

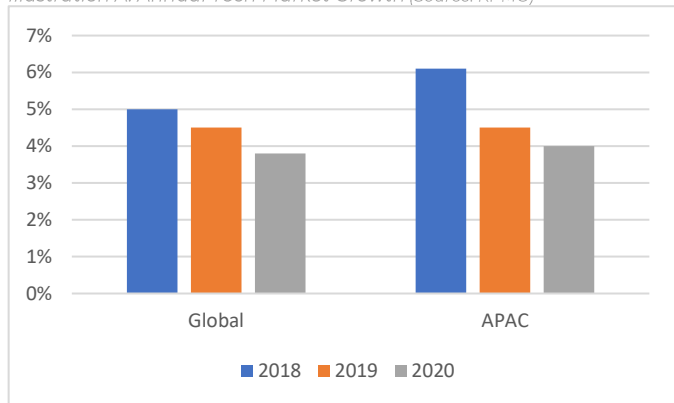
INDIA IT 2019: The Talent Roundup

A Human Capital Report on Indian IT

As we close 2019, we leave behind a year when Global Tech market was projected to slowdown from 5% growth in 2018 to 4.5%. While the numbers get tallied to confirm or contest that projection, we also brace for a 3.8 percent in 2020. Closer to home, the Asia Pacific market is also part of a slowdown that would see growth percentages shrinking to a little over 4% in 2019 and 2020.

With China and Japan dominating the APAC spends with a collective 60%, India will continue to be the 3rd largest contributor in the region with an estimated 70Bn\$ tech spend this year.

Illustration A: Annual Tech Market Growth (Source: KPMG)

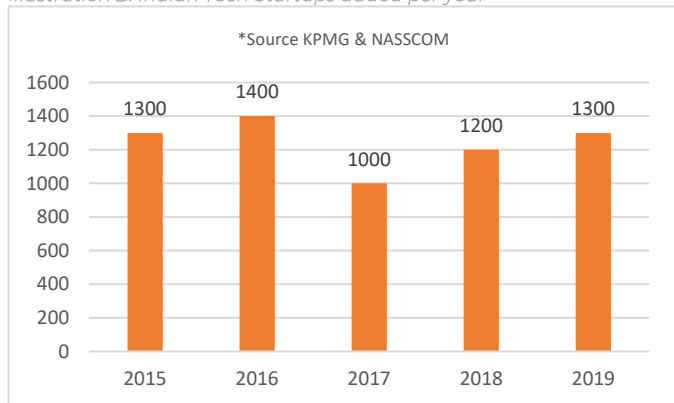


The India Impact

Effects of a global slowdown with specific focus on USA representing over 2/5th of the Global Tech spend were visible in India in 2019, with IT services majors dropping a collective of over 45,000 staff over the last 2 quarters of 2019. While 2020 is expected to also hover in the doldrums, there are some bright spots with Tech Consulting and Outsourcing services expected to grow by 16%. With the commencement of 5G transition groundwork expected to contribute to a boost in ICT spend in the Telcom and Content services markets, one has to wait to watch if the Global slowdown and domestic development can square off.

However all was not gloom with India's IT in 2019. Tech startups continued to spring up on a healthy pace with support from VCs and the Government's initiatives like Startup India. India continues to be globally 3rd largest tech startup base. NASSCOM estimates that the tech-startup base in India is expected to reach an estimated 10,500 in 2020.

