

IT sector revenue gets North America boost

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Bengaluru, July 27: North America, the largest revenue-earning geography of the Indian IT sector, has turned the corner with a strong rise in revenues in the June quarter, with the top three software majors TCS, Infosys and Wipro registering a handsome sequential growth. This has come straight after the discouraging flat rate of growth in the previous quarter.

In fact, the first quarter performance of the top tier multi-billion dollar IT services companies saw their North American market recording the highest growth among all key geography segments. The North America geography which is dominated by the US market, accounts for more than half of these companies' revenues. In case of TCS,

The North American pie *

	Q1 FY16	Q4 FY15	Q1 revenue share
TCS	4.4%	-0.3%	52.8%
Infosys	5.1%	-0.7%	65.1%
Wipro	2.8%	-0.6%	52.5%

* Quarter-on-quarter

North America recorded a 4.3% sequential rise in revenue in the first quarter compared with -0.3% drop in the March quarter. For Infosys, it was a bigger boost with the geography posting a growth of 5.1% compared with -0.7% slip in the sequential period. In case of Wipro, the growth was more modest at 2.8% but it comes from a decline of 0.4% in the previous quarter.

The strong boost from the North America market has lifted the mood of these Indian IT ma-

jors and there is optimism that this momentum is likely to sustain. Infosys chief operating officer UB Pravin Rao said, "So far, the mood in North America has been optimistic and it has translated into higher growth. Looking at our pipeline of deals, we are fairly confident in America."

The US market has become the pivot for the Indian IT services companies providing large-sized deals with constant revenue stream and the recent macro-economic data points

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from the region suggest the spending on technology is expected to remain steady.

Brokerage house JP Morgan in its pre-results preview, said, "We expect large India IT players to turn incrementally positive on demand environment (from last quarter) in their tone primarily as macro data point (such as retail sales, consumer confidence and auto sales) turn positive particularly in the US. This

should reflect in client spending with one-two quarters' lag."

Wipro CEO TK Kurien said, "We are bullish on North America. Our y-o-y growth in North America is over 10%. This quarter, it is 2.8% sequentially." Today, the broader portfolio of services delivered by the Indian IT companies is also helping them to get a larger slice of business in the US. Pradeep K Mukherjee, president & managing partner, Avasant, an IT outsourcing advisory firm, affirmed there is a revival in the US market in terms of technology spending, but this is focused on areas such as cloud and SMAC with Indian companies being credible competitors. He said one will have to wait for two more quarters to see the actual impact on revenues from North America as the IT budgets have remained still flat.