

Indian SMEs lead IT spend growth among BRIC nations

Corporate Bureau

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IT spend by Indian small and medium enterprises (SME) is expected to continue with a robust growth of 24%, the highest among BRIC countries, with Russia, China and Brazil following at 22.9%, 20.4% and 19.4% respectively, says a Microsoft-AMI Partners report on IT adoption in Indian SMEs.

The report says that the main drivers for increasing IT adoption are business growth, the need for efficiency to meet challenges of globalisation, customer push and compliance. It states that about 125 businesses cited the need to manage rapid growth, 39% saw a need for regular interaction with large Indian or international customers and 30% of respondents confirmed that standards' compliance as a reason for adoption of IT and 41% stated that IT helped them improve efficiency.

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Rajeev Mittal

group director, SME, Microsoft India

as a catalyst for other SMEs to adopt IT expenditure" says Rajeev Mittal, group director, SME, Microsoft India. "Though the lack of awareness and getting the right IT manpower is a big challenge for SMEs, they are adopting it positively," he further added.

The Indian SMEs are on a firm growth trajectory according to the report, with 60% of PC-using businesses expecting 20% growth and 16% planning to add branch offices to expand operations. SMEs are al-

so likely to emerge as dominant recruiters with 50% planning to add over two employees each next year.

The report also focuses on three distinct 'adoption waves' of IT by SMEs, 45%—mainly small enterprises going through the first wave of building basic infrastructure—PCs/notebooks equipped with internet, anti-virus and office productivity suites. About 10%—mainly medium enterprises are in the 'connectivity phase' and use their websites for transactional purposes. This stage also sees the deployment of LANS,

servers and firewalls along with collaborative applications.

The third wave of 2% is where ERP applications, intranets and managed security solutions start appearing.

The report also shows that SMEs in the retail space, finding trained employees and managing margin pressures a challenge, while for the services segment challenges revolve more around accessing relevant market intelligence and enhancing customer satisfaction.