

Analytics Services in India – A Talent Perspective

CareerNet Research Publication



DECEMBER 2008

CareerNet
CONSULTING

CareerNet Consulting

Established in 1999, **CareerNet Consulting** is the leading provider of Talent Acquisition and Management solutions to the Technology, Knowledge Services, Banking and Financial Services sectors in India.

CareerNet aims to provide fast, simple and cost-effective solutions for our clients, through strategic advice and solutions in the areas of Recruitment Process Management and Outsourcing, Talent Acquisition Strategy and Planning, Compensation Advisory, University Recruitment, Leadership Acquisition, Talent Branding, Role Design, Performance Management Systems, Outplacement and Exit Management.

CareerNet Knowledge Centre

The **CareerNet Knowledge Centre**'s mission is to provide key research and insights to our clients by leveraging the combination of rigorous research capabilities with our expertise in talent acquisition and management.

For more information, visit us at
www.careernet.co.in
www.longhouse.in

The Enterprise Genie

The Enterprise Genie (TEG) is a professional services firm with a simple goal in mind; to help organizations leverage one of their most important asset and weapon of competitive advantage: the Enterprise Data. TEG helps organizations mine their enterprise data to develop actionable business insights using industry knowledge, domain expertise, decision sciences, and deep understanding of the business needs.

For more information, visit
www.theenterprise genie.com

The content presented here is the exclusive property of CareerNet Consulting. No material from here may be copied, modified, reproduced, republished, uploaded, transmitted, posted or distributed in any form without prior written permission from CareerNet. Unauthorized use may violate copyright, trademark and other applicable laws, and could result in criminal or civil penalties.

Copyright © 2008 CareerNet Consulting

Table of Contents

- The Executive View
- Analytics Services Industry Overview
- Talent Landscape
- Career Preferences and Views on the Analytics Services Industry
 - Working Professionals
 - Students
- Compensation Trends
- Talent Management Practices
- Supplementary Compensation Information
- Methodology and Respondent Profile

The Executive View

CareerNet Consulting has been actively supporting several firms in the Analytics Services space, with innovative talent acquisition solutions and the development of new sources of talent to meet the industry's currently incessant demand for professionals. This study is the result of our continuous effort to explore new opportunities and address the challenges posed by this nascent industry.

The study is based on primary research in the following areas:

- The career preferences and views of professionals as well as students on the Analytics services industry
- Compensation information
- Currently prevalent Talent Management practices in the industry

Analytics Services as an emerging space in India, has attracted a tremendous amount of interest from global enterprises, capital in search of great investment opportunities as well as talent from diverse professional and academic backgrounds. The recent years have seen the emergence of several specialist service providers and global third party services providers as well as captive centers setting up Analytics Services teams to service such growing market demand.

As more and more professionals seek rewarding careers in Analytics services it becomes highly imperative that organizations, in this ecosystem come together and understand the challenges and opportunities that this industry presents. The findings uncovered by this study and the sharing of talent management practices are merely initial steps in this direction.

Key Findings

Employee Preferences and Views

- Professionals consider the quality of work or job content, by a large margin (54%), as the most important factor when making career change decisions. 50% of professionals surveyed said that their number one reason for declining a job offer would be if the work was "low end".
- The Analytics services talent pool prefers to work in the National Capital Region – Delhi (35% of the respondents indicated this as their first preference) and Bengaluru (28%). 'Family considerations' were a significant factor driving location preference.
- Employees in this space believe that the banking and financial services sector requires Analytics services the most, implying that the opportunity for Analytics services is greatest in this sector. They also believe that this sector will continue to grow and will present better business and career opportunities in the future.
- A majority of Analytics services professionals show a strong inclination towards working with captive centers.

Higher Education

- A majority of Analytics services professionals (60% of the survey respondents) wish to pursue higher studies, an MBA being the most preferred additional qualification sought (59% of those intending to study further).
- An additional finding from the study is that more than half of the respondents who already held an MBA wanted to obtain further qualifications in the form of an additional Masters degree or a PhD.

University Hiring and Student Perspectives

- Only 30% of the companies in the Analytics space hire from campus - primarily from IIT's, top NIT's and top tier business schools in India.
- A vast majority of students cited intellectually and professionally challenging work as the key reason for considering a career in Analytics services and believe that Analytics services is a growing industry resulting in excellent career growth.
- 55% of students prefer to join a captive center.

