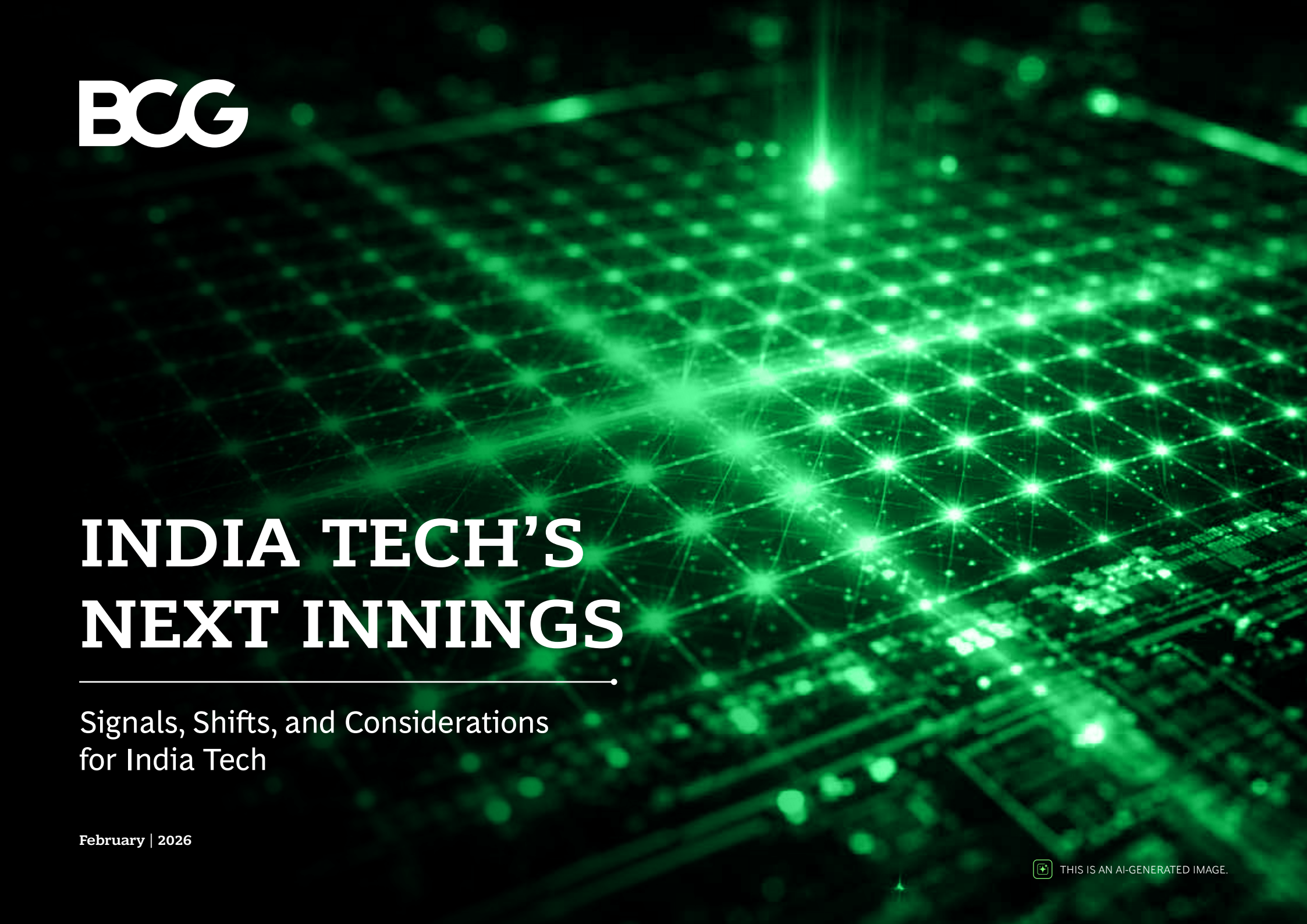

INDIA TECH'S NEXT INNINGS

Signals, Shifts, and Considerations for India Tech

February | 2026

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Editor's Note

India is now a $4.2 T economy and the world's fourth largest. It is poised to become the third largest within the next few years, overtaking Germany. Over three decades, the Indian economy has expanded more than fourteen-fold in nominal terms, sustaining real growth of c. 8% annually, among the fastest of the world's major economies. Technology has been a critical element of this growth story.

Today, India Tech Inc. generates roughly $300 B in annual revenues, contributes about 7% to the national GDP, drives over $200 B in exports, and directly employs approximately 5.8 M people. Beyond its scale, the industry anchors India's services trade surplus and strengthens global competitiveness. Indian-headquartered IT services firms are among the largest and most respected globally and make up 15-17% of the global market size. This achievement is substantial and admirable. It reflects three decades of disciplined execution, global trust-building, talent creation, and infrastructure investment.

However, like every story, the tale of India Tech Inc.'s growth also has a yin and a yang.

If we structure the global technology market in nine major segments today, it exceeds $8.4 T and continues to grow at high single to double-digit rates across multiple segments. IT Consulting and Services is an approximately $1.5 T segment, representing nearly 17% of total global tech revenues. It is undoubtedly a large and vital segment today.

The remaining 83% of global technology revenues lie across seven other segments: End-user Devices ($2.5-2.7 T), Electronic Equipment ($1.6-1.8 T), Hyperscale Cloud platforms ($0.4-0.5 T), Software ($1-1.2 T), Semiconductors ($0.8-1 T), Deep Tech and AI-first companies ($0.2-0.4 T combined) -segments which, though smaller in absolute size, are among the fastest growing. Over and above these, Sovereign Tech is a cross-cutting theme which spans all segments.

Importantly, growth and valuation dynamics differ sharply. While IT Consulting and Services is growing at 4–6% CAGR globally, segments such as AI-first companies are expanding at c. 40%+ CAGR, Hyperscale Cloud platforms at c. 20% CAGR, Software at c. 15% CAGR, and Semiconductors and Deep Tech at c. 12% CAGR each. Interestingly, AI-first and Deep Tech segments command the highest valuations of 17-20x, with Hyperscale Cloud platforms (13-15x) and Semiconductors (14-15x) segments also much larger than the 2-3x multiples of IT Consulting and Services.

India's strength today is concentrated in IT Consulting and Services and related business process models. Its presence in several of the other large and fast-growing technology segments remains limited. While India commands 15-17% of the global IT Consulting and Services market, which is almost 83-85% of India Tech market, the next decade's disproportionate value creation will come from segments such as Hyperscale cloud platforms, Semiconductors, Deep Tech innovation, and AI-native offerings. These segments differ fundamentally from traditional services. They are capital intensive, IP-led, R&D-driven, and ecosystem-dependent. They require different capabilities, financing models, policy alignment, and risk appetite. India's ambition must evolve.

The strategic logic for India Tech - In view of this shift in value pools, this report analyses the global market to address two key questions - where should India play, and what will it take to win. Our findings suggest three imperatives:

1. **Accelerate and Reset the Core**

   India must protect and modernize its global IT services leadership.

   AI-driven productivity, automation-led delivery models, and IP-enabled service offerings will reshape margins and growth trajectories. The services model must move up the value chain - from effort-based delivery to outcome-linked, platform-supported propositions. This requires systematic reskilling, AI integration across delivery, and sharper capital allocation towards proprietary tools and platforms. The core remains foundational. But it must evolve.

2. **Invest in Big Bets**

   India cannot lead across every frontier technology segment simultaneously. Strategic prioritization is essential. Although there might be limited "Right to Win" for India in certain segments today, selective, high-conviction bets in areas such as semiconductor ecosystems, data center infrastructure, cloud/hyperscale platforms and deep tech can create new engines of value. These choices must be anchored in comparative advantage: talent density, ecosystem readiness, capital depth, and global demand linkages.

   Scaling these bets will require risk capital, R&D intensity, public-private coordination, and long-term policy continuity.

Editor's Note

3. Grow the TAM by Building Adjacencies

Segments that offer near-term growth and large market size, with a slightly higher "Right to Win" for India, present an opportunity to make focused plays: segments like AI-driven analytics, end-user devices, software and India stack enabled platforms.

These adjacencies offer a bridge between India Tech Inc.'s services strength and product-led opportunities. They allow Indian firms to rebalance revenue mix towards higher-growth, higher-multiple segments while leveraging existing global relationships.

Enablers for the Next Phase

Unlocking this transition requires coordinated actions across five dimensions:

- Reinvent the tech talent pyramid: India must re-skill at scale for an AI-first world - through national skilling coalitions, deeper academia-industry integration, and deliberate inclusion
- Strengthen commercialization and business resilience: Horizon scanning for emerging technologies, AI-enabled delivery models, and repeatable global scaling mechanisms must become institutional capabilities
- Scale through structured partnerships: Bilateral R&D corridors, regional innovation clusters, and focused public–private moonshots can accelerate capability-building in semiconductors, AI, and deep tech. Ecosystems will define competitive advantage
- Fuel frontier innovation with patient capital: Blended funding vehicles, stronger IP incentives, and simplified capital flows into deep tech and AI are essential to build long-cycle innovation capacity
- Align policy with technological ambition: Regulatory sandboxes, disruption "watchtowers," and proactive global standards leadership will ensure India shapes emerging technology frameworks

These are structural shifts requiring concerted effort across India Tech Inc. stakeholders. India's first technology innings established credibility. The next must establish ownership.

India has demonstrated discipline and scale. The next decade will test ambition, coordination, and strategic focus. It is not starting from zero. But it cannot rely on yesterday's model to capture tomorrow's value pools.

The next innings begins now.

Rajiv Gupta
Managing Director
and Senior Partner

BCG

Shavi Gandhi
Partner

BCG

The path forward is not either-or. Strengthening our IT services, GCC and BPO leadership, and simultaneously building capabilities in AI, software, platforms, semiconductors and deep tech, is essential to sustain India's global relevance.

Rajesh Nambiar
President
NASSCOM

India has the scale and the talent. What it needs now is bold execution. India Tech Inc. must increase investments in R&D, deepen startup risk capital, and create the conditions that turn engineers into inventors and entrepreneurs.

