

# IT majors ramp up N. America footprint

## Acquisition route to expand as clients prefer near-shore presence

Moumita Bakshi Chatterjee  
New Delhi, Dec. 8

Coinciding with a turnaround in business sentiments in its largest market, top-tier IT companies such as Infosys, Wipro and HCL Technologies appear to be aggressively ramping up North America-based delivery capabilities.

While Infosys Technologies has bought McCamish Systems based in Atlanta, Georgia, HCL Technologies has completed the acquisition and upgradation of a data centre in Parsippany, New Jersey. In the last four months, Cognizant has announced the expansion of two of its delivery centres in Phoenix (Arizona) and more recently in Toronto, Canada.

Market watchers are of the opinion that industry seems to

▶ *A lot of work around software packages needs to be done in close proximity with clients as it involves business process re-engineering.*

be carrying on from where it left-off when global financial crisis put a spanner on client IT spends.

"The slowdown hit demand visibility, as customers held back purchase decisions or pruned their budgets. During that period, we saw IT services companies focus on internal costs and efficiencies. But now that the bad news has subsided, the IT industry is hopeful that the demand recovery will happen," Mr Nishant Verma, Vice-President at Tholons Capital, said.

At present, North America accounts for nearly 60 per cent of India's IT export basket. Even as clients are in the midst of finalising their tech budgets for next year, reports from research and consultancy firms point to a revival either in the current quarter or in 2010.

### REVIVAL SOON

Forrester recently predicted that the US tech market will start to recover from downturn in the fourth quarter of 2009, and that the global tech market will follow suit next year.

"Strategic business applications tend to be an important driver for expansion near client sites. IT companies are increasingly finding that for a part of their work including new application development or brand new business lines, clients want near-shore alternatives," says Mr John McCarthy, Vice-President and Principal Analyst at Forrester.

Also, a lot of work around software packages needs to be done in close proximity to businesses as it involves business process re-engineering. "These are specialised activities that cannot be done over VoIP networks, 9.5 hours away from customer site," Mr McCarthy said.

HCL Technologies' New Jersey centre enables delivery

of data centre services, including near-shore co-location solutions, business continuity planning, cloud computing and mainframe management.

Infosys BPO hopes to enhance its capability to deliver end-to-end business solutions for the insurance and financial service industries through McCamish Systems.

For Cognizant, the operational expansion of Phoenix delivery centre was primarily to add BPO services to the existing roster of application development, application maintenance, testing and related services. It will hire over 100 full-time professionals at the Phoenix delivery centre over 12 months and take the overall headcount at that centre to over 400, the company said.