

**VOICE & DATA**



# Gearing Up

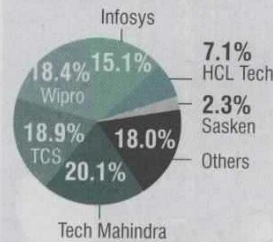
*Telecom software needs a push for a better and healthy growth*

**T**elecom software needs a strong push for a robust market growth in India. Looking at the current market scenario, lot of vendors are entering the telecom software market showing immense potential for this segment.

Last year the segment saw a steady growth of 5% with revenue accounting to ₹23,533 crore. Tech Mahindra has taken the lead with a growth rate of 12% and revenue accounting to ₹4,735 crore in FY 2010-11 from ₹4,238 crore in FY2009-10. Tech Mahindra accounted for 20.1% market share last fiscal. The company partnered with one of the leading telecommunications equipment providers to implement a network management system for one of India's largest GSM service providers.

**MARKET SHARE**

Total Market Size: ₹23,533 crore (FY 2010-11)



V&D Estimates

Second in the lead is TCS which grew to ₹4,437 crore in FY 2010-11 from ₹4,365 crore in FY 2009-10 showing a positive 2% growth. TCS garnered a market share of a whopping 18.9% of the segment.

TCS announced that it signed a multi-year outsourcing contract with

Telenor Norway. The contract comprises application maintenance and development services, and will involve a modernization of Telenor's Norway's application portfolio.

Wipro's performance last year in telecom software industry fetched a revenue of ₹4,341 crore with growth rate of 7% and market share accounted to 18.4%.

Wipro signed a multi-year transformational deal with Magyar Telekom (a subsidiary of Deutsche Telekom). Wipro also won a 3-year contract from the telecom service provider, Vodafone Essar, to manage the firm's fixedlines services for its enterprise business customers.

The need for software services within the telecom sector has been steadily increasing over the years, especially with the demand for telecommunications services.

The overall telecom software industry recorded a turnover of ₹23,533 crore with growth rate of 5% as compared to FY 2009-10. Changing customer preferences, tougher competition, economic constraints, and more demanding regulators are causing CSPs to focus increasingly on 'customer centricity' and revenue generation.

**Growth For Sure**

Communication service providers (CSP) in developed countries have been investing heavily in customer care solutions for past 5 years. In developing countries, with high pre-paid mobile focus and generally lower ARPU, customer care currently gets less focus and less investment than in developed countries. But this will begin to change as CSPs start giving a little more attention to their customer care churn.

Globally, the telecom vertical is considered to be one of the most lucrative domains for software companies. The TCS multi-year outsourcing contract with Telenor Norway will involve modernization of Telenor's Norway's application portfolio across its OSS, fixed, mobile, data warehouse and accounting system domains. Tech Mahindra has been selected by a leading Telecom Equipment Manufacturer (TEM) in India for managed services. Tech Mahindra will partner with TEM to ensure network stability and efficiency in selected circles of 2 leading telecom operators.

Sasken was on recovery path last fiscal. Their revenue in FY 2009-10 was affected, as they lost some of their customers due to financial turmoil and other issues. Nevertheless Sasken added 12 new customers in the last quarter, which took the total of active customers to 116.

**Growing Agile**

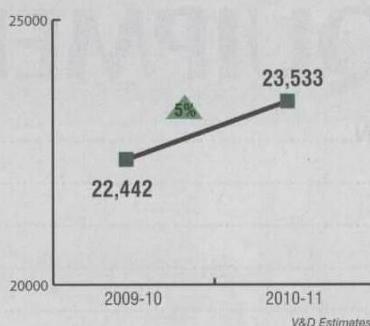
India's telecom software would still remain a key contributor to India's

**Top Players (FY 2010-11)**

Players	Revenue (in ₹crore)		Change (%)
	FY' 10-11	FY '09-10	
Tech Mahindra	4,735	4,238	12
TCS	4,437	4,365	2
Wipro	4,341	4,052	7
Infosys	3,549	3,661	-3
HCL Tech	1,682	1,558	8
Sasken	546	574	-5
Others	4,243	3,994	5
<b>Total</b>	<b>23,533</b>	<b>22,442</b>	<b>5</b>

V&D Estimates

**MARKET SIZE (in ₹crore)**



V&D Estimates

overall telecom sector growth. From the market size of about ₹22,442 crore in 2009, it has now grown to over ₹23,533 crore. In the future telecom software segment is expected to grow at a rate of 10%.

Growth in telecom software is driven by service providers, who need to grow more agile and subscriber centric while also being able to launch new personalized plans suiting smart devices and applications usage patterns.

The market is being driven by the end-consumer who wants to remain connected at anyplace, anytime and with any device. This is driving a lot

of dynamism in the market place, and putting pressure on the telecom ecosystem to reinvent and reinnovate the way they will make money in the digital era.

**Hope Hopen**

The telecom software industry segment in India has retained its positive march with consistent expansion close to 8% y-o-y over past 2 years. And now as the Indian telecom industry is clearly poised for a big leap change with all-IP (packetcore), WiMax and LTE shining bright on the horizon, the segment would indeed witness even more competition and augmented market maturity.

If we see from a long-term perspective, there are 2 emerging trends that have implications in the longer term—accelerating entry into cloud computing services and embracing social media/networking for strategic purposes. Improving the customer experience is the most important trend for telecom operators, and this approach of customer experience is expected to become more holistic, and initiatives will be more structured and strategic in nature.

**Akanksha Singh**  
akankshas@cybermedia.co.in