Sangeeta Gupta
Senior Vice President
NASSCOM

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01

Key Trends Shaping India Tech

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Macroeconomic Uncertainties

Companies today are navigating an increasingly volatile macroeconomic environment shaped by geopolitics, climate, economic instability, and supply-chain fragility

Geopolitical Trends

- Armed conflicts such as Russia-Ukraine and Israel-Palestine, along with other regional tensions, are disrupting global trade, energy markets, and supply chains
- U.S. trade policies, including tariffs and export controls, are reshaping global commerce within an increasingly multi-polar world marked by fragmented alliances and competing geopolitical blocs

Climate and Energy Volatility

- Increasingly frequent and unpredictable natural disasters are disrupting assets, logistics, and operations
- Energy price volatility and supply insecurity are adding cost and planning uncertainty

Economic Factors

- Persistent inflationary pressures are driving higher wage and input costs and weighing on consumer demand; while recession risks are prompting cautious spending and delayed investment
- Volatile stock markets are creating valuation uncertainty and tightening funding conditions

Supply Chain Concerns

- The shift towards onshoring is increasing cost and operational complexity
- Constrained access to critical inputs, such as semiconductors, minerals, and key components along with shipping route disruptions, are extending lead times and elevating freight costs

Social Unrest

- Rising social instability is increasing operational risk and threatening business continuity, while widening polarization across income, geography, and ideology is deepening global divides
- Growing mental health challenges are affecting workforce productivity, engagement, and retention

Global Health Threats

- Periodic waves of viruses are affecting mobility and labor, while pressure on healthcare infrastructure increases
- Persisting risks of new pandemic outbreaks causing sudden restrictions and demand shocks

Innovation and Technological Advances

- Digital disruption is constantly rewriting the rules of competition and resetting customer expectations
- Rapidly improving AI tools are redefining workforce productivity and competitive advantage

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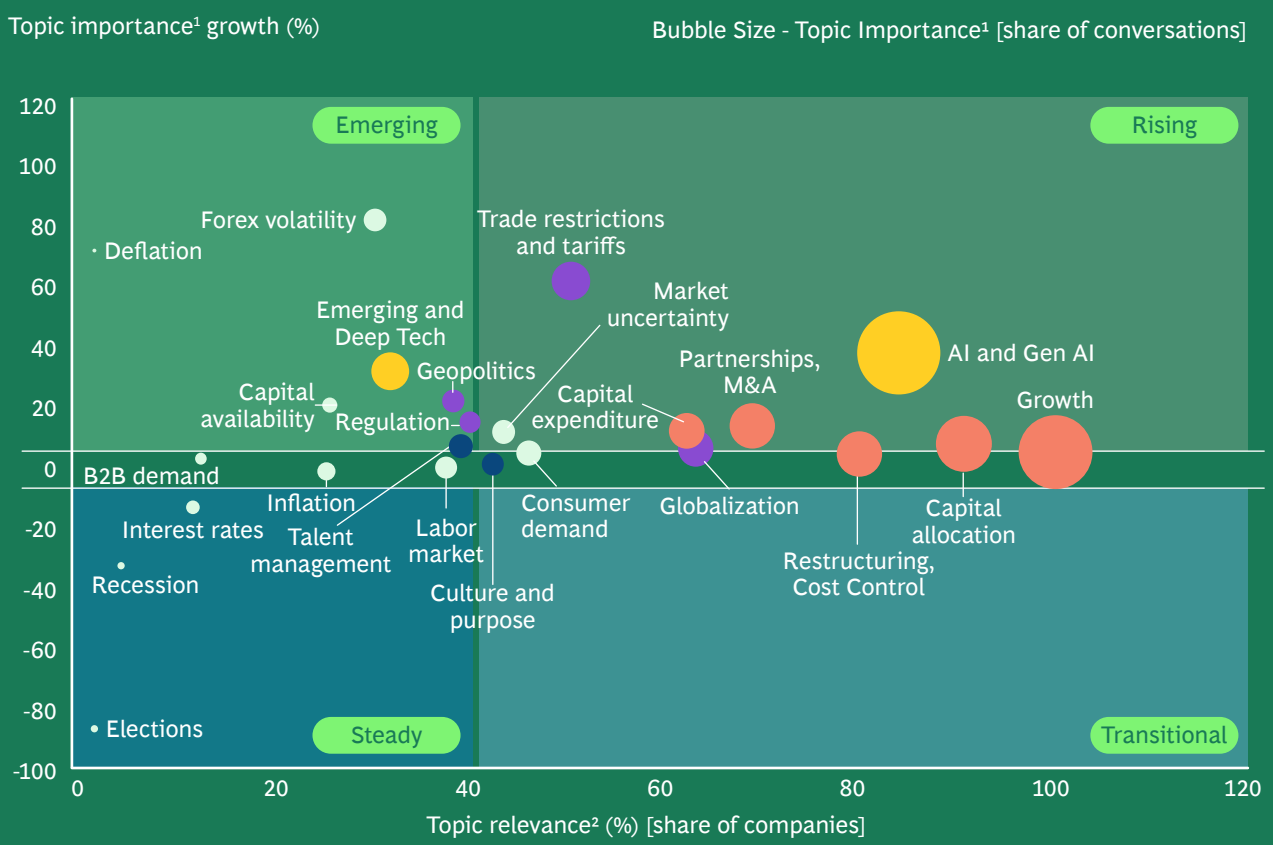
Global Sentiment Analysis

Global Tech companies are recalibrating for geopolitical restrictions, regulatory risks and capital uncertainty



Key outcomes from the sentiment analysis of 848 Global Tech companies' earnings calls transcripts categorize themes into four buckets based on how widely they are discussed and how rapidly their importance is changing.

Emerging topics (like deep tech, capital availability, geopolitics) are fast-growing, however have limited relevance for now

Rising topics (like AI/Gen AI, trade restrictions and tariffs) are widely discussed and increasing in importance, signaling near-term leadership priorities

Steady topics (like recession, elections, interest rates) remain widely discussed but with limited importance growth

Transitional topics remain relevant but are losing momentum as global attention shifts

- Economic Environment
- Organizational strategy
- Technology
- Geopolitics and regulatory environment
- Corporate and financial strategy

Global Tech Companies n = 848

1. Percentage of paragraphs in event transcripts with at least one keyword related to the topic **2.** The percentage of companies with at least one paragraph in an event transcript in the selected period containing at least one keyword related to the topic; Semantic analysis based on transcripts of earnings calls of 848 global companies in the Global Tech segment, held during Q3'24-Q3'25
Source: Refinitiv; BCG Center for Growth and Innovation Analytics

Global Trends

Global forces are reshaping the operating environment for India's technology industry

Geopolitical factors reshaping India Tech delivery models

- H-1B visa norms are tightening in the US
- Localization policies are increasing in-country hiring expectations
- Trade tensions are accelerating supply-chain reconfiguration
- However, new trade agreements like EU FTA are improving market access and alignment

Talent discipline redefining the workforce

- Reverse migration is deepening India’s senior talent pool
- AI and automation are reshaping role structures and skill demand
- Demand is rising for AI, cloud, cyber, and product engineering skills
- Hiring is becoming more selective, with stronger emphasis on productivity

Macroeconomic pressures and the rise of AI driving sharper capital allocation

- Global tech spending is slowing and being re-prioritized toward ROI
- Inflation is keeping wage and operating costs under pressure
- Interest rate volatility is affecting funding
- Enterprises are extending deal cycles and tightening budgets for large programs

India Tech Inc.'s Strategic Importance

A core macroeconomic pillar, driving GDP ($300 B+ revenue), exports ($200 B+), and employment (5.8 M jobs)

India Tech Inc. has maintained significant scale and growth

- $300 B+ revenue annually: 7.3% of India's GDP
- Continues to be one of the fastest-growing sectors of the Indian economy: approx. 5% YoY growth
- 30,000+ tech firms and startups

India is world's largest exporter of IT services

- IT and ITeS exports exceed $200 B+ annually
- India Tech drives approx. 45% of India's services exports and underpins a $150 B services trade surplus

India Tech is a major employment engine

- Direct employment: around 5.8 M
- Indirect employment: 10-12 M people via support industries
- Critical in absorbing India's educated workforce and reducing underemployment

India Tech Inc. forms the foundation of the country's digital transformation

- Catalyst for India's startup and digital ecosystem: 3rd largest in the world
- Enabler of digital transformation in India: improving financial inclusion and governance
- Attracts global investment and builds India's brand

Source: NASSCOM Strategic Review 2025

India Tech Perception

India Tech Inc. is viewed as a services-led, execution-focused industry, anchored in IT, GCCs and BPO

India Tech Inc. continues to be associated with scaled delivery and execution excellence - the dominant perception is that of a services-first industry built on reliability, process strength, and large, repeatable delivery engines.

This perception has been shaped by decades of export-led growth in IT and related services, where India has built a durable advantage through talent scale, quality, and operational rigor.

The same identity has also influenced what the market expects from India Tech - we are often positioned as a trusted execution partner for global transformation programs, large managed services, and cost-effective scale-ups, with innovation and IP seen as supportive rather than central to the industry's core story.

India Tech Inc. perception

Source: Interviews with India Tech industry leaders, BCG Analysis

Key Structural Impediments

Unlocking India's innovation potential requires addressing a few structural bottlenecks

R&D investment remains low as a share of GDP

India's R&D spend remains c. 0.7% of GDP[1], materially below 3–4% seen in leading innovation economies

There is limited capital allocation for cutting-edge technology startups

Patient capital for frontier bets is limited - very few investors fund 10–15 year commercialization cycles typical of deep tech and scientific innovation

AI and product-engineering skill maturity remains imbalanced

Advanced skills in AI, product-led engineering, and frontier R&D remain uneven - creating a shortage of top-tier talent

"Brain drain" continues to reduce senior technical depth

A portion of top talent continues to migrate to global hubs for better opportunities, standard of living, and research ecosystems

Regulatory pressure and taxation issues for startups in emerging sectors raise scaling friction

Regulatory uncertainty and friction, like tax complexity and gaps in IP protection laws, raising the cost of compliance and cross-border scaling

Digital divide persists across regions

Access to high-quality digital infrastructure, mentors, incubators, and growth networks remains concentrated in Tier-1 hubs

