

(R & D) & (IPR)

IT sector to meet \$77 b target by '08

SUDHIR CHOWDHARY
New Delhi, Dec 28

The Indian IT industry is slated to reach its long-term target of \$77 billion by 2008, with the products and technology services industry expected to contribute around \$8-10 billion, according to a Federation of Indian Chambers of Commerce and Industry (FICCI) report.

The report, titled 'R&D and Intellectual Property Rights in Information and Communication Technology Industry in India' said, other than the domestic players, many global service providers are increasingly considering India as a location for establishing captive centres for product development and R&D activities. The market for outsourced R&D activities in India was estimated to be between \$800 million and \$1 billion in 2002-03 and expected to reach \$11 billion by 2008, it said.

"Among reasons for India being one of the preferred destinations for outsourcing software and IT services is that it ranks favourably, in comparison with other locations, in respect of critical parameters, including level of government support, quality of the labour pool, English language skills, cost advantages, project management skills and overall

FULL STEAM AHEAD	
▶ Products & tech services industry expected to contribute \$8-10 billion	
▶ Global service providers eye India for product development and R&D	
▶ Domestic market for outsourced R&D activities to be \$800 m - \$1 b in 2002-03, \$11 billion by 2008	
▶ India preferred destinations for outsourcing software and IT services due to the following:	
<ul style="list-style-type: none"> ● Level of govt support ● Quality of the labour pool ● English language skills ● Cost advantages 	<ul style="list-style-type: none"> ● Project management skills ● Quality control ● Comprehensive legal framework

quality control," the report said.

"An additional factor deemed critical to India's status as a destination of choice for outsourcing and off-shoring activities, is the existence of a comprehensive legal framework to regulate activity relating to the IT industry," it said.

The report said that many Indian companies have placed importance on the protection of IPRs and taken initiatives to increase awareness and protection within the companies and promote IP as a policy. "It is widely believed, that stronger IPRs in India will greatly benefit software companies across sectors, and will encourage greater product development in India. At present, the Indian software industry employs over 500,000 software

engineers, and software services in India have gained a worldwide reputation. Strong levels of protection for intellectual properties have encouraged foreign investments in India, with many companies choosing to either set up their own facilities in India or to outsource a large part of their business to India."

There has been significant increase in the appreciation of intellectual property and the awareness level has also increased tremendously. This is evident from the increase in the number of patent applications filed in the Indian Patent Office, it has risen approximately 150% in 1997-98 from 1993-94, crossing the 10,000 mark for the first time in 1997-98, it said.

IT sector to strike it rich in Germany

Lure For € 67-B Infotech Mkt Despite Hurdles Of Language, Labour Laws

Urmi A Goswami
NEW DELHI 14 SEPTEMBER

WITH an expected boom in IT outsourcing, this is perhaps a good time for Indian IT companies to actively explore business opportunities in Germany. The German IT market is estimated at €67 billion. During the Asia Pacific week being held in Berlin, Germany this month Indian IT companies plan to do just that.

In Germany, over the past few years the IT services market has been the main locomotive of growth. India, which the focus nation for the Asia Pacific week, is in a position to take advantage of this opportunity. Top executives of IT companies like SIFY, NIIT, Wipro, HCL Technologies, Hughes Software are travelling to Germany this week to meet German business during the

India-Germany Business Conference. These companies are part of the 43-member FICCI delegation to the Asia Pacific Week.

Though the major Indian IT companies are already operating in Germany, the experience hasn't been a smooth one. Language, labour laws and social security compensation problems have dogged these ventures. Despite all this, a recent FICCI survey of 60 IT companies reveals that there continues to be a strong interest in the German market. Perhaps the fact that it is the third largest economy in the world and Europe's largest economy, has ensured that Indian IT companies not give up on cracking the German market.

Another factor that could explain the continued interest of Indian IT companies is the increasingly difficult situation in the United States.

Especially now that visa regimes are coming under greater scrutiny.

Prospects for IT in Germany are bright. IT services sector is expected to touch \$33.5 billion in 2005 from a level of \$25.9 billion in 2000. Given the strong telecom sector in Germany, it is felt that Indian IT companies can partner with German telecom OEMs to outsource services which would reduce their costs and risks.

So what are the business opportunities in Germany? According to the FICCI survey, 40% of the respondents say that the most important growth area will be the use of the Internet as a virtual market place.

This would mean an increase in demand for internet related services, as well as opportunities in the integration of internet and e-commerce applications with ERP, CRM. Off-

shoring is another important platform. This would mean acquisition of local outfits, delivery with local flavour. In this case Indian companies will need to work closely with local companies.

Unlike the US, offshore outsourcing is not yet common in Germany. This represents an area of immense opportunity for Indian IT companies.

For India, the reputation as an IT specialist has already been built. At present one out of every five foreign software professional is an Indian. However, it seems that while Germans have an idea of India's IT potential, the practical experience of it not so widespread.

Their experience is largely limited to their exposure to IT professionals. Indian IT companies feel that there is a need for greater dissemination of information.