Illustration B: Indian Tech Startups added per year



Parade of the Unicorns

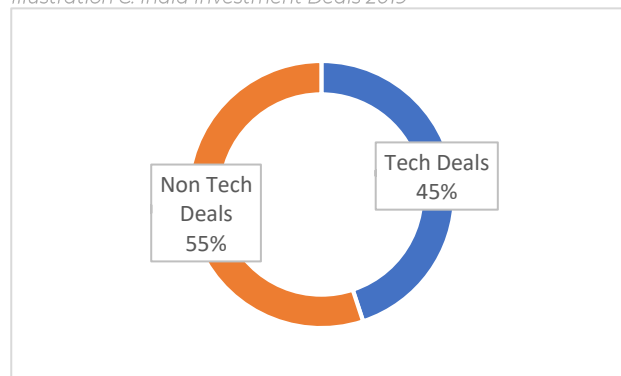
2019 saw the continuance of the parade of the Indian unicorns that was witnessed in 2018. While 2018 saw the birth of 11 Unicorns, 2019 continued the trend over 8 additions and a couple more are expected as the investment and revenues get tallied for the year closure. Despite the fact that these new Unicorns are from a mix of industries like Retail, Healthcare, Logistics, Media, Automobile and Tech, majority of them have Tech either as their backbone or mode of service. In that sense it can well be attributed that the parade of the Unicorns is powered by Tech. These tech powered Unicorns provide direct employment to a little over 60,000 professionals and provide indirect employment for 1.6 to 1.8 Lakh people.

A whopping 79% of the companies marked as high potential Unicorn entries are Tech associated and tech powered. These Soonicorns are largely from domains like eCommerce, Healthtech, Enterprise tech, Fintech and Deeptech. The Soonicorns are stepping into 2020 with a potential to nearly double their their headcounts over the year. While the Unicorns continue to attract the best of Tech talent, the Soonicorns aren't way too behind the Unicorns. Aggressive growth plans and investment attracting business models allow the Soonicorns to be equally aggressive with Talent acquisition and competitive in their compensation structures to attract and retain high end talent.

Deals Galore – Tech Investments Scenario

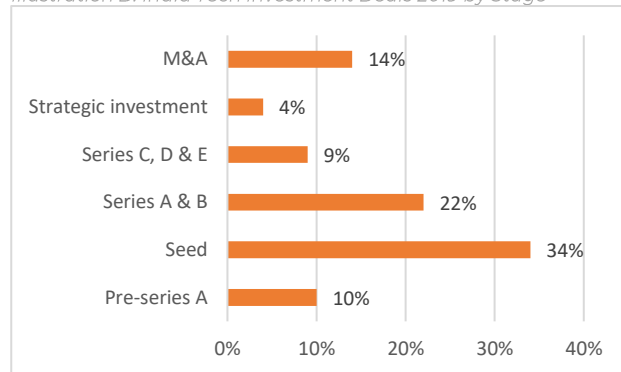
Of the over 760 investment and M&As clocked in 2019, Tech and Tech Associated deals were the maximum, contributing to over 45% of the total deals and bagging home a massive \$4Bn in investments out of an estimated total of over \$8.9Bn that were clocked in 2019.

Illustration C: India Investment Deals 2019



Of Tech and Tech Associated deals for the Year, 34% were Seed stage deals followed by 22% Series A & B, 10% Pre-series and 9% Series C, D & E deals. A prominent 14% of the deals were M&As across a wide tech spectrum from AI/ML to Digital Marketplaces for different traditionally brick and mortar domains. The Digital Marketplace companies that struck a deal in 2019 account for 12% of the Tech deals making up the largest slice in the pie.

Illustration D: India Tech Investment Deals 2019 by Stage



The healthy quantum and quality of investment deals is reflective of a thriving domestic Tech startup base that investors are confident of.

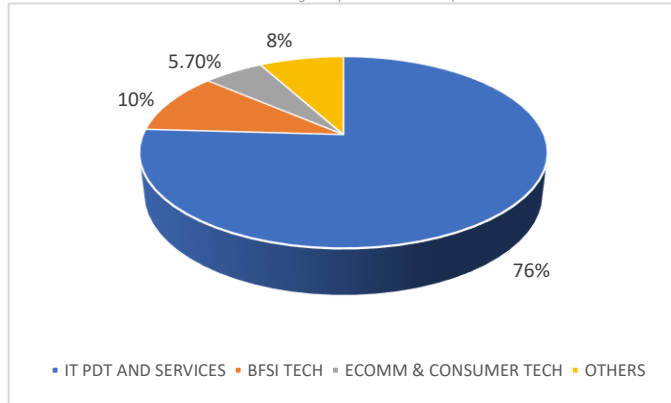
Indian Tech companies that received investments greater than \$10Mn in 2019 add up to one-fifth of total Tech deals. Interesting to observe that this one-fifth of companies took up close to \$3.6Bn of the total \$4Bn Tech deals. Between them these companies employ over 52000 professionals and have grown over 110% on their headcounts over a 2 year period. With investments coming into play, these companies are expected to continue their product and service expansions and have a potential to generate a minimum top-up of over 30% of their current headcounts in 2020.

