



SECTORS

INFORMATION TECHNOLOGY

Time just ripe for Indian ITeS Cos to tap Japanese mkt
The Economic Times, December 14, 2004

Forget the uncertain tech markets in the US and Canada, it's time now to look east at Japan. The tech-savvy country is the second largest IT market in the world, and accounts for 60% of the APAC IT services market—it is valued at \$60 billion per year.

Of this, \$3 billion is outsourced and for Indian cos it is an unexplored opportunity. Considering that despite being a leader in the hardware sector, Japan lags in software development.

India's ITeS exports to Japan and other East Asian countries in 2003-04 was Rs 3,110 crore, only 5.306% of the total exports.

A survey conducted by FICCI reveals that Indian IT companies are ready to exploit this opportunity. Nearly 70 organisations (75% of respondents) are planning to set up offices in Japan or are scaling up operations.

This is driven by the fact that it is only recently that Japanese companies are more open to outsource IT services due to tough economic conditions. Many Japanese companies are now exploring the outsourcing option with a view to reduce costs.

The other factor that has increased business opportunities for Indian tech firms is the inability of local IT companies to meet requirements due to high cost of software development and shortage of skilled personnel

Nearly 52 companies, including big players like TCS, Wipro, HCL, Infosys, Patni, Perot Systems, NIIT, Clarity Technologies, Systems & Software and Indicus Software already have a presence in the Japanese market.

The survey found that 37.5% of respondents were focused on manufacturing and BFSI, while 25% concentrated on IT services and 17.5% of respondents focused on verticals like retail, energy, media, telecom and communication services.

Of those surveyed, 87.5% feel that Japanese industries are inclined to outsource work to the Indian ICT industry.

However, tax issues are an irritant. This has proved to be a problem even for companies that are already doing business in Japan.

The survey emphasised that Japanese language proficiency and awareness about its business culture among Indian IT professionals was essential to overcome challenges in penetrating that market.

Besides increasing interaction with industry associations, it was also essential to focus on information security. "Joint ventures with knowledge base transfer and acquisitions of local companies to understand the market will overcome difficulties faced by Indian IT companies".

- ▶ Allied Organisations
- ▶ Committees
- ▶ Task Forces
- ▶ Forum

Indian IT firms look to Japan
Business Standard, December 13, 2004

India Inc is increasing its focus on Japan. Seeing the country as an important market, leading IT, banking and manufacturing companies are planning to scale up their operations in the land of the rising sun.

A FICCI survey says 75 per cent of the 70 Indian firms doing business in Japan are looking at bagging more projects in that country.

As the firms are aligning themselves with cost-reduction policies, many Indian companies feel that there will be more outsourcing opportunities, says the survey.

Nearly 100 per cent of the respondents from the IT companies feel that Japanese industries are more inclined to outsource ICT work to India. "Japanese companies are aware of the Indian IT capabilities," the survey says.

Most companies are investing in developing Japanese language proficiency among professionals and understanding the business culture of the country.

Some of the qualities which the Japanese firms expect from Indian companies are on-time delivery of projects, availability of high-skilled workforce and low costs, demonstrated capability in managing large scale projects, transition management and focus on information security, the survey says.

It points out that the Japanese IT market will be worth 30 trillion yen in 2005 and will grow to 84 trillion yen in 2010.

Around 52 IT firms in the survey, like TCS, Wipro, HCL, Infosys, Patni, Perot Systems, NIIT, Clarity Technologies, Systems & Software, and Indicus Software, already have a presence in the Japanese market and are expecting bigger projects from their clients.

Most respondents said that the Indian IT companies needed to build trust and credibility in the Japanese market. There should be effective and continuous communication between the client and the service provider.

The major problems faced by the Indian organisations in Japan are lack of knowledge about the Japanese language, competition from local companies, lack of business information, labour laws and compensation packages, the survey says.

To overcome these challenges, nearly 80 per cent of the companies are sending Indian professionals to work in their Japanese offices to gear up for greater outsourcing of jobs.

Most respondents are also developing specific requirements to cater to Japanese clients and are focusing on value-added rather than low-level programming services only.

