Indian software market grows 10.7% in H1 2014, says IDC

The IDC report attributes the growth to political stability and economic revival

Mumbai: The Indian software market grew 10.7% in the first half of 2014, due to political stability and economic revival, research firm International Data Corp. (IDC) said in a report on Monday.

After the Bharatiya Janata Party (BJP)-led National Democratic Alliance government came to power, a few big software vendors closed some major deals in the banking, financial services and insurance space (BFSI), manufacturing, retail and e-commerce, which have been in the pipeline since early 2013, the report said.

“Large as well as SMB (small and medium business) customers are looking at ways to curb their capital expenditure and are keen to embark on the cloud journey. This has led the vendors to make their licensing policies more flexible and easier so that existing customers could smoothly transition to a cloud environment,” said Shweta Baidya, senior market analyst, software, IDC India.

“Some vendors are offering exchange schemes to their customers to buy back their hardware in exchange of a cloud setup which is resonating very well with the small and medium business (SMB) market,” added Baidya.

The IDC report further said that firms offering virtualization and cloud services, such as VMware Inc., Salesforce Inc. and Red Hat Inc., generated good business owing to greater market awareness, while database and analytics companies such as Teradata Corp., Informatica Corp., Oracle Corp., Qlik Technologies Inc. and others registered strong double digit-growth due to widespread demand for customer insights and analytics.

Going forward, IDC expects the software market to grow at a stable pace in the next five years (2014-2018) with a compound annual growth rate (CAGR) of 10.5%.

Some of the areas which are expected to witness software uptake are mobile application development and mobile device management, security software, system software, analytics and engineering applications. Some of the sectors to watch out for in the future, according to IDC, include entertainment, retail and e-commerce, education, and hospitality.

Government initiatives such as Mobile Seva, Digital India, Pradhan Mantri Jan Dhan Yojana will also trigger adoption of software solutions in the coming years, the IDC report said.

Microsoft Corp. led the Indian software market with a 31.8% market share, followed by Oracle Corp. (12% market share), SAP SE (6.5%) and International Business Machines Corp. (5.5%).