

SMEs go e-savvy, spend more on infotech: report

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The total size of the Indian small and medium business (or enterprises) is estimated to be 35 million units, with retail alone contributing to 52% of the total landscape. The IT spend in this segment for the year ended March 2008, is esti-



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mated to be around \$6.6 billion (30% of the total IT spend in India) and set to grow further, said Zinnov Management Consulting, a leading management consulting firm in India, mentioned in its latest study.

The ease and affordable availability of technologies is driving the overall technology adoption among the SMBs franchisees, which is evident from the fact that India already has 40% TTeS companies that use 70% PC penetration. The internet is growing

with a CAGR of 46% for the last seven years. The work identifies a number of macro and micro economic factors that would impact the technology adoption in the sector and would become the reasons for growth.

The study pointed out that increasing pressure due to globalisation of trade, affordability of technologies at a lower cost, increasing internet penetration are among the major reasons for the SMBs to go for IT. It is evident from the fact that a host of Indian and multinational IT companies have started focusing major on this sector, which holds enormous business potential.

Pari Natarajan, Chief Executive Officer, Zinnov said, "India's explosive growth today is driven by its burgeoning SMB sector, which is experiencing revenue increases and double digit growth. Greater employee mobility, increased competition and expansion in terms of office locations have further pushed more SMBs in India to embrace IT and the Internet. Infact government has realised the potential of this growing segment and is now trying to further develop this sector. Most of the big players in the industry, irrespective of the vertical they belong to, are eyeing this ever-growing lucrative market and are aggressively formulating strategies to tap it. All in all, the Indian SMB sector surely promises a very positive growth story."

In order to face the competition face from the low-cost countries such as China, Bangladesh and other countries, Indian SMBs have decided to allocate sizeable part of their revenue towards IT spending, the study pointed out.