

2022

Uncovering Digital Talent in Emerging Locations



**Digital Employment Outlook Report
(DEOR) – H1: FY-2023**

#PuttingIndiaToWork



ABOUT TEAMLEASE DIGITAL

TeamLease Digital is a subsidiary of TeamLease Services Limited, which offers specialized staffing & solutions across IT, ITeS, Telecom, Engineering, EdTech, HealthTech, and Gaming industries. TeamLease Digital has emerged as one of the largest specialized Staffing & Solutions providers in the country. TeamLease Digital has hired over 80,000+ professionals since its inception, has 10000 + consultants currently deployed with 200+ clients including some of the largest Fortune 500 clients, and has over 7,000+ open jobs every day. With the vision of 'Putting India to Work', we at TeamLease Digital are committed to being part of the amazing growth story.

WHO WE ARE

Manish Sabharwal
Vice-Chairman

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Sunil Chemmankotil
Chief Executive Officer

Siva Prasad Nanduri
Chief Business Officer- IT Staffing



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India should take jobs to people,
and not people to jobs.

FOREWORD

One of Gandhiji's favourite concepts was Anekantavad-the notion that truth and reality are complex and have multiple aspects. Where you stand on attrition being a bug or feature depends on where you sit. From an economic and public policy perspective, attrition that leads to a higher salary is a net positive. For employers, it is bittersweet because it means a loss of organizational memory, but it also creates new opportunities for talent. For employees, it is only obvious in retrospect whether the move was net positive if you include non-monetary compensation like colleagues, learning, and opportunities.

Regardless of your perspective, with the surge of India's IT employment from 5 million to 10 million, attrition is not a problem that can be solved by employers but it must be survived through various tools. An important tool is thinking about the diversification of talent supply chains geographically. Prior to COVID, the policy appears to have reconciled-albeit reluctantly-that India cannot take jobs to people but must take people to jobs. This may have changed with the acceleration of the digital revolution, but the notion of everybody working from home has changed to everybody working more flexibly from any location. This report identifies 20 new locations across India that have the talent for technology companies.

Out of 15 lakh engineering students, 5.2 lakh come from the top 500 cities, 3.5 lakh come from the top 100 cities and the remaining comes from other places. This does not include the many other graduates in management, arts, design, communication, etc. that are becoming increasingly important in a low code no code (LCNC), or reused code environment. As indicated by the size of their contracts, Indian technology companies are rapidly moving up the value chain. This new orbit requires courage, boldness, and imagination in recalibrating and configuring their people's supply chains. Many have hesitated in the past, and our technology industry is clustered in seven cities. But now there is an alignment between public policy (spreading jobs and opportunities across India) and employers (the search for newer and more stable pools of entry-level talent). Employers who make the leap early will benefit the most. As Gandhiji often reminded us, be the change you seek.

MR. MANISH SABHARWAL

Vice Chairman at TeamLease Services

EXECUTIVE SUMMARY

Yet another positive year for TeamLease Digital, as we build on the growth experienced in the last two-quarters of FY-2022. The strong year on year performance is due to our continued focus on Digital Skills as customers increase their digital skills' hiring more than ever before. This year witnessed a 31% growth in hiring digital skills compared to the last year.

A section of companies anticipates a gap in demand vs supply in some Tier 1 locations. To address this, these companies are turning to Emerging locations and tapping alternate sources of supply. TeamLease Digital study tracks 20 such emerging locations across India for Digital skills.

As we grow, we are helping enterprises build capabilities and stay competitive in a growing digital economy.



India's IT employment headcount is poised to grow from 5M to 10M as a result of the supercycle of digitization. This will drive the industry to adopt various innovative models to bridge the demand-supply gap. To drive long term growth, companies turn their focus to emerging locations to meet the sustained demand for talent.



With super cycles of digitalization, we have seen unprecedented growth in technology hiring across the Indian geography and we see this trend continuing in the coming Months & Quarters. Indian IT industry will see more jobs getting created especially in the new age skills with satellite cities contributing to the supply of talent.



Sunil Chemmankotil

CEO - TeamLease Digital



Siva Prasad Nanduri

Chief Business Officer – IT Staffing at TeamLease Digital

RESEARCH METHODOLOGY

The report shares the insights through more than 100+ interviews across TeamLease Digital's leaders, IT contract staffing subject matter experts, and other stakeholders associated with the sector, combined with extensive research available throughout the sector.

10%

TeamLease Digital leadership

50%

IT-BPM Ecosystem Stakeholders: Emerging Locations

25%

Digital Transformation Leaders

15%

Contract Staffing Leaders

The above information containing % indicates leaders contributed to collating, validating the data and insights to publish this report

KEY TAKEAWAYS



- TeamLease Digital's recent study predicts that India's IT-BPM headcount will grow from 5.1M to 5.45M by March 2023 at 7% growth and the contractual headcount will grow from 1.51L to 1.8L which is about 21% growth over the last year.
- In this report, TeamLease Digital identified 20 Emerging locations across India as a source of talent for companies operating from Tier 1 locations.
- TeamLease Digital has identified the top 15 Digital Skills which will rule in FY-2023 and this will grow by about 8.4% by the end of FY-2023.
- Our findings on engineering graduates' contribution indicate that 35% of the graduates are emerging from the top 500 cities.
- TeamLease Digital's study also indicates that 33% of the engineering graduates are getting hired in software from tier-1 and emerging locations.

- The upward projection considers the increased attrition observed in the last few quarters and the net addition required to offset the attrition and meet the demand in the year ahead.
- Our performance in the last 2 quarters indicates talent mobility from full-time employment to contractual employment is showing encouragement. This is a sign that the contracting industry would continue to grow rapidly in the quarters and years to come.
- Attrition trends continue to worry the contract staffing industry as TeamLease Digital predicts 50% to 55% attrition for FY-2023 when compared to 49% in FY-2022.
- FY-2022 witnessed tremendous growth in full-time employment in the IT-BPM space. IT contract staffing also has shown the best numbers hired Q3 – 23,000 and Q4 – 24,000 in FY-2022 and will continue to grow in Q1 of FY2023 at 28,000 to 30,000 and Q2 of FY-2023 at 30,000 to 32,000 as overall contractual hiring.

IT services companies, Global Capability Centers (GCC), and Product Development companies are the top contract staffing consumers and they contribute in excess of 70%. The same trend will continue to exist in the near future too. There are close to 1500 GCCs in India with a total headcount of over 1.3 million. More than 50 GCCs were set up in FY-2021 and FY-2022 alone. We estimate that GCC headcount alone is growing at slightly more than 10 percent year on year.

