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Interviews

What's your story idea?

"The year 2009 will be a challenging year because of reduction in discretionary IT spending." (View Comments)

Sheetal Srivastava

Posted On Tuesday, May 19, 2009 at 02:18:22 PM

Vinod Sood, MD, Hughes Systique, gives an overview of the software service industry and how this sector will fare in the future



1) Can you give an overview of the software services industry? How has this segment evolved over the last few years?

The IT Software Services (including R&D and Software Products, excluding BPO) industry (domestic + exports) has grown from 17 billion USD in 2004-05 to 45 billion USD in 2008-09.

This industry now provides direct employment to 1.5 million people. Of this the exports have grown from 13 billion USD in 2004-05 to 34

billion USD in 2008-09 providing direct employment to close to 1 million people. As a proportion of national GDP, this has grown from 1.2% in FY1998 to 5.8% in FY 2009, which is a phenomenal growth in last 10 years.

2) What are the dynamics impacting the software services industry?

Given the global economic scenario, the year 2009 will be a challenging year because of reduction in discretionary IT spending. However, **global outsourcing** can help organisation s tide over difficult times by maintaining competitiveness. Greater focus on cost and operational efficiencies in these challenging times will enhance global sourcing which should help the India IT Software Services industry. Also lack of working age population in the developed economies and significant cost arbitrage will continue keeping India's cost competitiveness

3) What are the emerging trends within this industry?

Going forward, the focus will be on:

- Improving Internal Efficiencies
- Cost reduction through measure like:
 - Optimisation of technology and infrastructure
 - Enhanced utilisation of workforce
 - Wage moderation
 - Bench-marking
 - Diversification into new geographies, service lines
 - Deep engagement with customers to enhance value
 - Product Development & technology IP creation
 - Enhanced focus on domestic market and tap into local growth opportunities. This will be enabled due to lower IT adoption currently.

4) Where do you see this industry heading in terms of manpower, salaries, growth etc?

In the coming years to keep up with the competition, employees will be require to upgrade skill as well as become multi-skill to add value to organisation . We will also be seeing a huge change in the working style of employees across globe. Few of these theories are already into implementation stage like "follow the sun". The next generation of employees will be expected to be young at heart, ready to explore, take more risk and collaborative.

Employees, being other side of coin for the industry, will also be given their due share, a conscious focus on human capital and its welfare will be the core object of every progressive organisation. The focus of this industry is shifting from providing compensation to employees to work towards overall wealth creation by partnering with them for a success. They may not see the exponential hikes but their growth will be a blend of substantial wealth, challenging work and freedom to operate outside structures and hierarchies. Coming years will see the software industry becoming a value creator for business. All the industries will expect technology to optimise their processes and enabling them in revenue creation as well as cost reduction. Therefore, it is very much required by the manpower of this industry to become domain experts also. Gone are the days when a technology guy could have survived pretty good without understanding the business at all, but now each and every project needs to relate to business. The growth of software industry

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lies in understanding the potential and pre-requisites of growth of other businesses.

5) What are the recruitment processes that you use to employ talent for your organisation?

For any organisation, recruitment process is the first step towards creating the competitive strength and the strategic advantage. A typical recruitment process involves a systematic procedure from sourcing the candidates to arranging and conducting the interviews followed by the selection process and the decision making, conveying the decision and the appointment formalities.

In this competitive market recruitment process is not only about selecting the right talent but also about attracting the. There are two kinds of candidates in the market one the active job seekers who are easily available with the consultant and are on job sites and the other who are not looking for a change. The challenge is to attract the people, who are passionate about the work they are doing and don't really care about which company they are working for. The idea is to attract the person who actually is not a job seeker, but may be having some adjustment and hygiene issues with the current employment.

Such kind of people, who are not looking for a job change but seeking a free environment to do challenging work, can be contacted and understood at social networking sites. Such sites help us understand the psyche of a person and do an assessment of fitment in the organisational culture. Based on these assessments it is not only easy to hire but also ensure better retention. This is also a cost effective way reaching out to the talent pool. Another cost effective way to attract the right talent is to reach out to our employees to refer likeminded people. This tool not only has high success ratio but also ensure the cohesiveness in organisation.

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Shaily Says:

IT industry has grown significantly and Hughes had been one of the leading employers. The talent acquisition and retention through innovative strategy had been successfully implemented by you and under your leadership in Hughes.

Alok Shukla Says:

Dear Vinod, I am very happy to go through your very insightful interview. Do you have a formalized system of locating potential candidates on the social web-sites? Please enlighten -- if not thorough a response here, then on my direct mail given so as to maintain privacy. Thanks and regards, Alok Shukla

Krishna Sirhi Says:

The industry Growth facts and the expected changes from the employee's perspective are good. I am sure that we have the same type of employees today with strong multi-skills and business aware, in our Industry, as you have visualized. The need is to increase this category of employee significantly. Creating strong teams and retaining is a great talent which very few like you, have successfully exhibited in past. We need many more of such credentials in the country. best wishes.

