

Outsourcer Nagarro Says Business Picking up in Recession

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Mid-size outsourcer Nagarro says the recession is helping its business, as customers are looking for technology that can give them a competitive edge.

The company, which specializes in software development for mid-size enterprises and independent software vendors (ISVs), said on Tuesday that it has added over 24 new clients in the US and Europe over the last three quarters.

Nagarro continues to see new business coming in the current quarter as well, said Vikas Sehgal, president and CEO. He attributes the customer wins to the company's focus on offering high-end engineering expertise that can help customers meet their business objectives.

Nagarro's experience is unusual considering that the market for outsourcing contracts continues to be depressed, as customers are postponing outsourcing decisions, said Siddharth Pai, a partner at outsourcing consultancy firm, Technology Partners International.

There are however still opportunities for firms that can help their clients restructure and come up for example with compelling cost structures, said Pai who added that he is not familiar with Nagarro.

Customers were cautious in the fourth quarter of last year, but by the first quarter of this year, they were beginning to realize that they had to make investments in technology to be competitive, Sehgal said.

One Nagarro customer, an aerospace manufacturer, is implementing a quality and process optimization system to meet its manufacturing goals and improve yield in multiple locations in Europe and the US, Sehgal said. An airline is setting up a algorithm based revenue management system to increase competitiveness and maximize top line, he added.

ISVs too continue to invest in the development of new products, so that they can release the products in the market once the economy picks up, Sehgal said.

A large majority of Nagarro's new business is from new contracts, rather than from clients shifting from one vendor to another, Sehgal said.

The San Jose, California outsourcer has about 80 percent of its over 500 staff in India. It increased staff by 30 percent in the last three quarters, and plans to open a new facility in Jaipur in India by next year.