TeamLease Digital study identified at least 20 locations across India which are emerging as significant sources of Digital Skills talent for companies to hire. Some of these emerging locations produce an IT graduate population in excess of 25000 every year per location. The presence of established educational institutions, collaboration with IT-BPM companies and industry bodies, and skill development initiatives make a good pipeline of graduates for the digital skills hiring plan.

GLOBAL IT-BPM TALENT MARKET OVERVIEW:



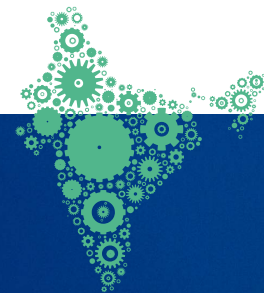
Apart from India, some of the global IT-BPM markets we track are the U.S and Europe. From a market opportunity perspective, when compared to the U.S, India has a lot of potential as the contract staffing adoption by the industry and talent pool employed as the contract is in its early stages.

Region	Countries	IT-BPM Talent Pool (in Million)	Contractual Talent Pool (in Million) as on 31st Mar, FY-2022
Americas	U.S, Canada, Mexico, Brazil, Argentina	16	1.7
India	India	5.1	0.15
Europe	UK, Germany, Spain, Italy, Norway, Ireland, Sweden, Denmark, France, Finland, Netherlands	3.6	0.45

U.S IT-BPM talent pool is estimated to be about 9 million. According to the latest reports by SIA | Bullhorn Staffing Indicator, professional staffing was up 21% compared to a year ago, and up 41% compared to two years ago (in FY-2020) driven by IT and healthcare.



As India's IT employment is expected to double in the next 5 years, contract staffing share is expected to grow from the current 3% to 6%. This growth in contract staffing would ensure building an additional bridge between demand and supply for companies struggling to meet the talent demand.



INDIA'S IT-BPM OVERVIEW 2022

India continues to grow as an attractive destination for "Digital Skills". Indian IT companies are among the largest employers in the private employer segment. By the end of FY-2022, the IT-BPM industry employed around 5.1 million full-time employees. Further, every job in the technology sector had a multiplier effect leading to the creation of about 3.2 million indirect jobs. Executives are realizing the impact digital has on business models, especially in the last few quarters. India's IT companies have both the technological maturity and talent availability to meet the digital business strategies of customers.

Remote work isn't new anymore. IT-BPM companies added the most number of employees to their headcount in recent times. Today a majority of the 5.1 million employees continue to work from home. As companies continue to support remote work, some of them have started exploring ways to return to 'normal'.

TeamLease Digital Employment Outlook Report on Intent to Hire published quarterly reflects hiring sentiment across cities and sectors in India. As per our latest studies, India ranks number one in companies' intent to hire for the next two quarters in a survey of major global markets. More than 40% of the respondents indicated an intent to hire from one or more of the 20 emerging locations.

9/10 fortune companies have global inhouse centers in India

Largest graduate population in the world who are employable

1500+ Global capability centers in India

No.1 IT-BPM outsourcing destination in the world

IT-BPM TALENT MARKET GROWTH AND RESPECTIVE CONTRACTUAL HEADCOUNT GROWTH



India's IT-BPM headcount will grow from 5.1M to around 5.45M in FY-2023 which is about 7% growth when compared to the previous year.

Year	IT-BPM Talent Pool (FTE in millions)	Contract Staffing (without support resources in Lakhs)
FY-2020	4.1	1.11
FY-2021	4.47	1.26
FY-2022	5.1	1.5
FY-2023 (est)	5.45	1.81

* FY-2021 number is being updated from 4.47 million to 4.65 million as per the latest numbers. Refer our DEOR-1 report for more details

The pandemic forced most companies to allow their employees to work from home. This ability to quickly adapt to remote working enabled companies to experiment with contract employees more boldly than ever before. More than 61% of IT-BPM companies had contract employees working from remote locations. This helped reduce the burden of hiring full time employees at short notice and execute short-to-medium term projects at lower costs and minimal resources. Respondents to our TeamLease Digital survey point out that contract job opportunities have increased in the last 2 quarters compared to the year before.

*For the ease of highlighting contract staffing numbers, we have omitted the support staff headcounts like HR, Recruitment, Operations, and Finance. If we include these numbers, the contract staffing numbers will go up by at least 30% more.

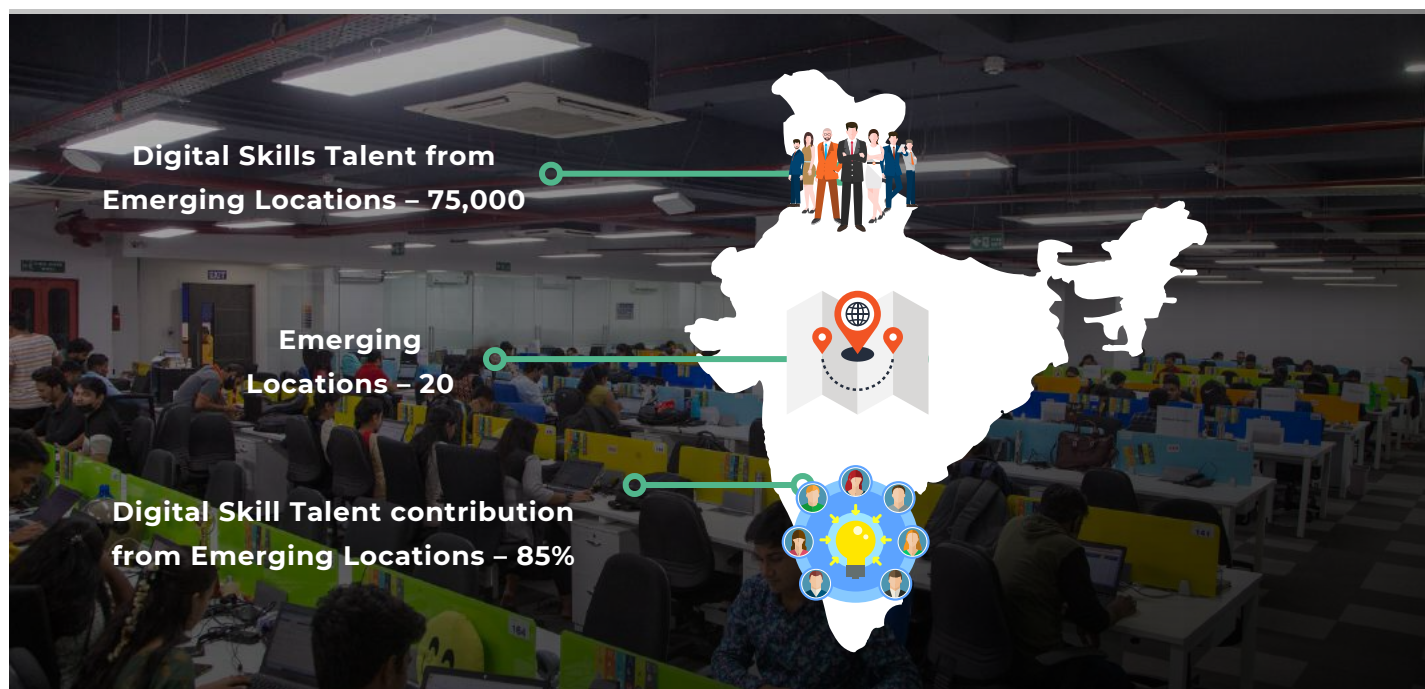
To arrive at the estimated number for FY-2023, we have referred to two years of data published by the Indian Staffing Federation (ISF), NASSCOM, and boutique talent consulting companies' data repositories. Further, TeamLease Digital triangulated the data points with the demand and supply side of contract staffing leaders.

