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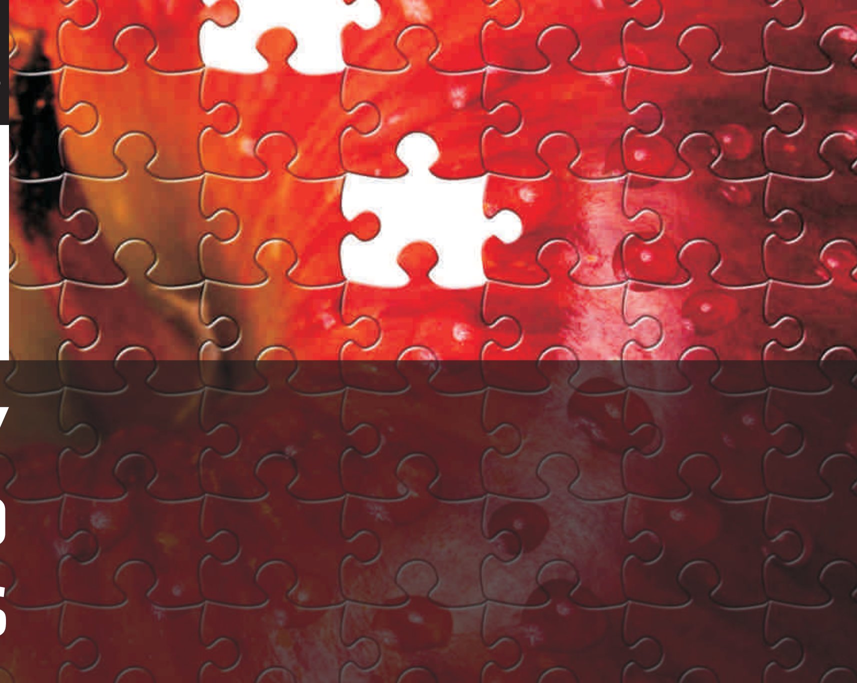

GST: INDUSTRY PAIN POINTS AND CONSTRAINTS

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inside

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Editorial

Of GST and other challenges facing the IT-BPM sector

Newsline has for you this month a range of articles that are centered around some of the issues that are ranking high on the radar of the IT-BPM industry.

Key among them is the GST regime, introduced into India since July 1, 2017, which has given the country a unified tax regime. The government move however, has drawn mixed reactions from the IT-BPM industry, which believes there are several clauses in the Draft Model GST Law which could actually hamper the growth of the sector. NASSCOM in fact, has placed the matter before the policy makers, making suggestions about how GST can be modified to remove the huge administrative and compliance burden that it is now imposing on the sector.

In yet another GST related story, we talk about the inclusion of a clause on Tax Collected at Source within section 56 of the draft Model GST Law. This, NASSCOM has stated, poses significant challenges for India's e-commerce operators, making compliance difficult and tax filing extremely complicated for them. Here too, NASSCOM has made recommendations to the government regarding how the TCS can be amended to make life easier for these companies.

Digital Transformation (DT) is the other big trend that Newsline is tracking this month, and this time around attention is on the domestic Indian market and the manner in which it is embracing DT. NASSCOM and global Growth Partnership firm Frost & Sullivan have looked at the proliferation of DT across industry verticals such as Healthcare, Retail, Manufacturing, and BFSI, among others. It has pointed to the huge business potential being created by Indian companies for the IT-BPM industry in the area of DT.

In this issue, Newsline also focuses on a matter which lies at the core of the Digital Transformation revolution and the Digital era – human capital – which, as in case of the IT age, is people intensive.

Newsline brings you the 10 global human capital trends and their impact on the HR of organizations. The aim of the article, based on a research by global advisory firm, Deloitte, is to understand how HR now needs to re-write the rules of the game in order to play a more critical and leadership role in the Digital Transformation of their companies.

Finally, Newsline provides you with a birds-eye-view of some of its existing Councils, their agenda and priorities for 2017-18, and the benefits they are providing NASSCOM member companies in terms of the activities they will roll out during the year.

Do write to us about your views on some of the articles in Newsline and areas we can touch upon to make the newsletter more meaningful for you.

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GST: Industry pain points and constraints

The Goods and Services Tax has been rolled out country-wide from July 1, 2017, ushering in a new regime of a single, integrated indirect tax that is applicable throughout India and replaces all other state and central taxes. This move by the government, is being referred to as the biggest tax reform introduced since independence. It is being called an action that will help ease compliance issues and promote trade and industry.

NASSCOM however, has been engaging with the government regarding this tax, pointing to certain issues that it believes could negatively impact the export-oriented IT-BPM industry. It has been making recommendations on how these issues can be dealt with and has chalked out industry's Wish List for the government related to the GST.

