ANALYTICS & DATA SCIENCE INDUSTRY IN INDIA: STUDY 2019

By Analytics India Magazine & Praxis Business School

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INTRODUCTION

The Big Data and Analytics industry has gone through major disruptions in the last five years. In our annual study - Analytics & Data Science Industry in India 2019 with Praxis Business School, we summarise where the domestic analytics market is heading and the state of analytics outsourcing in India. We have seen a marked shift in which Analytics and Data Science has moved beyond supporting new business models and operational effectiveness to shaping business performance.

What was once a competitive edge — advanced analytics is no longer limited to a few leading companies or data-intensive industries. There is also a concerted shift in IT spending with the amount of spending related to analytics, Enterprise Data Warehouse and BI going up significantly.

Now, in our 2018 report, we estimated the Analytics, Data Science and Big Data industry in India to be $2.71 billion annually in revenues. In 2019, the analytics industry has grown to $3.03 billion in size and is expected to double by 2025.

Here are a few of our observations — enterprises across the board are building up their analytics capabilities and analytics has become the biggest revenue driver for Indian IT bellwethers, captives and domestic firms within their digital portfolio. Also, the shift towards intelligent automation, AI and machine learning, is changing the face of data and analytics services. However,

despite the momentum in the market, there is an overall dip in the growth rate from a year ago. The domestic analytics industry has grown by 12% this year.

Overall, the analytics industry currently accounts for almost 21% of the whole IT/ITeS industry in India. The analytics ecosystem in India is led by Domestic IT/ITes firms that are leading players in the analytics outsourcing market. The out-sourcing industry is led by Indian IT bellwethers like TCS, Wipro, Genpact, Tech Mahindra, HCL Infosystems among others that form 35% of analytics outsourcing market.

The report is designed to capture the cumulative size of analytics market in India, outsourcing market in India and domestic analytics industry in India, the size and growth of analytics and data science market by segment and sector, outsourcing market in India and areas where we can expect to see the maximum growth. It is intended for technology leaders, management consultants, Business Unit heads tasked with building data science units within their company.

The report is geared towards IT decision makers and business leaders to understand the developments within data and analytics domain and understand market opportunities, the key drivers, challenges the dynamics at play in this space.

DEMYSTIFYING THE ANALYTICS MARKET

- The cumulative analytics market in India stands at **$30 Billion**
- Outsourcing is the main driver of revenue for Indian vendors accounting for $27 billion in revenue

- The domestic analytics market stands at $3.03 billion in size and is expected to double by 2025