Compensation Trends

- Generic data analytics skills emerge as the least expensive area of expertise.
- Specialist skills – expertise in Web Analytics or in the fields of Financial/Risk Analytics and Marketing Analytics - command a significant premium.
- Captive centers, on an average, pay 11% higher compensation over third party service providers at entry level.

Analytics Services Industry Overview

Analytics Services in India – A Talent Perspective

Analytics Services as an emerging space in India, has attracted a tremendous amount of interest from global enterprises, capital in search of great investment opportunities as well as talent from diverse professional and academic backgrounds. The recent years have seen the emergence of several specialist service providers and global third party services providers as well as captive centers setting up Analytics Services teams to service such growing market demand.

While there have been widely varying estimates from various industry research organizations on the current size and growth rates of this market, CareerNet's independent estimates suggest that about 4,000 professionals are employed in various Analytics services businesses in India and the talent pool is rapidly growing at about 40% annually. The key limitation of these estimates is that there isn't an industry standard definition for what constitutes "Analytics Services" which is a subset of what is now commonly termed the Knowledge Services or the Knowledge Process Outsourcing (KPO) services industry.

CareerNet has been actively supporting key players in this space, with innovative talent acquisition solutions and the development of new sources of talent to meet the industry's currently incessant demand for professionals. This study is the result of our continuous effort to explore new opportunities and address the challenges posed by this nascent industry.

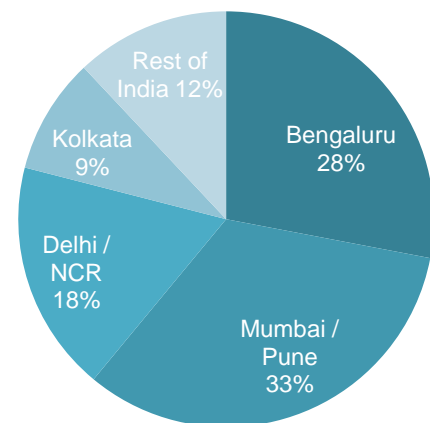
The study is based on primary research in the following areas:

- The career preferences and views of professionals as well as students, on the Analytics services industry
- Compensation information
- Currently prevalent Talent Management practices in the industry

Opportunities and Constraints

- The constrained supply of skilled and experienced professionals with specific skills demanded by the industry is offset, to some extent, by the abundance in highly quality talent with engineering and mathematics/statistics backgrounds who can be specifically groomed to meet the industry's requirements.
- The Analytics Services industry presents the opportunity for India to transcend the realm of labour arbitrage into high value professional services with higher revenue and margin realizations.
- Only 30% of the companies in this industry recruit fresh talent from universities implying that majority of the openings are filled through the existing inventory of talent in the Analytics Services industry or by attracting professionals to move in laterally from other industries, such as banking, financial services, retail, insurance and technology services.
- The intake of fresh talent is primarily from the Indian Institutes of Technology (IIT), National Institutes of Technology (NIT) and top tier business schools in India. The Indian Statistical Institute (ISI), Delhi School of Economics (DSE) and the Madras School of Economics (MSE) are also favourite talent hunting grounds for these organizations.

Geographical distribution of talent



Career Preferences and Views

Analytics Services in India – A Talent Perspective

Analytics Services: Key factors that drive a potential employee's career move decisions

Analytics Services is emerging as an attractive career opportunity for people from varied professional and academic backgrounds. While we haven't been able to pinpoint the precise reasons for this industry being a talent magnet, an overwhelming majority of the respondents in this study cited career development and advancement as well as their belief that the industry presented long term career prospects as key reasons for pursue their careers in Analytics Services. A smaller proportion of the respondents (15%) indicated that the industry offers better compensation and good wealth creation opportunities.

Quality of Work

- Professionals consider the quality of work or job content, by a large margin (54%) as the most important factor when making career change decisions.
- 50% of professionals surveyed said that their number one reason for declining a job offer would be if the work was "low end"

Compensation

- While compensation was the second¹ most important factor it was marginally ahead of some of the other factors discussed here. 19% of the respondents chose this as the most important factor affecting their decision.

Location

- Location and relocation related issues figured as the next most important factor with 17% of respondents indicating this as the key factor driving their career decisions.

Employer Brand

- The employer's brand appears to play a lesser role in the potential employee's decision. While 14% of the respondents said that the employer's brand would be the primary factor in accepting a job, only 7% said that they would decline an offer based on this factor.

Referenceability

- While feedback from fellow professionals, friends and relatives on the employer had only a small impact on the overall decision, we observed that negative feedback had thrice the impact (in playing the role of rejecting a job offer) of positive references resulting in most important factor when making an affirmative decision to accept a job offer from an employer.