Referring to some of the problem areas and industry pain points, NASSCOM has stated that:

There is lack of clarity on the continuation of various schemes under the Foreign Trade Policy.

These schemes include Service Exports from India Scheme (SEIS) and Merchant Exports from India Scheme (MEIS), duty exemption/remission schemes such as Duty Free Import Authorization (DFIA), Advance Authorization Scheme (AAS) and Export Promotion Capital Goods Scheme (EPCG).

NASSCOM's recommendation: NASSCOM has advised that that the benefits currently available to the industry under the FTP, be also extended to it under the GST regime as not doing so will create an unnecessary burden on exporters.

The Draft GST Registration Rules require that every SEZ unit needs to obtain a separate registration as a business vertical.

This, NASSCOM says, will require every company operating from an SEZ to get a registration exclusive to each of its SEZ units regardless of the fact that they fall under the same business vertical. This is expected to add to the huge administrative burden already proposed under the GST regime for the IT sector and lead to multiplicity of returns and other compliances.

NASSCOM's recommendation: NASSCOM has stated that the requirement for obtaining a separate registration for an SEZ unit be made optional. Alternatively, since all supplies to SEZ are zero rated and substantially all of the supplies from SEZ would be exports and it is under the purview of IGST, one single registration for all SEZ units under the same PAN, independent of where they are located, may be considered under section 148 of the CGST Bill.

GST imposes conditions that earnings to be made in foreign currency are to qualify as exports.

Section 2(6) of the IGST Bill, which defines the term "export of services", also contains the conditions to be met for a supply of services to qualify as exports. Clause (iv) provides that the payment of such services is required to be received by the supplier of service in convertible foreign currency.

NASSCOM's recommendation: It has been suggested that this condition of receipt in foreign currency be aligned with the time limit prescribed by the Reserve Bank of India as per the existing service tax law.

The GST says that the exchange rate needs to be decided by the RBI.

Rule 8 of the Draft Valuation Rules provides that the rate of exchange for determining the value of taxable goods or services or both shall be the rate determined by the Reserve Bank of India (RBI).

NASSCOM's recommendation: It is recommended that the exchange rate to be applied for valuation be changed from RBI rate to the rate as per Generally Accepted Accounting Principles (GAAP). This would also be in line with the current service tax laws.

There is ambiguity on the issue of refund of GST paid on capital goods.

Section 54(3) of the GST provides two instances where refund can be claimed:

(a) Zero rated supplies made without payment of tax; and

(b) Inverted duty structure

According to NASSCOM, there is a lack of clarity over whether exporters will be allowed the refund of capital goods. In NASSCOM's view, the rationale behind non-inclusion of capital goods for the purpose of allowing a refund in the case of export of goods and/or services out of India is hard to understand. This would pose issues, especially in case of units engaged in 100 percent exports with huge investments by way of capital expenditure.

NASSCOM's recommendation: NASSCOM has stated that the refund of input credits on capital goods should be permitted by way of an amendment to the provision:

Where allowing of refunds is seen as difficult in one shot owing to the quantum involved in case of capex, the amended provision may also prescribe a staggered manner of refund to be granted.

There are issues related to Valuation (in case of exports/SEZ supplies).

The Draft GST Valuation Rules made available provide for provisions relating to the valuation of supplies to be adopted in case of supply between distinct persons.

According to the Valuation rules, where the recipient is eligible to claim full input tax credit, the value declared shall be deemed to be open market value.

In cases where the end supply is either exported or made to SEZ units, it will lead to payment of GST on such self-supplies in one State and claiming a refund in the State from where the end supply is made. This, NASSCOM says, will lead to an unnecessary blockage of working capital for export entities without any domestic supplies.

NASSCOM's recommendation: NASSCOM has advised that it should not be mandatory to attribute value and discharge GST with respect to supplies between two distinct persons in cases involving export of services. It has recommended that the value of taxable supplies between distinct persons be notified in scenarios involving export of services from the billing location as NIL, vide powers under Rule 6(7).

Lack of clarity on classification of software supplies.

Schedule II to the CGST Bill specifies the activities to be treated as supply of services and includes the following:

- Temporary transfer or permitting to use or enjoyment of any intellectual property right;

- Development, design, programming, customization, adaptation, upgradation, enhancement, implementation of Information Technology software.

NASSCOM's understanding is that software, which is in the nature of a copyrighted article, would fall into either of the above two entries in Schedule II and hence would be treated as services. Under the current indirect tax regime, there have been conflicting positions taken by various authorities including judicial precedents and hence there is always an apprehension as to how GST would bring about clarity in this regard.

NASSCOM's recommendation: Anything that derives its value from intellectual content rather than physical attributes should be qualified as "service". Further, given that temporary transfer or permitting to use or enjoyment of IP rights as well as development, design, programming etc. of IT software is specifically included in Schedule II, the supply of software, whether on media or electronically, should also be classified as "services".

