

IBM Institute for Business Value

Indian Century

Defining India's place in a rapidly changing global economy



Overview

India, with its unique advantages of entrepreneurialism, youth and stability, is predicted to be among the world's highest-growth nations over the coming years. A transformation is already underway that promises to support continuing economic advancement, as well as mitigate constraints. Yet, despite positive forecasts, traditional development may lead India into the ranks of middle-income, rather than high-income countries. The IBM Institute for Business Value surveyed more than 1,000 Indian executives to help identify a comprehensive, high-income trajectory for economic prosperity. More than half of the executives surveyed identified India's engagement in new global economic ecosystems as a means to leapfrog traditional development paradigms and to sustainably grow India into the ranks of the global economic elite. This executive summary outlines a roadmap to how India can capitalize on opportunities to make this the beginnings of the Indian Century.

Numerous advantages – entrepreneurial attitudes, healthy demographics, a rising middle class, stable political environment and strong institutions – position India for significant economic growth over the coming decade. A recent IBM Institute for Business Value survey of 1,088 leaders of corporations, startup businesses, academia and government reveals that India's future is, indeed, bright. But leaders also identify potential pitfalls that must be addressed for the realization of long-term prosperity. Improved governance, expansion of social and physical infrastructure, broader capital formation and better skills are all identified as key drivers of sustainable Indian growth.



“For the Indian economy to grow, integration into the world economy is very important. Over the last decade we have shown remarkable growth.”

Head of Innovation, Banking /Financial services Organization



“Globalization...brings in integration of economies with cross flows of information, ideas, technologies, capital and finance.”

Chief Information Officer, Banking /Financial services Organization

Figure 1
Six benefits to economic ecosystems that drive growth



Source: IBM Institute for Business Value.

Yet even if all of these elements are addressed, India may still be constrained by traditional development paradigms. To avoid being trapped in a middle-income state, India will need to leapfrog traditional economic development processes. For example, 55 percent of Indian executives who participated in our study believe that emerging business ecosystems will redefine the future of the global economy. And 52 percent plan to start the ecosystem journey themselves by expanding collaboration with organizations from other industries.

Ecosystems have already begun redefining industries. Automotive is rapidly transforming from traditional manufacturing into a mobility ecosystem. And traditional retail is evolving into new forms incorporating co-design, alternative ownership models and store concepts. Some countries have already begun the ecosystem journey. Finland for example, has developed capabilities that make it central to global application development, and Israel is a key participant in a rapidly expanding technology start-up ecosystem.

By promoting deeper involvement in economic ecosystems, India's influence in the global economy is likely to grow substantially. India will be able to expand the breadth, diversity and overall share of global capital. The country will be positioned to emerge as a world innovation leader – a key originator of new technologies and business models. India will be more able to retain, attract and engage talent. And the country can emerge as among the largest and most important consumer markets in the world. All of these outcomes can combine to grow India's influence across global economic and business platforms.

How ecosystems can help India leapfrog others to become economically elite

Executives identified six specific benefits to economic ecosystems that can drive economic growth (see Figure 1).

By focusing on economic ecosystems, India will be positioned to transform its role in the world, moving from supplier to strategic leader, from technical provider to innovation orchestrator and from market participant to platform provider (see Figure 2).

Figure 2
Evolving in this way, India's role in the world will transform

	2015	2020	2025
Role 1	Supplier India is a provider of low cost services with technical expertise focused in specific areas	Strategic partner India is a principal provider of a broad range of higher value-adding services, targeting specific capabilities & expertise	Strategic leader India projects global centers of competency across broad and niche skills and services, influencing new learning and ways of doing things
Role 2	Technical center India is the chosen destination for setting up R&D centers by global companies due to solid scientific and technology skills at lower cost	Innovation center India collaborates with other nations to create path breaking innovations through its R&D centers which transform into global innovation centers	Innovation orchestrator India facilitates a broad range of research and innovation ecosystems, promoting sharing within and across areas of activity and knowledge
Role 3	Market participant India plays an important, integrated role in global networks and markets	Market maker India facilitates, promotes and implements common growth agendas across its region	Platform provider India facilitates and manages broad, open platforms for collaboration, ideation and economic development and sustainability

Source: IBM Institute for Business Value.

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For more in-depth detail, a complete executive report based on this study will be published by the IBM Institute for Business Value executive report in August 2015. Visit ibm.com/iibv

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The first step along this path of leapfrog development is for Indian business and government leaders, entrepreneurs and educators to recognize and commit to fundamental economic and business transformation. All parts of Indian economy and society will play important roles.

Corporates Broaden ability to tap into skills, technology and other resources	Start-up entrepreneurs Expand ability to tap into skills, technology and other resources	Higher education Align skills of students with emerging business need	Government Crystalize imperative for economic transformation
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By working together for a common strategic purpose, India can rise through the ranks to be a global economic powerhouse in a future that promises to become the Indian Century.

How can IBM help?

To succeed in today's environment, businesses need to lead through increased complexity and volatility, drive operational excellence and enable collaboration across enterprise functions, develop higher quality leadership and talent, manage amidst constant change and unlock new possibilities grounded in data. The IBM Business Analytics and Strategy practice integrates management consulting expertise with the science of analytics to enable leading organizations to succeed.



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Route 100
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July 2015
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