EMERGING LOCATIONS AND CONTRIBUTION TO DIGITAL TALENT



In FY-2023, companies will turn to emerging locations for the supply of digital talent. We estimate the digital skills population across emerging locations to be over 75,000.

Thiruvananthapuram, Ahmedabad, Cochin, Coimbatore, Chandigarh, Indore, Mysore, Vadodara, Madurai, Visakhapatnam, Jaipur, Bhubaneshwar, Mangalore, Lucknow, Nagpur, Goa, Salem, Durgapur, Vijayawada & Trichy are 20 such locations that contribute over 85% of the talent from emerging locations across India.



Sunil Chemmankotil, CEO at TeamLease Digital

Siva Prasad Nanduri, Chief Business Officer – IT Staffing at TeamLease Digital

Opening centers in emerging locations would ensure taking jobs to people instead of taking people to jobs. This would ensure better utilization of talent across the country and help India become a talent superpower.

Skills like Devops, Cloud, Analytics, AI, ML, Metaverse, LCNC will have high demand across India and it would be good if job Seekers are upgrading their skill sets and be job ready.

GRADUATE CONTRIBUTION FROM ENGINEERING INSTITUTIONS

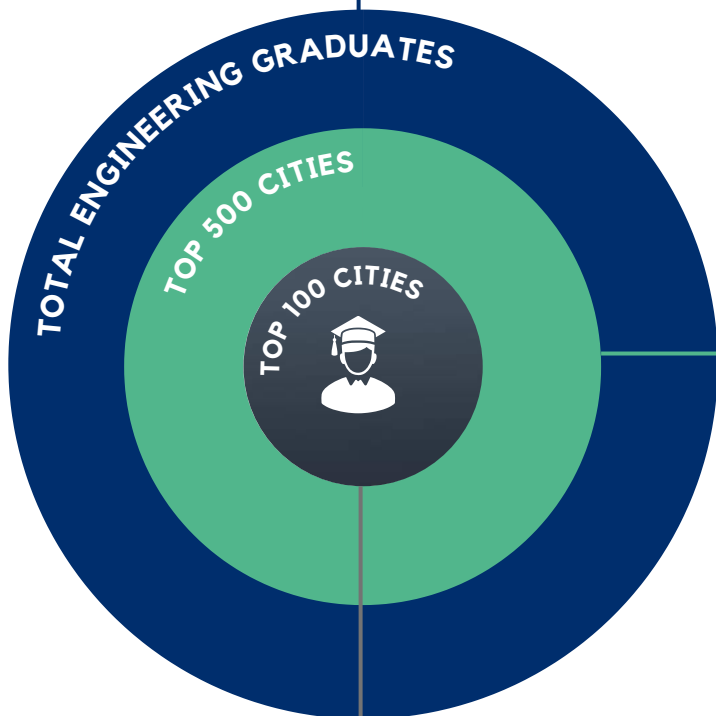


The DEOR report has predicted that on an average 33% of engineering graduates (4,95,000) from the 1.5 million are getting hired. According to our analysis, 5,29,615 graduates (35%) are emerging from the top 500 cities.

Engineering graduates	3500
Engineering Seats	2366728
40% of engg. Seats are vacant	946691
Filled engineering seats	1420037
Average pass percentage of engineering students every year	84%
Drop-out %	6.67%

Total institutions	2334
Engineering Students	945270
After calculating drop-out %	630495
After calculating average pass %	529615
% of engineering graduates from 500 cities	35.31%

Total institutions	1583
Engineering Students	641115
After calculating drop-out %	427623
After calculating average pass %	359203
% of engineering graduates from 100 cities	23.95%



Data Sources:

No. of institutions – AICTE

No. of engineering students – AICTE

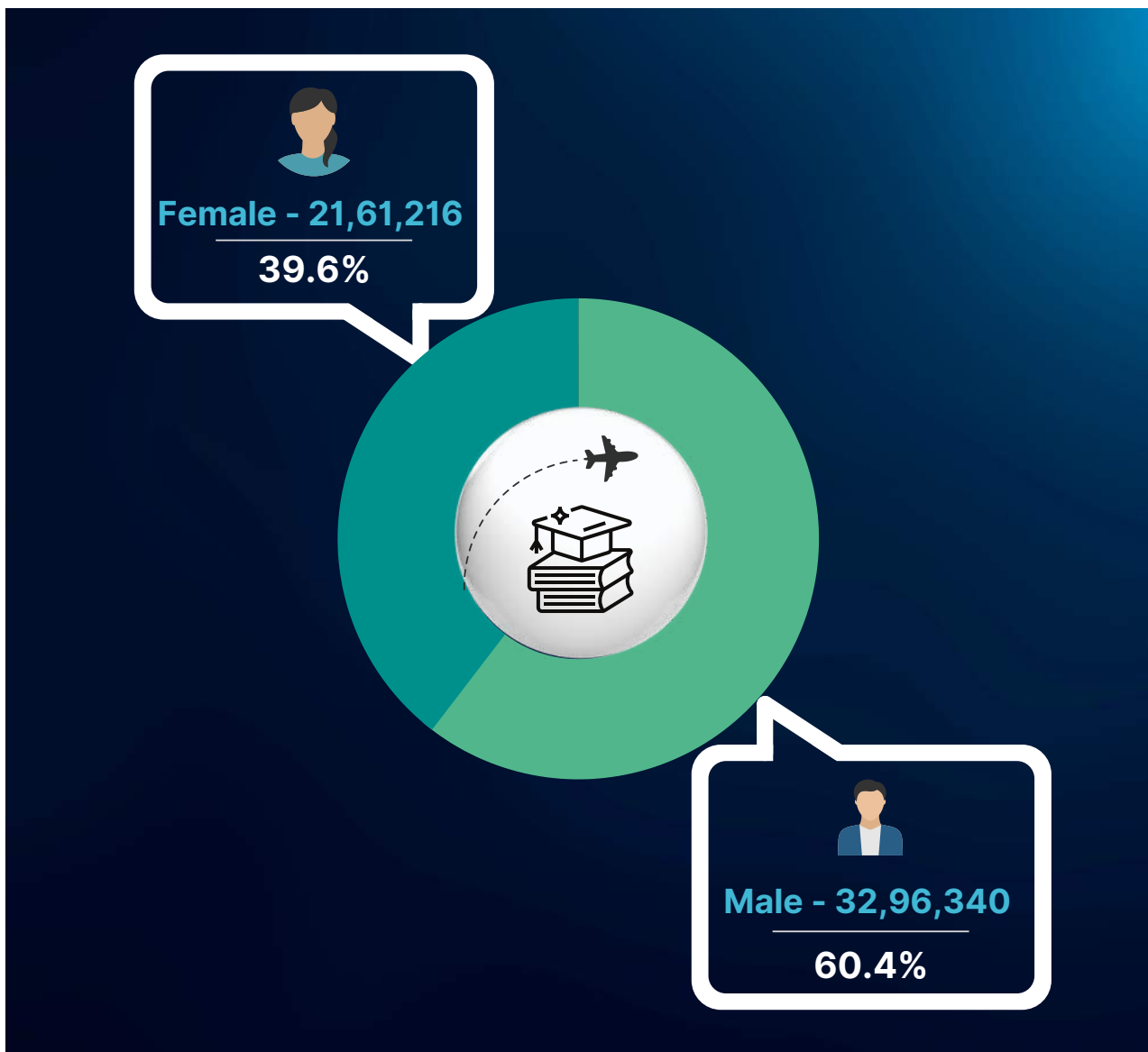
500 cities - city census, 2011

Drop out and average pass percentages are based on the media

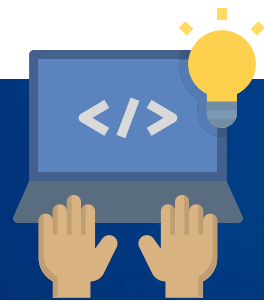
MIGRATION FOR EDUCATION



Brain drain impacts the growth prospects of the country by losing human capital. The youth are likely to be attracted to states or cities with high wages and a strong labour market. Institutes for higher education are likely to be present in locations with high human capital and well-functioning labour markets. Such effects are reinforced when individuals with higher levels of education move into these locations. According to the Census data 2011, 1 out of every 100 migrants in India move in search of education. A total of 32,96,340 men and 21,61,216 women have migrated in India because of education. Men constitute 60.4% and Women 39.6% of these migrants who did so for the purpose of education the largest migrant state is Hyderabad following Maharashtra, Karnataka, and Tamil Nadu.



ENGINEERING GRADUATES VS SOFTWARE HIRING



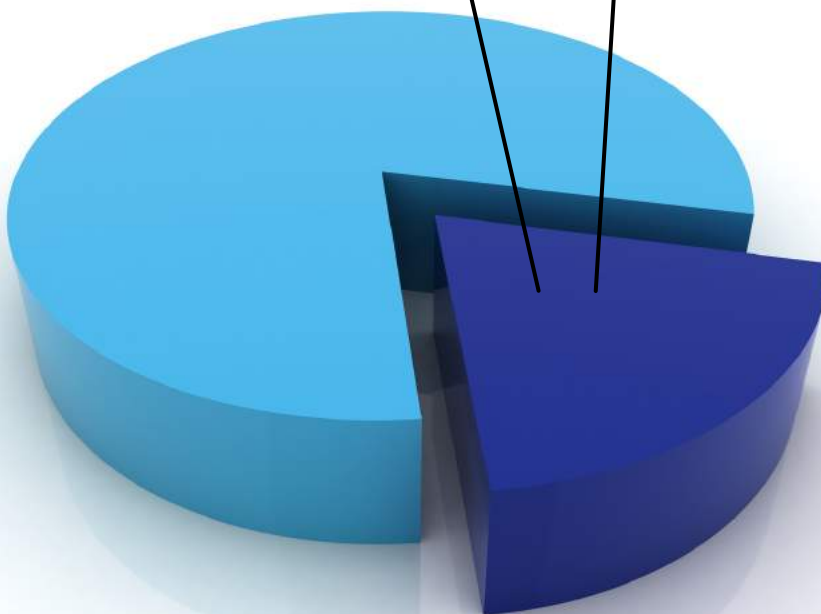
At this juncture, the Covid-19 pandemic-led internet and technology boom has driven an accelerated shift to digital. In the current world of tech hiring, engineers are no less than a king. As of 2021, India annually produces 1.5 million engineering graduates out of which only 3% of students land relevant jobs in technical domains. Out of 1.5 million, on an average 33% which is 0.5 million are getting hired in software from the tier-1 and emerging locations. Estimates further suggest that 0.5 million engineering students are emerging from more than 2500 engineering institutions located across the country. But the report is much more insightful and there is so much context.



As per estimates 0.5 million engineering students are emerging from 2500 engineering institutions