Source: 1. Ministry of Science and Technology, GoI

02

The Burning Platform

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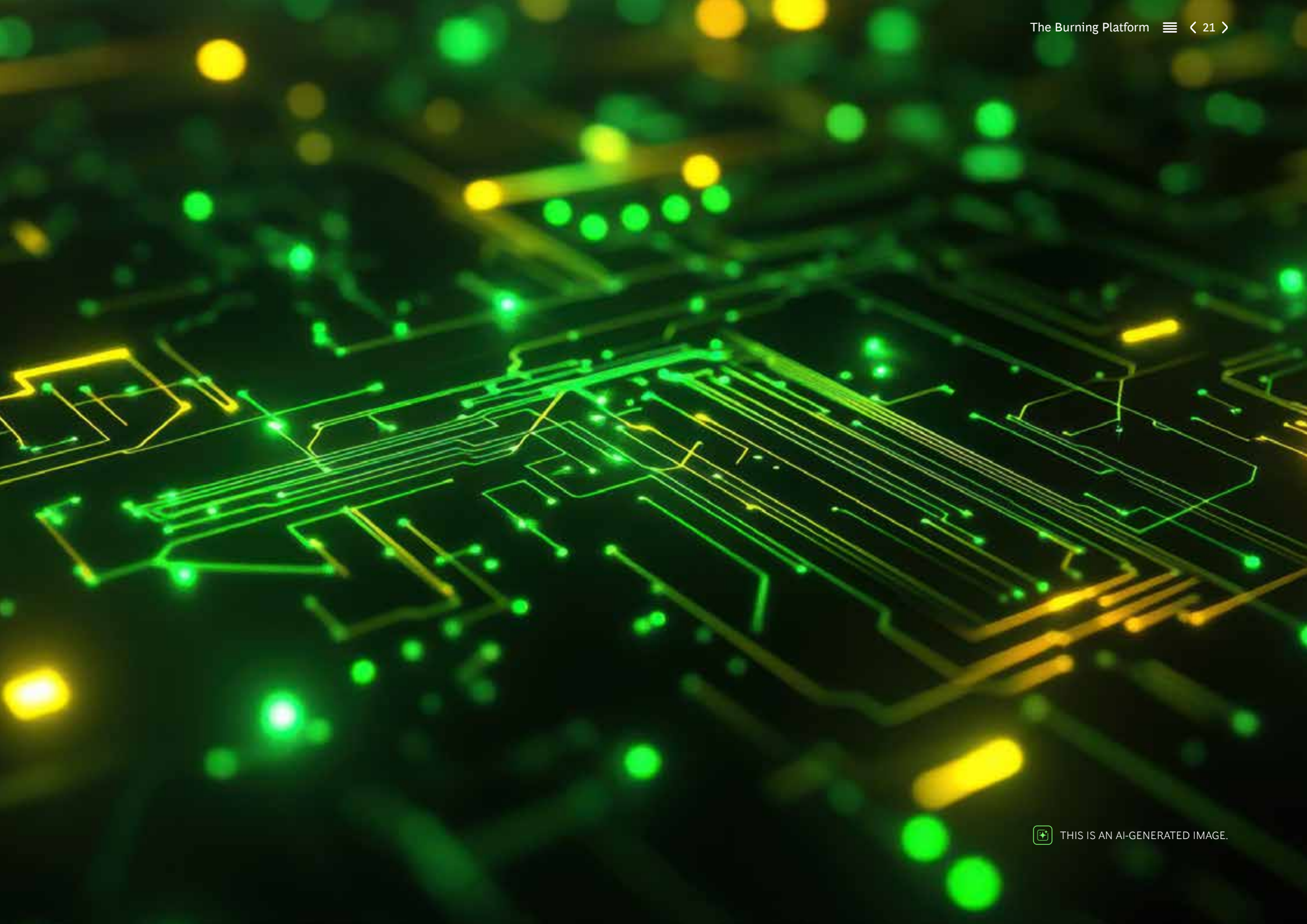
Map of Tech Industry

We defined a common map of the tech industry that separates broad value pools (L1) from underlying sub-segments where growth, innovation, and competitiveness play out (L2)

Tech services[1]	IT services (application services, cybersecurity, application development and maintenance)	Global capability centers	Engineering research and development	Business process outsourcing, customer experience, knowledge process outsourcing, etc.	**Sovereign tech[6]**
Software[2]	Enterprise software	Consumer software	Cloud/hyperscaler	Platform software	India stack as a service
AI/Data/ Analytics[3]	AI software and platforms	Data-tech/ AI services	Advanced analytics	AI infrastructure and compute	ML engineering and ops
Deep Tech[4]	Autonomous vehicles	Green tech and sustainability	Quantum	AI-enabled sciences	Synthetic biology
	AR/VR	Sensor tech/ Internet of Things	Blockchain	Space tech	Others (data mining, health tech etc.)
Hardware tech[5]	End-user devices	Semiconductors	Electronic equipment	Data center infrastructure	India stack for India

Note: BCG-developed industry map to create a common lens across the technology ecosystem. Existing analyst reports and taxonomies typically cover select segments rather than the full end-to-end tech landscape.
Source: 1. Tech Services - Gartner and NASSCOM **2.** Software - Gartner **3.** AI/Data/Analytics - BCG Analysis **4.** Deep Tech - Gartner, NASSCOM and BCG Analysis **5.** Hardware Tech - Gartner
6. Sovereign Tech (cross-cutting theme across all other segments) - BCG Research



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Global Tech Industry

$8.4 T market comprising 280,000+ companies, including 8,600+ listed firms and organized broadly into nine major segments

c. $8.4 T Total market size

280,000+ Tech companies

8,600+ Listed tech companies

Global Tech is an approximately $8.4 T market comprising 280,000+ companies, including around 8,600 listed firms. It can broadly be organized into nine major segments, with sovereign tech as a cross-cutting layer.

Segments like end-user devices, IT-enabled services, and electronic equipment possess significant market share, but have <5% growth.

Semiconductors, software and hyperscalers have a considerable size, growth in the range of 10-20%, and high EV multiples.

Lastly, segments like AI-first companies, hyperscalers++, deep tech and semiconductors do not have significant scale yet, but have high growth and valuation multiples.

9 Key segments in Global Tech industry

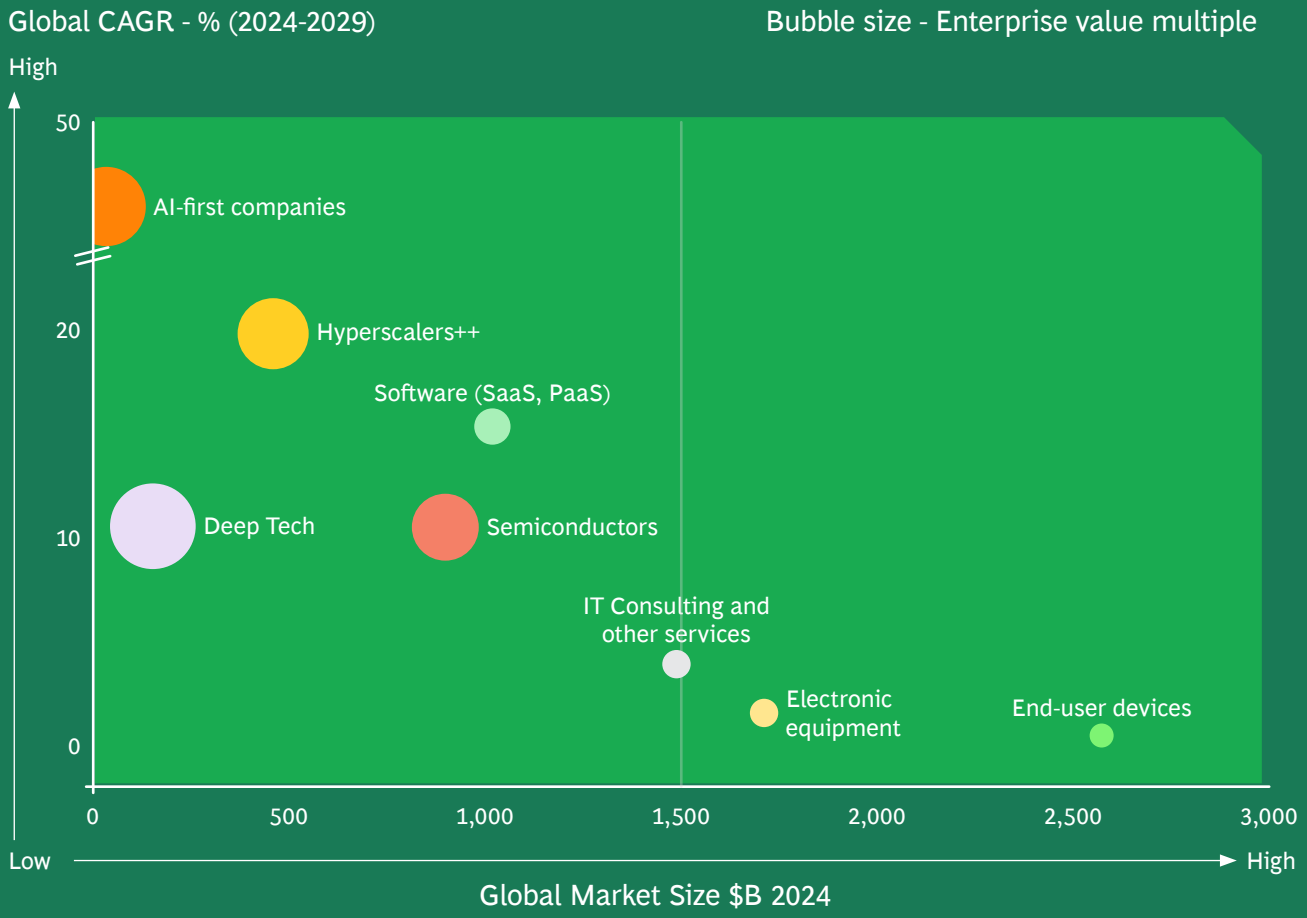
Segment	Total Companies	Listed Companies	Key Players	Market Size (2024)	Global CAGR[1]	EV multiple
End-user devices	8,000-12,000	1,665	APPLE | SAMSUNG | LENOVO | HP | NOTHING	$2,597 B	2%	1.3
Hyperscalers++	20,000-25,000	267	AMAZON | MICROSOFT | ALPHABET | META	$460 B	20%	13.5
Electronic equipment	25,000-35,000	1,793	FOXCONN | CISCO | DJI	$1,720 B	3%	1.9
Semiconductors	4,000-6,000	1,194	NVIDIA | TSMC | INTEL | AMD	$900 B	12%	14
IT Consulting and other Services	45,000-50,000	1,257	ACCENTURE | IBM | CAPGEMINI | TATA CONSULTANCY SERVICES	$1,500 B	5%	2.5
Software	80,000-1,10,000	2,468	SALESFORCE | SAP | ORACLE | ADOBE | ZOHO | EPIC	$1,022 B	15%	2.5
AI-first companies	7,000-10,000	27	OPENAI | ANTHROPIC | DEEPMIND | STABILITY.AI	$30 B	42%	17.5
Deep Tech	50,000-60,000	-	TESLA | SPACEX	$135 B	12%	20
Sovereign tech is a cross-cutting theme that spans all segments			STC | MICROSOFT -		-	-
Total	**2,39,000-3,08,000**	**8,600+**		**c. $8.4 T**	-	-

Note: 1. Global CAGR for 2024-29;
Sources: CapIQ, Gartner, IDC; BCG Analysis

Global Tech Value Pools

Value is shifting from scale-heavy segments to AI-led and IP-driven growth pools

Global Tech industry overview



Sources: CapIQ, Gartner, IDC; BCG Analysis

Key insights

The graph helps create a view of where the value in global tech industry is emerging. The x-axis represents the market size, and the y-axis represents the growth rate, with the bubble sizes signifying EV multiple.