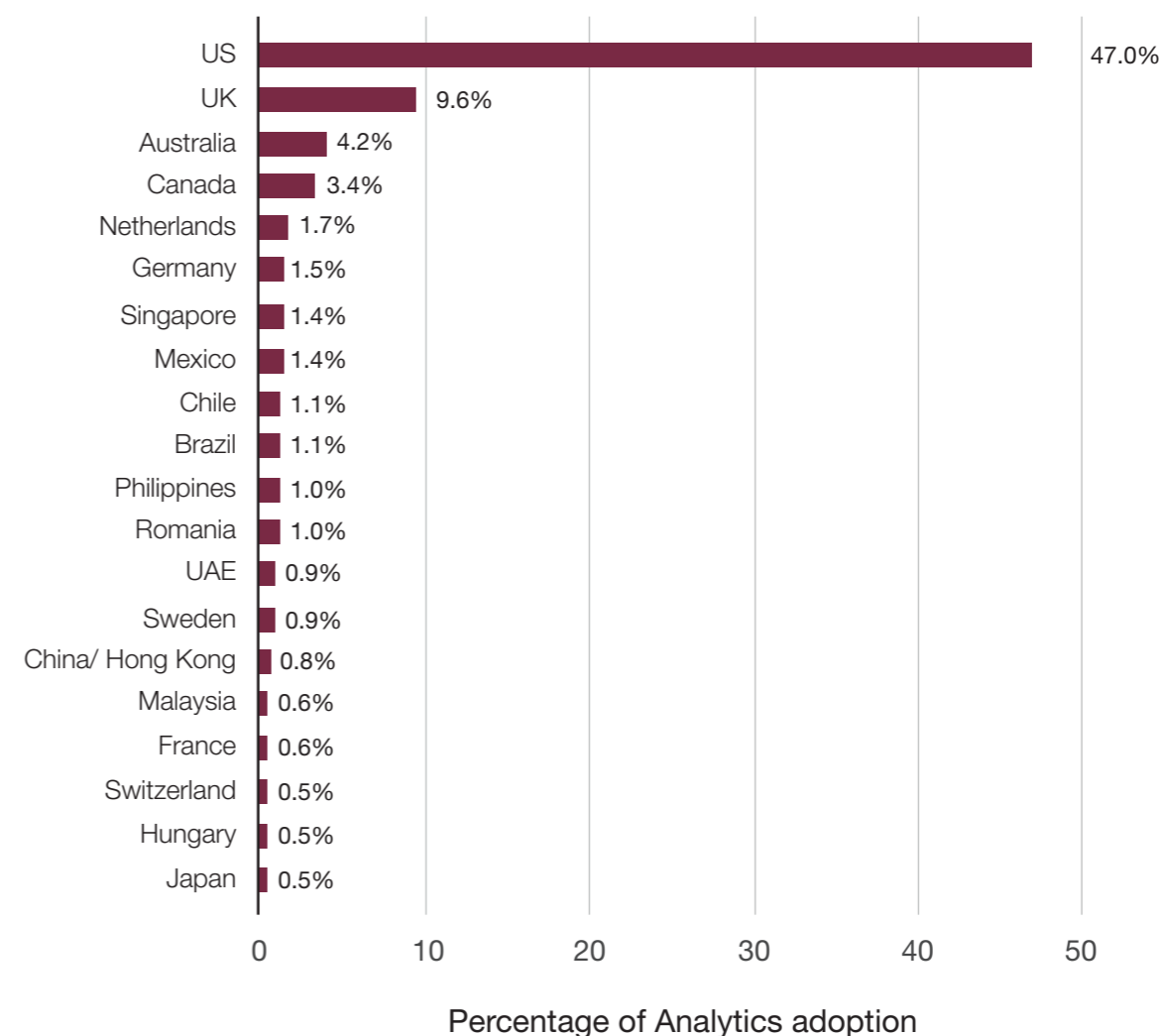| Cumulative analytics market in India stands at	Outsourcing is the main driver of revenue amounting at	Domestic Analytics market in India stands at
$30 Billion	**$27 Billion**	**$3.03 Billion**

ANALYTICS OUTSOURCING INDUSTRY

Indian IT bellwethers are the leading revenue generators in the analytics market, with TCS clocking nearly $2 billion from analytics services. As companies expand their digital portfolio, India Inc. led by TCS, Genpact, Wipro are investing heavily around data and analytics, increasing the range of services and also scope of projects to corner a bigger chunk of share.

- The outsourcing industry in India for Data analytics services and products is almost **$27 Billion.** These include combined numbers from exports as well as captives and back offices for all analytics related services and product sales
- Analytics industry currently account for almost **21%** of the whole IT/ITeS industry in India
- Tata Consultancy Services gets nearly **$2 Billion** in revenue a year from analytics, making it the largest chunk of its digital revenue
- Over the years, a lot of existing services have been clubbed into analytics, including reporting, data warehousing etc.
- Domestic IT/ITes firms are the biggest players in analytics outsourcing market. They include large players like TCS,

Wipro, Genpact, Tech Mahindra etc. They form almost **35%** of analytics outsourcing market.
- MNC IT providers come at a very close second at **32%**. They include organizations like Accenture, Cognizant, IBM etc.
- Captives form **12%** of the analytics back-office market whereas boutiques analytics firm, though large in numbers, form just **11%**
- Consulting firms account for 10% of analytics market and include firms like McKinsey, Deloitte etc.
- In terms of geographies served, almost **47%** of analytics revenues in India come from exports to USA
- UK comes a distant second at **9.6%** of revenues

TOP 20 COUNTRIES BY ANALYTICS REVENUE TO INDIA, IN % OF TOTAL REVENUE

US 47.0%
UK 9.6%
Australia 4.2%
Canada 3.4%
Netherlands 1.7%
Germany 1.5%
Singapore 1.4%
Mexico 1.4%
Chile 1.1%
Brazil 1.1%
Philippines 1.0%
Romania 1.0%
UAE 0.9%
Sweden 0.9%
China/ Hong Kong 0.8%
Malaysia 0.6%
France 0.6%
Switzerland 0.5%
Hungary 0.5%
Japan 0.5%

Percentage of Analytics adoption

DOMESTIC ANALYTICS INDUSTRY

While growth in Data Science industry remains strong, the growth rate for domestic analytics industry has plateaued over the last one year.