FICCI urges IT firms to tap Japanese market
Business Line, December 13, 2004

Drawing attention to immense opportunities for the Indian ICT industry in Japan, especially in embedded software, banking, and financial services, FICCI today said that Indian players need to enhance their language capability, establish business links with large companies in Japan, and also look at acquisition of local companies to capitalise on this opportunity.

A survey conducted by FICCI covering over 70 Indian IT companies - that are either planning to open an office in Japan, are already there or proposing to scale up their presence - has revealed that most respondents feel that Japanese firms were inclined to outsource work to India.

"All the respondents feel that Japanese industries are inclined to outsource ICT work to outside parties. As many as 87.5 per cent of the respondents feel that Japanese industries are inclined to outsource work to the Indian ICT industry," it said.

"Japanese companies are aware of Indian IT capabilities in terms of execution of projects and quality processes. They have been slow to adopt the outsourcing model but have started recognising the significance of offshoring and are slowly accepting this."

The survey said that 75 per cent of the respondents were planning to ramp up their presence in Japan.

"It is only recently that Japanese companies are more open to outsource IT service due to prevailing tough economic conditions - outsource to improve operating efficiency and improve business performance. Now, with many Japanese companies aligning themselves with cost reduction policy, we find this could lead to many outsourcing opportunities."

The survey added that local companies were not able to meet the above requirement due to the high cost of software development and shortage of skilled personnel.

"As a result, Japanese companies are now more open to outsourcing IT services to outside parties than before."

The survey listed lack of knowledge about the Japanese language and business culture, competition from local companies, lack of business information, labour laws and compensation package, and immigration rules and policies as major problems faced by Indian organisations in Japan.

To overcome business challenges, the Indian ICT sector needs to enhance Japanese language skills, gain trust of Japanese companies for quality customer service, and look at acquisition of local companies to understand and gain deep knowledge of the local marketplace, it added.

Japan is the second largest IT market in the world, next to the US. The Japanese market accounts for nearly 60 per cent of the Asia Pacific IT services market. The market would be worth 30 trillion yen in 2005 and will balloon to 84 trillion yen in 2010.

"The IT services market in Japan is estimated at \$60 billion per year. Approximately \$3 billion is outsourced from abroad," the report said.

On the other hand, the over-dependence of the Indian software and IT-enabled services (ITES) industries on the US and Canada seems to be waning lately.

The share of software and ITES exports to this region has reduced by 2.1 per cent from 63.78 per cent in 2002-03 to 61.68 per cent in 2003-04.

In 2003-04, the share of total exports to Japan and other East Asian countries was 5.36 per cent against 4.44 per cent in 2002-03.

Japan may outsource IT work to India
The Financial Express, December 13, 2004

Japan, the second largest information technology market after the US, is looking at India to outsource activities in the ICT field. Japanese industry is aware of Indian IT capabilities in terms of execution of projects and quality processes, confidentiality, cost and quality focus. It had started recognising the significance of off-shorisation, said a Federation of Indian Chambers of Commerce and Industry (FICCI) survey on 'enhancing business relationships in ICT in Japan'.

The FICCI survey covered over 70 Indian IT companies which are either planning to open an office in Japan, are already there or are in the process of upscaling their presence. Of these, around 52 companies (like TCS, Wipro, HCL, Infosys, Patni, Perot Systems, NIIT, Clarity Technologies, Systems & Software, Indicus Software) already have presence in the Japanese market or have large projects with Japanese clients.

IT SECTOR TO STRIKE IT RICH IN GERMANY

Lure For Euro 67-B Infotech Mkt Despite Hurdles of Language, Labour Laws

URMI A GOSWAMI

Economic Times - New Delhi, September 15, 2003

With an expected boom in IT outsourcing, this is perhaps a good time for Indian IT companies to actively explore business opportunities in Germany. The German IT market is estimated at Euro 67 billion. During the Asia Pacific week being held in Berlin, Germany this month Indian IT companies plan to do just that.