ITC bets big on IT, BPO biz

Bangalore: ITC is looking to aggressively grow its newer businesses. While a major thrust will be on its technology initiatives — ITC Infotech India (I3L) and a BPO foray through a 50:50 JV — other business such as Wills Lifestyle, its branded apparel foray and its ITC Foods division are also growing. The company is bullish on its technology businesses — ITC Infotech India (I3L) — which is expected to have revenues of Rs 150 crore. The JV between I3L and BPO major Client Logic meanwhile is expected to have revenues of around Rs 48 to 50 crore in its first year of operations. According to the managing director of I3L, Sanjay Verma, the company's headcount is expected to grow from around 700 currently to 1000 in the next three to four months and hit 3000 by the end of the next calendar year. This two-year old software services start up focuses on areas such as financial services, consumer goods, manufacturing and retail. — Our Bureau

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meeting of the joint Parliamentary committee probing pesticides-colas controversy, a legal notice has been served to PepsiCo and Coca-Cola asking them to immediately stop their sales in the country or else a suit will be filed demanding \$10 billion from them on grounds of causing health hazards.

The notice was served to Coca-Cola at its Atlanta office and to PepsiCo at New York on behalf of Lok Sabha MP and a JPC member, Avtar Singh Bhadhana, his solicitor Surat Singh said here on Friday. Bhadhana claimed support of 12 more MPs. The notice asks the companies to stop selling their products in the country and recall those already in the market by September 15 till the JPC gives a clean chit to these companies. PTT

*Financial Express
Sept. 13 '03*

Global companies run 3 airports at Frankfurt, Singapore and Malaysia are expected to show interest in the privatisation of Delhi and Mumbai airports, which was cleared by the Cabinet on Thursday.

Companies running these airports or other aviation firms are expected to bid, according to civil aviation ministry sources, when expressions of interest (Eoi) are invited globally from prospective companies in the next few months.

"We have decided that there should not be a minimum investment clause dictating the funds which have to come into the project. We will, however, specify the performance parameters for the companies when the concession agreement is drawn up," a senior ministry

ing airport operator, financing company and construction firm.

Some of the operators would prefer to undertake ground handling activities, and can enter into joint ventures with Airports Authority of India, Indian Airlines or Air-India if need be.

The bidders will have to get security clearance from the government.

According to CII deputy director general M Roy, "A lot of major Indian companies including the construction ones are expected to participate in the privatisation of the airports. What is expected are international consortia bidding for the equity. But they would need to include a strong Indian partner."

Hindustan Construction, unj Lloyd, Shapoorji Poonji, Hiranandani, Hindustan Aeronautics and Gammon India.

As per the proposal cleared, the private party can own up to 74 per cent equity and the rest would be held by Airports Authority of India (AAI) and other public sector undertakings in each of the companies floated for Delhi and Mumbai airports. AAI would be responsible for air traffic control and civil aviation security.

The successful bidder will have to submit a concept design of the airport, along with his bid, which will be subject to approval of the government, according to a ministry official. "We will give maximum flexibility to the bidders, so that

plan for development of airports within a year, which will be approved by the government.

The government will engage a global technical adviser to assist the government in finalising the conceptual designs and to monitor the projects.

The airports would be given on concession to the joint venture partner for a period of 30 years with a provision for extension by another 30 years, subject to mutual agreement.

An empowered committee of ministers — comprising the ministers of civil aviation, finance, law and disinvestment — will decide the financial parameters for evaluation of financial bids and tariff regime. ♦

Top CEOs Going To Berlin For Biz Conference

RAVEEV JAYASWAL
New Delhi, Sept 12

As a follow-up to Prime Minister Atal Bihari Vajpayee's visit to Germany in May 2003, top executives of 40 Indian companies including State Bank of India (SBI), ICICI Bank, Exim Bank, Wipro, HCL, NIIT, TCS and Larsen & Toubro (L&T) are visiting Berlin to attend 'Indo-German Business Conference' in mid-September.

The business delegation

will raise key issues in three sectors: banking, urban infrastructure and information technology (IT). "While the banking delegates will suggest ways to ease their expansion in Germany, the IT sector is equipped with an alternate model to the social security requirement, which has adversely affected profitability of Indian companies by about 15-20 per cent," a Federation of Indian Chambers of Commerce & Industry (Ficci) official

said.

The business delegation will be led by Ficci president AC Muthiah.

IT companies sending professionals to work in Germany, even for a short-term project, has to pay an amount as social security. This is dual payment as companies pay for employees' social security in India.

"We would suggest to waive this requirement for the shorter duration in lieu of an additional insurance cover-

age," the Ficci official said.

Urban Development secretary NN Khanna and Delhi Public Works Department principal secretary TT Joseph are also part of the mission to look into possible tie-ups for infrastructure projects and solid waste management, she said.

The Indian delegation is visiting Berlin from September 15-20 to participate in the 'Indo-German Business Conference,' organised as a part of the Asia

Pacific Week Events' in which India is the focus country.

"Indian delegates will meet over 300 German companies and try to resolve various issues to enhance existing cooperation and forge new joint ventures," the Ficci official said.

The German companies which confirmed their participation in interactive sessions include DaimlerChrysler, Siemens, Breckner & Partner, Commerzbank, Deutsche Bank, Bayer, Bombardier Transportation, ANZ Bank, ING-BHF Bank and ThyssenKrupp. ♦