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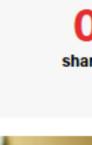
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Job losses on the way for Indian IT industry thanks to Al

Increased automation will eliminate 640,000 low-skilled jobs by 2021





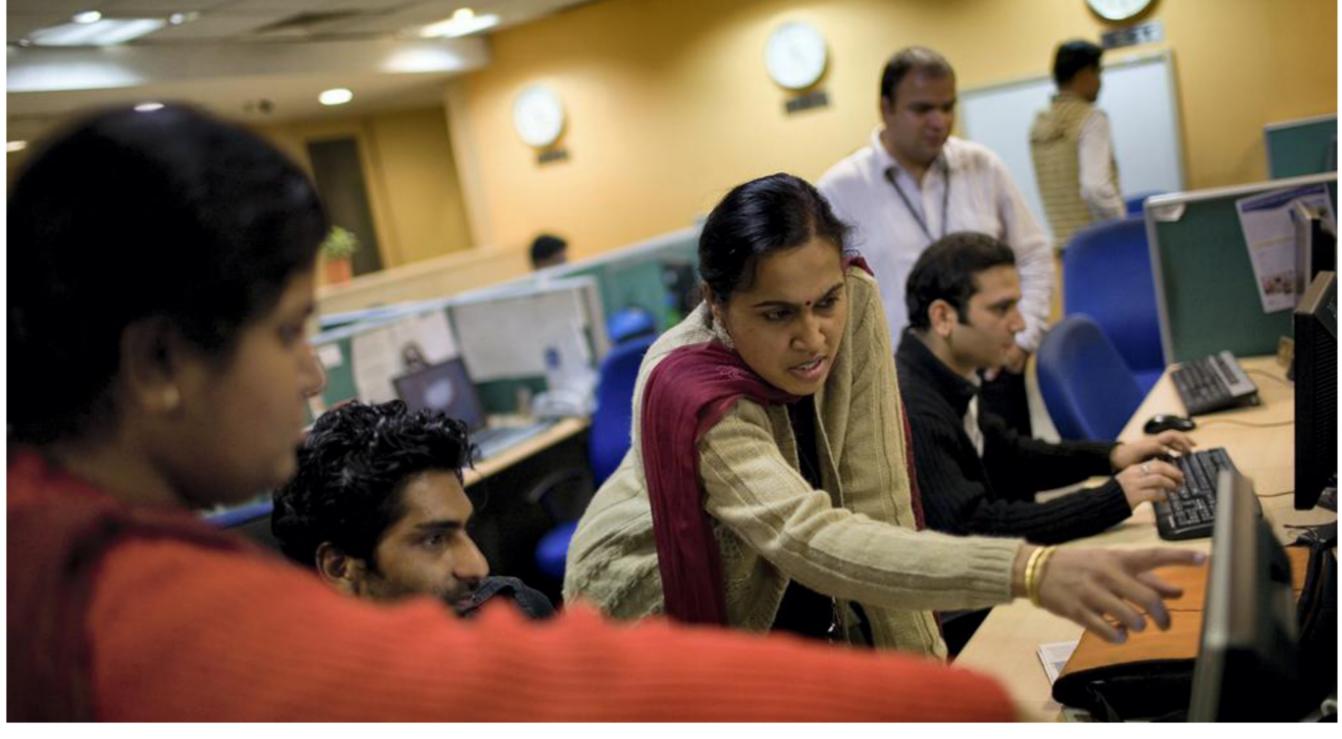












India has long been established as an outsourcing hub for firms across the world looking for low cost solutions to fulfil their IT and business process outsourcing (BPO) requirements. The sector has been one of the key growth industries for the country, creating much-needed employment in a country where the population is 1.3 billion strong, with around a million Indians entering the workforce every month.

But this is all set to change in the coming years, thanks to the rising use of automation and artificial intelligence (AI). The IT services industry is set to lose 640,000 low-skilled jobs to automation by 2021, according to US-based HfS Research.

"Increasingly companies in the technology and IT space are looking at how to streamline processes, how to make sure themselves more efficient by using automation, by using technologies like [AI] and ensure that the turnaround time is much shorter," says Ninad Chhaya, the chief operating officer at WITS Interactive, a Mumbai-based company which develops software for companies globally in countries including the UK and Germany. Companies are "steadily" introducing automated processes in order to try to reduce the dependency manpower, he says.

