



Rajwada, Indore

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Still Not There

Indore has all the elements to become a top tier-2 destination for the IT/ITeS industry, but the government's apathetic attitude is proving to be a deterrent

Indore is arguably the most unsung among tier-2 cities when it comes to IT. Computer Science Corporation set up its facilities in the city way back in 1996—at a time when few companies were looking beyond the top 4-5 cities in India. But if the city is still not mentioned as a top tier-2 location, it is because the local government has not marketed it the way the Kerala government has marketed Kochi or the West Bengal government has promoted Kolkata.

Like Pune, the city houses some of the best colleges and universities in India. As IT companies are beginning to look beyond the ease of setting up a facility, and are giving more importance to long-term ability to sustain growth, Indore has once again caught

the imagination of the IT industry. But the question is: Will it make it to the elite list this time?

Educational Hub

Indore is one of the strongest educational hubs in Madhya Pradesh. In fact, soon it will be the only city in India to host an IIM as well as an IIT. With the IIT entering Indore, the stakes will be raised for the existing engineering colleges in Indore and they will have to further ramp up their infrastructure and curriculum.

There are about thirty-five engineering colleges in Indore and over forty colleges offering Masters in Computer Application program. Additionally, there are about fifteen management colleges including pre-

mier institutes such as IIM and IMS. It, therefore, is no surprise that IT companies from Pune and Bangalore consider Indore one of the top destinations to source talent from.

In terms of advanced courses in IT and computer engineering, Devi Ahilyabai Vishwa Vidyalaya, or DAVV, features as one of the premier institutes in Indore. It enrolls over 450 students every year in the computer sciences and applications stream. Top companies such as TCS, Accenture, Wipro, Impetus, HCL, CSC, and Patni Computers recruit from DAVV and also from other reputed engineering colleges such as SGITS and Medicaps.

DAVV has been one of the leading universities to constantly refresh its curriculum—it has introduced advanced courses in niche subjects such as mobile computing, database design, geo informatics, and IT project management. Some other innovative programs include the MTech course that has been introduced as a collaborative effort between the industry and the university and offers experience-based learning modules for professionals. The university also provides management development programs for companies. Dr AK Ramani, dean of School of Computer Science and IT, DAVV, says, "Over 10,000 IT professionals pass out of the colleges in Indore every year. This simply shows the large talent pool available locally, and the fact that all reputed companies source talent from Indore is a clear indicator of the quality too."

Infrastructure Woes

Infrastructure issues are always a given in tier-2 cities. But in the case of Indore, the scene is gradually changing. The unheeding government has finally opened up to public-private partnerships to improve the local transport system.

The Citibus system, which provides excellent bus connectivity within Indore, was initiated around two years ago. The Metro Cab is another ini-



The 1,000-seater Mphasis office at Indore

Microsoft, IBM, and Oracle and also works with Indian companies such as Reliance Infocomm, Times Group, Rediff, Tata Teleservices, Sify, etc.

Webdunia has created a stronghold within the emerging domestic services market. "There is availability of talent with strong language skills as well as advanced software programming skills in Indore. Hence the city has proved to be an ideal destination for Webdunia to set up its global operations," says Pankaj Jain, president and COO, Webdunia.

Another homegrown company, Infobeans has created a mark in niche custom software development and programming, and caters largely to the US market. Avinash Sethi, Siddharth Sethi, and Mitesh Bohra gave up steady jobs in the US to set up Infobeans in 2000. Even before formally setting up Infobans, the trio created a website called AapkaIndore.com catering to the large number of NRIs originating from Indore.

Taking about its talent pool, Avinash Sethi says, "We hire about 15-20 people every year from institutes such as GSITS, DAVV, and Medicaps in Indore. The talent pool that we have today is one of the most dedicated and qualified. Our attrition rate is also well below the industry standards."

Impetus is the biggest homegrown company in Indore as of today. Headquartered in Cupertino (CA), Impetus Technologies provides outsourced

software product design, R&D, and related services to leading global software product companies.

Talking about the role of Indore in the future growth of Impetus, Praveen Kankariya, CEO, Impetus Technologies, says, "Indore has been instrumental in Impetus' growth. The talent that the city offers is undoubtedly among the best in the country. I sincerely hope that the city will be able to take serious advantage of the boom that is happening elsewhere in the country. We will always have many options to expand outside, but Indore is very dear to us and we are emotionally bonded to this city."

