

Gaining Competitive Advantage through Innovation in the Information Technology (IT) Industry

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Abstract

Information and Communications Technologies (ICT) have become an increasingly powerful tool for participating in global markets, promoting political accountability, improving the delivery of basic services and enhancing local development opportunities. In this process, outsourcing has become a billion dollar industry. Although India is the world's second most populated country with abundant resources, Sri Lanka could and should compete with the Indian IT industry. In a time where a 20% increase in IT outsourcing can be expected annually worldwide, Sri Lankan IT companies should focus on attracting large clients. From the beginning of the Industrial Revolution, innovation has been a key source of competitive advantage. The research reported in this paper focused on understanding the role of innovation as a competitive advantage in the IT industry in Sri Lanka. The findings suggest a range of benefits for those companies that have been able to successfully exploit innovation strategies to realize higher profits and market share.

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