The country's largest six employers in the IT outsourcing sector, including Tech Mahindra, Infosys and Wipro, experienced a modest decline in the size of their workforce in six months to the end of September, according to figures analysed by the Indian business newspaper Mint. The firms' collective headcount stood at 1,243,777 at the end of September, compared with 1,247,934 people six months earlier.

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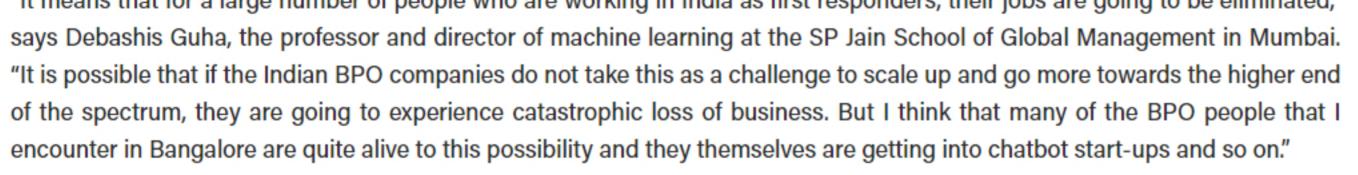
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In terms of technology functions performed in the IT industry, automation and AI solutions can increasingly handle tasks that would previously have been done manually by people.

In the wake of such innovations, a number of companies are moving towards an increased reliance on chatbots and voice bots to answer enquiries by customers online and over the phone, which is likely to have huge ramifications for the BPO sector in India.



required to perform tasks and improve efficiency. "Customer service is a very human effort driven side of things, but we are now looking at how do we use [AI] and voicebots

and chatbots to at least reduce the turnaround times from the first enquiries we get from our prospective clients to sharing the information they need and slowly and steadily convert it into a qualified lead for a particular project," says Mr Chhaya at WITS.

much more labour intensive task, he explains. "On the technology and development side, a lot of manpower is required to test the app, the game or the website, across devices, across browsers, we are now implementing automatic testing, which reduces not just the manpower requirement but

according to Mr Chayya. Such a phenomenon is the latest in a series of headaches for India's IT sector; there is uncertainty for employment prospects for trained software engineers in the US, amid the Trump administration's move to crackdown on the H1B and L1 visas in a bid to safeguard American jobs. Brexit is another area of concern, which may force Indian outsourcing firms to adjust their

Such competitors are unlikely to dethrone India anytime soon however. Consultancy AT Kearney in a recent report highlights that India's outsourcing sector is facing "challenges from advancements in technology" but that it remains in the top spot for outsourcing services globally, helped by its English-speaking skilled labour.

"Its attractiveness as a global services destination continues to increase with its growing cost advantage against the United States, and the improving performance of Indian students on standardised tests," says Ajay Gupta, a partner at AT Kearney India. "The combination of these factors continues to strengthen India's position as the destination of choice for companies

Moreover, "advancements in technology" such as AI and automation can also provide fresh opportunities for Indian firms willing to embrace the trend, according to analysts.

clients to help them automate more processes.

be created if companies adapt, he said. "While automation is expected to replace some jobs, it will also create new ones, that are required to manage mature

technology, bringing higher salaries to workers," says Mr Gupta at AT Kearney. "However, these roles require highly skilled workers. It is important that India ensures that its workforce employed in the sector continues to pick up new skills."

sector to create jobs and try to ensure that the sector continues to thrive.

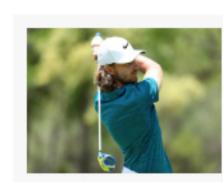
Meanwhile, Mr Chhaya knows all too well that his company will have to continue to keep up and even try to stay ahead of the

big player or a small player, if you're not agile, if you're not nimble in your approach to rapidly changing market dynamics, it really puts you out of the game."