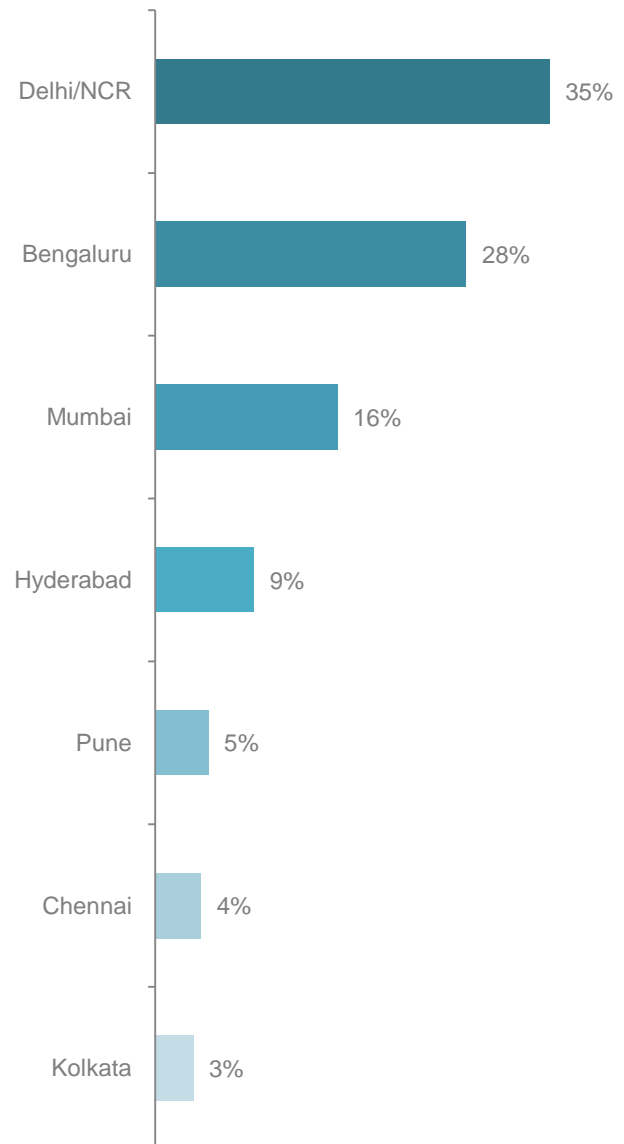
¹ Footnote: Studies involving subjects such compensation are expected to have a certain amount of inherent social desirability bias. No techniques have been applied to correct such bias here. It is therefore conceivable that compensation maybe a stronger factor than the findings suggest.

Location Preferences and Constraints

While location preferences and constraints are not on the top of the list, they do play a significant role in the potential employee's career and employer choices.

- The National Capital Region (NCR) which is the services industry “hotzone” around Delhi is the location of choice for 35% of the respondents, followed by Bengaluru with 28%.
- **Money**
 Respondents did not perceive that compensation widely varied across various locations in India and hence it was an insignificant factor (less than 1%) in determining the choice of location when making career decisions.
- **Inertia**
 The factors that weighed in the most (41%) were ‘family considerations’ and familiarity or affinity with their native home towns or the cities that they currently reside in. Quoting one of the respondents “cultural affinity and family proximity”, we conclude that this is a very strong composite factor that influences location choices.
- **Momentum**
 Attractive career opportunities – primarily the presence or absence of companies involved in Analytics Services - was the next most important factor constituting location preferences and constraints. This creates a “momentum effect” resulting in locations such as NCR and Bangalore, which have larger talent pools in Analytics Services, growing at a faster clip than others till other disruptive effects or conditions set in.

Location Preference



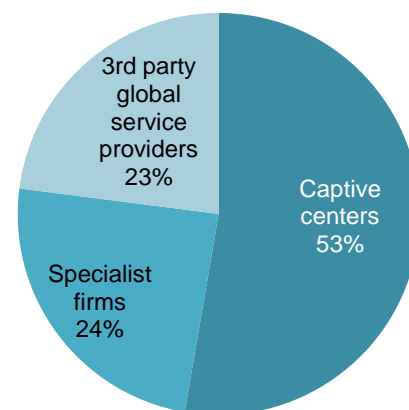
Sector Outlook: Employee Perspectives

- The banking and financial services sector requires Analytics services the most implying that the opportunity for Analytics services is greatest in this sector (58% of respondents). A larger proportion (68%) of the respondents also believe that this sector will continue to grow and will present better business and career opportunities in the future. This viewpoint is further validated by 2/3rds of the respondents who desire to make a change from their current work domain, that they intend to move to this sector.
- Retail/CPG (24% of respondents) follows by a wide margin and Analytics services professionals believe that the opportunity in sectors such as Insurance, Healthcare and Telecom were much smaller with only 3-5% indicating so.
- While the Insurance sector is indeed a large consumer of Analytics services – actuarial, catastrophic modeling, claims forecasting to name a few - it appears that the respondents are not fully aware of this sector's needs for Analytics services and hence the career opportunities it presents.