While on one hand there are some low profile homegrown companies such as Webdunia and Infobeans, on the other, there are big names such as CSC and Mphasis that have also made Indore their home. Mphasis recently set up its BPO facility in Indore to service telecom player Idea's local operations and to work in proximity with Idea's headquarters. "At any given day, we have anywhere between 100-150 prospective employees who come in for interviews," says Shikanth NK, head, Domestic India Business, Mphasis BPO. Apart from Mphasis, the only other BPOs in Indore include Firstsource and Teleperformance.

CSC has 500 employees in its Indore facility, which largely services financial services clients abroad. Though the Indore facility makes up just a fragment

of CSC's India talent pool, the company's strong focus on tier-2 locations has placed Indore at a strategic position. "As part of our five-year charter program, Indore definitely forms an integral part of our Indian operations," says Ashok Gaur, GM, CSC Indore.

The attrition rates are relatively lower than industry standards and hovers at around 8-10%. While the availability of middle management talent is a critical issue with companies in Indore, most big companies such as Mphasis and CSC source their middle management from their other facilities across India.

The Local IT Market

Though it is tough to put a number to the total size of the IT market in Indore, it is a known fact that hardware products have high demand here. "The total PC market in Madhya Pradesh is worth Rs 21 crore and the networking market is almost Rs 1 crore per month. A significant share of this demand comes from Indore and Bhopal," says Manish Goyal, CEO, Byte Peripherals and president of MP Telecom & Computer Traders Association.

Byte Peripherals is one of the largest distributors in Indore, engaging 500 resellers spread across the state. The other prominent distributors include Computer Gallery, Pioneer Computers, Abacus, and Centronix.

According to Goyal, the PC retail market is slowly growing in Indore. While prominent players such as Chroma and Next have entered Indore, they are relatively weak in the PC sales and are stronger in the gadgets and appliances market. In all, there are about fifteen small retailers in Indore and the retail market is more centric toward LFRs.

STPIs and Sops

Since 2000, the STPI has been quite active in Indore. But a large number of local entrepreneurs still await more handholding from the government. No major tax benefits have been pro-

vided to local companies.

Another startling aspect is the stagnation of the Crystal IT Park project, which was initiated in 2000. The IT park, which was initially planned to attract more IT companies to set up base in Indore, has been totally ignored. Companies such as Impetus and TCS have shown interest in the IT park but nothing has been formalized from the government's end.

The city also boasts of three SEZs—one each at Parshavnath, Pithampur, and the third closer to the airport. Out of the three, the Pithampur SEZ is touted to be of world-class infrastructure and is operational at present. But no major companies are coming down to set up base in the SEZs. The locals say that the government has not been very forthcoming in inviting investments, and the basic apathetic attitude of the authorities is holding back companies from coming to Indore.

"There are only a handful of large IT companies in Indore today. And these companies have survived due to the entrepreneurial attitude of the founders. But for Indore to become an IT destination, we need to see some big brands and reputed companies such as TCS, Infosys, and Wipro coming to Indore," says Pankaj Jain of web duniya.

While Indore serves as a low-cost destination for the BPO industry to serve the Hindi speaking belt of India, the local talent has strong bilingual skills that can also be leveraged upon in other geographies. The strong engineering and management talent has made Indore a top destination for companies to recruit from. Though it is a common belief that BPO will emerge strongly in Indore, product development is another area that will emerge in the years to come.

According to a joint research report by Everest Research and Nasscom, Indore will emerge as a BPO hub in the financial services and banking space catering to the domestic demand in the years to come. "The government needs to build a strategy to attract the right investors to tap the existing domain knowledge and the high-quality talent pool. The industry-government collaboration needs to increase and the focus needs to be on increasing employability within the BPO space," says H Shrikanth, research director, Everest Research Institute.

The strong migrant cultural mix of people from Maharashtra, Rajasthan, and other northern states makes the city an easy place to blend in for an outsider. The simple and quiet crowd and relatively slow pace of life make a balance between work and life an achievable feat. Infrastructure, transport, and connectivity issues are all improving drastically, but not many IT companies are setting up shop in Indore. So where does the problem lie? It is high time the local government in Indore woke up, or else Indore may simply be left behind.

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