

Benefits of a Liberalized Telecommunications Market to other Industries

– Impact of Telecom Reform on Indian IT-BPO Growth

Geneva

February 2008

NASSCOM[®]

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Advances in telecommunications technology have enabled a disruptive transformation of the global business services value-chain

Unprecedented division of services labor... leveraging centers of excellence... managed as a global portfolio

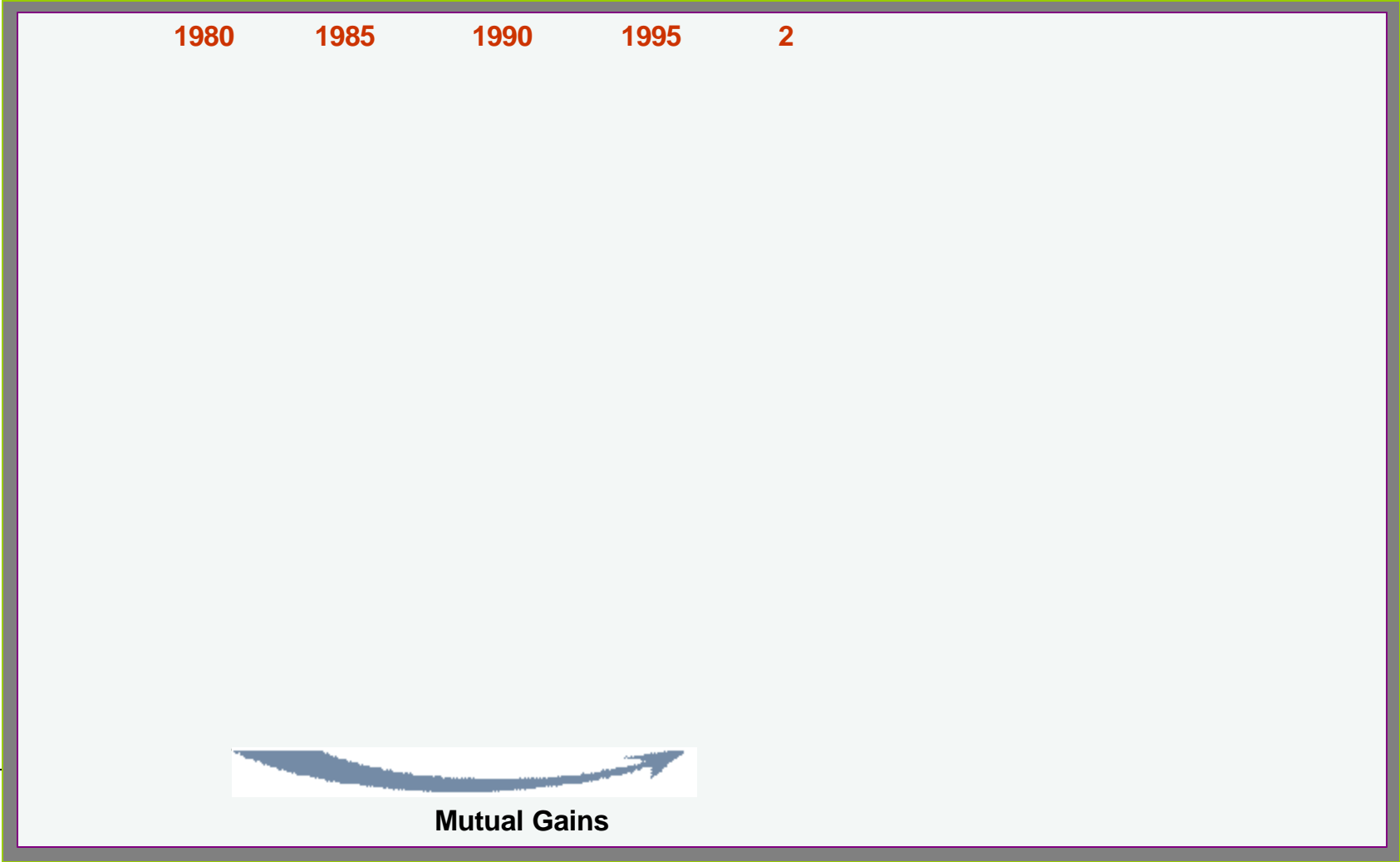


...taking into account capabilities, human capital, infrastructure, political risk, currency fluctuations, cost of labor, productivity, taxation, security and legal environment

.....to produce the optimum, networked services value chain.