Tech talent absorption by this group of startups would be a key space to monitor in 2020 both for talent as well as investors.

India Tech Headcount Growth

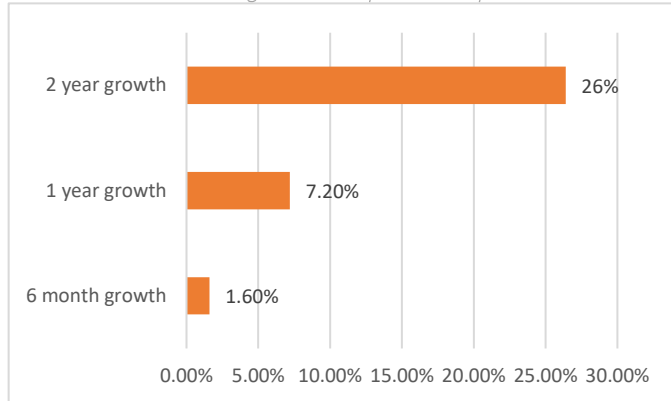
Our study of 100 Top Tech companies across Funded Startups, IT Services, Service and Product GICs, revealed that these companies will end the year with a collective headcount of over 2.1Mn.

Illustration E: Headcount mix by Top Tech Companies



IT Services companies with a 30% representation in the study, accounted for over 76% of headcounts continuing to establish that this sector is a high employment sector. With dependencies on Global clients with specific attention to the US and European markets, this sector is expected to shrink in response to the overall slowdown projected for 2020.

Illustration F: Headcount growth at Top Tech companies



The overall slowdown is evident in the fact that these 100 companies have registered an average of 1.6% growth in headcounts over the last 6 months, 7.2% over the year whereas their headcount growth over a year 2 year period is an average of 26.4%. These signs of slowing down to a grinding halt is largely a result of headcount freeze and also a potential high attrition being countered with backfills resulting in no or marginally negative net additions.

Function wise Growth

Engineering and IT function contributes to 31% of the total headcounts and 19% goes to Business Development, Sales and Marketing workforce. Operations workforce comes 3rd with 7.5% of the total workforce. Its relevant to note that despite the difference in the size of slices, the headcount growth in the Engineering and Business Development functions have been almost equal at 16% over a 1 year period.

Illustration G: Function wise headcount composition & growth

Function	Headcount Composition	1 Year Growth
Business Dev	9%	8%
Sales	8%	8%
Marketing	2%	5%
Operations	7%	7%
Engineering	19%	16%
IT	12%	9%

Note that the Sales & Marketing functions have registered a 13% growth in headcount as compared to 9% in IT roles. This denotes the sales and business development focus from Top tech players, which is inline with the typical response expected in the face of a slowdown where larger engineering or product development spends are deployed towards finding business.

Senior Suite Movements in Indian IT

Out of over 300 high profile CXO level movements tracked in 2019, 1/4th have happened in the Technology & ECommerce space. Of the total movements, 27% were in the CEO/MD Category. While a little over one in four movements in the Technology space were Top seat movements, 12% were Operational C-Suite movements and 17% were CHRO & CPO movements.

Technology companies also had new office bearers in their sales and marketing functions with a sizeable 23% movements happening in the S&M function. Technical leadership in technology companies also witnessed changes with close to 20% of the total movements happening in the CTO / CIO group. Finance leadership remained comparatively stable in this period with CFO movements making up for only 4% of the movements.