NASSCOM has recommended therefore that a clarification be issued which states that software supplied, whether on media or electronically, qualifies as "service". This will put to rest a long pending dispute on classification.

Addressing TCS challenge in draft Model GST Law

Over the last few years, as the Internet and smart devices have proliferated across India and e-commerce has grown exponentially,

NASSCOM has been working closely with the government to create a regulatory environment that helps catalyze this market.

Until now, the government has been facing problems in tracking the online transactions of the vast number of sellers on leading e-commerce websites and determining whether they have paid their taxes. In order to deal with this issue, in November, 2017, the government included a clause on Tax Collected at Source (TCS) within section 56 of the draft Model GST Law (MGL).

The TCS has caused concern among e-commerce players as it is expected to constrain the cash flow of vendors on their sites and add to their burdens. It will also complicate tax filing for e-commerce operators who will have to deal with monthly TCS filings and the Input Tax Credits (ITC) for purchasers. E-commerce operators in India have been expressing their dissatisfaction with TCS, claiming that it will impact their businesses.

NASSCOM has been interacting with the Working Group (that now has state officials) which was constituted by the Central Board of Excise and Customs (CBEC) from May this year, to ease the pain points resulting from the GST, TCS and digital supplies. NASSCOM met the Working Group twice in Bengaluru, taking up issues on behalf of member companies such as Flipkart, Amazon, Google, Apple and Microsoft.

While engaging with the Working Group, NASSCOM has recommended that:

- The rate of TCS be notified at 0.5 percent on all interstate transactions cumulatively for both CGST and SCST
- E-commerce operators not be mandated to seek registration in each and every state, as the TCS compliance across the states can be essentially achieved from a particular state where the company is registered
- E-commerce operators be allowed to file one return in Form GSTR 8 which can cover all India TCS reporting and payments compliance. This is expected to ease the compliance burden for them

- Appropriate clarifications be issued regarding foreign suppliers/ entities not needing registration and consequently, e-commerce operators not undertaking TCS on supplies made by foreign entities through the platform
- Individual persons listing their products on e-commerce platforms not be made liable to register under GST. Further, for such transactions, TCS compliance should not be made applicable
- Overseas e-commerce operators not be required to obtain registration in India or collect TCS on supplies made through it as the supply, being an import, will attract IGST
- Mismatch communication not be sent to e-commerce operators, & consequently, they are not made liable for rectifying any discrepancy

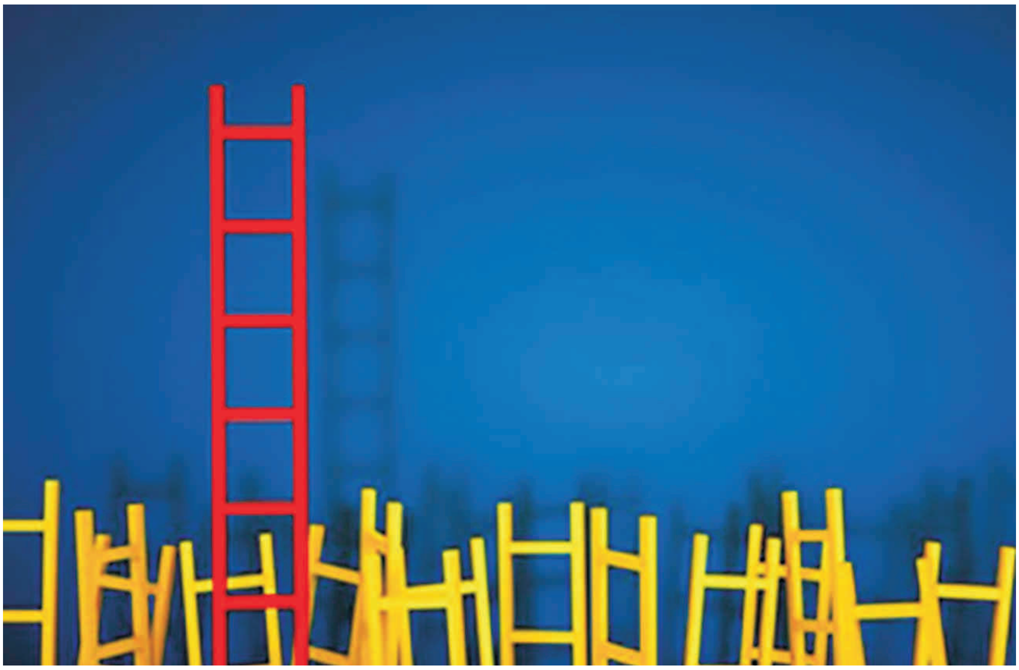
According to NASSCOM:

- The requirement to sign invoices manually or Digitally by the supplier or authorized signatory made to customers, who are not registered, should be done away with
- The limit for non-issuance of an invoice in case of B2C transactions should be increased from INR 200 to INR 500
- The requirement to issue three different sets of invoices should be done away with
- An option should be provided wherein e-commerce operators can generate e-waybills on behalf of sellers where fulfillment activity is undertaken by them.

