

Trump's tough stance likely to make a dent on Hyd IT firms

K RAJANI KANTH

Hyderabad: US President-elect Donald Trump's aggressive anti-outsourcing stance, among others, is expected to cast a shadow of uncertainty over the prospects of Indian information technology (IT) services firms, including those in Hyderabad, opine industry experts.

"As part of his election promise to bring back jobs for his countrymen, Trump is likely to cut down on H-1B visas (or work visas), which allow skilled foreign workers to work fulltime in the US for at least six years, prompting companies like us to consider alternatives," said the Founder and Chief Executive Officer of a Hyderabad-based mid-sized IT managed services company, who wished not to be named.

"Also, Trump may repeal the Affordable Care Act (or Obamacare), a federal statute enacted by President Barack Obama on March 23, 2010, which can impact the growth of the Indian IT sector. Healthcare has been the fastest-growing segment for us. If Obamacare is repealed, then there certainly will be a negative impact on us," he added.

The US accounts for about 60 per cent of the close to \$150-billion Indian IT industry's software exports. According to the National Association of Software and Services Companies (Nasscom), the trade association of Indian IT and business process outsourcing (BPO) industry, Trump's policies on India, if in force for the



next 10 years, are likely to cost the Indian IT industry \$400 million (around Rs 2,800 crore) per year.

Ajay Kolla, Founder and CEO of Hyderabad-based Wisdomjobs.com, however, says that while there were certain promises made by Trump during the election campaign, it remains to be evaluated as to how many will be implemented in the time to come.

"In any case, three things that go in favour of the Indian IT industry are its cost effectiveness, superior domain knowledge and availability of quality talent. Considering these, it won't be an easy decision for companies in the US to ignore the value which the Indian IT industry brings to them," he added.

Echoing similar views, Ramesh Loganathan, former Vice-President (products) and Managing Director of Progress Software India, said while this (Trump policies on India) may have a small short-term impact, it will only strengthen the other value-based models such as turnkey and IP-based projects and pure off-

shore delivery models, and render the industry more future-proof.

When contacted, Hyderabad Software Enterprises Association (Hysea) Executive Director K Harikumar, said it was too early to comment before Trump's poll promises become new US policies.

Loganathan said there had been a trend in recent years to have more permanent local teams in each country, and reduce dependency on professionals travelling for client visits or interactions. This will surely increase. Also accompanying this will be models where the client interactions are more around higher value interactions such as analysis, design and project discussions and less of onsite execution work, he said.

On whether the Indian IT industry would chalk out any Plan B to reduce its reliance on people and increase its focus on delivering automation, leveraging cloud clients etc, Loganathan said the Indian IT industry has always been working towards newer project structures and delivery models.

"I personally I don't believe specifically automation is exactly new. It has always been there and will continue to be there. But it may not necessarily increase significantly. Otherwise, all companies are looking at higher value models. We have to become a trusted advisor to our clients, which are indispensable, and not just be a cost-based delivery provider," he added.