Captives versus Service Providers

- Various industry research organizations have opined that enterprises are more likely to source knowledge services from their in-house or captive centers, vis-à-vis outsourcing such activities to third party service providers - the reasons for this include the business sensitivity of the data, the inherent intellectual property protection issues and the need to build and maintain such organizational skills and capabilities in-house for sustained competitive advantage.
- Analytics services professionals appear to corroborate this by indicating their strong preference to work in captive centers (53% of respondents).
- The study also reveals that those professionals who prefer to work in a service provider environment are not predisposed to working for either specialist firms or for large multi-tower service providers.

Preferred Employer



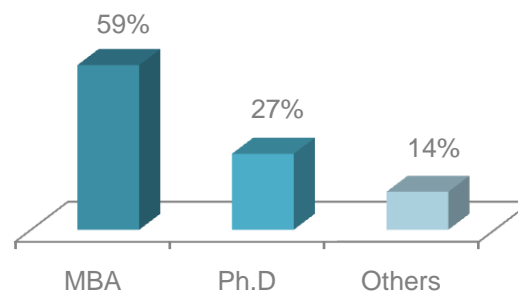
In pursuit of higher education

A majority of Analytics services professionals (60% of the survey respondents) wish to pursue higher studies, an MBA being the most preferred additional qualification sought (59% of those intending to study further).

An additional finding from the study is that more than half of the respondents who already held an MBA wanted to obtain further qualifications in the form of an additional Masters degree or a PhD.

An expected finding is that in the early years of their careers, professionals aspire to obtain additional qualifications. 72% of the respondents with less than three years of experience indicated that intended to pursue higher studies. As the experience increased that proportion fell to a little over 50% for the experience ranges of 3 to 5 years and 5 to 7 years showing no perceptible difference between these bands. At the next experience band of 7 to 10 years the proportion of respondents intending to pursue higher education dropped further to 27%. At this point the desire for higher education unexpectedly changes direction and steeply rises to 69% for professionals with experience in excess of 10 years out of which more than 2/3rds intend to acquire an MBA degree.

Higher Studies - Preferences

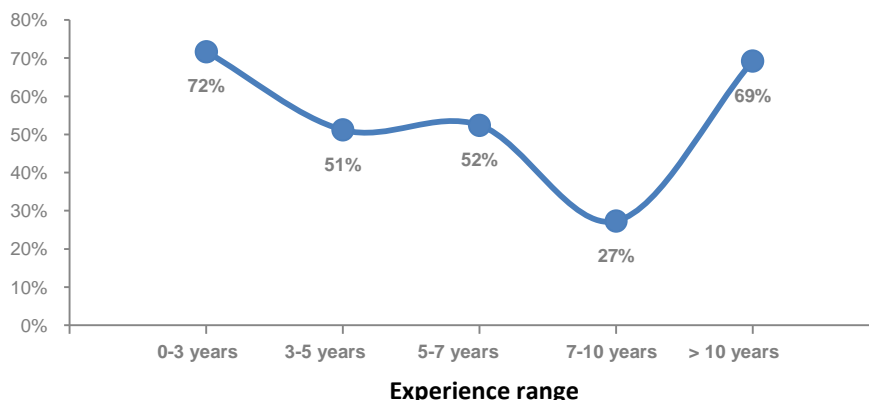


Professionals pursuing higher studies on a part-time basis

Findings from a previous study conducted by CareerNet where the respondents were professionals pursuing business management studies on a part-time basis were:

- 72% of the respondents desired to pursue a career in Analytics services. 40% of these respondents were intending to make a transition from core technical roles.
- The respondents did not indicate any specific preferences for pursuing their careers with captive centers or with third party service providers including specialist firms being equally open to both sets of career opportunities.

Participants opting for higher studies by years of experience



Student Perceptions

Analytics Services in India – A Talent Perspective

Whilst, only 30% of Analytics Services companies hire fresh talent from universities, the primary sources being the IITs, NITs and top tier business schools in India, we felt it was necessary to study the perceptions and preference of students graduating from the various IITs across India in order to provide a complete picture of the entire talent landscape for Analytics Services.

