Reasons Behind the Booming Software Development in India by Triumphsys

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Offshore software development and software development outsourcing are often cited as main reasons behind the rapid growth of software development in India. Nevertheless more fundamental factors influence this trend, while the global shift toward software outsourcing only highlights how basic principles of economics work. Outsourcing software development to third-party developers and software vendors in India is not an exotic option but a matter of lowering costs and gaining competitive advantage for a fair number of enterprises based in Europe and the United States, where local software developers are able to provide cutting-edge yet expensive solutions.

Selected countries in Asia, Latin America and Eastern Europe that invested wisely into their high school and tertiary educational systems during the past decades, now can enjoy flourishing software development industries, with global demand for software applications growing, while costs of developing software in the West is rising. Thus, software development outsourcing emerged as a solution in a very natural way, with enterprises across the world seeking less expensive yet reliable software solutions abroad.

India's strategic location in Asia, growing economy, and high educational standards allowed for creation of numerous local enterprises providing software development, IT management, and IT consulting services to business all over the world. Although Latin America and Eastern Europe are emerging as strong competitors in the field of offshore software research, development, and consulting services, India leads the pack with nearly half of all global software outsourcing contracts heading for this country. Such an unrivaled position is partially due to the huge number of local software developing companies that compete not only with software vendors abroad but tend to push prices down to the very limit, forced by the fierce local competition.

Payroll costs and labor efficiency in the West are among the hottest topics amidst ongoing economic downturn, while India does not seem to experience such problems. Local software vendors are able to provide extremely competitive pricing for high-quality services performed by well-educated specialists, which results in a constant flow of contracts from both local and international business customers. Thus, local software developers can focus on enhancing their service whereas their Western counterparts are forced to increase their marketing efforts and invest in marketing campaigns that have no immediate positive effect on their core service (a costly marketing campaign may boost sales but it does not help a company in developing better software products).

According to reports by the Indian government, India's software export is growing at the tremendous rate of 30 percent a year, urging the United States and the European Union to adopt protectionist measures to curb outsourcing of software research and development to third-party countries like India. Although such measures are welcomed in certain business circles and among white collar workers engaged in the software industry, governments in the West have to face the inevitable: enterprises will continue to look for cheaper high-quality software products and services abroad until software vendors in Europe and the United States are able to cut costs and adopt more reasonable pricing for goods and services they offer.

On the other hand, Silicon Valley companies are still in possession of cutting-edge technologies and face no serious challenge neither from European nor Asian peers. Therefore, India-based software vendors are more orientated toward IT servicing and consulting, and software development in India is still in the stage of providing supportive services to large-scale corporations based overseas.

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An external a IT software consulting can bring product innovation ideas that rarely can be produced by in-house staff that get used to perform routine tasks within their respective departments. A customized a software development in India can take a different approach to standard business processes and tasks in an enterprise.

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