DT creating business opportunities for IT-BPM industry in India

'From small/medium to large-scale and government ones, Indian enterprises are revamping their infrastructure to set a path for Digital Transformation. Digital transformation will, however, require timely policy intervention and infrastructure for IT-business process management (IT-BPM) sectors to support cloud implementations and improve security. Furthermore, verticals such as BFSI are seizing this as an opportunity so that their fintech peers do not disrupt them. At the same time, manufacturing industry is looking to take production lines to the next level with Industry 4.0".

Haritha Ramachandran
Associate Director, Digital Transformation (ICT) Practice, Frost & Sullivan



The Digital Transformation (DT) wave has reached Indian shores. And even though the country's enterprises are still lagging behind their Western counterparts in terms of embracing DT and creating the infrastructure and processes to drive it, the future is expected to be different.

It is clear for instance, that Indian enterprises have the right intent and Digital attitude, and recognize the need for Digital roadmaps, although they are weak in execution. The landscape however, is projected to alter owing to factors such as:

- Various initiatives being rolled out by the Indian government under the aegis of Digital India plan. These include Digilocker, eSampark, eLearning, AADHAR linking, the direct distribution system, and projects to improve infrastructure and solutions platforms

- Growing Digital maturity of an increasing number of enterprises country-wide that have already adopted Digital technologies, moving to the Cloud, implementing Internet of Things (IoT) solutions, and attempting to understand customers better through analytics and social media platforms

- Agility among SMEs to explore new business models

Together the trends are expected to create vast business opportunities for IT-BPM companies, and catalyze the Digital Transformation movement among both large and small companies in India.

These and other developments in the domestic Indian market have been examined by a 2017 research conducted by NASSCOM and global Growth Partnership firm, Frost & Sullivan. Titled 'Enterprise Digital Transformation: Evaluating Indian Enterprises', the study takes an in-depth look at the Digital Transformation strategies of 250 firms, suppliers and users across verticals like Healthcare, Retail, Telecom, Manufacturing, and BFSI. The report not only defines DT, but also determines the state of

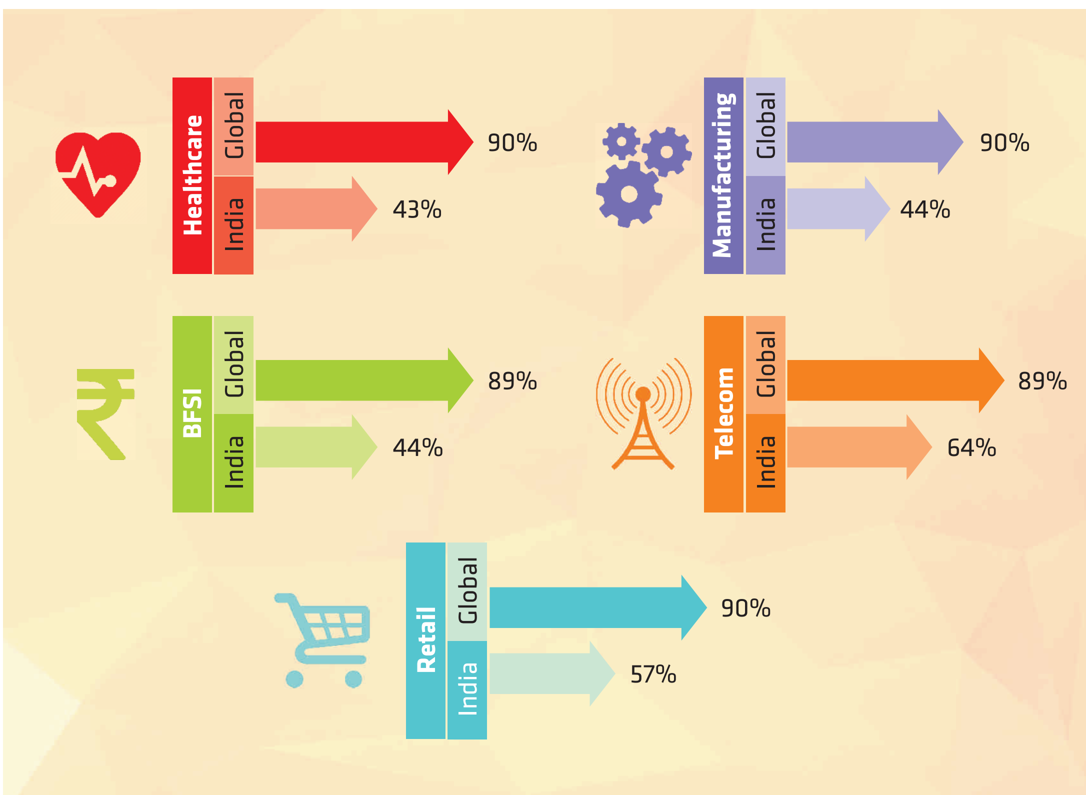
DT readiness of Indian enterprises, the areas of Digital investments, and what customers today expect from their IT-BPM service providers in the DT space.