Key findings

Location Preference

- Bangalore, NCR (Delhi) and Hyderabad (in that order) were chosen as the most preferred job locations with Chennai and Kolkata coming in as the least preferred. Proximity to their “native places” and quality of life were cited as the key factors that shaped their decisions – the two polar ends of these factors were the reasons for choosing the most preferred as well as the least preferred job locations.

Career Opportunities

- While 43% of the students were not aware of career opportunities in Analytics services only 20% specified that they would not consider a career in this field.
- 50% of the respondents cited intellectually and professionally challenging work as the key reason for considering a career in Analytics services.
- More than 80% of the respondents believe that Analytics services is a growing industry and they see good career growth in this field. Only 1% of the respondents took the polar opposite view.
- Slightly more than half of these students indicated they intended studying further, though not necessarily immediately after graduation.

Initial Career Destinations

- Consulting firms and IT product companies are the top career choices for students with Analytics services providers coming in as a close third; global and Indian IT services companies were the least preferred options.
- Manufacturing and Engineering companies attract a good number of IIT graduates with over 12% opting for these sectors over others.

Captive versus Third Party

- Over 55% of the respondents opted for working with Analytics teams of captive centers as their first preference.
- There is a considerable amount of student interest, in small and medium sized specialist firms providing Analytics services, with over 30% indicating that this was their key preference.

Sector Outlook

- Student Perspective – An overwhelming 75% of the respondents perceive that Banking and Financial Services is the sector that requires Analytics services the most.

Average annual salary for fresh IIT graduates/post graduates	Rs 6.2 lakhs (~US\$ 12,500)
Average annual salary offered by Analytics companies to fresh IIT graduates/post graduates	Rs 5.8 lakhs (~US\$ 11,500)

Compensation Trends

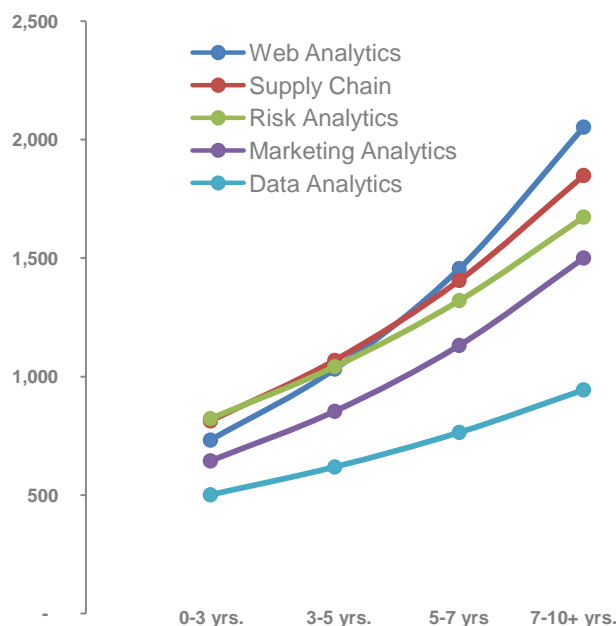
Analytics Services in India – A Talent Perspective

The Analytics services space is characterized by a small inventory of talent, constrained supply and rapid growth resulting in considerable upward pressure on overall compensation. Our analysis suggests that compensation in this space as a general rule varies along the following dimensions:

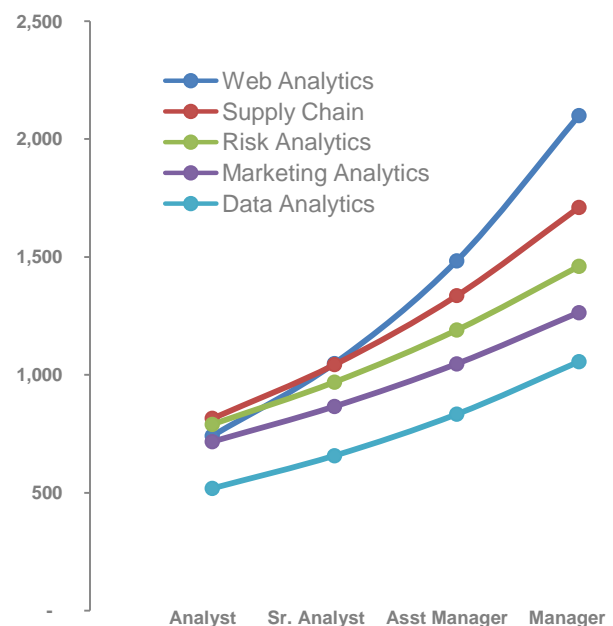
- The extent of experience within the industry is not necessarily a key factor although that does reflect in the next factor (Organizational hierarchy related) to some limited extent
- Title or Position in the Organizational Hierarchy
- Type of company – Captive or Third party Service Provider
- Area of specialization - which for the purposes of this study we have broadly classified into Retail & Supply Chain, Marketing, Financial/Risk, Web/Online and general data analytics skills.

