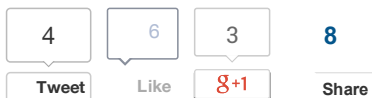




## India needs capital intensive products development ecosystem to boost ER&D



The severe economic downturn has impacted the global offshoring industry. However, investment in research & development is increasing and innovation continues to drive the global economy. Global Engineering R&D (ER&D) spend has witnessed significant growth and this trend continues. The CAGR for last couple of years has been 10 percent which is expected to grow to about 14 percent in coming years. All this will have a positive impact on the Indian ER&D industry as well.



([http://infotechlead.com/wp-content/uploads/2014/05/vinod\\_sood.jpg](http://infotechlead.com/wp-content/uploads/2014/05/vinod_sood.jpg))

The story of R&D outsourcing in India dates back to 1985-86 when Texas Instruments first set up a center in Bangalore. GE and HP soon followed suit, as did other global technology and telecom companies like Cisco, Hughes, Intel, Microsoft and Motorola. The trend gained strength as, not just large, but medium, small and even startups set up their research base in India.

### The growth

According to latest study on global R&D services, R&D offshoring continues to be on the rise and India and China are garnering a major share of the engineering R&D services revenues; Over 225 new R&D centers were set up in India in the last 5 years.

Indian service providers continue to retain the lion's share of the overall Engineering and R&D outsourcing pie - accounting for about 23 percent of the overall market. Within engineering R&D services, the telecom vertical forms the biggest component, followed by semiconductor, automotive, computer peripherals & storage, consumer electronics, aerospace and medical devices

The Indian offshore ER&D is expected to grow at a 14 percent CAGR from USD 14.7 billion in FY2012 to USD 42 billion by 2020 and is expected to outpace the IT growth rate in India. Telecom, Automotive & Consumer Electronics will continue to remain the top three verticals for Indian offshore ER&D services.

### Challenges

India has, to a great extent, established itself as engineering and design hub and houses over 750 engineering and engineering services companies. Many of the global corporations are now leveraging the ER&D centers in India to move closer to emerging markets.

Even though India is recognized as a leader in ER&D services, concerted action is required from all the stakeholders if we have to maintain our leadership position in the coming years in face of competition from countries like China. Industry will jointly need to set up capital intensive products development ecosystem with prototyping and testing facilities. Stakeholders also have to proactively address talent gaps & invest in capability building that will help in taking up higher value ER&D services.

### The current trend

Clients are increasingly shifting towards handing over the entire product lifecycle responsibility to vendors, including conceptualizing the product and its go-to market strategy, designing the technology architecture and delivering the integrated product.

Escalating cost pressures are pushing clients to increase ER&D spends on efficiency improvements and product customization for local markets. Additionally, increased digitization and demand for mobility would also lead to increased ER&D spends.

These drivers present huge opportunities to Indian ER&D service providers like Hughes Systique Corporation (HSC). We at HSC, leverage our extensive domain knowledge in the communication vertical to build products for our customers and become extension of their R&D teams. HSC has moved up the value chain to offer technology consultancy, architecture, end-to-end solutions apart from development, deployment and maintenance support services. Though availability of skilled employees is always a constant challenge, HSC provides an environment that always challenges and promotes lateral and out of the box thinking from its employees. As part of our work culture, we encourage our teams to “think different”, have a “Product mind-set” to churn out innovative ideas to help our clients build unique products & solutions for their end customers.

### The bright future

India is poised to becoming an innovation hub in the future. Creativity, abundant and intelligent resource pool and adaptability due to different environments have given Indians a leading edge in the world of innovation. With appropriate governance structure, India is a Global Innovation and R&D hub contender worth betting on.

Vinod Sood, MD Hughes Systique Ind Pvt Ltd

editor@infotechlead.com (mailto:editor@infotechlead.com)

4  6  3  8   
Tweet Like g+1 Share

#### ARTICLE TAGS

ER&D (<http://infotechlead.com/tag/erd>)

Hughes Systique (<http://infotechlead.com/tag/hughes-systique>)

#### RELATED POSTS

x

Sign up for our Newsletter

Enter your email here

Email

Subscribe!