

The Indian IT Industry Matures

Dieter Snoeck, New Delhi

The Indian IT industry is slowly maturing. More and more Western companies are outsourcing complex tasks to Indian IT professionals. They see a rapid increase in their wages, up to 30% per year. In order to remain competitive, the Indian companies venture into new directions. Providing high-standard IT training to non-Indians is such a growth market.



A 26-day IT training in India by costs 3000 euro against a 9000 euro for 12 days course in the UK

Because of the heat, the streets in Karol Bagh, a popular neighborhood in the Indian capital New Delhi, are dusty. Many of the roads have deep ditches, where in time new sewages will be installed. You need to make your way between mountains of sand, the many people, stray dogs and the busy honking traffic to reach the Koenig Inn.

Hundreds of Brits, Dutchmen, Nigerians, Germans and also Belgians have stayed in this basic hotel while acquiring the highly acclaimed IT certificates of Microsoft, Cisco or Oracle. The main reason for travelling this far: the price of the training.

The Brit Andrew from database company Kodit is staying in India with his two colleagues for 26 days. "My boss used to hire external experts to solve some types of problems. We couldn't do the job, because we were not sufficiently trained for it. I looked in the UK for trainings in database management and the cost is 7.500 pounds (9.000 euro) per person for a course of twelve days." "No way," said my boss. "I'm not paying that."

Read in Dutch: <http://www.koenig-solutions.com/training/tijd.be.pdf>

or

http://www.tijd.be/nieuws/ondernemingen_technologie/-Niemand_doet_dit_voor_zijn_plezier-.8946722-3130.art?ckc=1

After searching on the internet for a while, Andrew chose an exotic alternative. At the Indian IT training provider Koenig Solutions in New Delhi he found the same training, for 26 days, for 2.500 pounds, including flight and accommodation. "Over here I at least get the time to digest all the material. Moreover, the classes are really small. Many even get one-to-one training," says his Polish colleague Lucas, "In the UK they train you like a monkey. They force-feed you all the material in a few days, just so you can spit it all out again on the day of the exam. But I doubt that this way you actually learn anything."

Quality

Getting IT training in India is a fairly new phenomenon. When thinking about IT in India, most people think about Indians performing simple and routine jobs for western customers. That is how it all started. Back in the 80s western companies like British Airways or American Express moved their back office (administration, call centers, accounting, etc.) to the Asian peninsula. Software development was added to the list later on. Companies were lured by the huge size of the cheap and well educated labor force. Moreover, everyone spoke English, and the IT industry was supported by the government.

"Along the way, Western companies decided to outsource more complex things," says Carl Dujardin, from the Flemish KMO Deduco, he has been working in the Indian IT metropolis Bangalore since 1996. "Universities are delivering better and better IT specialists. And many Indians who moved to the US in the 1970, are now returning to their country. They are setting up their own businesses. The quality is continually rising."

Highly qualified Indian IT specialists became very sought after and saw their income rise. Increases in wages up to 30% per year are no exception. "In about 5 years, the top employees will be at the same level of income as their western colleagues," predicts Maria De Boeck, CEO of the Indian KBC bank daughter Value Source. Many others think it will not evolve so fast, because every year ten thousands of new IT specialists and engineers are entering the market. This automatically slows down the inflation of wages.

Still, Indian IT companies are going to have to reposition themselves. Low costs alone will not do the trick, because companies can find those in Eastern Europe, North Africa or even Mauritius. Hence, Indian companies are diversifying. Some focus on quality and higher productivity, others are seeking new markets. Koenig Solutions chooses the latter, with their IT trainings for Western students. Call it Offshore Training. "Today we are the only ones offering this service. I hope there will be competitors entering the market, so that the concept gets better known," says Rohit Aggarwal, the founder of Koenig Solutions. "Some people now are afraid to take the step."

The training centre of Koenig in New Delhi is at about an half hour drive from the hotel. It seems to come straight out of an architecture book 'compact living and working'. In the little rooms students are trained by their Indian teachers. The training is done in small groups or on an individual basis.