Some of the companies that saw movements at the Top most seat were: Twitter India, Truecaller, McAfee India, GoDaddy, InMobi and VMWare with the onboarding of MD and CEO level executives.

Consumer tech companies like Olx, Makemytrip, Flipkart and Ola had onboarded their CMOs or Marketing Heads this year. Onboarding of CHROs and CPOs were predominantly at Tech Services companies like GE, SAP, Microland, Capgemini and L&T Infotech.

Few of the marquee movements of 2019 in the Tech space are: (as of mid December 2019)

Illustration H: Marquee movements in India Tech

Name	Role	Company
Pallavi Tyagi	EVP & CHRO	Capgemini
Anil Jalali	CTO	Capgemini
Neha Toteja	Sr. Director & Head	Flipkart
Vikas Gupta	Head Marketing	Flipkart
Sheebu David	CHRO	GE
Pradeep Java	CIO	Globus
Aman Bhutani	CEO	GoDaddy
Abhay Singhal	CEO	InMobi
Ajay Tripathi	CHRO	L&T Infotech
Joyita Poddar	CHRO	Livspace.com
Sunil Suresh	CMO	Makemytrip
Sanjay Manohar	MD	McAfee India
Deepak Shetty	CPO	Microland
Vinayak Hegde	CTO	Microsoft
Aishvarya Murali	Head Marketing	Ola
Sapna Arora	CMO	OLX India
Bhriгу Joshi	Director HR	SAP
Sandeep Patil	MD	Truecaller
Preetha Athrey	Head Marketing	Twitter
Manish Maheshwari	MD	Twitter India
Pradeep Nair	VP & MD - India	Vmware
Arun Kumar Parameswaran	VP APJ Enterprise	Vmware

Overall a clear spike in the CMO / Head of Marketing on-boards vis-a-vis any other CXO portfolio was observed. And majority of these have been in the new economy brands or Series C+ startups. As the AOPs have been actioned in Q1, there is a clear and stated need to scale customer & consumer base. The Sales & Marketing headcount growths are also observed in the case of firms where the POC has been validated in the last FY and investors have reassuringly infused a repeat shot of confidence in the product or business model.

In the current market situation, new business identification, securing current engagements with clients is the only choice for Tech companies to sail through the rough weather expected in 2020.

Job Openings in the India Tech market

The top skills in demand and are high paying are with jobs in Data Analytics, AWS, Data Science, ML/NLP, Cyber Security, Data Visualization, IoT, AI and Blockchain. With job openings available across entry, mid & senior levels, the annual remuneration in offering ranges from 3Lakhs all the way upto 1Cr+. There are over 130 senior openings in AI, Data Science, AWS, Analytics and Cybersecurity that are in the 75Lakh+ group. In all, there are over 520 active job openings with salaries ranging 50Lakhs and above. On the other end of the spectrum, the entry level talent in these skillsets also have about 4500 openings they can go to. There's a demand for over 17500 mid-level and mid-senior level talent, with experience levels upto 10years, in some of these skills. Data Science, ML and NLP openings are seen to offer higher packages compared to the other skills.

There are a little over 60K job openings currently in the market for the top 10 thriving skills for 2020.

Active openings across these top skills are estimated as below: (as of early December 2019)

Illustration I: Job openings for Top Thriving Skills for 2020

Skills	Job Openings
Data Analytics	22500
AWS	13800
Data Science	6000
ML, NLP	5200
Cyber Security	4500
Data Visualization	2900
IoT	2800
AI	2500
Blockchain	800

The experience wise average salary ranges of the Top 5 Skills are as below. While these are indicative of typical remuneration in the market, there are quite a few outliers that do not fit into these ranges.