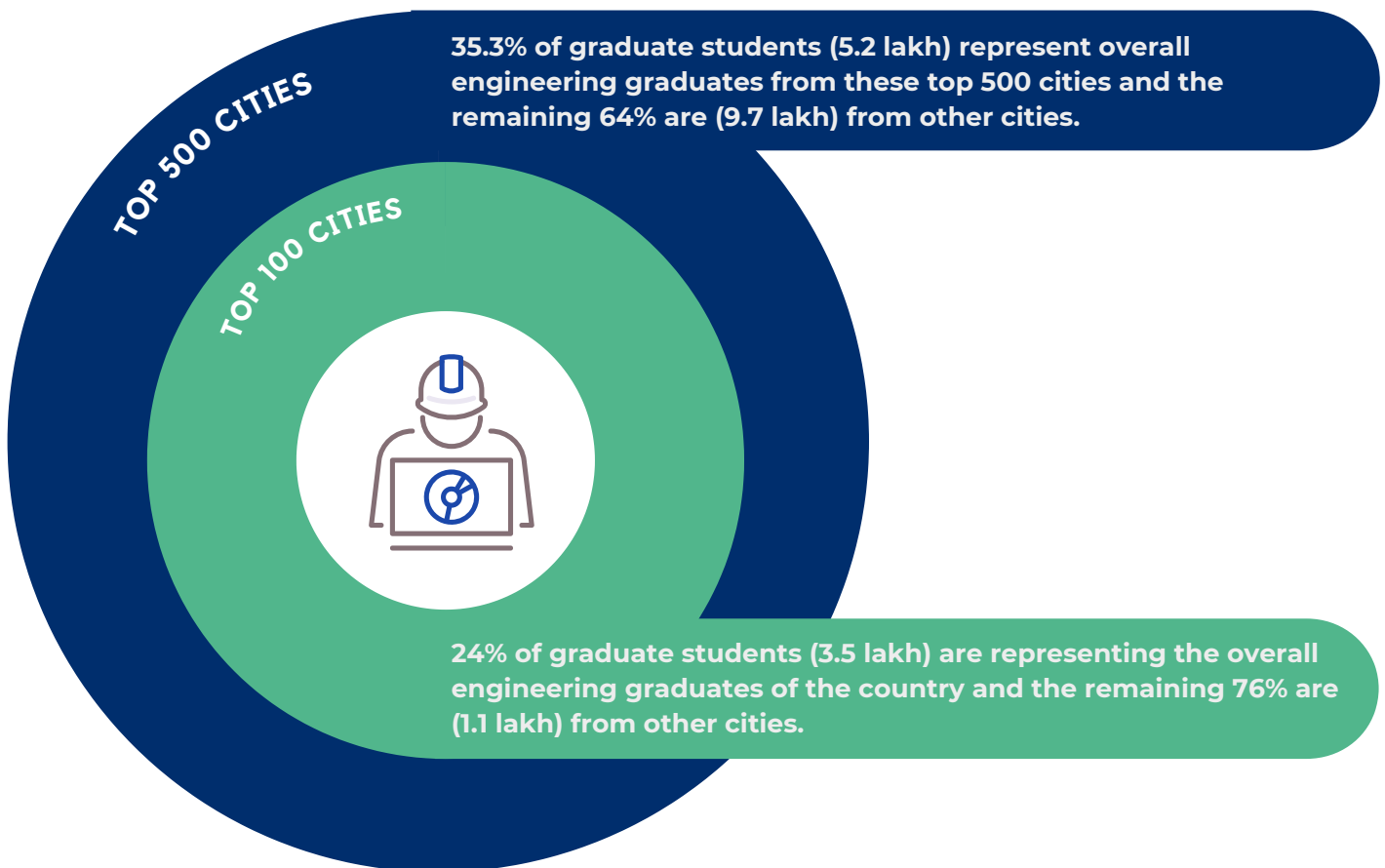
On an average 0.5 million which is 33% of 1.5 million engineering graduates are getting hired in software from the tier-1 and emerging locations.



ENGINEERING GRADUATES – WHERE THEY COME FROM



The dynamics of the Study-Hire model were performed by applying the top 500 cities (Census, 2011). 35.3% of graduate students (5.2 lakh) represent the overall engineering graduates from these top 500 cities. The remaining 64% are (9.7 lakh) from other cities. The report further narrows down to the top 100 cities to understand the stat of the engineering students emerging from these cities. 24% of graduate students (3.5 lakh) represent the overall engineering graduates of the country; the remaining 76% are (1.1 lakh) from other cities.



Methodology

- 500 cities list obtained from census, 2011
- Engineering colleges in these 500 cities (data feeding was done from the engineering colleges in India, 2022, city-wise was cross-verified and entered)
- Engineering Students were calculated based on the seat matrix
- From dropouts (6.67%) and the average pass % of engineering students in India (84%), the calculation of engineering students was performed

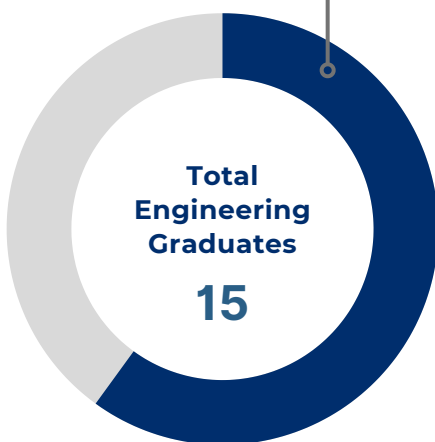
GRADUATE CONTRIBUTION TO DIGITAL TALENT



Among the graduate population in India, graduates from engineering streams contribute most to the digital skills talent pool. Our studies estimate about 9L engineering graduates as a part of this pool. Non-engineering students are estimated to be about 6L. We also observe that 1.5L professionals move to digital-related technologies through a career transition or upskilling.

Contribution of engineering graduates to digital talent

9



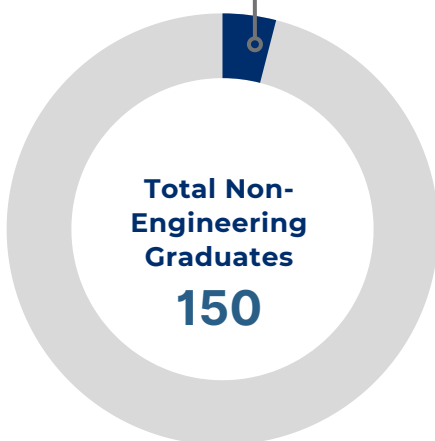
As companies and academia focus in bridging the employability gap, digital skills' education is emerging as a new learning model. More than 75% of graduates are aware of the job opportunities in digital skills, especially in the last 2 years.

”

Qualified but unemployable is a challenge that India is facing for a long time now. The (National Education Policy) NEP & apprenticeship models prepare young graduates with skills and attributes needed for employment and long-term growth. Developing a required set of skills will be a sure-shot way to bridge the gap between qualified & employable talent.

Contribution of non-engineering graduates to digital talent

6



Upskilling or career transition

1.5

*Population (in Lakhs)

TOP TRENDING DIGITAL SKILLS



Based on-demand drivers and hiring scenarios in the recent 2 quarters, TeamLease Digital has identified 15 skills that will lead the way in the India IT-BPM industry in FY-2023. In general, digitally skilled professionals are paid a notch above the developers working with traditional IT skills. In FY-2023, at least 7 out of 10 IT companies will be searching for these Digital Skills to hire from emerging locations.