Most of the 1,800 students a year pay for their trip themselves. 32 year old Norwegian Harold paid several thousands of dollars to take a Cisco course in India. "I'm currently unemployed. With the certificate I get here, I will no doubt be able to quickly find an interesting job." Anneliese from Germany works freelance. If she passes the exams, she will be able to charge her customers a higher

fee, she says with a laugh. Because of the ash-cloud from the Icelandic volcano, she could not return home. "That's why I have decided to take an extra course."

In the evening we talk to Anneliese in the basement floor of the Koenig Inn. It's about the only time when students are all together. There is absolutely no holiday atmosphere. No-one is inclined to go out and visit sights in Delhi in the evening or on Sundays. "That's why I choose this location, there's nothing to see," says Andrew.

Working Hard

"This is Hard work," Harrold says. "I get up in the morning and study a bit until breakfast. Between 9 and 17hrs there is training. Afterwards I take some rest, but after dinner I am back in the books, preparing for the next day's training." This sequence repeats itself six days out of seven. "On Sunday, there's no training, but that day I prepare for the exam. No-one does this for fun."

Harold didn't like the sparse Koenig Inn, he moved during his stay to a five-star-hotel. "Always possible," says Aggarwal, "but then you obviously lose some of the cost-benefit."

Wim Van Loo of the Belgian IT-outsourcing company Infoserve, sent two of his staff to India in the past few years. "The training is good for those who want to acquire a number of software certificates in cheap way, in a relatively short time. For staff with such 'papers' I can charge more from my customers, up to 20 euro per certificate per day."

But the employer also has some doubts: "it is not because you have a certificate, that you actually master the software." You need practical experience for that. And don't forget that 70 to 80% of the IT specialists are not likely to travel to India. You know no-one there, and the accommodation is not that good. We had to repatriate our first student because he had a stomach and bowl-virus." This is also the main 'defense' of Belgian and Dutch suppliers of training. "This is interesting for opportunistic customers who are looking for a cheap training with a bonus: an extra holiday in India," says Peter Verbinnen of Global Knowledge. 'I do not think there are many customers for this. The majority want quality and local presence.'

Training providers here in Belgium say that staff who are training in India are not able to work during that time, while employers can charge 500 to 600 euro per day for qualified IT specialists. "Imagine that you have to get back to work for an urgent intervention. You can do that here, but it is impossible when you are in New Delhi. Our customers usually ask for flexible solutions, both regarding the training material as regarding the planning of the training," says Gijs Ewalds of Master IT.

Indian Dream

Still, India holds the right cards to become an important offshore training market. Universities are becoming better and better and deliver thousands of IT specialist per year. They can all be offered jobs. Additionally, everyone speaks English, the 'lingua franca' of the IT industry.

Rohit Aggarwal started his company in 2001. At that time the Indian IT business dipped, because of the bursts in the worldwide dotcom bubble. He redirected his small company, from providing

training to the domestic market, to focusing on foreign students. Today the man looks very confident. He wants to realize the Indian dream. The 39-year old is ambitious. Today Koenig Solutions has a turnover of 5 million dollar (3,8 million euro) and 250 employees. By adding extra courses, for example for accountants, and by opening extra centers, the turnover needs to be about 100 million dollar in 5 years time. In order to bypass the long-distance travelling, he is considering building training centers in Europe where Indian trainers will be teaching. His 'next steps' are set: in 2012 Aggarwal wants to take Koenig to the stock-exchange and collect money.

Economical Growth

The optimism of Aggarwal is indicative of the confidence of the new India. Despite of the worldwide economical crisis, the Indian GDP rose by 6% in 2009. Until 2018 the year on year growth is expected to be 8%. Because of the enormous domestic market of 1.2 billion people, the Indian economy will overtake the German, within 13 years.

The IT industry is riding this wave. Aggarwal: "It is a little early now, but in one or two decades' time, we will have an Indian IT giant much like Cisco or Microsoft in the US."