- The overall Data Analytics industry in India is currently estimated to be $3.03 Billion annually in size
- This is the overall consumption of analytics within Indian organizations while the outsourcing market is projected to be bigger

- The analytics industry is expected to double in size by 2025

SECTOR TYPE FOR ANALYTICS INDUSTRY

The analytics adoption is led by India's BFSI sector which has also broadened its portfolio by piloting several key AI and ML-related initiatives. After finance and banking, marketing and advertising sector is the second biggest adopter of analytics.

- In terms of Sector type, Finance & Banking continues to be the largest sector being served by analytics in India. Overall, **36%** of analytics market size in India comes from Finance & Banking

- Marketing & advertising comes second at **25%**, followed by E-commerce sector at **15%** of analytics revenues in India

PERCENTAGE OF ANALYTICS ADOPTION ACROSS INDUSTRIES
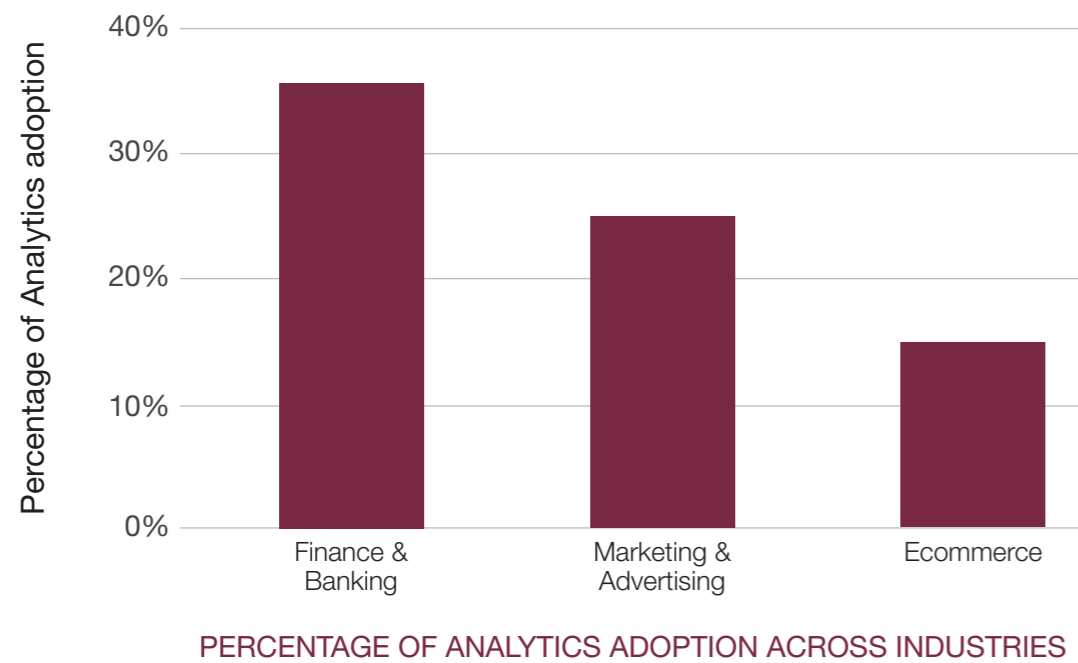
ANALYTICS INDUSTRY BY CITIES

Bengaluru is the biggest hub for analytics with leading MNCs and captives setting up analytics CoEs in the city. This year, Bengaluru has bested Delhi NCR by capturing the largest analytics market. This is also reflected in funding with Bengaluru startups boasting of the biggest war chest.

