



## Rapid Growth in India's Retail Industry Drives Increased Investments in IT

*Retail industry expected to spend US\$ 1.07 billion on IT by 2010*

**New Delhi – April 4, 2007** – Springboard Research, a leading innovator in the IT Market Research industry, today announced the results of its research report detailing IT spending and market trends in the Indian retail industry. Springboard data shows that IT revenue from the retail segment measured US\$ 253 million in 2006 and is expected to grow to US\$1.07 billion by 2010, with a compound annual growth rate (CAGR) of 44%.

The Indian retail industry, estimated at US \$325 billion in 2006, is one of the fastest growing sectors of the Indian economy. Traditionally dominated by small, family-owned retail shops, the industry is making a move to a more modern and organized retail industry structure. Thanks to a healthy economy and rising household incomes, organized retail is emerging as a rapid growth industry in India.

"As the current economic boom in India spreads to Tier II and Tier III cities and towns, reaching out to prospective consumers in these cities is high on the agenda of most retail companies," said Nilotpal Chakravarti, Market Analyst for Springboard Research. "Retailers consider market presence in these cities and towns key to their growth and profitability. As such, many retail companies are investing in technology that will help support their expansion into these new markets."

In its report, "*India's Retail Industry: IT Market Trends and Opportunities, 2006-2010*," Springboard Research concludes that after real estate and human resources, IT is the highest investment area for most large- and medium-sized retailers. Report data also showed that retailers consider supply chain management (SCM) and inventory management their top strategic focus areas. This is driving the demand for enterprise resource planning (ERP) systems, with 35% of the report's retail respondents saying that they have deployed ERP as their largest IT solution in the past 24 months and a further 38% of retailers sharing that they will invest in ERP in the next 12 months.

Springboard also found that retail firms consider strong service and support (22% of respondents) and price (17%) as key factors in IT vendor selection. These were followed by strength in a particular solution area (15%), knowledge of the retail business (13%) and knowledge of the retail industry (12%).

"Many Indian retail firms have traditionally focused on service and support as a key factor in choosing a vendor. We expect this to continue and to also see more significance placed on an IT firm's industry knowledge, expertise, and ability to provide retail-focused solutions. Price has been a key factor in the past and will always be a factor, but we expect industry knowledge to advance to play a very primary role in vendor selection," Mr. Chakravarti explained.

A key finding from Springboard's research was SAP's strong position in the market. SAP was identified as the leading primary influencer in terms of solutions investments (27% of respondents), followed by Microsoft (14%). Local vendors (19%) also had a significant

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response. The local vendors' focus on providing customized and industry-specific retail solutions has helped them create a niche for themselves in the market.

#### **About the "IT in the Retail Industry" Report Series**

Springboard Research's report series on "IT in Asia's Retail Industry" assesses retail industry growth and the opportunities the market presents for IT companies. The series is comprised of reports that examine the retail industries in Australia, China, India, and Singapore and includes market data, including market size and growth forecasts. For each report, Springboard surveyed IT decision makers at the major retail companies in each country, as well as the CEOs at leading IT vendor companies serving the retail sector, to better assess IT adoption levels, future investment plans, and market growth perceptions. Each report also includes competitive analyses and market recommendations for IT vendors.

#### **About Springboard Research**

Springboard Research's core values are value, integrity and insight. Led by a team of dynamic industry experts, Springboard Research provides its customers with high value IT market research that helps them identify new market opportunities, growth engines and innovative ways to go to market. As a result, Springboard's clients lead rather than follow market trends. Not bound by legacy, Springboard's cutting-edge research model leverages its offshore research centers, the Internet, and an increased use of technology as engines of innovation to deliver unique research value. Provided as an alternative to traditional IT market research, Springboard's reports deliver data and knowledge in a more usable and interactive format for our clients. Springboard Research works with the largest IT companies in the world in the software, services, hardware, and telecommunications sectors.

Founded in 2004, Springboard Research serves the needs of its clients globally through offices in the United States, Singapore and Japan as well as global research centers in India and Pakistan.

For more information regarding Springboard Research, please visit [www.springboardresearch.com](http://www.springboardresearch.com).

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