- The compensation levels in the following areas of specialization - Web, Retail and Financial – appear to be fairly similar with the variances being limited across years of experience. The study highlights some crossover points over the range of the years of experience but these are within a narrow range of compensation.
- An expected finding from the study is that generic data analytics skills emerge as the least expensive area of expertise. (on an average approximately 33-46% less than specialist professionals when considering the whole experience range).
- Compensation levels for marketing analytics professionals lies somewhere in between – across the various experience bands marketing analytics professionals are paid 10-27% less than analytics professionals specializing in Web, Supply chain and Financial fields.

Areas of Specialization – Experience Effect



Areas of Specialization – Hierarchy Effect



* Please refer to Appendix for aggregate data

Captive versus Third party

Overall, the compensation packages paid to Analytics professionals employed by the captive centers of companies is noticeably higher relative to the compensation packages of employees at third party service providers

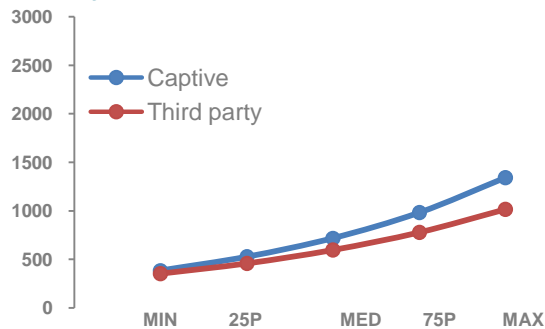
- At the entry level (Analyst), captive centers on average pay 21% higher over third party service providers.
- This variance between captive centers and third party service providers diverges further at the

middle levels and the gap starts narrowing again at senior levels where the difference is only about 10% - 15%

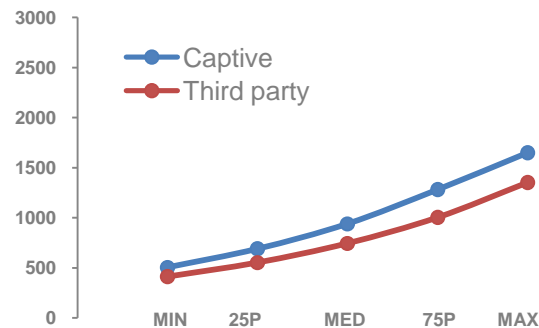
- In captive centers, salaries increase by 14-45% as industry professionals progress through the various roles and levels in the organizational stack, while the progression in compensation for professionals in third party service providers is 10-36% measured at a median levels of compensation (Please refer the Supplementary Information section)

	Analyst		Sr. Analyst		Asst. Manager		Manager	
	Captive	Third party	Captive	Third party	Captive	Third party	Captive	Third party
MIN	387	351	506	412	698	644	786	737
25P	528	458	689	554	866	798	1057	952
MED	720	597	940	745	1075	988	1422	1230
75P	983	778	1281	1003	1334	1224	1911	1589
MAX	1341	1014	1747	1350	1755	1516	2570	2052