The research, which has thrown up significant insights on what India's enterprises are doing on the Digital front indicates that:

- Banks invest 30 percent more in applications for customer services over insurance companies, and the intra-company Digital attitude in banking is higher than that of insurance companies
- Retail banking organizations could lose up to 55 percent of their business to fintech firms, if they do not up the ante in terms of investments in DT
- Around 87 percent of the companies with large and discrete manufacturing units use analytics to understand the distribution, demand and supply factors
- Around 70 percent of the companies that are leveraging open innovations (e.g. 3D printing) are small manufacturing units with revenues less than USD 100 million
- Indian telcos are trailing their global peers in the area of automation
- Investment in infrastructure, Cloud and managed services can help to bridge the gap between Indian and global players
- Retailers are motivated to invest in IT, and it is projected that there will be an 18 percent increase in tech budgets in the next year. This will create great opportunities for service providers and solutions vendors
- Hospitals are starting to use analytics more rigorously for clinical and non-clinical data in India. About 43 percent of the hospitals surveyed indicated that integration and centralization were critical to creating platforms for implementing analytics

Based on the above findings, Frost & Sullivan has stated that IT-BPM companies are looking to collaborate with telcos and consulting firms for holistic Enterprise Digital Transformation (EDT) and change management, which is the key step for long-term growth.

At the same time, it has pointed out that for greater proliferation of DT across India, challenges such as non-uniform connectivity, speed and broadband infrastructure, and scarcity of suitably skilled personnel (despite the abundance of engineers in the market) will need to be overcome. To deal with these obstacles, the government and telecom providers are laying out fiber optic cables, which are expected to improve the overall speed. Enterprises meanwhile, are investing in the training of existing and new employees in DT technologies.



Challenges facing HR at a time of tech disruption

Having discussed the ten global trends that are defining and shaping the HR landscape, we further delve into the challenges facing HR today and how they can be overcome.

A number of discussions at the recently held NASSCOM HR Summit 2017 point to the paradigm shift unfolding within the HR arena, which is creating its own pulls and pressures, and in many cases being actively resisted by many change-averse organizations. Companies are continuing to be in denial mode and insisting on doing more of the same. Due to the approach of "Solving today's problems with yesterday's logic" (Peter Drucker), they are lagging behind more agile and nimble competitors.

There is also the issue of discontentment, which is due to the fact that a certain section of people always seem to have a limited share of resources. Often this shortage is man-made. Elsewhere, the same resource is being wasted with little or no accountability. Clearly there is need to plug this loophole.

Increasingly, companies are witnessing "Black Swan" moments. The flap of a butterfly's wings can set off a storm.

Of all the above mentioned challenges, agility is probably the most critical. It is becoming apparent that agility has to be viewed in all its dimensions and from different perspectives – touching angles like re-skilling, changing direction, execution speed, letting go and agility of the mind. At the end of the day, companies have to embrace the agile way of working in order to survive and thrive.

Grappling with the specter of automation

Re-skilling and developing skills on a regular basis meanwhile is the need of the hour.

This has been necessitated by the trend of automation, which is slowly, but surely gaining ground. The HR of new age organizations will now have to deal with Automation which may lead to job losses across levels. HR therefore, has to re-skill people, preparing the workforce for the future. While it may not be a robotic apocalypse as is popularly imagined, the machine era will lead to massive changes on at least three fronts. First of all, data availability is expected to go up exponentially. Secondly, processing power of machines will also increase by leaps and bounds. Finally, investments in Artificial Intelligence (AI) will increase very quickly. These will impact routine jobs which will be performed by machines, including those which don't even exist today.

Even in the past, tech disruptions have led to job losses. Though, jobs have also been created subsequently, but not necessarily in the same place. That is, the jobs that have gone away have not been replaced in equal terms and in accordance with skill-set requirements. New jobs have therefore been the result.

As for re-skilling, it is not an expected occurrence. In a lifetime, humans are expected to undergo re-skilling through several cycles – that is, three or four times if not more. This would include college education and then go on to the re-skilling that will be required during their careers spanning 35-40 years. Going forward, the purpose of re-skilling will be to look at a broader horizon. Focus on any one area will not serve the purpose. Among the skills that HR will have to pay primary attention to is of adapting to a new environment.

