetration



IT Flexi Staff Penetration:
3.1%

Flexi Staff Size



IT Flexi Staff Size (000's):
17



Telangana IT Flexi Staffing Market Size:
\$ 0.20 Bn

Reasons to Hire

50%

Flexibility



75%

Niche Skillsets



50%

Just in Time



Domain

Infrastructure Management

50%

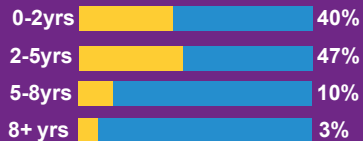


New Product/Project Development

25%



Experience Level



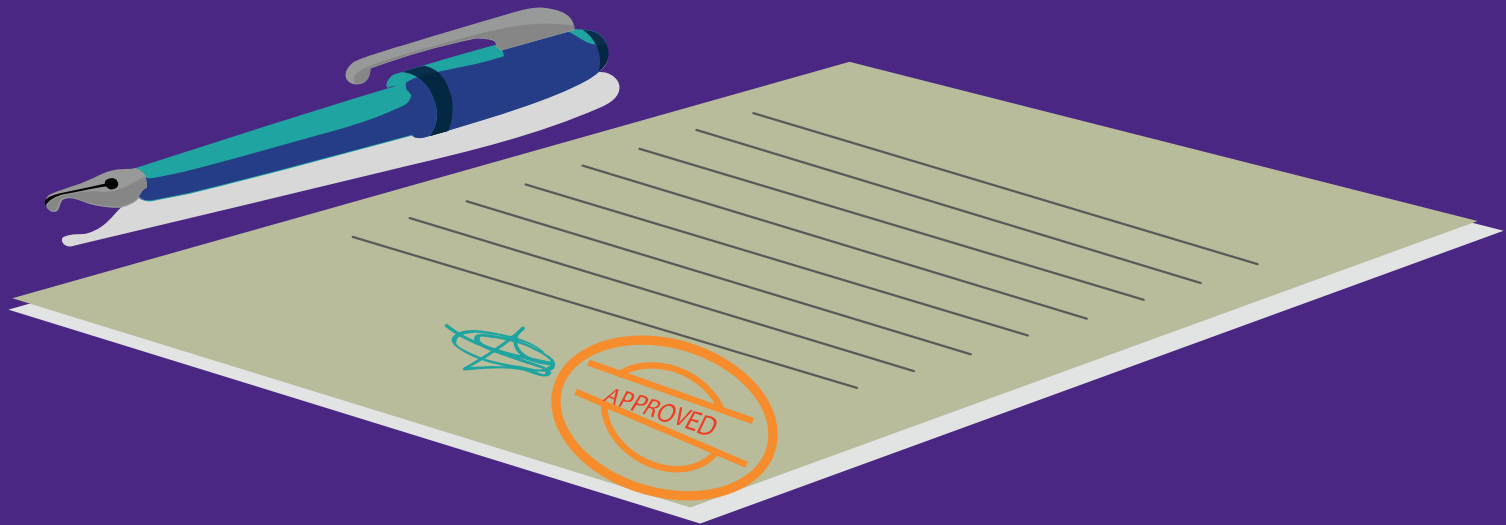
Average Tenure



Telangana

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Glossary and Notes



Glossary

Digital Ledger which records transactions made in cryptocurrency

Block Chain

Science of getting computer learn and act without being explicitly programmed

Machine Learning

Machines being able to carry out tasks in a smart way

Artificial Intelligence

Application of principles and elements of game playing in non-game contexts

Gamification

Process of creating a physical object from a three-dimensional digital model

3D Printing

Branch of Technology that deals with the design, construction and operations of Robots

Robotics

Connecting devices over the internet which can seamlessly communicate with us and among each other

Internet of Things (IOT)

Interdisciplinary field about scientific methods, processes, and systems to extract knowledge or insights from data in various forms, either structured or unstructured

Data Science

Provision of computing devices like storage, server, computers, software and more over the internet

Cloud Computing

Processes, practice and technologies designed to protect network and devices from attack

Cyber Security

Methodology Note

The report is based on responses and insights received from different organizations on IT Flexi Staffing. The respondents are company executives head of the IT or HR Department. The respondents are from 7 different Industry sectors. Sources like NASSCOM, Aon Hewitt and StaffingIndustry.com have been used to get some data points.



Designation of Respondents



CIO

CTO

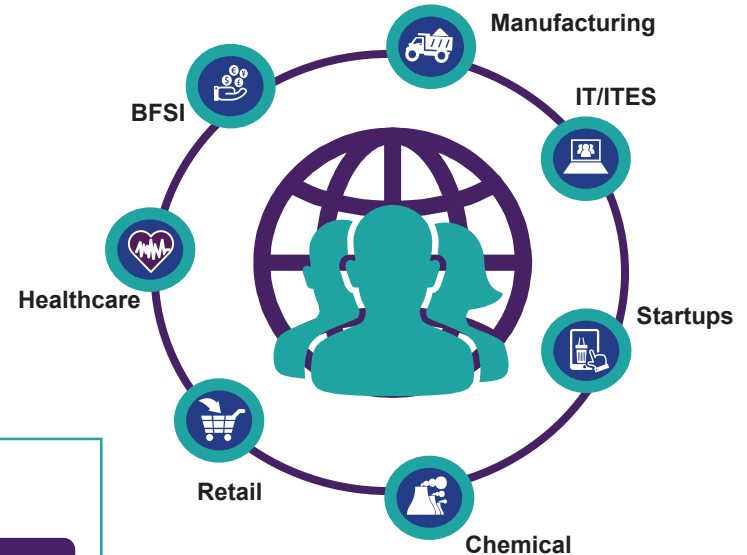
CHRO

HR-Head

VP - IT

IT-Head

Industry Sectors of the Respondents



Key Points Considered in the Report

Inferences are drawn on the basis of responses received from organizations and analysis done by KPMG

Overall Market Size and Penetration is calculated on the basis of companies interviewed in 7 different sectors IT/ITES, BFSI, Manufacturing, Retail, Healthcare, Chemical Oil and Gas, Startup & Ecommerce only

Base Data to calculate and forecast market size has been taken from Nasscom, Datagov.in and other sources available on public domain

Percentages don't add up to 100 where respondents have chosen more than one option

Average Bill Rate per IT Flexi Staff for Staffing Companies is 7.6 LPA as per KPMG Research and Analysis

Base Data of Indian IT Market and State has been used from NASSCOM report

IT Flexi Staff Market Penetration is with respect to IT Headcount in an industry

Dollar Rate is taken to be INR 65 and is assumed to be constant till 2021

KPMG Research and Analysis



About Indian Staffing Federation

Indian Staffing Federation founded in 2011 is the apex body of the staffing industry with one goal - Staffing India's Growth.

Staffing, an established form of outsourcing globally, is yet to be recognized and adopted as an effective means of running businesses in India. The Staffing Industry provides a platform for recognized employment, work choice, even compensation, annual benefits and health benefits for the temporary workforce that constitutes around 40% of India's total workforce.

The purpose of ISF is to enhance long-term growth of the staffing industry and to ensure its continued ability to make positive contributions to the economy and society. The principal focus of the Federation's activities is to strengthen triangular employment relationships, in which the staffing company is the employer of the temporary worker, who works under the supervision of the user company.

ISF today comprises of over 85 member companies who collectively provide employment to over 900,000 people throughout the country.







Indian Staffing Federation

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