In Germany, over the past few years the IT services market has been the main locomotive of growth. India, which the focus nation for the Asia Pacific week, is in a position to take advantage of this opportunity. Top executives of IT companies like SIFY, NIIT, Wipro, HCL Technologies, Hughes Software are travelling to Germany this week to meet German business during the India-Germany Business Conference. These companies are part of the 43-member FICCI delegation to the Asia Pacific Week.

Though the major Indian IT companies are already operating in Germany, the experience hasn't been a smooth one. Language, labour laws and social security compensation problems have dogged these ventures. Despite all this, a recent FICCI survey of 60 IT companies reveals that there continues to be a strong interest in the German market. Perhaps the fact that it is the third largest economy, has ensured that Indian IT companies not give up on cracking the German market.

Another factor that could explain the continued interest of Indian IT companies is the increasingly difficult situation in the United States. Especially now that visa regime are coming under greater scrutiny.

Prospects for IT in Germany are bright. IT services sector is expected to touch \$ 33.5 billion in 2005 from a level of \$ 25.9 billion in 2000. Given the strong telecom sector in Germany, it is felt that Indian IT companies can partner with German telecom OEMs to outsource services which would reduce their cost and risks.

So what are the business opportunities in Germany? According to the FICCI survey, 40% of the respondents say that the most important growth area will be the use of the Internet as a virtual market place.

This would mean an increase in demand for internet related services, as well as opportunities in the integration of Internet and e-commerce applications with ERP, CRM. Offshoring is another important platform. This would mean acquisition of local outfits, delivery with local flavor. In this case Indian companies will need to work closely with local companies.

Unlike the US, offshore outsourcing is not yet common in Germany. This represents an area of immense opportunity for Indian companies.

For India, the reputation as an IT specialists has already been built. At present one out of every five foreign software professional is an Indian. However, it seems that while Germans have an idea of India's IT potential, the practical experience of it not so widespread.

Their experience is largely limited to their exposure to IT professionals. Indian IT companies feel that there is a need for greater dissemination of information.

TOP CEOs GOING TO BERLIN FOR BIZ CONFERENCE

RAJEEV JAYASWAL

Financial Express - New Delhi, September 13, 2003

As a follow-up to Prime Minister Atal Bihari Vajpayee's visit to Germany in May 2003, top executives of 40 Indian companies including State Bank of India (SBI), ICICI Bank, Exim Bank, Wipro, HCL, NIIT, TCS and Larsen & Toubro (L&T) are visiting Berlin to attend 'Indo-German Business conference' in mid-September.

The business delegation will raise key issues in three sectors: banking, urban infrastructure and information technology (IT). "While the banking delegates will suggest

ways to ease their expansion in Germany, the IT sector is equipped with an alternate model to the social security requirements, which has adversely affected profitability of Indian companies by about 15-20 per cent," a Federation of Indian Chambers of Commerce & Industry (FICCI) official said.

The business delegation will be led by FICCI president AC Muthiah.

IT companies sending professionals to work in Germany, even for a short-term project, has to pay for employees' social security in India.

" We would suggest to waive this requirement for the shorter duration in lieu of an additional insurance coverage," the FICCI official said.

Urban Development secretary N N Khanna and Delhi Public Works Department principal secretary T T Joseph are also part of the mission to look into possible tie-ups for infrastructure projects and solid waste management, she said.

The Indian delegation is visiting Berlin from September 15-20 to participate in the 'Indo-German Business Conference,' organised as a part of 'the Asia Pacific Week Events' in which India is the focus country.

" Indian delegates will meet over 300 German companies and try to resolve various issues to enhance existing cooperation and forge new joint ventures," the FICCI official said.

The german companies which confirmed their participation in interactive sessions include DaimlerChrysler, Seimens, Breckner & Partner, Commerzbank, Deutsche Bank, Bayer, Bombardier Transportation, ANZ Bank, ING-BHF Bank and ThyssenKrupp.

IT COMPANIES UP IN ARMS AGAINST WESTERN BARRIERS

APPROACH MEA to invoke WTO

RAJEEV JAYASWAL

Financial Express - New Delhi, July 20, 2003

Harassed Indian information technology (IT) companies have closed ranks to fight western hurdles. With reports of harassment by immigration authorities in the US, Europe Union (EU) and Asia on the rise, Indian IT firms have decided to invoke World Trade Organization (WTO).