Illustration J: Average Salary per annum for Top Skills

	Upto 3 Yrs	3 to 6 Yrs	6 to 10 Yrs	10 to 15 Yrs
Data Analytics	3 to 6L	6 to 10L	10 to 15L	13 to 25L
AWS	4 to 10L	8 to 12L	12 to 15L	15 to 25L
Data Science	4 to 10L	8 to 14L	15 to 20L	22 to 42L
ML, NLP	4 to 10L	8 to 12L	10 to 18L	15 to 40L
Cyber Security	3 to 8L	8 to 12L	12 to 16L	18 to 30L

It is not unusual to see 6 digit monthly salaries being offered for certain niche skills with experiences below 3 years. Also the growth in remuneration per year can range all the way from 1.5Lakh for every completed year of full time experience to 4 Lakhs per year of full time experience.

For example Specialist programmers with 8 years of experience hold an average annual CTC of 15 Lakhs whereas the average moves upto 32 Lakhs for Data Scientists with 8 years full-time experience. While the former tops up 1.9Lakh per year of completed experience, the latter tops it up by 4 Lakh every year. The demand for Data Science skills and the propensity of seek greener pastures when the demand is high, has enabled Data Science talents to register an average of 4 job hops over 8 years as compared to 2 hops by Specialist Programmers.

Talent Gap – Supply vs Demand

The demand for the top skills has been healthy in the market and entering 2020 there is potential for talent specializing in these domains to go on a fresh hunt with potentially rewarding returns.

Looking at the current openings and active talent open to a job change and actively seeking jobs, there is a definite gap in the talent supply versus the demand. It is also interesting to observe that certain niche skills like IoT and AI & ML seem to be available in excess, thanks to the increased attention to these domains resulting in talent undergoing training and certifications on these skillsets.

Illustration K: Demand & Supply Gap at Top Tech Skills

Skill	Job Seekers	Job Openings	Candidates per Opening
Data Analytics	101224	22500	4
AWS	127333	13800	9
Data Science	66707	6000	11
ML	138343	4000	34
NLP	31681	1200	26
Cyber Security	43881	4500	9
Data Visualization	40107	2900	13
IoT	132635	2800	47
AI	119898	2500	47
Blockchain	15591	800	19

However enterprises operating in AI & ML domains are not all large scale operations demanding high number of these professionals on the floor. While some enterprises are testing waters with their R&D stage, others have gone past the PoC and entering production phase. Either way these domains are a year or 2 away from becoming high intake - high volume employment sectors.

As for remuneration, jobs linked to high demand skills like Data Analytics, Cyber Security, Data Science and AWS where the available candidates per opening is low, have a higher offer on hikes as more jobs are chasing very few talent. Candidates in these skillsets typically command anywhere from 35% to 60% hikes and in case of outliers being picked up by funded startups the hikes also end up as multiples over current pay.

Looking Ahead... 2020

As we step into 2020, projections galore on what the year would look like for Indian IT Companies and their businesses with overseas clients. As enterprises prepare to face the predicted headwinds, we took stock of the potential job creation for the year. A dipstick study with ecosystems that generate employment came up with a estimation as below.

Illustration L: Job Creation Forecast 2020

EXPANSION HIRING	
GICs Expansion	1,00,000
Funded Startups - Growth stage	50,000
Product Companies - Expansions	20,000
New GIC Entrants	10,000
IT Services Majors - Net Addition	50,000
Total Expansion Hiring	2,30,000

2019 was a mixed bag for Indian IT with signs of a slowdown among large players and resultant involuntary attrition, while startups had a good run with fresh boost of investments and more additions to the Unicorns club. Our foundations of highly skilled talent availability and lucrative ecosystem remain intact and ready for more Global players to step-in. With healthy domestic consumption trends, tech startups on steroids and GICs on expansion mode, 2020 is expected to kick-off on a fair note for talent seeking change and fresh mandates.

Whilst the IT hiring may probably not hit notes of the earlier decade, there is a consistent number of high-skilled and high paying jobs that are being created. As IT permeates every industry segment and though a number of lower-end tasks are replaced by automation, there will be really no dearth of IT jobs in India.

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