

India to become next global SaaS capital

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In news– As per the new report, the Indian software-as-a-services (SaaS) market is expected to grow multi-fold by 2025, accounting for almost 7 to 10 percent of the global market from 2 to 4 per cent currently.

What is SaaS?

- Software as a service (SaaS) is a software distribution model in which a cloud provider hosts applications and makes them available to end users over the internet.
- In this model, an independent software vendor (ISV) may contract a third-party cloud provider to host the application. or, with larger companies, such as Microsoft, the cloud provider might also be the software vendor.
- SaaS is one of three main categories of cloud computing, alongside infrastructure as a service (IaaS) and platform as a service (PaaS).
- A range of IT professionals, business users and personal users use SaaS applications.
- Products range from personal entertainment, such as Netflix, to advanced IT tools. Unlike IaaS and PaaS, SaaS products are frequently marketed to both B2B and B2C users.

Key findings of the study-

- The study by the Confederation of Indian Industry (CII) and EY, titled – India: The next global SaaS capital – cited **India is home to about 100-plus unicorns across different segments** with an accelerated pace of entrepreneurship and is rapidly emerging as a hub for SaaS start-ups.

- The study highlights operational characteristics owing to which the Indian SaaS industry is growing at an accelerated pace.
- According to the study, over **80 per cent of the SaaS promoters who contributed to the report feel there is the need to build a robust talent pool; 50 percent of SaaS providers feel driving greater awareness** for SaaS products continues to be a prerequisite for customer acquisition.
- It added, **India is poised to become the global SaaS capital over the next few years, mainly driven by Small and Medium Businesses** with a focus on large enterprises.
- Apart from this, the study said that **one-third of the SaaS providers are being increasingly cautious with their go-to-market strategy** and mainly targeting niche segments to acquire marquee clients by understanding new digital buying preferences of the customers, following a digital-first approach and offering innovative pricing models.
- **The large consumer base in India, coupled with a technology-first mindset is paving way for the emergence of consumer-focused SaaS solutions** as adoption levels continue to rise, the statement said.
- **Compared to one in 2018, India** now has 18 SaaS unicorns with the country being the **third largest SaaS ecosystem globally, after the USA and China.**
- **The number of SaaS companies in India have more than doubled in 2021 as compared to 2019** and the funding too increased from \$2.6 billion in 2019 to \$6 billion in 2021