- Bengaluru has clearly emerged as the biggest center for analytics in India with almost **28%** of all analytics market being captured by the city
- Till last year, Delhi NCR was the largest area for analytics market size; this year it has slipped to second position at **25%** of India's analytics market
- Mumbai comes at distant third at **18%**
- Pune, Hyderabad & Chennai have similar size at almost 9%
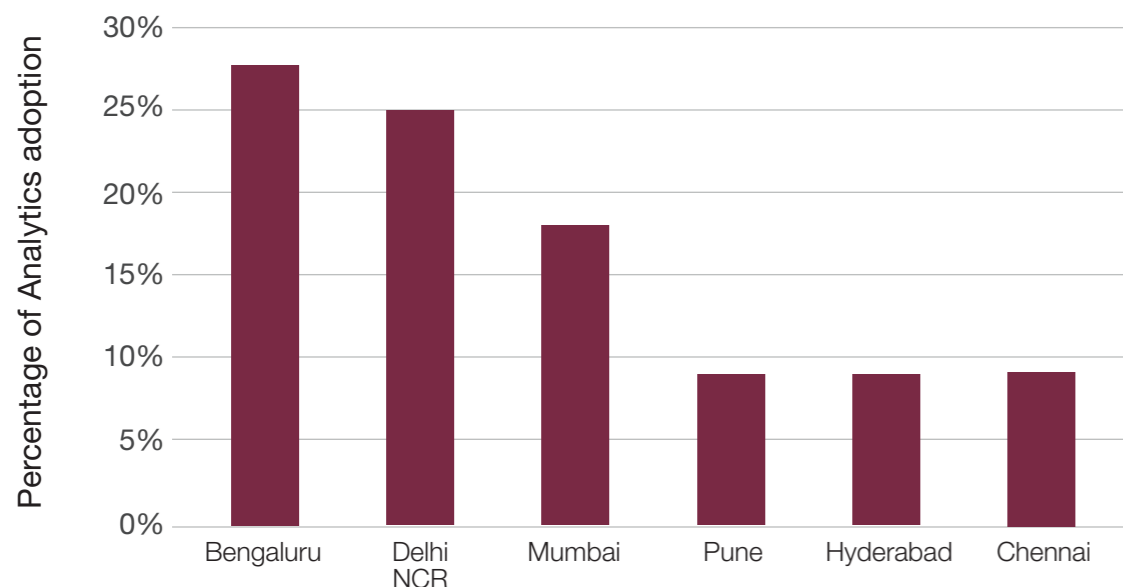
PERCENTAGE OF ANALYTICS ADOPTION ACROSS CITIES

ANALYTICS PROFESSIONALS IN INDIA

Upskilling has emerged as one of the key corporate trends within leading IT companies. This has resulted in a strong demand for analytics training and data literacy across functions. In fact, this trend is also reflected at senior leadership level with hands-on courses that impart specialised training.

Work Experience

- The average work experience of analytics professionals in India is **8 years**; slightly up from 7.9 years from last year

- Around **22,000** freshers were added to analytics workforce in India this year; up from 16,000 freshers last year. Hiring for freshers has increased by **37%**

- Almost **40%** analytics professionals in India have a work experience less than 5 years, same as last year

