

HCL Technologies to ramp up aerospace business

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In a bid to be in pace with the increasing competition in the aerospace vertical, HCL Technologies is ramping up quick. About 30% of HCL's revenue comes from the hi-tech vertical and currently there are about 2,300 engineers working in this space. The company plans to revamp by adding about 600 engineers this year and an investment of about \$5 million in new systems, training process and infrastructure.

Abhishek Vanamali, head of marketing and strategy, R&D services business, HCL Technologies says, "The aerospace offshoring industry is expected to grow by 24% Y-o-Y according to NASSCOM (2006-2020). HCL Aerospace practice expects to grow at a much faster rate than the industry growth rate. Also, we expect our engineers to grow by 20-25% this year from the current count of 2300."



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The company focuses on avionics solutions such as Flight Control Systems and Flight Management Systems and other airborne systems in the commercial space. It is now also targeting the offset market which is expected to be \$ 8 billion in India. Valanamali says, "About 95% of our revenues in this space come from the commercial business and therefore there is a huge scope for us in the defense area. Globally the market for aerospace is \$ 637 billion of which the commercial market is \$156 billion and the rest of \$481 billion is the defense market."

He adds, "The ramp-up is also driven by a trend that we are increasingly witnessing where the tier I players are opting out for revenue sharing model with ISVs and we too have entered into a revenue sharing investment with one of the tier I players." According to HCL the industry is increasingly witnessing the trend of revenue sharing model where OEMs like Boeing and Airbus, who largely drive the product development are pushing the risk to tier I players. These tier I players like Thales Avionics, Rockwell Collins, BAe are in turn pushing the pressure to ISVs.