- Segments like hyperscalers++ (13-14x), semiconductors (14x), AI-first companies (17-20x), and deep tech (20x) command higher valuation and have higher growth rates, but still do not hold very large market share
- End-user devices ($2.6 T), IT services ($1.5 T), and electronic equipment ($1.7 T) anchor the largest revenue pools, but have slower growth (<5%) and smaller EV multiples (1-3x)
- Software (SaaS, PaaS) is growing at a significant rate (15%) and holds modest scale ($1 T), however has a lower EV multiple (2.5x)

India Tech Industry

$300 B+ market with 30,000+ firms and startups, spanning the same broad segments as Global Tech, with base being services and software heavy

$300 B+ Total market size

30,000+ Tech companies and startups

c. 400 Listed tech companies

India's technology sector is a $300 B+ landscape with 30,000+ firms and startups, spanning the same broad segments as Global Tech, alongside a growing sovereign tech theme anchored in platforms and India stack based digital infrastructure.

India's scale is largely anchored in IT-enabled services, with it holding 83-85% of the India Tech volume. But, this is growing only at 4-5% annually, whereas for high-growth, high-valuation segments like AI-first companies, hyperscalers++, semiconductors, and deep tech, the market share in India is very low.

Software is the next sizeable segment in India with around 5% of the market share, and it shows favorable growth but lower valuation multiples.

9 Key segments in India Tech industry

Segment	Total Companies	Listed Companies	Key Players	Market Size (2024)	Global CAGR[1]	EV multiple
End-user devices	700-1,700	72	LAVA | APPLE | SAMSUNG	$15 B	2%	1
Hyperscalers++	7,500-8,500	7	CTRL | AMAZON | MICROSOFT	$0.1 B	20%	7.6
Electronic equipment	1,500-2,500	40	BHARAT ELECTRONICS | CISCO	$3 B	3%	6.3
Semiconductors	300-400	20	TATA ELECTRONICS | MOSCHIP | INTEL | AMD	$3 B	12%	12.5
IT Consulting and other Services	8,000-9,000	173	TATA CONSULTANCY SERVICES | INFOSYS | WIPRO | ACCENTURE IBM | CAPGEMINI	$247 B	5%	1.5
Software	7,000-8,000	87	FRESHWORKS | POSTMAN | SALESFORCE | SAP | ORACLE	$17 B	15%	2.4
AI-first companies	>1,000	-	FRACTAL | NVIDIA | DEEPMIND	$0.1 B	42%	1
Deep Tech	3,500-4,500	-	LENTRA | DEEPWATCH	$6 B	12%	0.4
Sovereign tech is a cross-cutting theme that spans all segments			SARVAM.AI | TATA CONSULTANCY SERVICES	-	-	-
Total	**29,000-31,700**	**c. 400**		**c. $300 B**	-	-

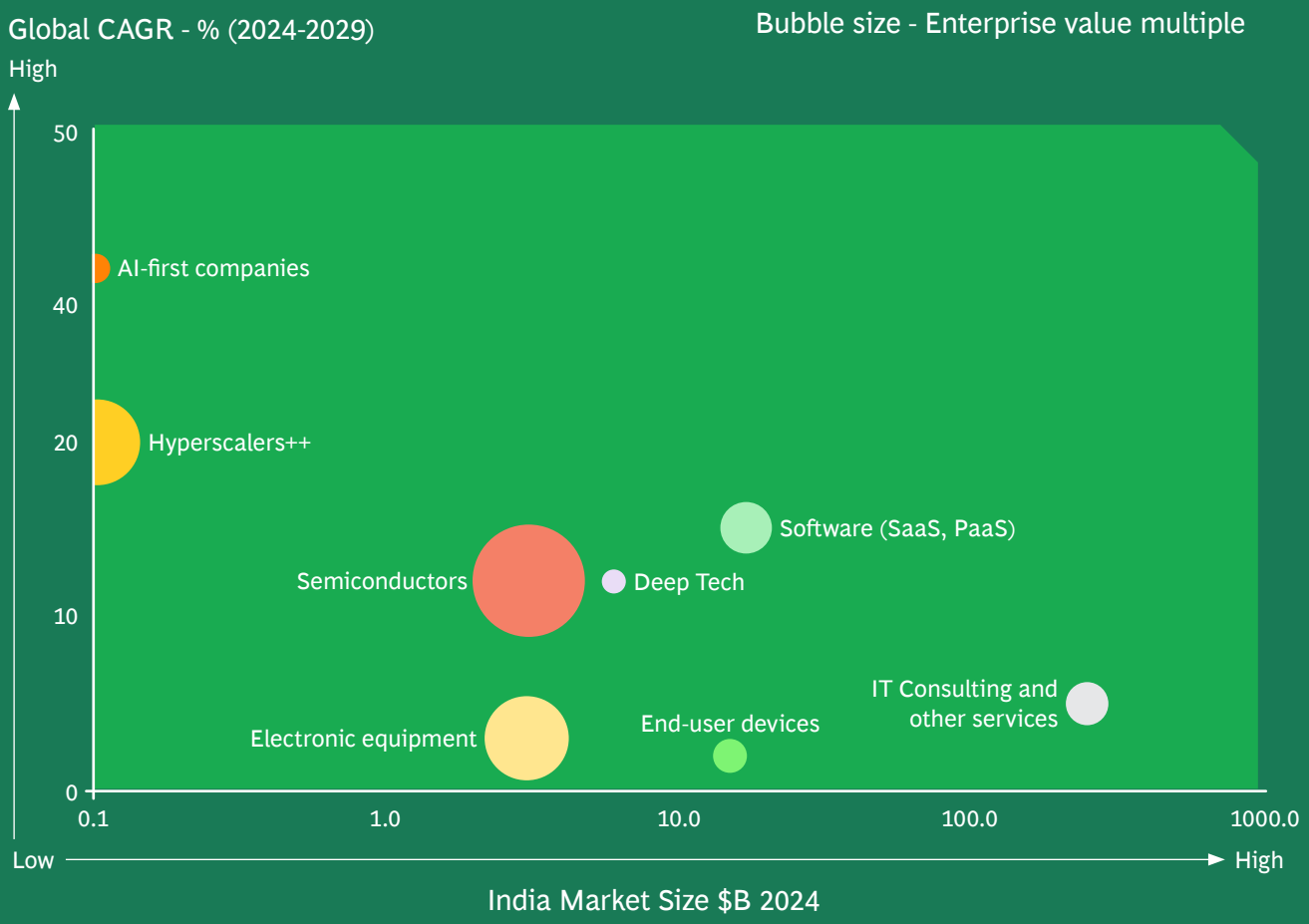
XX - Global companies with Indian centers

Note: 1. Global CAGR for 2024-29;
Sources: CapIQ, Gartner, IDC; BCG Analysis

India Tech Value Pools

IT services form c. 84% of Indian Tech industry size and value, while high CAGR segments remain a small portion

India Tech industry overview



Sources: CapIQ, Gartner, IDC; BCG Analysis

Key insights

The graph helps create a view of where the value in Indian tech industry is emerging. The x-axis represents the India market size, and the y-axis represents the global growth rate, with the bubble sizes signifying EV multiple for India.

- India Tech derives c. 84% of its size and value from IT services, yet this core grows at 4–5% CAGR and shows modest valuation multiples
- Segments like AI-first companies, hyperscalers++, software, and semiconductors have double digit growth rates, with semiconductors and hyperscalers++ also leading in valuation; although these hold less market share
- Deep tech has the highest growth rate but smaller EV multiple and market share, while end-user devices have significant market share but show limited growth and valuation

India's Share in Global Tech Segments

India remains anchored in smaller revenue pools and under-leverages the capital and IP depth of high-value global segments

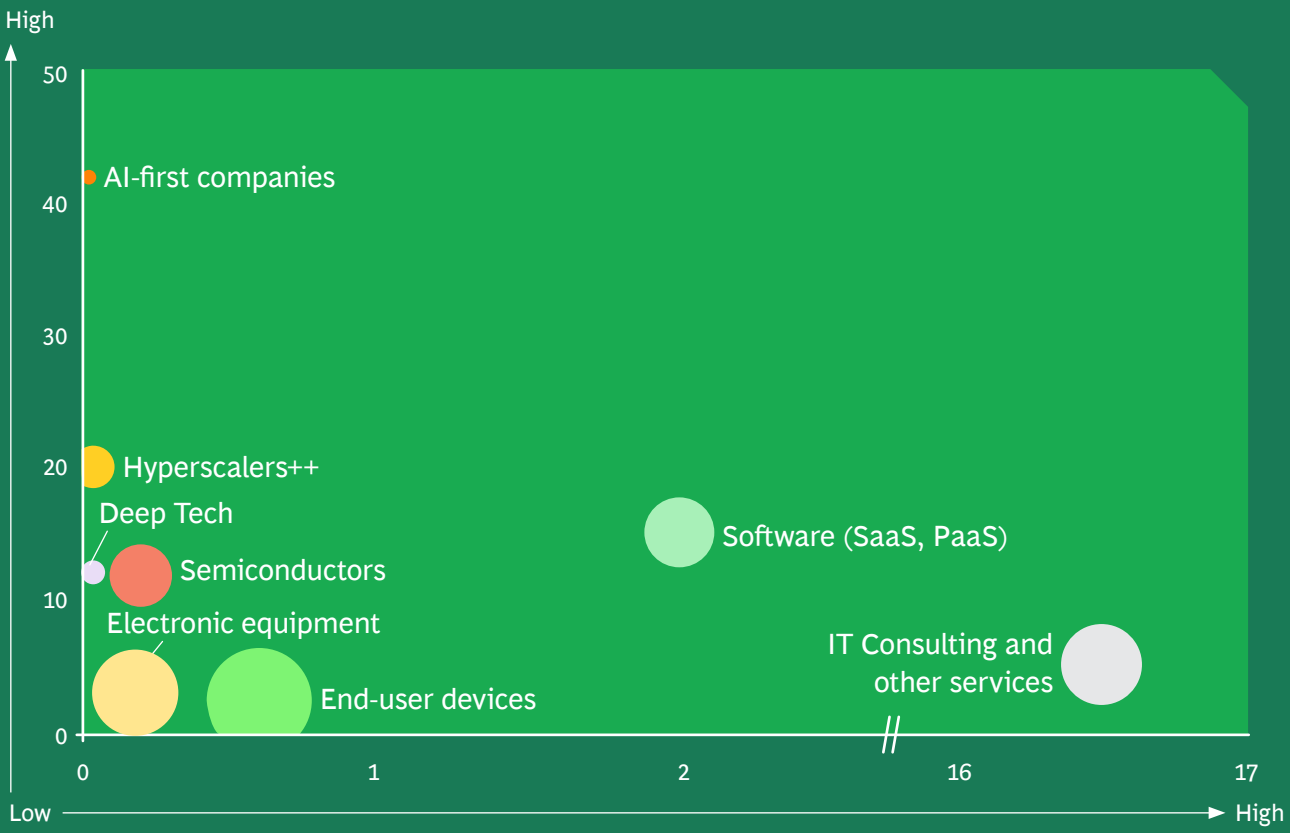
Key insights

The plot shows the growth rate on the y-axis, and India's share in the global market on the x-axis. The bubble size is representative of the global market size.