Skills	Tier 1	Emerging Locations*	Skill Assumptions	FY-2023 Growth Indicator
E-Commerce	1,00,000~1,20,000	15,000~20,000	Tech & product development in E-commerce talent pool in India. These numbers are FTE numbers in E-commerce players and not included vendor numbers	5~10%
Data Engineering	40,000~50,000	10,000~15,000	Talent pool who work on Data Modeling, ETL, Database Engineering, Analytics, Data Warehouse, Data Lakes, Visualization, etc.	4~6%
Data Analytics	1,20,000~1,50,000	25,000~30,000	This includes data cleaning, analyzing to draw insights using BI & advanced analytics tools Data science – Python, R programming, ML, Apache Spark, Apache Flink, Apache Kafka, SAS	6~10%
Data Visualization	32,000~35,000	10,000~15,000	Tableau, PoweBI, Qlikview	4~6%
RPA	27,000~30,000	2000~3000	Automation Anywhere, UiPath, Blue prism	6~8%
Full Stack Development	25,000~35,000	4000~5000	Front end + Backend DB + API/SOA + Cloud + Microservices & DevOps	8~10%
Data Science	40,000~50,000	8000~10,000	Includes Statistical Modeling, Machine Learning, Data Mining, Unstructured Data Analytics, and Natural Language Processing	4~6%
Cyber Security	40,000~50,000	5000~8000	Cyber security area includes forensics, SIEM, vulnerability assessment, Threat intelligence, InfoSec, Endpoint, Network Security, Encryption Tools, Web Vulnerability, Network Defence Wireless, Packet Sniffer, Antivirus Software, Firewall, PKI Services, Managed Detection Services, Penetration Testing	4~6%
Cloud & DevOps	1,30,000~1,50,000	30,000~35,000	This includes Cloud implementation (40%) & support pool (60%) - AWS, Aure, GCP, Docker, puppet, checf, Jenkins, Splunk	6~8%
Mobility (Mobile App Development)	1,20,000~1,50,000	35,000~40,000	iOS, Android, and Mobile Application Development, Testing & Support pool	6~8%
Artificial Intelligence	30,000~40,000	5000~8000	All Artificial Intelligence, Deep Learning, and Cognitive areas considered	5~7%
Machine Learning	35,000~45,000	5000~8000	ML tools include Tensorflow, Scikit, Pytorch, Knime, etc	6~8%
UI/UX	32,000~40,000	8000~10,000	Angular, React, User research/experience, Wireframing, Prototyping, Adobe XD, Figma	5~7%
MarTech	1,25,000~1,50,000	10,000~15,000	Advertising & Promotion, Content & Experience, Social & Relationships, Commerce & Sales, Data, Management	5~7%
IoT	50,000~60,000	4000~5000	Device hardware, device software, communications, cloud platforms, cloud applications	4~6%

* Thiruvananthapuram, Ahmedabad, Cochin, Coimbatore, Chandigarh, Indore, Mysore, Vadodara, Madurai, Visakhapatnam, Jaipur, Bhubaneshwar, Mangalore, Lucknow, Nagpur, Goa, Salem, Durgapur, Vijayawada & Trichy

THE TWO NEW ADDITIONS



- Thiruvananthapuram, Coimbatore, Cochin, Ahmedabad, and Chandigarh contributes to about 60% of these trending technologies
- Tier I services players, global in-house setups and specialized firms build these talent pools by local hires through campuses
- At least 20% of the digital talent employed at Tier 1 cities are currently at emerging locations by the nature of work from home (WFH)
- Thiruvananthapuram, Coimbatore, and Ahmedabad are building digital skills because of the strong presence of large Tier 1 players, Product companies, GICs, and Startups. Also, the existing matured players' attraction strategies from Tier 1 cities are also helping to create a strong footprint

Two new additions this year are MarTech and IoT-



MarTech

Our analysis indicates that currently MarTech demand is led by high demand from the global market and at a large scale, but currently, the billing rates for these large-scale projects are optimized at an industry level. For FY-2023, MarTech demand is projected to grow at 5%~7%.

Boutique companies are the major players in emerging locations with a headcount of 50-1000. These companies are optimistic on operational costs including but not restricted to talent, payroll, hiring, and infrastructure.



IoT

The second new skill that we track in this report is IoT. For FY-2023, IoT demand is projected to grow at 4%~6%. Public-private initiatives such as 100 smart city projects are driving some of the major IoT demands in the market.

In addition, there are several IoT / smart automation projects implementation run by homegrown and niche players. A few large Offshore development centers, Product engineering services companies develop IoT solutions out of Thiruvananthapuram, Coimbatore, and Cochin with an increasing talent pool anticipated in the upcoming years

*About 20% of the above skills will be overlapping numbers in one or more skill categories.

Includes Statistical Modeling, Machine learning, Data Mining, Unstructured Data Analytics, and Natural Language Processing.

To arrive at these top skills & roles, TeamLease Digital tracked the last 3 months hiring patterns of top IT services organizations, global in-house centers, software product captives, and consulting organizations. Also considered the next quarter's hiring forecast of top skills/roles and validated with industry experts, TA leaders, and recruitment heads in top organizations. Programming community sites such as StackOverflow, GitHub, HackerRank and AnswerHub trends accounted to bring top skills.

CONTRACT STAFFING AT A GLANCE



Installed IT-BPM pool: 1.51L as of March 2022 expected to grow to 1.8L by March 2023.

Bangalore continues to be the no.1 destination contributing to almost 1/3 of the contract staffing talent pool followed by Hyderabad, Chennai, and Pune. This trend continues to be more than the full-time IT-BPM employees installed population and is expected to be bullish in the forthcoming quarters too.

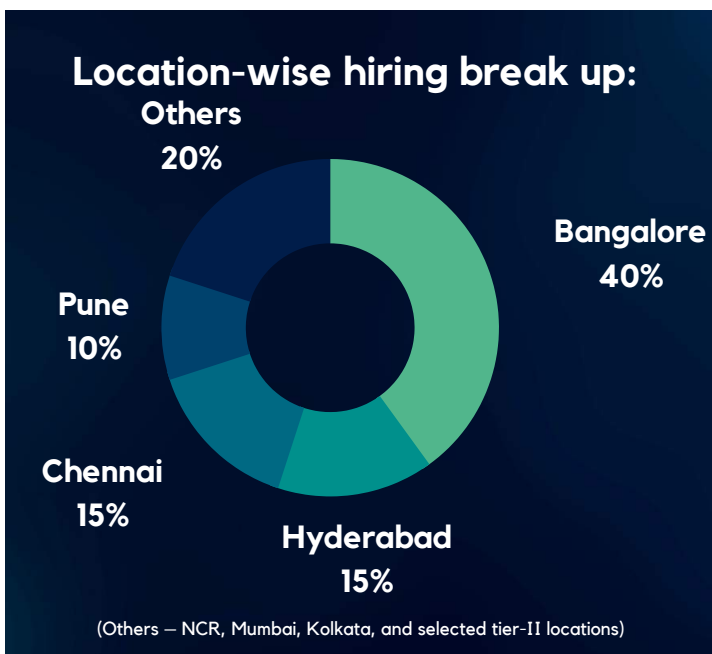
India IT-BPM Contract Staffing Numbers Vs Digital Skills in FY-2021, FY-2022, and Estimated FY-2023.