+ Captive Center * Third Party Outsourcing ◆ BOT ⊙ Joint Venture

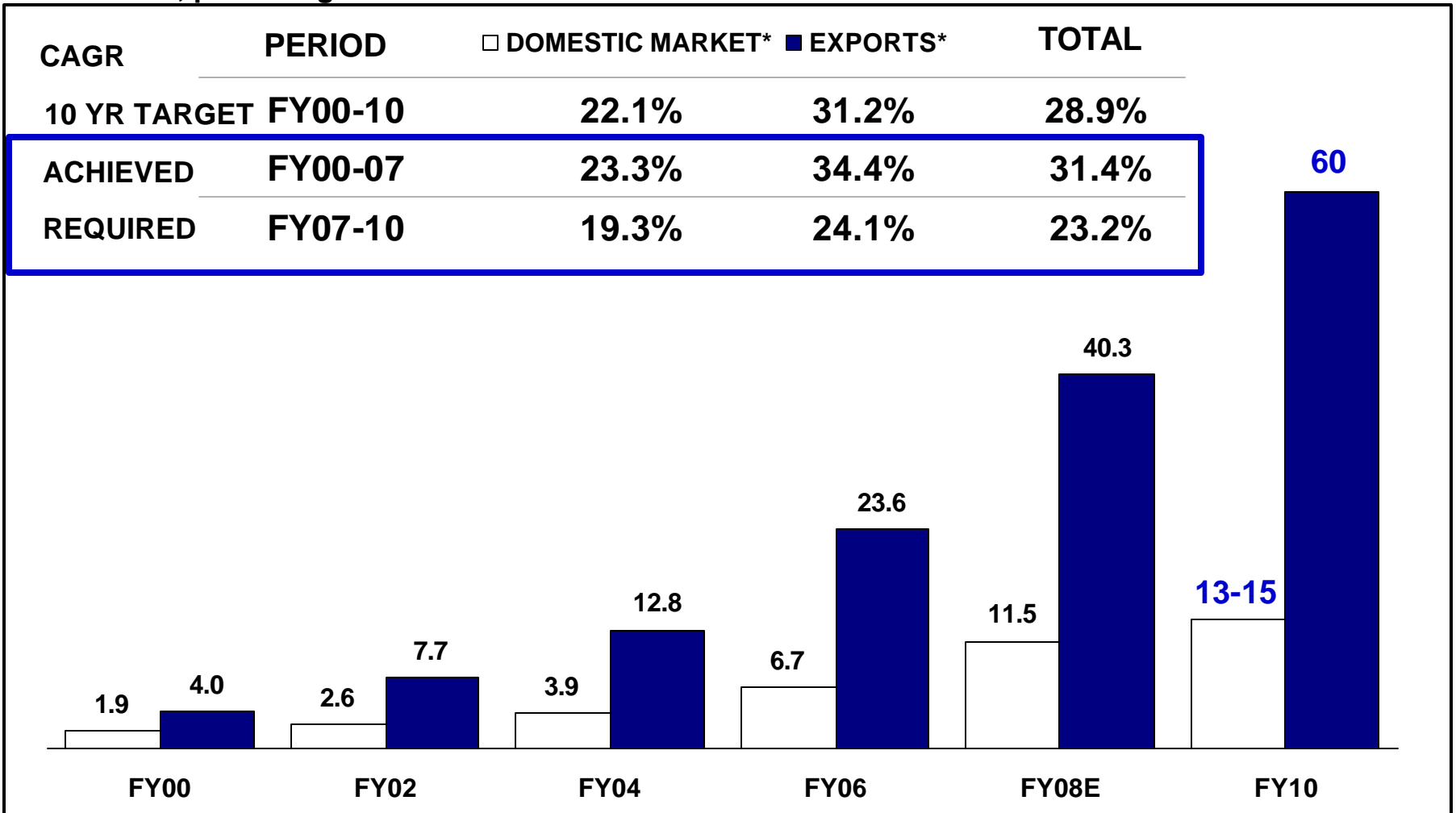
...which is evidenced in the rapid adoption and evolution of global sourcing of services – in scale as well as scope



Note: Services listed are indicative not exhaustive

The Indian IT-BPO sector has led this evolution, growing at an unprecedented pace

USD billion, percentage



* Includes IT Software and Services, Engineering Services, as well as BPO Services

...that has contributed to significant payoffs for India – in many ways

Poster-child
for global
services trade

- India an indispensable part of any major global sourcing strategy
- Accounts for 63-65% of all offshore IT*; 40-45% of offshore BPO
- Model for other countries looking to build IT-BPO capabilities

Rapid growth
in employment
and investment

- ~2 million professionals employed directly
- Indirect employment of over 7 million attributed to this sector
- Key contributor to India's trade surplus (comm. services), foreign exchange reserves and attractiveness as an investment destination

Catalyst for
broad-based
development

- Key driver of urban development beyond existing city limits
- E-governance initiatives to drive systemic efficiencies and extend ICT penetration to the grass-roots level
- Instrumental in advocating the potential benefits of reform in other sectors, effecting progressive policy change

* Includes IT Software and Services, and Engineering Services



Timely policy actions in the early years, and progressive reforms have played a key role in nurturing Indian IT-BPO growth