HR will have to re-orient its thinking to keep the organization on the path of continuous learning. This will become imperative not merely for achieving success but also enabling the enterprise to survive.

10 Global Human Capital Trends for 2017

Seismic changes are altering the world of business, driven by the Digital era, now being referred to as the Fourth Industrial revolution or Big Shift. As economies and societies are getting disrupted, both business and HR are getting impacted. They are being compelled to re-write the rules of the game and re-examine how they organize, recruit, manage and engage with their 21st century workforce.

The workforce itself is not what it used to be. Today's employees are Digital and social media savvy, global and diverse. They require employers that are agile, can quickly adapt to the altering landscape, and offer them unique experiences centered around innovative people practices, platforms, processes, and tools, that can meet their dynamic career demands.

In a recent research titled, 'Rewriting the rules of the Digital age: 2017 Deloitte Global Human Capital Trends', the global advisory firm has dealt with these issues, calling for new rules for HR in the Digital age.

The study points to the fact that in this environment, HR has a special role to play. Recognizing that technology is moving at a rapid rate and altering the world of work, Deloitte says, HR must play the facilitator. It has to enable organizations to adapt to technology, help people to adapt to new models of work and careers, and support the company as it syncs with and encourage changes in society, regulation and public policy.

According to Deloitte, organizations and their HR functions now need to work more on career strategies, talent mobility, organizational eco-systems, and collaborative networks. This is because there are at least ten existing Human Capital trends that are creating challenges for companies:

Building organizations of the future: Creating such organizations, Deloitte states, is the biggest challenge facing companies as it requires them to stay agile, and replace structural hierarchies with networks of teams empowered to take action.

Careers and learning: Companies are under pressure to create learning experiences that allow their employees upskill quickly, easily, and at their own pace.

> HR leaders who lean into new technology, platforms and ways of working, who explore and invest in enabling agility through constant reinvention, will strongly be positioned to have an impact on the business results and employee experience.

Talent acquisition: An important challenge for companies is finding and hiring the right people, owing to quick changes in the domain of jobs and skills.

Employee experience: Understanding the needs of their workforce and the employee experience is yet another issue that companies are grappling with. HR now needs to look at workplace redesign, wellbeing and work productivity systems.

Performance management: Companies are increasingly focusing on how they can go beyond the performance management approaches they have been following for the past five years and how they can deploy new models.

Leadership disruption: For a large percentage of organizations, leadership is a challenge and focal point. In this new age, companies are wanting younger, diverse and agile leaders as well as new leadership models that capture the Digital way to run their businesses. Companies have to empower a new breed of leaders who can thrive in a rapidly changing network.

The must do's for HR today

HR should:

- Redefine its mission and role as the team that helps management and employees to rapidly transform and adapt to the Digital way of thinking
- Upgrade core technology, replacing legacy systems with an integrated Cloud platform for a sound digital infrastructure. It should upgrade old tools for learning, recruiting and performance management
- Develop a multi-year HR tech strategy which should include Cloud ERP platforms, apps, analytics and range of tools for AI, Case Management, etc.
- Build a Digital HR team. It should dedicate teams to explore new vendor solutions and build others, and consider AI solutions to improve service delivery, recruiting and learning
- Organize HR into networks of expertise with strong business partners
- Rethink the HR model to focus efforts on the employee experience, culture and the new world of learning and make sure teams communicate well
- Make innovation a core strategy
- Rotate younger people into the HR profession regularly. It should rotate people from the business into and out of HR
- Visit other companies to see what they are doing, bring in external speakers, join research membership programs, and continuously look for ideas to foster innovation

Digital leadership: As organizations go Digital, their HR has to play the lead role. HR has to handle the challenge of developing Digital workplaces and workforces and deploy technology that alters how people work.

People analytics: Capitalizing on People analytics remains a challenge. Most companies still don't have usable data on their people or even a good understanding of the talent factors that drive performance.

Diversity and inclusion: Fairness, equity, diversity and inclusion are now CEO level issues and continue to challenge organizations.

The future of work: Companies now have on- and off-balance sheet workers who are augmented with machines and software. This trend requires a redesigning of virtually every job and new approaches to workforce planning and the nature of work.

The impact on HR

These ten trends are impacting the role of HR, which Deloitte states, is in the midst of an identity change. From being a support function that delivered employee services, HR is now being repositioned to lead Digital Transformation within organizations. HR organizations therefore need to structure themselves for service delivery efficiency, and excellence in talent programs while focusing on the employee experience, employee productivity and the realm of work, job and structural design.