FY	Contract Staffing Without Support Resources (in Lakhs)	Contract Staffing Net Added	TL Digital Skills (Overall Talent Vs Net Addition)	Digital Skills Growth %	Emerging Locations Contribution
FY-2021	1.3	15,000(12%)	11,000 (1300)	31%	3200
FY-2022	1.5	22,000(19%)	12,000 (1500)	49%	3500 (9.1%)
FY-2023	1.8	30,000(19%)	12,000 (1500)	65%	3900 10.5%)

In FY-2023, contract staffing leader TeamLease Digital predicts that Digital Skills demand will grow by 65%. This is a 16% increase when compared to last year.

While reflecting on the contractual progress over the last few quarters, Sunil Chemmankotil, CEO at TeamLease Digital

Contract staffing has gained significant space in the talent strategy at all leading organizations. The contract staffing model has multiple innovative products like hire-train-deploy (HTD), SOW, & try & buy that is helping organizations fulfil their talent needs with quick turnaround results.



TALENT MOBILITY TRENDS AMONG FULLTIME AND CONTRACT EMPLOYMENT



Upcoming years will see increased attention by companies towards emerging locations. TeamLease Digital surveyed the IT-BPM ecosystem stakeholders, digital transformation leaders, and contract staffing leaders and asked key questions on talent mobility happening between full-time and contractual hiring trends.

While reflecting on the last few quarters' mobility trends, Siva Prasad Nanduri - Chief Business Officer – IT Staffing at TeamLease Digital quotes:

“ Our customers have increased their hiring by 50% or more especially on the digital skills and this is also creating enormous opportunities for organizations like us to execute programs on reskilling, upskilling & HTD.

FY	Contractual to Contractual	Full-time to Contractual	Gig to Contractual
FY-2021	85~90%	<10%	<2%
FY-2022	85%	10~15%	<2%
FY-2023	85~90%	10~15%	<2%

Demand-side leaders aspire to engage with a contractual headcount in FY-2023 and beyond. When asked a key question on recommending a contractual mode of hiring instead of full time hires, the respective leaders' views are as follows:

Recommended Views	IT-BPM Ecosystem Stakeholders	Digital Transformation Leaders	Contract Staffing Leaders
Strongly Recommend	50%	60%	85%
Partially Recommend	20%	20%	12%
Neutral	20%	18%	3%
Does not Recommend	10%	2%	0%

*Recommended views representation is derived from 100 participants through primary interviews

TOP CONTRACTUAL TALENT BUYERS BY COMPANY TYPE



According to TeamLease Digital, FY-2022 witnessed the following talent buyers by company type. Using the current demand-supply scenario, TeamLease Digital predicts the hiring outlook trend and potential % of the change in FY-2023.

Company Type	Top Talent Buyers	Hiring Outlook For FY-2023
Services	42%	
GCC/Software Product Companies	32%	
Pureplay BPO	11%	
Tier III & others	7.5%	
Tech Startups	5%	
Big 4	2.5%	

: Neutral

: Positive

Tier I IT Services Companies: Established IT Services companies offering a broad level of IT offerings & solutions with more than 20,000 employees in India with > \$2 billion services revenue.

Tier II IT Services Companies: Competing with Tier I Services companies' capabilities and client portfolios. 5,000 ~ 20,000 employee strength in India with > \$500 million- < \$2 billion services revenue.

Tier III IT Services Companies: Boutique and specialized IT services companies focusing on any industry or services portfolios. Company size of < \$500 million revenue and <5000 employee strength.

Pure Play BPO Companies: Concentrating mainstream business of Business Process Outsourcing (BPO)/ Knowledge Process Outsourcing (KPO) services to various domestic & international customers.

Global Capability Centers (GCC): Any shared services/product captive organization which service parent company IT/Operation need or developing their own product / R&D activities.

Software Product companies: Product / R&D setup which concentrates on developing application/enterprise software products/ tools to global customers.

Big 4 companies: The Big Four accounting firms refer to Deloitte, PricewaterhouseCoopers (PwC), KPMG, and Ernst & Young. These firms are the four largest professional services firms in the world that provide audit, transaction advisory, taxation, consulting, risk advisory, and actuarial services.

Technology Startups: A tech startup is a company whose purpose is to bring technology products or services to market. These companies deliver new technology products or services or deliver existing technology products or services in new ways.

ATTRITION TRENDS - FULL TIME VS CONTRACTUAL



India's IT-BPM attrition continues to be on the higher side and we expect this surge to continue in the next quarters. Pandemic-related dynamics played a game-changing role in the past and we expect it to play a reasonable factor in defining the attrition trend for FY-2023. TeamLease Digital has been tracking the hiring trends and engaged with IT-BPM ecosystem stakeholders, digital transformation leaders, and contract staffing leaders to predict hiring and attrition trends. With the insights gathered from the top 350 employers in the Indian IT-BPM market TeamLease Digital is populating the following:

FY	FTE Attrition	Contractual Attrition
FY-2021	13%	40%
FY-2022	24%	49%
FY-2023	23%	50~55%

Source: Han Digital, IT-BPM FTE (Full-time Employment) numbers only from NASSCOM

In FY-2023, contract staffing attrition is expected to increase from 49% to somewhere between 50~55% when compared to FY-2022. The pandemic and business uncertainty contributed to last year's attrition. Increased business and higher numbers of resignations within 90 days continued to contribute to increased attrition. This attrition trend is the highest in the history of the IT-BPM industry in India. For the contracting market, we are witnessing a continued increase in the attrition trend which is the key driver for attrition to move beyond 50%.

Attrition recorded in the Q3 and Q4 of FY-2022 was the highest among TeamLease Digital for contractual hiring. It stood at 51%. This trend will continue for the rest of the year and may see a slight increase as the demand for Digital Skills increases in the Indian IT-BPM market.

In contrast, full-time employment attrition continues to be around 24% in FY-2022. With the attrition trend of the top 300 companies, the Q3 and Q4 FY-2022 attrition was 26%. However, we expect attrition trends to decrease by at least 2% in H1 of FY-2023, as full-time attrition wavers in Tier 1 companies across India.



DIVERSITY & INCLUSION (D&I) TRENDS IN DIGITAL SKILLS

In the days post Covid-19, the topic of diversity and inclusion has attracted attraction more than ever before. For companies, the business case for gender diversity as a strong performance indicator, especially during pandemics, is a compelling decision. This trend yielded up to 36% of the overall installed talent pool as gender diversity. In FY-2022, diversity hiring has seen renewed interest, especially in the last two quarters.