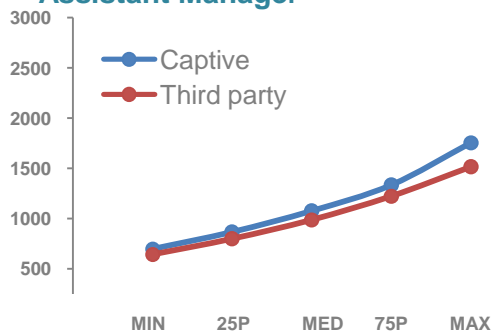
Analyst



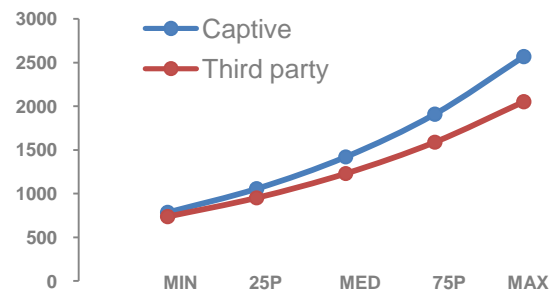
Senior Analyst



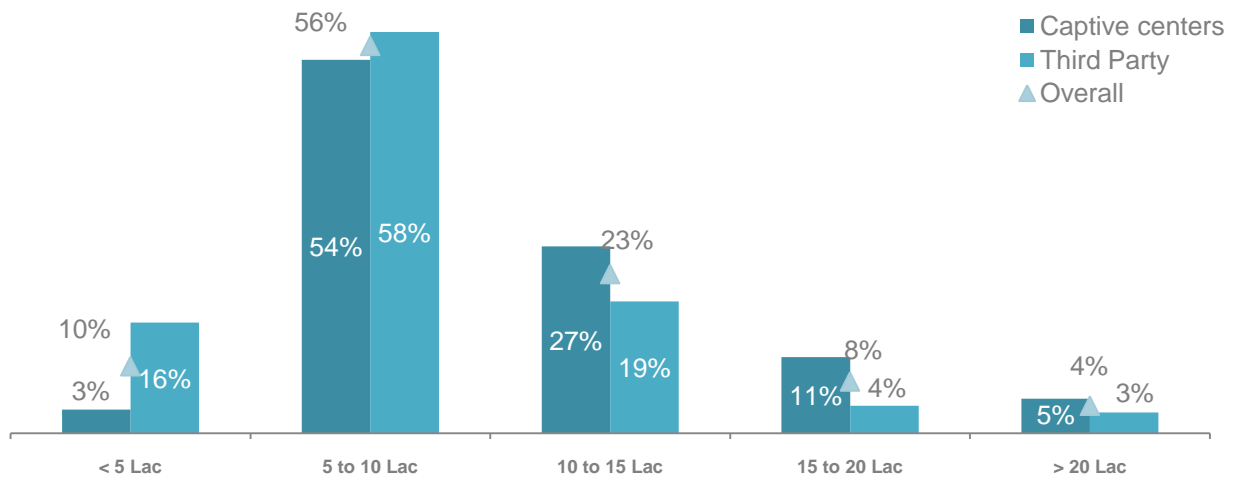
Assistant Manager



Manager



Compensation distribution among survey respondents



Talent Management Practices

Analytics Services in India – A Talent Perspective

Talent Management Practices

This section of the study is an attempt to understand the various talent management practices being adopted by companies operating in the Analytics services industry. More than 2/3rds of the companies polled and studied were third party providers – mostly specialist service

providers – and the remaining were the Analytics services businesses of captive centers. The learnings summarized here are supported by discussions with key personnel and data collected from these organizations.

Talent Acquisition

- Lateral recruitment: The number one hiring pitch is the promise of a challenging work environment and excellent job content
- Campus recruitment: High quality work, career growth, active talent branding, compensation at par with or better than IT/BPO services companies
- Other practices:
 - Innovative selection methodology
 - Well defined role descriptions to attract the most appropriate talent
 - Equal opportunities and creating diversity in the workplace
 - Compliance with customer mandated and regulatory requirements for security, data privacy and confidentiality.

Talent Development and Retention

- An overwhelming majority of the companies studied cited investing in skill upgradation and leadership development as the most important retention technique
- Providing mobility between various business groups and functions featured as a close second.
- Other practices:
 - High level of focus on work-life balance
 - Implementing performance linked compensation, incentives and bonuses
 - Creating rapid career growth opportunities
 - Enabling positive work cultures through open and effective communication, system of recognition and rewards, appropriate policies and guidelines

Performance Management	<ul style="list-style-type: none"> ▪ While most companies have formal performance management systems in place which involve assessments at a predetermined frequency (annual/half-yearly) facilitating regular feedback sessions as well as implementing 360 degree feedback systems were pointed out as best practices in performance management ▪ Other practices: <ul style="list-style-type: none"> - Enabling a strong meritocratic culture - Online system of gathering employee feedback on various organizational aspects
Business Continuity (Talent Perspective)	<ul style="list-style-type: none"> ▪ All the companies polled for this study cited Knowledge Sharing as the most important measure to ensure business continuity from a talent perspective <ul style="list-style-type: none"> - The most common practices here are mentoring and job rotation. - While shadowing did come in as the third most common practice our belief is that the opportunity for shadowing is limited given the steep growth and resource constraints in this space ▪ Other practices: <ul style="list-style-type: none"> - Monitoring of absence and resignation data - Identification of single person/critical dependencies - Implementation of structured processes to monitor age profiles and career growth

Supplementary Information

This section provides compensation data in aggregate form along various dimensions that affect overall compensation packages for Analytics services professionals. The information provided is neither designed nor is it intended to be an in-depth compensation study for the determination of specific salary levels.