HR needs to:

- Look at how the organization can drive new management practices called digital DNA, a culture of innovation and sharing, and a set of talent practices that facilitate a new network based company
- Help design a working environment that enables productivity, uses modern communications tools (such as Slack, Workplace by FB, Microsoft Teams), and promotes wellness, engagement and a sense of purpose
- Change the way it operates itself. It needs to work in a Digital way, using Digital tools and apps to deliver solutions, experiment and innovate

In its report, Deloitte indicates that HR has a critical opportunity to help organizations transform into Digital enterprises. HR teams that embrace Digital platforms to take up the dual challenge of changing HR operations, the workforce and the way work is done, will be game changers.

NASSCOM's Councils: Agenda 2018

NASSCOM's Councils have entered the new year with an identified set of priorities and a powerful range of activities to catalyze growth on all IT-BPM fronts.

As part of its mandate – where it focuses on myriad aspects of the IT-BPM industry – NASSCOM has launched several Councils that work in a focused way, taking care of specific dimensions of the various businesses.

The Councils establish and renew yearly goals based on the immediate requirements of the areas they are targeting. Here's a view of what these Councils will be working on during FY 18 and the internal targets they have set for themselves.

GIC Council

Vision

The Global Inhouse Centers (GIC) Council was set up with the aim of helping these companies become more Digitally capable, going beyond cost and talent arbitrage. It was meant to serve as a platform that enabled new entrants to set up their facilities in India and one that helped the larger eco-system to develop and mature through the building of leadership, Automation, talent, etc. The key work of the GIC Council was meant to be positioning India as a preferred destination for setting up GICs by sharing case studies, White Papers and success stories, catalyze the disruptive innovation engine, and work closely with the start-up community.

Priorities for FY 18

Over the next financial year, the Council will focus on:

- Emerging technologies and solutions agility to drive competency building in areas such as Automation, RPA, Machine Learning, Agile, DevOps, Artificial Intelligence, IoT, and Block Chain
- Developing talent at the level of colleges and GIC organizations and create a leadership eco-system
- Establishing Enterprise Connects and Start-up Engagements between GICs and these segments
- Handholding and nurturing new entrants helping GICs to grow
- Working on issues related to Regulatory Compliance and Security and engaging with NASSCOM sister organizations

Activities planned

In order to develop a leadership pipeline, the Council will host Leader Talks, host visiting industry captains, and share Best Practices among members. It will leverage NASSCOM's Start-up warehouses to help GICs get on the path of innovation and forge links between them and start-up through its NIPP initiative. The Council will push Research, exploring academia connects with GICs. During the year, it will continue to work with the NASSCOM Foundation (for CSR), DSCI (for sharing best practices in data and cyber security) and the Sector Skills Council (for skills development).

NASSCOM's SME Council

Vision

The aim of the Council is to enlarge the membership base of SMEs and services as well as tech start-ups and build a deep relationship with new members. The goal is also to spur innovation among the smaller players, mentoring and supporting them through its Warehouses and activities.

Priorities for FY 18

During the year, the Council will focus on:

- Setting up Regional SME Councils in nine regions
- Establishing SME Chapters with five or six members in at least two cities across India
- Identifying cities for SME chapters and form the first of them
- Looking for areas where it can create shared resources that will greatly benefit SME member companies
- Exploring how it can set up SME chapters in neighboring countries
- Rolling out a National SME Council Members Retreat

- Organizing an Annual NASSCOM SME Conclave which will include representatives from South East Asian countries

Activities

The SME Council will address the requirements of SME members through various initiatives, primary among them being SME Round Tables. In FY 18, each SME Regional Council will organize two Round Tables every month, while each SME Chapter will aim to host at least one, if not two Round Tables every month. The idea will be to invite around 10-15 members in a Round Table besides a topic expert.

Additionally, the Council will focus on creating shared resources in the areas of Statutory Compliance, skilling/reskilling, government incentives and benefits, HR facilities and Finance. It will work on Policy Advocacy, determining the challenges being faced by SME and taking up matters with the relevant state governments or the union government.

During the period, the Council will establish connects with other chambers of commerce and look at how SME members can participate in their events. It will organize a Regional SME CIO connect program, linking SMEs to larger companies. Going forward, the Council will continue to provide exposure to SMEs in overseas geographies by leading delegations to different countries. It will also share news about the innovative work done by SME members to help build awareness about these ventures.

IT Services Council

Vision

The IT Services Council was established with the goal of reinventing the IT services industry and positioning it as a key value driver powering enterprises globally. Its aim was to alter India's branding and perception from a cost-competitive offshore hub to an IP-driven tech destination. The Council was set up with the mandate of partnering with business and tech schools in India and the US to build a repository of use cases and success stories, and encourage the innovation of best-in-class global delivery tools, processes and methodologies.