- India Tech has a good footprint in IT services (c. 17%) which is growing only at around 4-5%
- Segments such as AI-first companies, hyperscalers++, deep tech and semiconductors show high growth due to deep R&D intensity and strong innovation cycles - India's presence in these sectors is minimal
- Segments like electronic equipment, software (SaaS, PaaS) and end-user devices have significant market size, but India Tech holds only a marginal share in these sectors

This creates a clear **Burning Platform** - while India has achieved scale, it remains underrepresented in the segments and areas that define the future of the Global Tech playground.

India's share in total market



Sources: CapIQ, Gartner, IDC; BCG Analysis

The Burning Platform

Global Tech's future lies in IP-led and high-growth segments, yet India Tech participates in only a narrow share of this landscape

Global Tech

c. $8.4 T
Market spanning 9 key segments

280,000+
Companies

c. 5%
Growing annually

Top 3 segments across each dimension

Market Size
End-user devices, Electronic equipment and **IT services** capture the largest revenue pool, driven by global consumer/enterprise hardware demand and enterprise support operations.

Growth
Segments like **AI-first, Hyperscalers++** and **Deep Tech** show strongest growth.

Market cap
Market cap is highest in **Hyperscalers++, Semiconductors** and **Software** segments.

India Tech

c. 84%
IT services share of India Tech market

c. 17%
IT services share of Global Tech TAM[1]

4-5%
IT services CAGR

Considerations for India Tech

Fast-growth plays
Hyperscalers++ and **AI-first** are where global growth is concentrating; India's opportunity is to build capability depth across cloud, AI infra, and AI-native products.

High-value plays
Semiconductors, Software, and **Deep Tech** capture stronger valuation premiums.

Large market plays
End-user devices is a segment that offers scale and domestic demand pull.

There is a clear split between scale, growth and valuations, raising the question of where India Tech should play

Sources: CapIQ, Gartner, IDC; BCG Analysis

Reimagining India's Tech Ambition

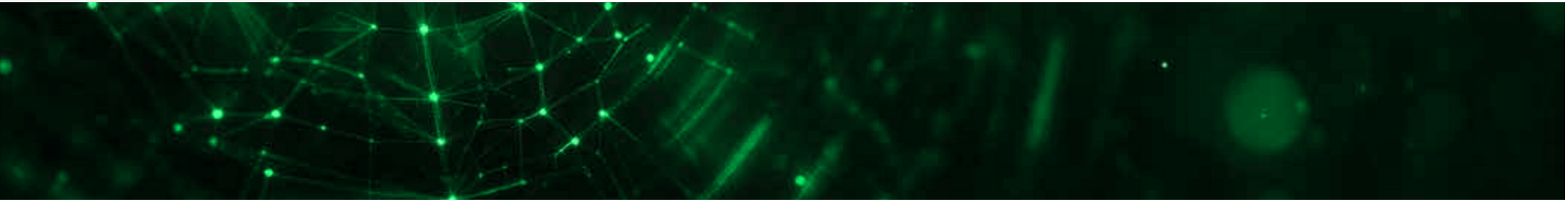
India Tech's future positioning to be AI-driven, product and R&D-led, IP powerhouse

While India Tech's current perception of a services-led, execution-focused, and reliable industry reflects historic strengths, it differs from the capabilities emphasized in many emerging technology value pools. Global Tech value is shifting towards product and platform businesses, IP creation, deep engineering, AI, and frontier bets, as highlighted by the analysis of the market size, growth rates, and valuation multiples of these segments.

In this context, "execution partner" is necessary, but not sufficient. It has also become easier to replicate and automate.

This contrast surfaces a key consideration for the ecosystem: in what ways does India Tech's current positioning shape how global stakeholders interpret its evolving role?

- AI builder
- IP powerhouse
- Product Nation
- Data refinery
- R&D-centric
- Global South tech exporter
- World's brain
- Talent incubator
- Platform innovator
- Design-led engineering hub
- Deep Tech enabler
- Semiconductor Nation



Source: Interviews with India Tech industry leaders, BCG Analysis

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Strategy for India Tech

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Strategic Framework

We used a two-lens framework to translate the complex tech landscape into strategic choices: **'Where to Play'** - where India should focus, and **'Right to Win'** - where India can credibly win

Where to Play

Assessing market attractiveness

01 Global Tech sector CAGR

02 Global Tech sector market size

03 Capital and funding: EV multiple

04 Global innovation, R&D and patents

05 Strategic importance for India (Alignment with India's economic priorities, job creation, etc.)

Right to Win

Evaluating India's competitive position

01 India Tech sector revenue (incl. CAGR)

02 Competitive intensity[1]

03 Talent availability/ pipeline

04 India-led innovation, R&D and patents

05 Importance: Government sponsorship (policies, public funding)

- **"Where to Play" scores global segment attractiveness on five signals:**
  Market size, growth, capital flows and valuations to understand investor conviction, innovation intensity to judge technology depth, and relevance to India along with strategic fit

- **"Right to Win" highlights India's ability to compete:**
  Revenue scale and competitive intensity show near-term defensibility, while factors like talent depth, India-led IP, and policy support test whether India can sustain advantage and move up the value chain

Together, these lenses create a consistent basis to prioritize segments and define the capability moves needed to win in the highest-value arenas.

1. Competitive intensity is defined as relative push from other regions (e.g., China, Europe, Middle East) firms in same segment and India's perception on the segment. A higher number of Indian companies is considered as favourable for India Tech.

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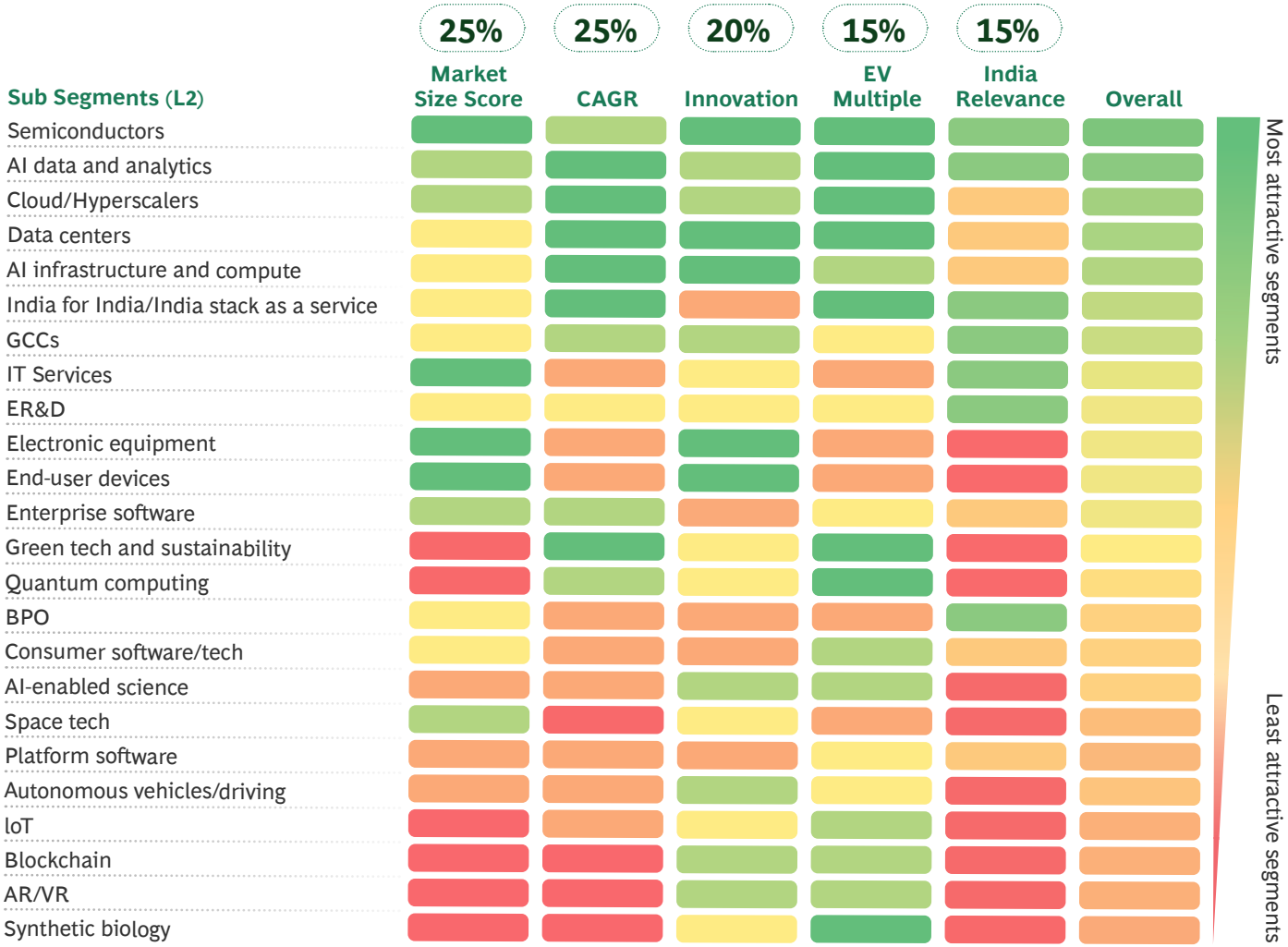
India's "Where to Play"

Semiconductors, AI data and analytics, Cloud/Hyperscalers, Data Centers emerge as the most attractive segments - large, fast-growing, and innovation-rich

To identify India's most attractive "Where to Play" segments, we use a weighted scoring model that evaluates each sub-sector on five drivers of global opportunity.

