A new look at the Indian IT industry

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â€œThere are only two reasons that IT firms employ large numbers of foreigners. One is the sheer job opportunities in India, and the other is that local-language skills are needed. The first is why firms hire foreigners, and the second why they employ local people.â€

That sentence was uttered by a senior member of Hewlett-Packardâ€™s procurement team in the early 1990s. In 1991, data from the Bureau of Indian Standards showed India being a hotspot for production of consumer electronics, particularly products ranging from radios to hi-fi systems. That was the year HP restructured its operations and decided to double or triple the number of personal computers manufactured in India, and it was the year that the multinational information and communications technology giant set up its Bangalore-based Global Operations Centre (GOC). The first batch of 200 employees arrived from Malaysia and other foreign countries for the GOC at the end of 1991.

Such was the strength of Indiaâ€™s computer science and electronics and communications engineering education at that time, that the presence of Indians at the forefront of the manufacturing sector initially was seen as more of a source of pride than of concern. The reason lay in the quality of the engineering graduates emanating from Indiaâ€™s various universities and institutes, where there was ample capacity to produce the engineers that those firms such as HP wished to employ. But this all changed when computers entered the mainstream of the Indian economy, and the companies realised that there was a need to retain the best technical personnel from their own domestic workforce, as well as attracting and training employees from abroad. It all boiled down to bringing in best international technical expertise. As the India Today report goes on to point out, HP, IBM, Sun, Oracle, Dell and Compaq, which was acquired by Hewlett-Packard, soon realised that the smarter way to locate the offices and employees of their various IT/ITeS units, worldwide and across the world, was to appoint third party facilities managers. And they started hiring from industry representatives, service providers and candidates willing to relocate overseas.

This new phenomenon of hiring on the fly, in addition to whatever technology companies had learned during their earlier years, led to a dramatic change in the leadership of the Indian IT and ITeS industry. Before the 1990s, the glory days of the fledgling industry, the process leading to the rapid rise of these firms had been built up over decades by educating the brightest students in the best centres of excellence and training them to work as the faculty in their own plants. These firms were slow to grasp the logic of outsourcing, which resulted in the establishment of the External Service of India by A K Antony, who was often tasked with cultivating links with major players in the IT and ITeS sectors. That resulted in a rapid growth of the I&TC in the mid-1990s, and today the sector enjoys an enviable reputation as the fastest growing industry in the world.

Apart from the acceleration of the countryâ€™s growth over the past decade or so, another thing that has changed for the better is the transformation in the top management of most big IT companies from the wordsmiths to the technocrats and the people who can focus on actual business operations. In earlier times, a chief technology officer (CTO) was a physicist, a vice-president of engineering was a sound engineer and a vice-president of sales was a superb marketer, but the work now demands that managers can think beyond the requirements for a particular gadget and tailor it to the needs of a customer, rather than just to adapt it to what was already in stock. So a CTO who could think ahead had to be imagined. And he had to be as skilled at conceptualising new ideas as he had to be at creating new procedures.

An example of this change was provided by M.D. Ravindranath, the manager who came down from Boston to India to take charge of Microsoftâ€™s operations there. Ravindranath soon realised that many Microsoft engineers there were spending their time fiddling with some technical work but were not able to meet the demands of the companyâ€™s customers. At the same time, he was hoping to create a more unified India operations in time, which would allow all the employees at Microsoft headquarters in America to have access to all the parts and the people in India in a seamless manner. Thus his mission was to develop a country in which the connections between America and India were seamless. That was achieved in 2007, when the last piece in the jigsaw came together.

So when you see the number of programmers and software engineers being trained in the universities and institutes in India

A Cat Wearing A Santa Claus Hat