Mid-Size Companies (0-10,000
33%

Startups (0-200)
29%

Large Size Companies (10,000+)
38%
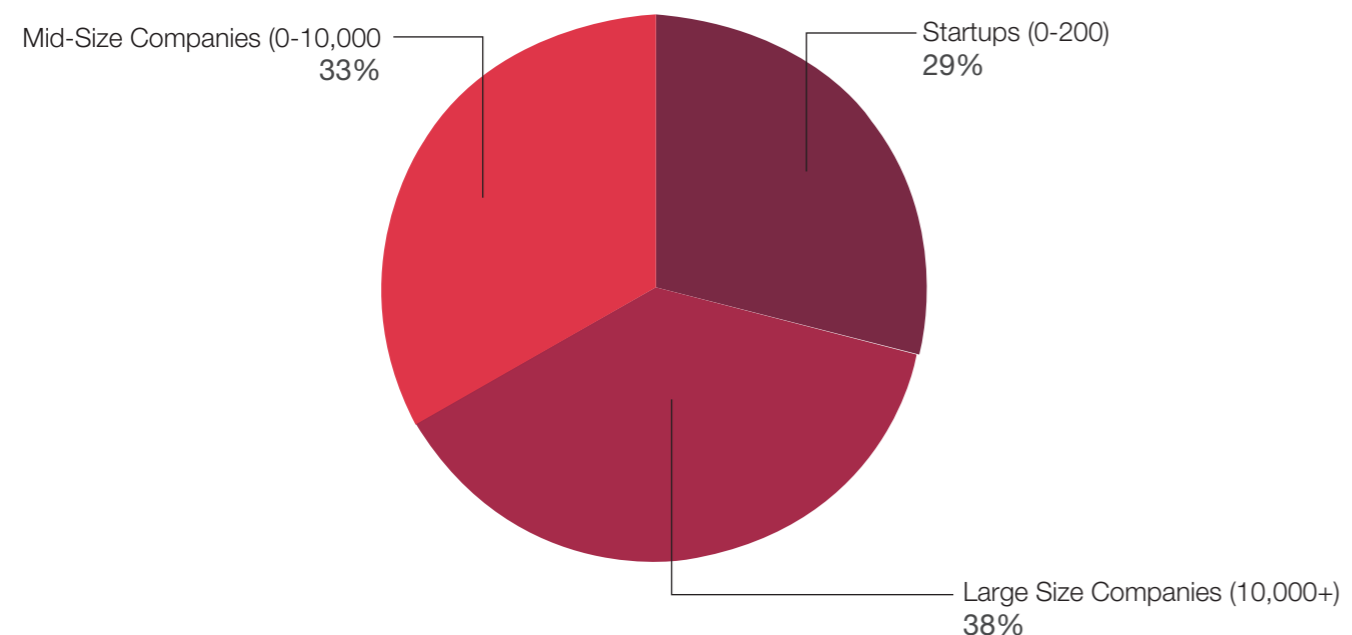
COMPANY SIZE

When it comes to distribution by company type, the largest number of analytics employees are absorbed by large IT firms followed by mid-size organisations. This will continue to reflect in hiring trends with captives having the maximum requirement for analytics talent.

- Almost **38%** of analytics professionals in India are employed with large sized companies – with more than 10K total employee base
- Mid size organisations (total employee base in range of 200-10K) employ **33%** of all analytics professionals in India

- Startups (less than 200 employee base) employees **29%** of analytics professionals in India

CONCLUSION

While the data and analytics market will continue to grow in India, there will also be an emergence of industry-specific analytics use cases. Today, advanced analytics is at the core of future platforms, solutions and applications. While it has become pervasive, data and analytics is now increasingly augmented by AI/ML with analytical models being auto-generated models. Across the analytics stack, tools are becoming more user-friendly and we are seeing an increased role of machine learning and AI in automating aspects of data science and ML models for development and deployment.

Increasingly, companies and captives are growing their business beyond analytics and broadening their portfolio with verticalized AI-based solutions. Today, IT firms and even boutique analytics firms are building an ML practice and developing vertical-specific AI solutions. The product and service suite is increasingly reflecting an AI-shift and companies that haven't yet embraced this next wave of disruption will definitely re-orient their practice around it.

ABOUT ANALYTICS INDIA MAGAZINE

Founded in 2012, Analytics India Magazine has since been dedicated to passionately championing and promoting the analytics ecosystem in India. It chronicles the technological progress in the space of analytics, artificial intelligence, data science, big data by highlighting the innovations, players in the field, challenges shaping the future, through the promotion and discussion of ideas and thoughts by smart, ardent, action-oriented individuals who want to change the world.

ABOUT PRAXIS BUSINESS SCHOOL

Praxis is a premier B School in Kolkata, India offering a 2 year full time residential Post Graduate Program in Business Management and a 1 year full time Post Graduate Program in Business Analytics. To address the community of working professionals who are keen to equip themselves with the skills of a data scientist but are not in a position to take a career break, Praxis offers intense week-end programs in Big Data & Analytics from city campuses at Kolkata and Bangaluru.

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