As per our study, Industry leaders are continuing contractual gender diversity in Digital Skills in FY-2022 which is currently at 20% and is expected to grow to 25% in FY-2023. Over the past 10 years, Indian IT-BPM companies have been highlighting the importance of diversity in their workforce. However, over the past several quarters, the sentiment is not just on diversity hiring, but also on inclusion. Various performance indicators, in most cases, up to 61 percent point to the fact that diversity and inclusion have led to increased business performance.

Talent Funnel	% in FY-2022	% in FY-2023
No of graduate students	55%	56%
IT-BPM diversity full time	36%	38%
IT-BPM contract workforce	23%	26%
IT-BPM contract Digital workforce	20%	23%

As per the TeamLease Digital respondents, the following trend is emerging as best practices to increase gender diversity and another inclusive workforce.



MORE FRESHERS

Inject more freshers to accelerate gender diversity as major workforce and shape them to serve digital skills in future



TECH SAVVY

Increased trend of support functions roles to strong tech heavy roles by adopting upskilling and cross training



ROLE UPLIFTMENT



Top companies major diversity workforce opt for managerial roles and individual contributor roles equally.



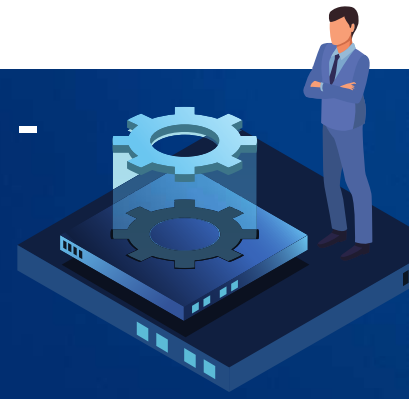
DIVERSITY & INCLUSION TRENDS IN DIGITAL SKILLS BY LOCATIONS



One of the key elements of D&I is gender diversity. For the past ten years, Indian IT-BPM leaders have embraced gender diversity as one of their goals to achieve. This trend yielded up to 34% of the overall installed talent pool as gender diversity. During the initial days of the pandemic, the gender diversity initiative has taken a back seat for two quarters. However, from Jan 2021 onwards, the hiring trend of gender diversity and D&I has picked up in full swing.

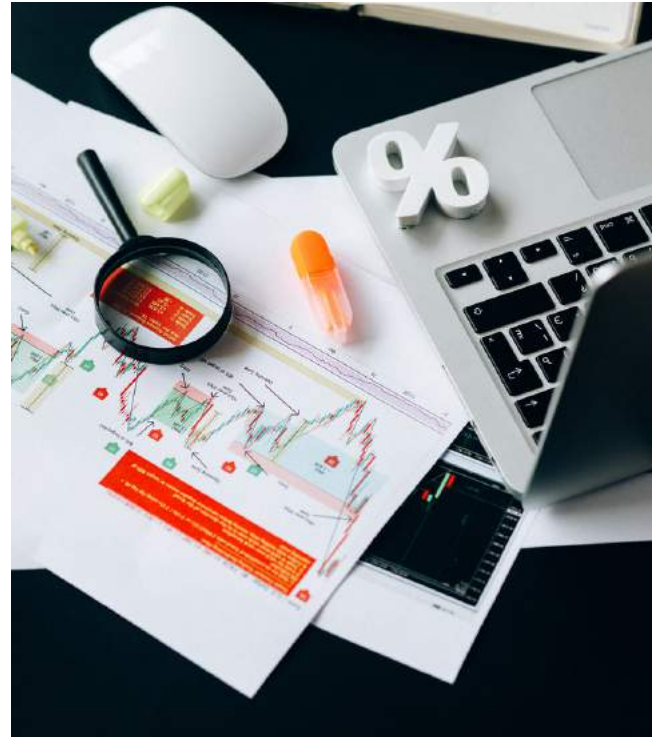
City		
Bangalore	38%	62%
Mumbai	15%	85%
Hyderabad	23%	77%
Chennai	24%	76%
Pune	32%	68%
Delhi NCR	23%	77%
Emerging Cities	30%	70%

CONTRACT STAFFING FY-2023 - WHAT HAPPENED IN Q3 & Q4 OF FY2022. WHAT TO EXPECT IN Q1 & Q2 OF FY-2023

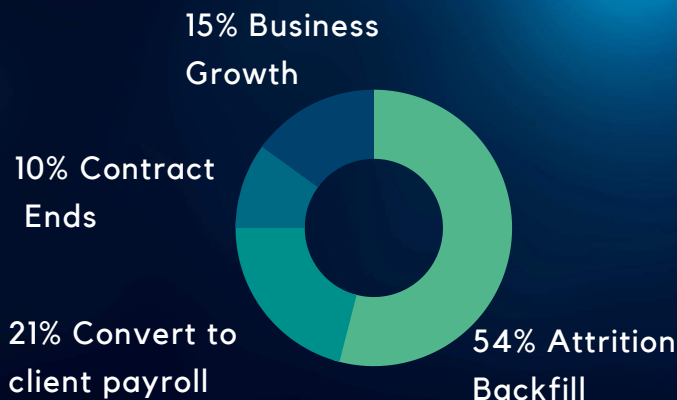


Q3 and Q4 FY2022 numbers continued to best past numbers when compared to last financial years' Q3 and Q4.

FY	Q3	Q4	FY-2023 Q1 estimated	FY-2023 Q2 estimated
FY-2022	23,000	24,000	28,000 ~ 30,000	30,000~ 32,000



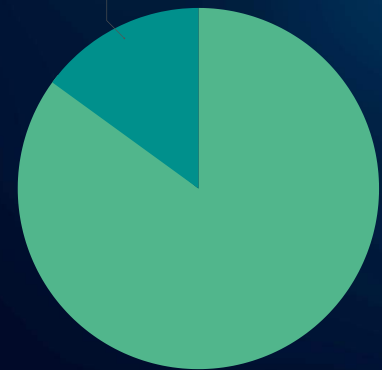
Reasons for hiring:



TeamLease Digital expects more than 1,00,000 onboards this year, of which, attrition backfill about ~50%; 21% of them will be converted to the client payroll, 21% of contractor tenure ends, 5% of them get background verification failure resulting in effort loss, and the remaining 24% of them are net addition when compared to the previous year.

Where are they coming from? – sources of contractors

Full time employment to contractual job: 15%



Contractual to another contractual job: 85%

Connect With Us



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Digital Employment Outlook Report (DEOR) - H1: FY-2023