Complaining against imposition of various non- tariff barriers by developed countries, IT companies including Wipro, NIIT, HCL, Moser Baer, Xansa, Aptech, Patni computers and SSI have approached the ministry of external affairs (MEA) under the umbrella of Federation of Indian Chambers of Commerce and Industry (FICCI) to take up their case to WTO.

Ficci has taken the lead after it received complaints of harassment of IT professionals in various countries from its member-companies.

"The Indian IT industry is facing range of non-tariff barriers from the western world. We need to address issues of visa restrictions, work permit, double taxation and social security payments urgently as these non- tariff measures are adding to the cost of our companies," a Ficci official said.

He cited examples of problems faced in countries such as Indonesia, Malaysia and the arrest of i-flex CEO senthill Kumar in London under extradition charges by Dutch authorities as a growing trend to discourage Indian IT sector.

"The trend of harassment follows the downturn in the global IT industry over the past two years. In contrast, India's IT industry has grown by about 26 per cent due to the advantage of lower labour cost," he said adding that Indian IT companies were prepared to challenge non-tariff barriers to maintain their competitiveness edge.

Highlighting visa restrictions, Ficci has maintained that "it is increasingly becoming difficult for Indian IT professionals to obtain visa for the US. The number of H1 visas has fallen

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The Pioneer - New Delhi (PNS), July 14, 2003

GERMANY has extended the validity of its Green Card scheme until 31 December 2004, further pending the formulation of a new visa regime for foreign workers entering the country. Nearly 4,000 Indian Information Technology (IT) professionals were given work permits during 2003, under the two year old scheme, which around 15,000 foreign professionals had availed. The scheme was to expire by the end July but the federal cabinet of Germany approved of an extension to attract foreign IT professionals. Indians are the largest in number of the foreign workers population entering the country. A German embassy spokesman said that for the first time applicants from India and other countries could apply until the end of 2004 to be able to work in Germany. The new regulation also cancels the earlier fixed number of 20,000 work permits.

" The extension of the scheme is a reflection of the german government's seriousness to meet the existing demand for highly qualified professionals. At the same time, this decision is an interim solution, to bridge the gap till the new immigration law comes into force, " he added. While Prime Minister Atal Bihari Vajpayee was in Berlin, Commerce Minister Arun Jaitley and the delegation of trade associations of FICCI and CII met the Economic and labour Minister, of Germany Wolfgang Clement in May this year seeking extension of the scheme. They had been assured of measures to continue the smooth transit of professionals from India and other parts of the world to the EU nation.

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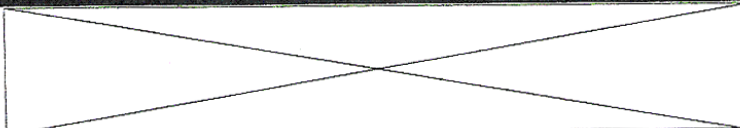
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FICCI:FICCI ICT Business Delegation to Sweden & Latvia

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FICCI ICT Business Delegation to Sweden & Latvia

June 27- July 1, 2005

FICCI is taking ICT business delegation, led by Mr. B Ramalinga Raju, Chairman, Satyam Computer Services Ltd. to Sweden between 27th- 29th June 2005 and in Latvia between 30th June - 1st July 2005.

The ICT program in Sweden is coinciding with the visit of **Shri Dayanidhi Maran, Minister for Communications & Information Technology** from 28th - 29th June 2005.

Sweden offers excellent opportunities in the field of wireless communication, Internet technologies, converged area and cutting edge researches in the sector for Indian ICT industry.

After joining EU, Latvia; a low cost but with high IT expertise has gained new dimension for Indian ICT sector to collaborate and expand.

- SWEDEN - Business Opportunities for Indian IT & Telecom industries
 - Swedish Gaming & Animation Sector - Birth of an Industry
- Overview of Information Technology & Telecommunication industry of Latvia

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