

America's unwanted Ivy-League graduates flock to technology boom in India

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Kunal Bahl's American dream was coming together in late 2007. He had Ivy League degrees in business and engineering, a debut job at Microsoft and a roadmap to the career he'd always wanted in Silicon Valley.

Then his application for a U.S. visa was rejected and he was kicked out the country. Lucky for him.

Back in India, he got over the shock and founded a company in New Delhi with a childhood friend. Today Snapdeal.com is one of the most highly valued startups in the world's third-largest economy, valued at about \$5 billion.

The 31-year-old is one of the thousands of a generation of engineers and entrepreneurs who quit America for home - some by choice, some because of U.S. immigration barriers - to find a technology industry with more green-field opportunities than Silicon Valley. Many Indians aren't leaving at all, or are going to the U.S. for degrees from Harvard and Stanford with no plans to stay after graduation.

The two governments don't keep tech-sector reverse-migration data. But Sonali Jain, a professor at the University of North Carolina, Pembroke, who studies the phenomenon, calls this "a very upbeat moment in time for India" that encourages homecomings. The constraints of the U.S. H-1B visa program do that too. Microsoft, Google, Intel and others have been lobbying Congress for years to lift the annual cap on the number of foreign nationals who can get into the country and be employed on these

skilled-worker visas, but lawmakers haven't budged.

India's booming startup culture probably wouldn't feel any affects if the H-1B floodgates suddenly opened. The super-growth potential these days is east, not west. While only about 19 percent of Indians are connected to the Internet, their numbers are mushrooming. Economic output is expanding at an annual rate of more than 7 percent, and by some projections the country's population will reach 1.6 billion to surpass China's by 2050.

India's hard to resist. Google engineering executives Peeyush Ranjan and Punit Soni recently left the company and California for home, moving to Bangalore to join Flipkart, India's largest e-commerce company and Snapdeal's main domestic rival. Namita Gupta departed Facebook for Zomato, a restaurant search service based in New Delhi.

The trend is a dramatic shift from the 1980s and 1990s, when a graduate education and employment in the U.S. were the brass rings for engineers like Satya Nadella, Microsoft's chief executive officer. Now for anyone interested in programming or e-commerce or mobile-device apps, India "is like the late 1990s in the U.S.," says Bahl, Snapdeal's CEO, who regularly fields inquiries from Indian graduates of his alma mater, the University of Pennsylvania, eager for jobs in India.

"It's only recently that we are seeing the best people return," he says. "Everything is new. There is a lot of headroom and low-hanging fruit."

Snapdeal is the smaller, Indian version of Alibaba Group, the Chinese e-commerce company that had the world's biggest-ever initial public offering in September. With most Indians living in rural areas with few or no major retailers, Snapdeal can be a lifeline, allowing them to order goods over their mobile phones and have them delivered in a few days.

Venture capitalists and hedge funds are swooping in with aims to profit on startups like Snapdeal. Venture financing in Indian tech companies hit \$1.9 billion in the fourth quarter, almost six times the \$325 million in the year-earlier period, according to CB Insights. Snapdeal alone landed \$627 million from SoftBank. (The company has had several rounds of funding, and the last, which made Japan's SoftBank its largest investor, valued it at \$5 billion, Bahl says.)

Hedge funds, investment firms and asset managers have pumped \$3.8 billion into 26 Indian tech startups since the beginning of last year, according to data compiled by Bengaluru-based Tracxn. "Investors are writing big checks even by Valley standards," says Beerud Sheth, 45, the co-founder and CEO of Webaroo Inc., which owns the corporate messaging service Teamchat. He grew up in Mumbai and has a master's degree from the Massachusetts Institute of Technology.

Sheth started his first company, eLance, in an apartment in Jersey City, N.J., before relocating to Silicon Valley. Webaroo's headquarters are in Fremont, Calif., and its engineers are in Mumbai, where labor costs are lower than in the U.S. and there's a steady stream of talent graduating from the venerable Indian Institute of Technology Bombay. In 2010, Sheth moved permanently back to India.

Dheeraj Sidana, the 32-year-old director of engineering at the messaging startup Hike, had planned to go to the U.S. but changed his mind by his second year at the National Institute of Technology at Jaipur. "While I was in college, I was repeatedly exposed to this phrase: 'U.S. is nothing without us,'" he says. "It was a moment of clarity that hit me. If everyone is going to go to the U.S., who is going to make us?"

He doesn't feel he missed anything, he says, not with his homeland's tech scene growing at a pace he never anticipated, and startup employees commanding yearly raises of 10 percent to 20 percent. It's not just

startups employing engineers and others in India; Apple, Amazon.com, Microsoft and other U.S. tech giants have offices across the country.

Like Webaroo, many Indian-born companies straddle borders, in part because of onerous regulations for starting and running certain kinds of businesses in India, says Girish Mathrubootham, the CEO of Freshdesk, which makes customer support software. While it's based in San Francisco, most of its employees are in Chennai, on India's Coromandel Coast. Mathrubootham, 40, who worked for Zoho Corp. and eForce Global Inc. in the U.S., says he wanted Freshdesk to be in India - physically at least - because labor is cheaper and it's easy for him to tap his network there of engineer-friends from his school days.

Returnees may love the excitement of being in the mix of a young Internet economy, but that doesn't mean they don't miss America. India's notorious bureaucracy and stressed-out infrastructure can take a toll. Anand Narayanan, who lived in the Los Angeles suburb of Burbank while working in the U.S., says driving on the chaotic streets of Chennai makes him fondly recall the "orderly traffic of LA."

Anand and his wife Pavitra Nair moved to the U.S. in 2002 as newlyweds when he got a job with Tata Consultancy Services. It took her 18 months to get a visa so she could work too, ending up as a senior financial analyst at Walt Disney Co. They returned home in 2008 when they decided to have children, to be close to their families and because taking a leave to stay home with a baby would mean Pavitra would have to relinquish her visa; starting the process all over again might keep her unemployable for years. It would be better, they figured, in India. While Anand's career has taken off - he works at as a chief marketing officer at a startup - she says, "I'm still looking for my Disney here."

Sanjay Parthasarathy, one of Microsoft's first three Indian-born vice presidents, took the reverse-migration route when he left the company

after 19 years in 2009. A U.S. citizen, he moved back home to Chennai, made early stage investments in startups and worked on a company of his own. Now he's back in Seattle as CEO of Indix, which is based there but has its engineering team in Chennai.

He remembers what it was like for himself and people such as Nadella, or Google Senior Vice President Sundar Pichai, or Adobe Systems CEO Shantanu Narayen, or Oracle Executive Vice President Thomas Kurian, or countless others.

"I was born in the '60s, when tech in India was steel and automobiles," he says. "When I was in college, computers weren't such a big deal." So he did what his compatriots did, and got a visa and got into graduate school. He earned degrees in engineering and business at MIT in 1990.

That's the year Congress put a new cap on the H-1B program, which gives employers the chance to bring in highly educated foreign professionals on visas that typically last a maximum of six years. Right now the annual limit is 65,000 for new hires and an additional 20,000 for foreigners with graduate degrees from U.S. universities. This year there were more than 200,000 applications.

To be sure, many of those were from India. But increasingly, Indian engineers are quite happy with their own tech boom. "It's a good thing that people are going back and trying to become an entrepreneur and chasing opportunities and creating employment," said Freshdesk's Mathrubootham. "It's a good thing from India's point of view. It's probably a bad thing from the U.S. point of view."

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