- AI data and analytics and semiconductors exhibit strong scores across all parameters, underscoring where India is naturally positioned to build differentiated advantage
- Cloud/hyperscalers and data centers also emerge as attractive segments, but have limited India relevance
- Traditional hardware tech segments also score well in market size and innovation, but have limited growth, valuation and India relevance
- Sovereign tech has potential but has less market size and innovation
- IT services show high market size and India relevance but have less market attractiveness due to less growth and valuation numbers, and limited scope of innovation



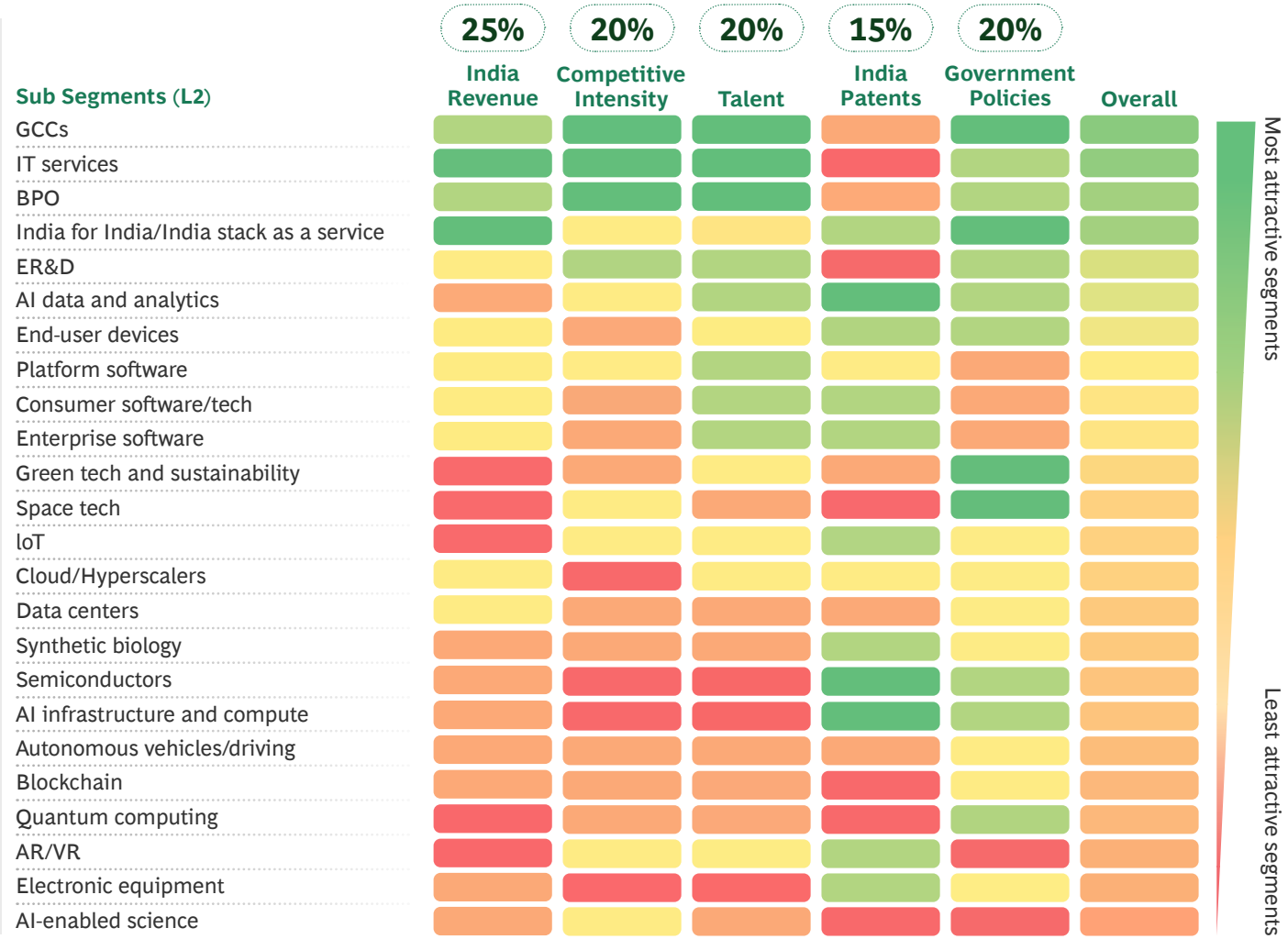
Sources: CapIQ, Gartner, IDC; Derwent Patent Search; BCG Analysis

India's "Right to Win"

India's ability to win remains highest in IT-enabled services, with Sovereign tech and AI data and analytics also emerging as potential plays

India's "Right to Win" assessment also examines each technology segment through five capability levers, giving us a view on the areas where India holds inherent advantages, and where foundational gaps still limit competitiveness.

- India's strongest "right to win" remains anchored in IT-enabled services, which score high across all parameters except innovation
- Sovereign tech also has a strong "right to win", driven by revenue, patents, and policy support
- AI data and analytics scores low on competitive intensity and revenue, but has a rich talent and innovation pipeline, and is also supported by government policies
- Categories like IoT, AI infrastructure and compute, autonomous vehicles, synthetic biology, and semiconductors score high in innovation, but fall behind across other metrics



Sources: CapIQ, Gartner, IDC; Derwent Patent Search; BCG Analysis

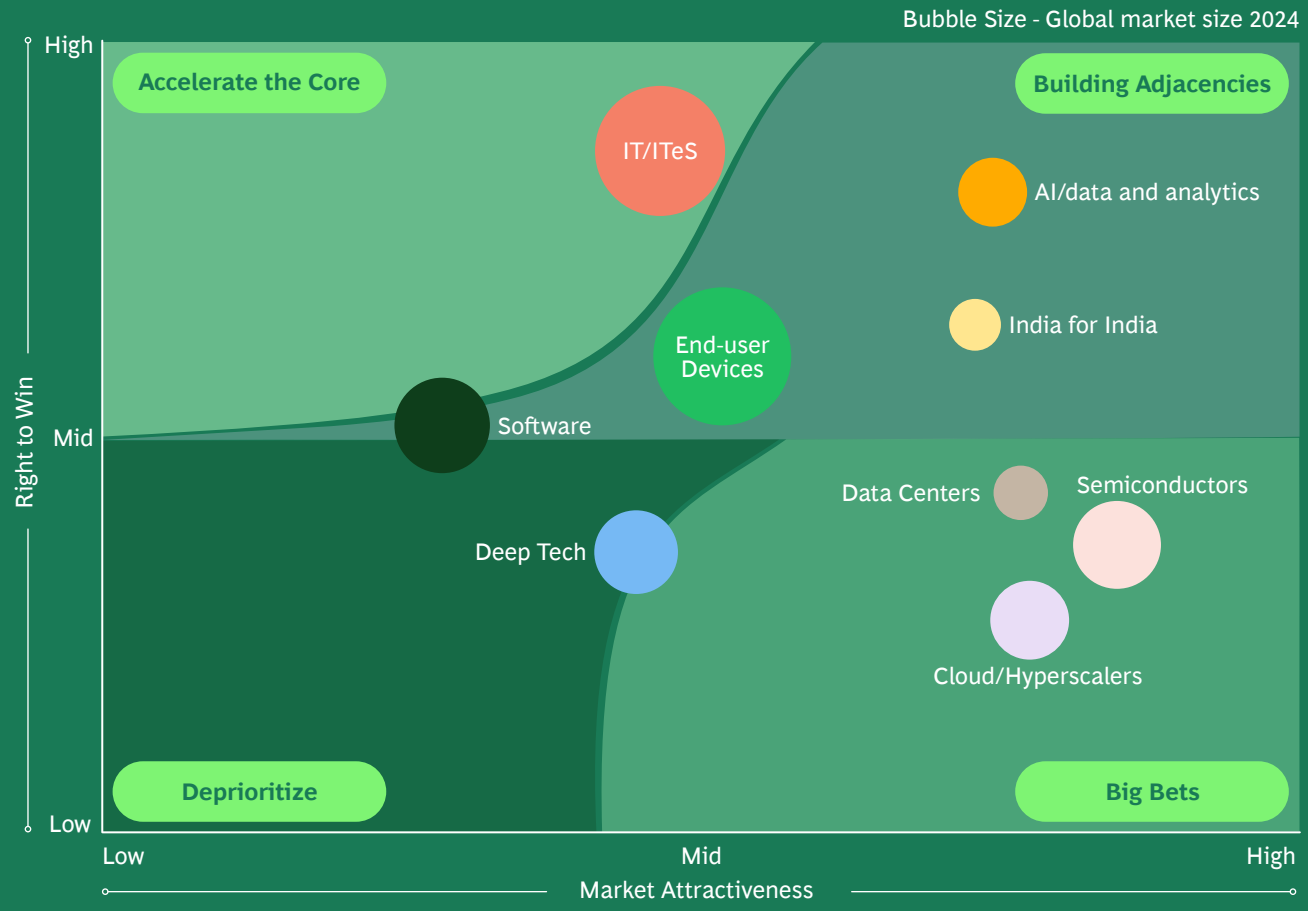
Imperatives for India Tech

The framework reveals 3 key priorities for India Tech Inc. - **accelerating the core** in IT/ITeS; **building adjacencies** in AI/data & analytics, sovereign tech; and **making focused bets** in semiconductors, data centers, hyperscalers