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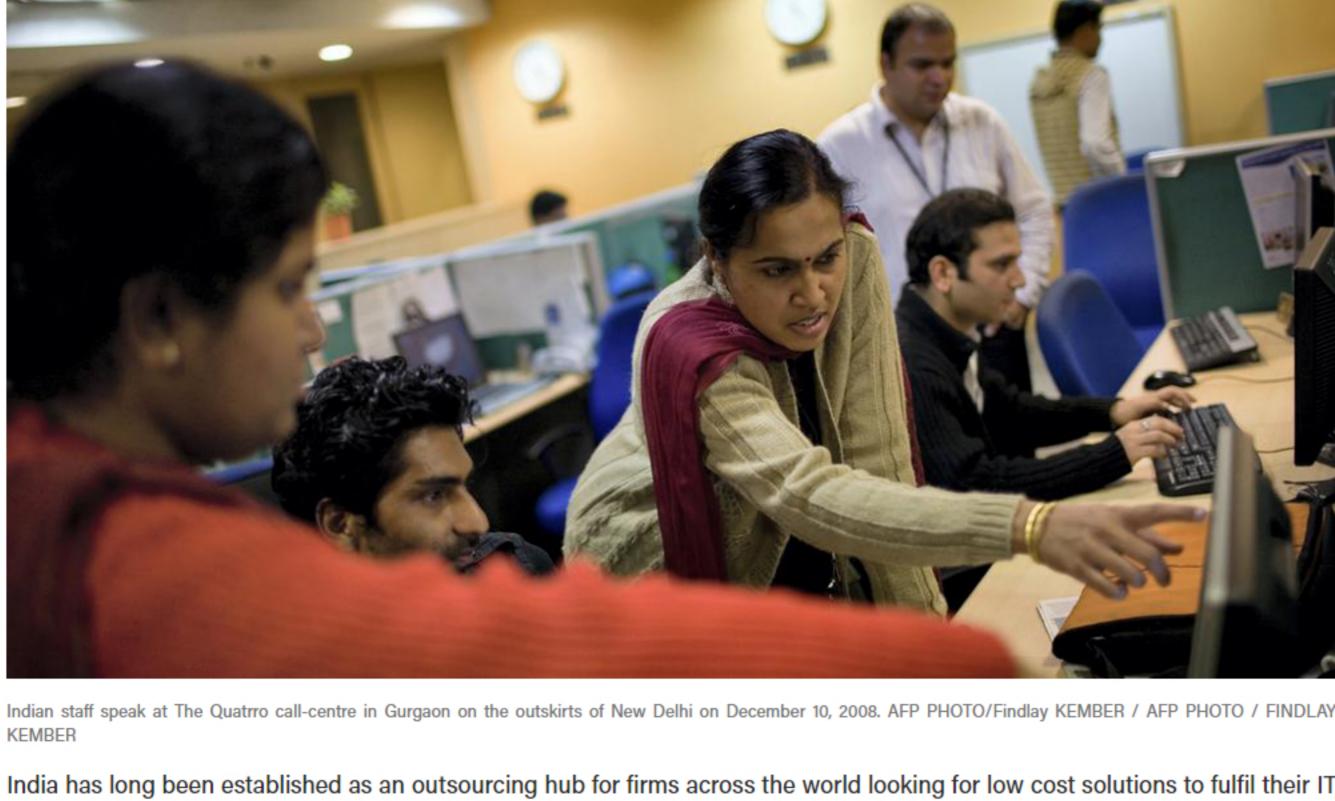
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"It means that for a large number of people who are working in India as first responders, their jobs are going to be eliminated,"

Many companies are investing heavily to investigate various ways of using AI and automation to reduce the number of people

Other initiatives that the company has introduced include automating some software testing processes, which used to be a

also the time it takes to test a particular software product, helping us launch products in a faster manner," he says. A mobile app development project that would have needed four to six developers, would now require one to two fewer people,

operations in the European Union. In addition, there is growing competition from other countries including China, Brazil, and Philippines which are trying to grab a bigger share of the IT and BPO market.

looking to outsource business processes."

Mr Guha notes that the "threat is also an opportunity," with IT outsourcing firms increasingly being asked by their international

Some of these companies "are going out and hiring people" with the skills to implement these functions and thereby jobs can

For its part, the government is striving to portray India as a progressive technology hub and attract foreign investment into the

quickly evolving trends, as India's outsourcing industry undergoes a transformation. "As a whole the outsourcing game is rapidly changing," he says. "It's all about how agile and nimble you are. Whether you're a



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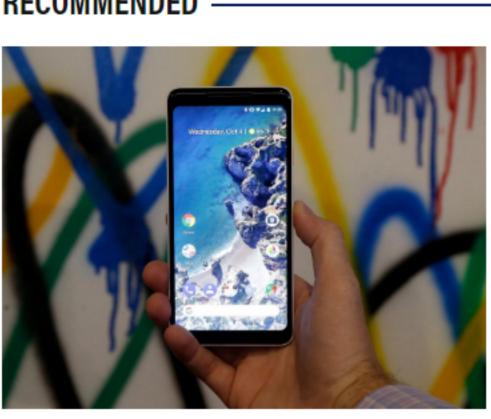
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