

Is India the future for tech?

April 1 2009, By Brier Dudley

The recent hubbub about cloud computing -- how to define it and where it's heading -- has me wondering something. What about India?

In some ways, India was an early cloud -- an enormous data-processing center that big companies around the world used for on-demand computing.

GE, for instance, decided decades ago that instead of developing and running systems in-house, it was easier and cheaper to have it done in Bangalore.

It's become common for companies to run key applications on someone else's computers, but the evolution continues.

Now Microsoft, [Amazon](#).com and others are pitching their data centers as virtual Bangalores: the best place for thrifty IT managers to build and run their next project.

Meanwhile, outsourcing to India has slowed along with the business of the primary clients.

When things pick up, will India's IT sector lose business to cloud platforms?

Not according to Nandan Nilekani, the man known as the "[Bill Gates](#) of India."

Nilekani, co-founder of Bangalore outsourcing giant Infosys, politely indulged my wacky comparisons during an interview in advance of his visit to Seattle this week.

But Nilekani answered seriously when I asked if [cloud computing](#) will marginalize India's outsourcing industry, which is slowing down as its primary customers in the United States and Europe cut back spending.

Nilekani said there's still a big opportunity for India to provide software and services that will run on the handful of dominant cloud platforms that are emerging.

"What I see happening is there will be finally four or five big clouds out there, some (operated) by software companies, some by telecom companies, some by Internet companies. A lot of it is still [infrastructure](#)," he said.

"You still need someone to build the application service layer and run the applications on top of the cloud for companies," Nilekani said.

"We think we'll use the physical cloud other people set up. Ultimately it boils down to providing customers a business value proposition that allows them to be more efficient, more profitable, collect money faster or whatever. Cloud computing is just a means to an end."

Meanwhile, Infosys is taking creative steps to limit expenses.

Before the slowdown, the company recruited 18,000 students who are scheduled to join the company this summer, after they graduate.

Instead of letting them go, Infosys is inviting recruits to spend a year working at nonprofit organizations or writing open-source software. During the stint, Infosys will pay half of their salary.

"We feel that we have made a certain investment in our human capital," Nilekani explained. "We should do whatever we can to make sure we can retain our human capital. ... We made a commitment to honor those offers."

Nilekani doesn't have any particular open-source projects in mind for them. He said employees have worked on projects individually, but the company itself hasn't really made such concerted contributions in the past.

This week's visit to Seattle is part of a tour promoting "Imagining India," a new book in which Nilekani suggests ways for his country to innovate and reform social, government and educational systems.

As a young and evolving democracy, India can choose to emulate what has worked in developed countries and perhaps avoid their pitfalls, he said.

"I've tried to take some lessons from the U.S. experience, ideas we need to anticipate _ health care and Social Security and energy and environment," he said. "Therefore one of the lessons is India can learn and perhaps even avoid some of the challenges."

Here are edited excerpts from the rest of our conversation:

Question: Is the book having an effect on India?

Answer: I saw an article recently that the prime minister was reading the book. I've had letters from a lot of thoughtful political leaders.

Q: How long might it take for changes you suggest to happen?

A: You have to sort of lay down the ideas, lay down the agenda -- my

book spans 18 chapters.

Q: Is this similar to Bill Gates' proposals for "compassionate capitalism"?

A: I was there at Davos when he gave that talk.

Q: Even developed countries are now in rebuilding mode. Could your advice to India also help them emerge from the downturn?

A: A lot of countries didn't do the basic reforms they had to do. ... In some sense my book is the back-to-basics book, about what India can do.

Q: Infosys has been a major user of H-1B visas in the United States. What's your take on calls to curtail the program and how will Infosys be affected?

A: In an environment like this _ a global economic crisis and a slowdown in growth and jobs issues _ clearly there will be trends toward protectionism, but I do think the H1 program has been beneficial to the U.S., keeping free trade open. I'm hopeful that things will allow us to continue to have mobility.

Q: When will India make the transition from offering technology services to products?

A: We have seen a few applications. For instance in the banking sector we have a product now called Finacle, which is a very successful global product. There are other promising products from India but in some sense it could be a leap. Rather than sell shrink-wrap products, you may see a trend to provide different kinds of business utilities on the cloud; even that may be offered more as a utility. Definitely one area where Indian companies have been very successful is in the mobile applications

because India has a huge mobile base relative to the PC base. The difference in India is you have maybe 300 million mobiles and 30 million PCs.

Q: What's your outlook for low-cost PCs aimed at developing countries, such as the One Laptop Per Child systems and Microsoft's Starter edition?

A: I can't say that any of them have really swept the market or anything like that. Certainly anything that helps lower computing prices is attractive to buyers. If you ask me the real breakthrough in India has been mobile phones. India ships 8 million mobiles per month.

Q: How about smartphones with browsers?

A: Mobile Internet is now becoming popular. India just launched 3G phones and it's still early days yet.

Q: What tech trends are you excited about?

A: Software as a service, utility computing, the move toward real-time data collection _ we have all kinds of new technology and sensors and IP for everything. I think the level of information we collect is going to be dramatically more and that will lead to a whole new set of applications.

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Citation: Is India the future for tech? (2009, April 1) retrieved 14 May 2024 from <https://phys.org/news/2009-04-india-future-tech.html>

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