Key insights

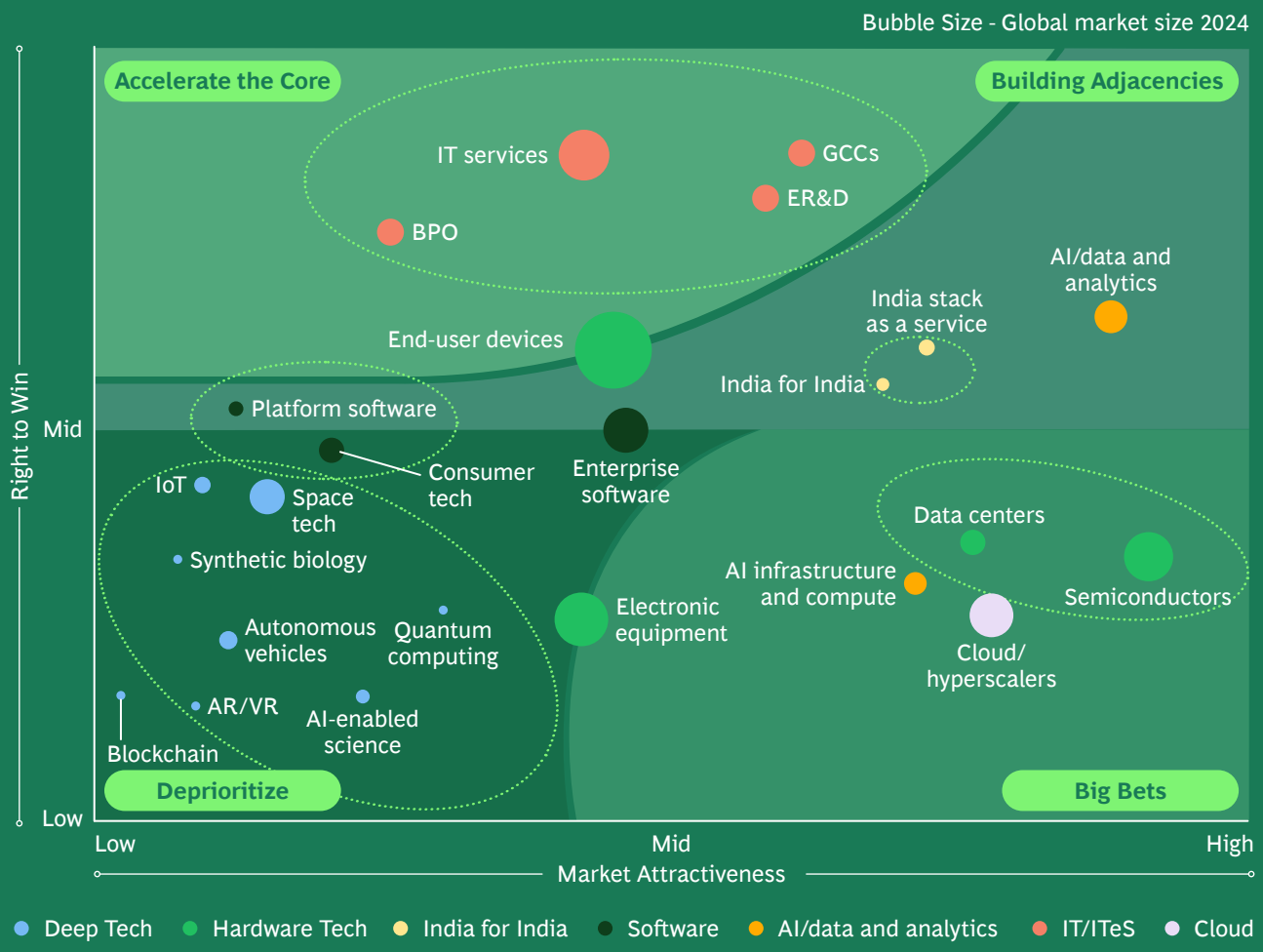
The graph represents market attractiveness, or the "Where to Play", on one axis, and India's "Right to Win" on the other. It broadly classifies the segments/sub-segments into 4 quadrants:-

- **"Accelerating the Core"**- Segments like IT services, GCCs, BPO and ER&D, from where the global value is gradually shifting away, but where India's strength and scale is formidable
- **"Building the Adjacencies"**- Adjacencies like AI/data and analytics, India stack enabled services and software are areas which offer near-term growth, with a strengthening "Right to Win" for India
- **"Big Bets"**- Segments like semiconductors, data centers, and hyperscalers++, which offer high market attractiveness, but where India's "Right to Win" is limited today - India Tech must place targeted bets to invest in the future.
- **"Deprioritize"**- Segments which offer low market attractiveness and a limited "Right to Win" for India



Going from L1 to L2

Deep dive into various segments to identify where each sub-segment lies in our framework



The graph plots the L2 sub-segments basis their "Where to Play" and "Right to Win" on the x- and y-axes respectively.

- **IT/ITeS,** which include IT services, GCCs, BPO and ER&D, hold significant combined market size and fall into the core of Indian Tech, where we must look to accelerate
- **AI/data and analytics** related sub-segments have high market attractiveness, and are potential bets for the future
- **Software** sub-segments (enterprise, platform and consumer tech) have medium "right to win", and low-to-mid market attractiveness
- **Sovereign Tech** (India for India and India stack) places high across both parameters and is an important adjacency
- **Cloud/Hyperscalers** are potential big bets, with less "right to win", but high attractiveness
- **Deep Tech** segments score low on both axes, and hold less market share as well.
- **Hardware Tech** segments like data centers and semiconductors are potential big bets

04

Imperatives for India Tech's CEOs

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Considerations for India Tech

We have identified potential action items across six thrust areas that could influence India Tech's long-term trajectory (I/III)

Tech Talent
Reinvent the tech talent pyramid & reskill at scale

Capital and Investment
Invest in fueling growth, innovation and IP creation

Business Resilience and Commercialization
Institutionalize and commercialize potential plays

Policies
Deploy structural changes

Partnerships
Scale through co-creation via global partnerships, domestic cluster network and cross-industry alliances

AI-enabled Productivity
Use AI to enhance productivity


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Considerations for India Tech

We have identified potential action items across six thrust areas that could influence India Tech's long-term trajectory (II/III)

	Accelerate the core (IT, GCCs, BPO, ER&D)	Invest in big bets (Semiconductors, Data Centers, Hyperscalers++)	Grow the adjacencies (AI data and analytics, Sovereign Tech, Software)
Tech Talent	✦ Converting roles at scale – moving people from routine testing and basic technical roles into AI-assisted engineering, domain analysis, and platform ops	✦ Large-scale re-skilling & upskilling programs (AI, cyber-security, semiconductors), geo-clusters in emerging domains ✦ Retaining and bringing back talent with fellowships in these domains	✦ Launching CoEs focused on data engineering, AI model ops, API architecture, cyber resilience ✦ Establishing cross-disciplinary academic programs (i.e., AI + Policy + Cybersecurity)
Capital and Investment	✦ Organizing national scale hackathons to identify AI talent and innovation ✦ Offering patient capital for product-based AI companies and startups	✦ Government support for R&D investment & translation ✦ Industry-led hackathons to identify and invest in new startups ✦ R&D credits for IP creation & product development	✦ Providing co-investment guarantees for AI + deep tech ventures building on India stack ✦ Offering incentives for smart devices, edge hardware, and secure chips integrated with Indian stacks
Business Resilience and Commercialization	✦ Defining “repeatable plays” with standard scope, timeline, and outcome metrics - modernization factory, AI-enabled service desk, cloud reliability	✦ Building commercialization pathways for Indian AI/IP-productizing research ✦ Pushing for commercial interest by being first customer of deep tech products made in India	✦ Building sector-specific AI platforms (BFSI, health, agri) on interoperable data rails ✦ Incentivizing IT services firms to convert project revenue into subscription-based AI platforms

Considerations for India Tech

We have identified potential action items across six thrust areas that could influence India Tech's long-term trajectory (III/III)

	Accelerate the core (IT, GCCs, BPO, ER&D)	Invest in big bets (Semiconductors, Data Centers, Hyperscalers++)	Grow the adjacencies (AI data and analytics, Sovereign Tech, Software)
Policies	✦ Enabling faster safe deployment by standardizing guidance for data, model risk, and audits ✦ Establishing PLIs for product and platform companies	✦ Regulatory sandbox with controlled environments for AI, biotech, space, and cyber testing ✦ First-buyer programs with government and large PSUs	✦ Creating AI procurement norms for government & PSUs prioritizing explainable, secure AI analytics platforms ✦ Introducing tax incentives for AI product IP creation.
Partnerships	✦ Facilitating partnerships between Indian IT/BPO companies and startups ✦ Collaboration between academia and industry for advanced AI labs	✦ Joint programs with US/EU/ Japan partners for semiconductors and AI infrastructure ✦ Creating cross-industry accelerators for SMEs & startups (i.e., shared designs & standards)	✦ Facilitating joint venture manufacturing with global device OEMs ✦ Establishing university-industry labs for embedded AI systems and govt. backed AI labs
AI-enabled Productivity	✦ Integration platforms (Data / APIs / AI stacks) for standardizing AI in the workflow ✦ Expansion and AI integration into health, agri, cyber, space and defense tech	✦ National frontier AI deployment: Launching AI deployment programs in strategic sectors (semiconductors, space, biotech, cyber) to embed AI systems into core R&D, simulation, and infrastructure workflows	✦ Embedding AI into domestically manufactured devices and industrial IoT to create hardware + software value models ✦ Enabling use of AI embedded models into MSME ecosystem (i.e., GST, UPI, ONDC)

Five Imperatives for India Tech CEOs

India Tech has scale. It has credibility. It has talent density. What it now needs is strategic boldness.