Priorities for FY 18

During the period, the Council will focus on:

- Future proofing the sector with long term growth drivers –emerging geographies, verticals and technologies
- Continuously changing India's brand image, moving away from cost arbitrage and establishing the IT-BPM industry as a tech business value partner
- Developing a talent pool of client partners with Global Account Management Skills
- Enhancing industry readiness in managing a global workforce
- Encouraging the building of global IT from India
- Showcasing India's global-class talent availability
- Engaging with US universities
- Launching an IP showcase program and a Create in India program

Activities

During the period, and as part of its effort to engage with educational institutions in the US, the Council will partner with these universities creating a visibility program for Indian companies as well as US companies operating from India. The Council will attempt to establish India's identity among at least five leading US universities such as NYU, U-Penn, North Western and Stanford etc. through periodic industry briefing reports, and master classes on emerging trends and disruptive technologies by experts invited by NASSCOM. Overall, there will be an emphasis on stronger marketing and PR messaging, to highlight the Indian IT-BPM industry's tech-orientation and business value delivery.

The Council will roll out its 'Bangalore-to-Bay area' program, a tech-exchange initiative aimed at identifying the top ten disruptive technologies in the Bay area and Bengaluru and facilitating cross pollination across these hubs.

Furthermore, the Council will roll out an IP showcase program involving business gurus, to establish a symbiotic relationship between India and the US in the area of IT services, and host ITS Council meetings in the US that involve at least one tech disruptor.

Finally, during FY 18, the Council will put its weight behind the Create in India initiative, aimed at reiterating India's positioning as a cutting-edge IT nation and super powerhouse for software, and create visibility for the country's advanced tech solutions.

It will additionally work to put together a report in collaboration with member companies to establish Create in India as a brand by itself.

Leadership in the new age

While HR is looking at the horizon and working to evolve strategies targeted at building futuristic skills within the organization, leaders in enterprises are also exploring new ways to remain relevant in the Digital age.

Leadership in fact, is undergoing a transformation, with 'leading by authority' being replaced by 'leading without authority'. In several organizations, the 'speed of trust' is very high and people are self-driven. There's a free interchange of information, so that in the absence of particular team members, the workflow is not adversely impacted.

Here, leaders are playing the role of gardeners. They are providing an environment for the plants to grow and do so at their own pace. These leaders realize that not all plants can grow at the same speed and time. They are therefore making sure that there is adequate nurturing and that the impediments to growth are removed.

21st century leaders are also focusing on the next big idea, which is about the power of storytelling and creating a Shared Reality. They are crafting a vision, which their organizations believe in.

For many, looking beyond the boundaries of their own organizations is becoming imperative. They realize they have to follow global trends and serve as bridges between what is out there and the goings-on within their enterprises. There are enough and more instances of market leaders who forgot, or chose not to pay heed to transformational and disruptive business and technology trends and paid the price for it. Borders, Kodak, and Blackberry are a few names that come to mind. All of these companies were market leaders at a point in time and yet!

Furthermore, from a leadership standpoint, interdependence is on the rise as is non-linearity. However, many believe that non-linear change needs to be celebrated and not perceived as a threat.

Leaders today are aware that turbulence is the new norm, as they sail in rough seas. They recognize that what they need is Adaptive Intelligence, based on a healthy fear of the incredible speed with which the world is changing. They know that real innovation is not about products or services, but rather the ability to rapidly alter their business models. Uber, Facebook, Alibaba, and Air BnB, are all examples of companies which were able to change. They realized early in the game that culture, not strategy, was their key to the future. They embraced a culture that was adaptive, acknowledging that their strategic interventions could fail if they did not have a certain mindset.

Basically, future focused leaders are keeping their radars switched on at all times. They are curious. "How do you get conversations going with people who you can learn from? How do you create an atmosphere which fosters executive learning"? These are the right questions they ask themselves owing to their curiosity, even though they may not have the answers. Einstein once said, "If I am given 60 minutes then I shall spend 55 of them in finding the right questions. Because if I do, I am pretty sure of coming up with the right answers in the remaining five".

The leaders of tomorrow are prepared to experiment more. They are prepared to fail and learn from their mistakes. Failures don't mean a thing to them unless there is a learning to be derived from them. Learn, unlearn and re-learn – that's their success mantra. They know just what to do to keep, discard and create.

Finally, 21st century leaders recognize that the future is about aligning man and machine in the same work environment. In 1930s, the average life expectancy of organizations was about 90 years, whereas today it's about 18. Leaders now realize that their organizations have to actively deploy technology in all their functions and engage with educational institutions to ensure that learning is in sync with industry needs and targeted at building leadership that can survive the test of the existing time.

Many organizations have even created their own Leadership Academies, where their top managers can learn the dos and don'ts of their roles. These Academies are repositories of new-age learning that enables the captains to pick up new skills based on what they are required to do. They help leaders to understand specific technologies and domains.

Quite obviously, there is no set formula for future leaders to follow. They essentially have to be change agents, people who catalyze the transformation of their organizations by driving from the top.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