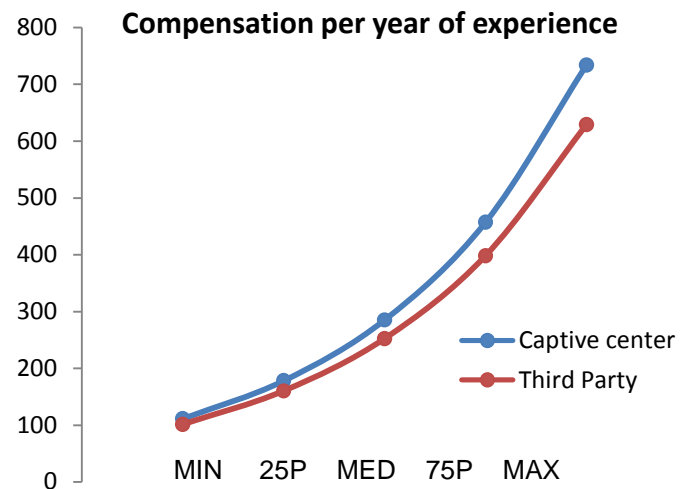
Experience	0 to 3 Yrs	3 to 5 Yrs	5 to 7 Yrs	7 to 10+ Yrs
Captive centers				
MIN	389	405	539	942
MED	779	910	1037	1508
MAX	1397	1780	1995	2412
Third party service providers				
MIN	359	384	442	697
MED	635	840	917	1250
MAX	1122	1700	1903	2241

Experience	Web / Online			Retain / Supply Chain			Financial / Risk			Marketing			General Data Analytics		
	MIN	MED	MAX	MIN	MED	MAX	MIN	MED	MAX	MIN	MED	MAX	MIN	MED	MAX
0 to 3 yrs	575	814	989	550	668	1120	480	711	1375	260	650	1204	255	525	700
3 to 5 yrs	569	708	1495	700	1094	1500	500	1100	2150	250	850	1850	350	675	890
5 to 7 yrs	782	1196	2070	900	1250	1900	720	1250	1900	340	968	2000	400	713	1100
7 to 10+ yrs	2070	2300	2622	1550	1700	1920	950	1400	2000	640	1550	2200	650	925	1600

Compensation per year of experience

Compensation per year of experience is purely a thumb rule that's applicable only for a limited zone of experience ranges. This measure tends to be highly distorted at the lower end as well as at the higher end of experience ranges.

	Captive Center	Third Party
MIN	111	101
25P	178	160
MED	285	252
75P	457	398
MAX	734	629



METHODOLOGY

This report is the effort of extensive research conducted by CareerNet in the Analytics space during October-November 2008.

The data was derived from compensation information obtained by interviewing candidates across levels, areas of expertise and regions in India, as well as from offers facilitated by CareerNet in 2008. Statistical modeling and analysis was performed on the collected data to arrive at the findings presented. All figures and graphical representations provided here are in INR '000s unless otherwise specified.

RESPONDENT PROFILE

The Career Preferences and Views study involved Analytics services employees from across India:

- Professionals in the experience range of 0 to 15 years.
- Analytics professionals working in various fields of specialization as well as general data analytics.
- Professionals employed with captive centers as well as with third party service providers.

The Student Perceptions study participants were:

- from the various IITs across India.
- enrolled in the various graduate and post graduate programmes.

AUTHORS & CONTRIBUTORS

Thomas J Sebastian, President and Managing Partner - CareerNet Consulting, led the overall study conducted by key members of the *CareerNet Knowledge Center* - **Raghavendra H N**, Lead Research Associate, **Raghuvaran P**, Research Associate and **Tarun Bhoal**, Lead Consultant.

The team was supported by subject matter experts from CareerNet's *Knowledge Services* practice and **Arvind Nagpal**, Founder and CEO - The Enterprise Genie.

CareerNet Consulting

Salarpuria Soft Zone
80/1, 80/2 Outer Ring Road
Bangalore - 560103
Phone: +91-80-66550000
Fax: +91-80-66550001
www.careernet.co.in

Corporate Contact

Shweta Srivastava
Practice Manager – Knowledge Services
shweta@careernet.co.in

Media

Raghavendra HN
raghavendra.hn@careernet.co.in