Rebalance from scale to IP

Modernize the core with AI

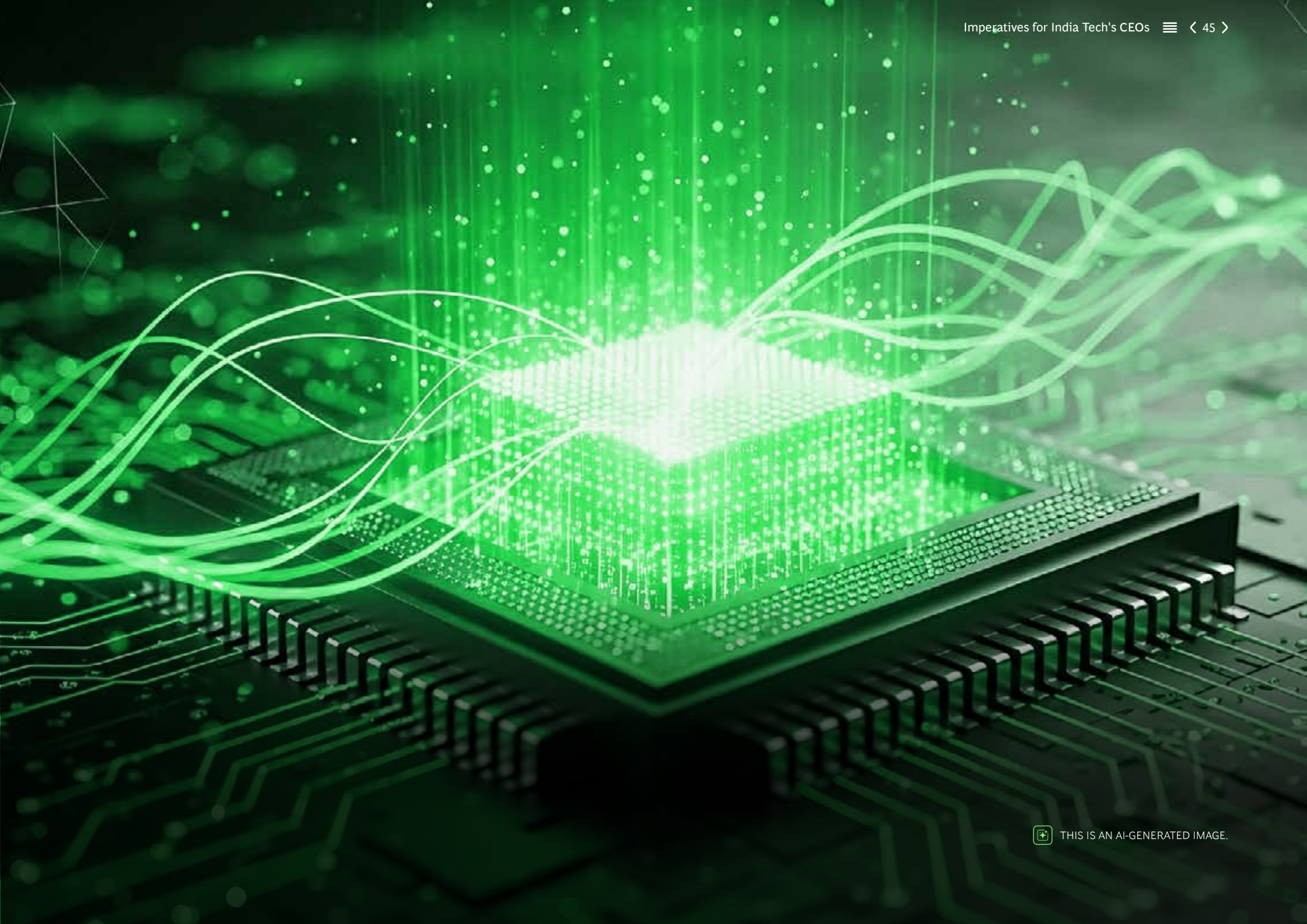
Place focused 'Big Bets'

Build deep engineering muscle

Shape the ecosystem, not just participate

India's Tech story was built on execution excellence. Its next chapter will be written through innovation ownership.

Source: Interviews with India Tech industry leaders, BCG Analysis



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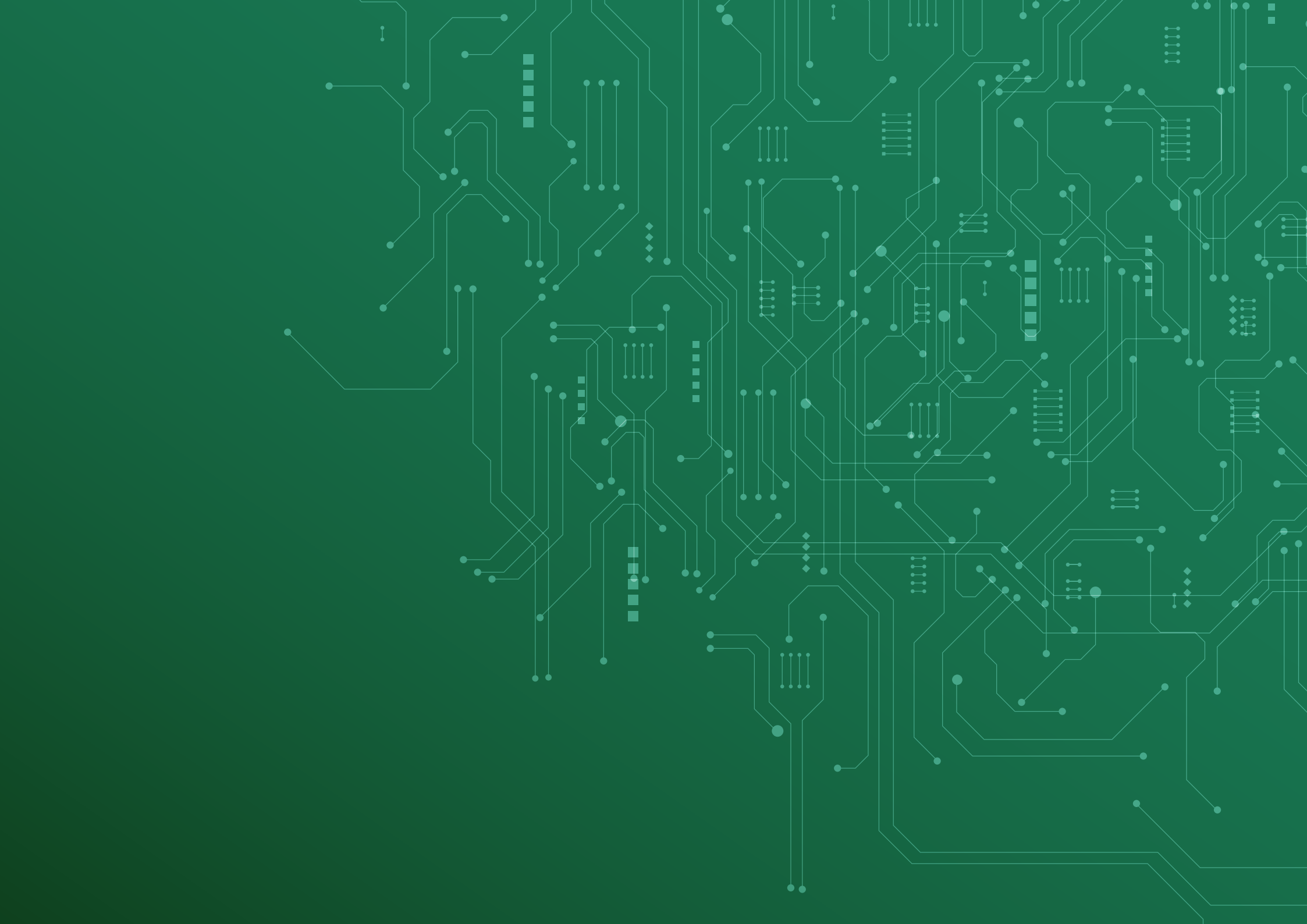

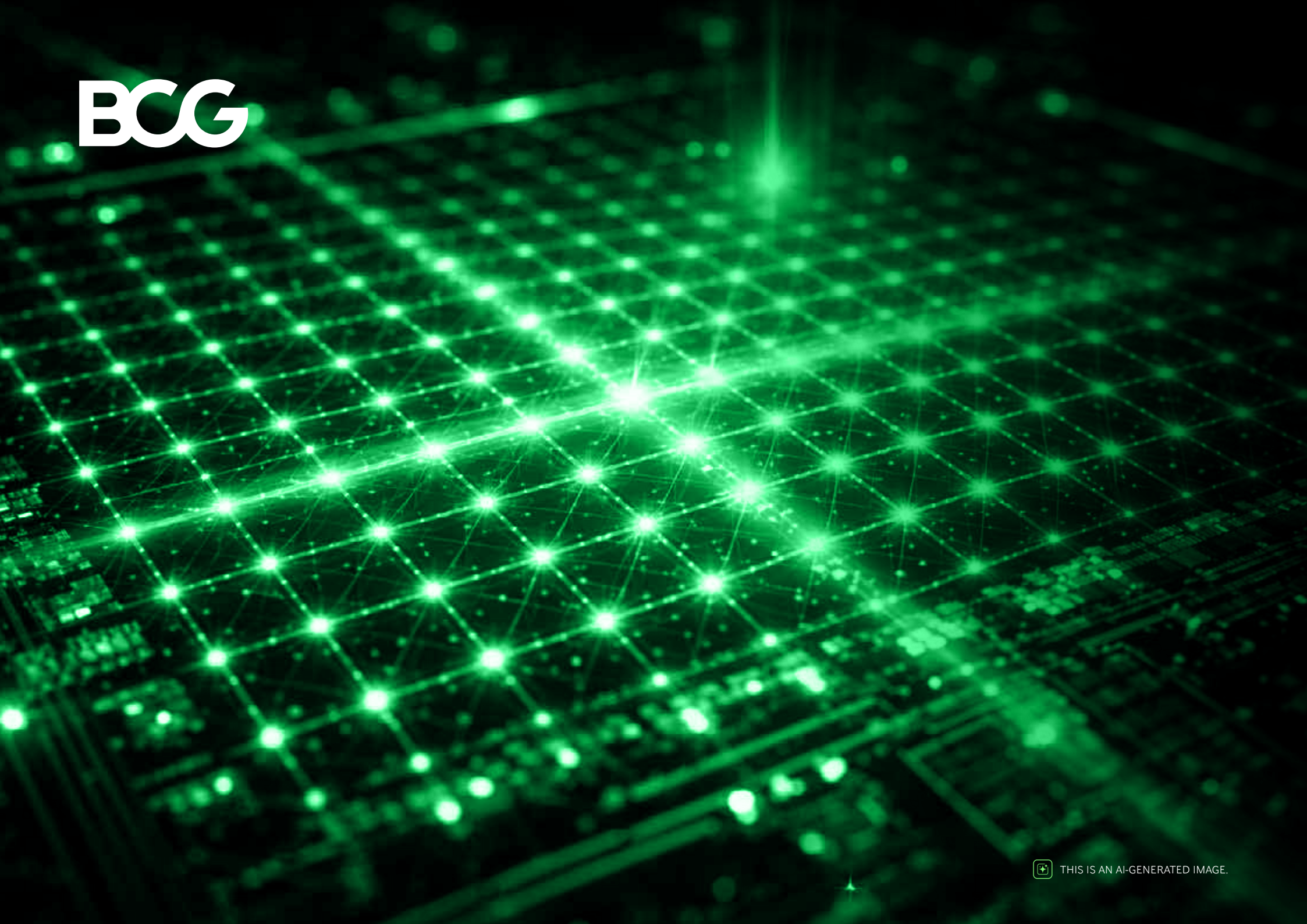
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