

**I**ndia is a leading sourcing destination for the global Information Technology and Business Process Management (IT & BPM) industry. An important growth driver, the industry is known for its cost competitiveness and high quality services across the world, and has been instrumental in transforming the perception of India in the global economy. India has also established leadership status worldwide in terms of intellectual capital, with several global IT firms setting up their innovation centres in the country. Global industry giants from France, Germany, USA and Japan presently operate in the country, among others. At the same time, India has emerged as one of the top three countries globally in terms of the number of start-ups founded.

As India's IT/ITeS sector and brimming start-up ecosystem continues to grow, let us examine an important enabler that can define the pace and direction of this

growth – the choice of location for an IT/BPM business.

Cities across India are evolving faster than ever before –often moving ahead of global counterparts in terms of socio-economic shifts, lifestyle and infrastructure development. These developments have been supplemented by the emergence of IT hubs or ecosystems in various cities across the country. Against this backdrop, there are several factors that typically comprise the consideration set for choice of business destination by an IT/ITeS company:

1. Conducive policy environment –An IT/start-up friendly policy framework ensures companies can locate, grow and sustain operations competitively in a hassle-free environment. Such a policy framework can encompass initiatives such as single window clearance, portal-based application and registration, etc. Other key benefits typically include reimbursement/exemptions on

select duties/taxes/fees, interest subsidies and subvention, reimbursement of patent filing costs and subsidies on bandwidth for connectivity.

In this context, IT Special Economic Zones are specifically delineated export-oriented enclaves for industrial, service and trade operations, with relaxation in customs duties and a more liberal regime in respect of other levies, foreign investments and other transactions. SEZs may be developed and managed by the private sector or jointly by a state government and a private agency, or exclusively by the state government or its agencies.

2. The emerging destination advantage–Newer, fast-emerging IT growth centres often offer significant advantages towards cost of living, operational costs, availability of skilled human resources and reduced commuting time; all of which can contribute to enhanced business efficiencies for IT/ITeS companies.

3. Well-developed land infrastructure– Uninterrupted power and water supply, adequate road infrastructure for efficient transportation, waste management systems, and holistic safety and security mechanisms are critical for organisational productivity and resilience across sectors. Specifically, for IT/ITeS companies, telecommunications/ISP connectivity, quality optic fiber cable networks, dependable satellite linkage, and voice and data solutions bolster operational efficiencies, allowing organisations to focus on core business areas and go-to-market strategies. Location administrative support beyond point of sale must also be ascertained. Moreover, for companies that wish to avoid high capital expenditure on facilities establishment, plug-n-play infrastructure with HVAC, telecom and 100% power backup can help seamlessly enhance operations in a time-bound manner.

4. Intellectual capital–Needless to say, adequate availability of trained manpower is a critical consideration area. In this context, the presence of local technical institutes, engineering colleges, skill development centers and management institutes is a key determinant. However, the broader perspective ought to encompass a skilling-oriented ecosystem focused on both IT and non-IT skills for holistic workforce development. For IT/ITeS companies operating in specific areas, the presence of enhanced, pertinent competencies is imperative. For example, Rajasthan accounts for the highest number of finance professionals in India - CAs, ICWAs and CS - thus making it an attractive location for IT processes in BFSI areas like Financial Services, Accounting, etc. Additionally, the presence of an existing start-up ecosystem bodes well for IT/ITeS stakeholders by way

of a conducive environment that encourages innovation and entrepreneurship.

5. Easy accessibility and connectivity –Air, road and rail connectivity are vital prerequisites. Given the people intensive nature of IT operations, efficient intra-city connectivity comprising multiple modes of transport is key to reduce time spent commuting. The presence of mass rapid transit infrastructure is abonus.

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6. Integrated business ecosystems –Globally, 'Walk to Work' environments are increasingly finding favour with both companies and employees of IT/ITES units. Co-located 'livelihood' and 'living and life' zones encompassing social, residential and retail infrastructure can maximise work-life balance and productivity, with ensuing benefits to both individuals and institutions. (Social infrastructure in this context includes educational institutions, healthcare facilities and other leisure/entertainment options.)

Furthermore, it is advisable to invest in well-developed business ecosystems that offer proximity to diverse sectors, businesses and services of comparable repute. A business location's reputation is typically built over time, and the brand credibility of constituent companies plays an important role.

7. Responsible destinations make for responsible operations – Globally, organisations, employees and other stakeholders are increasingly sensitive to impact beyond core business areas. IT/ITeS employees and stakeholders are well-informed, with continual exposure and access to global best practices and latest technologies. A business destination's environment footprint and community inclusion initiatives are what sets it apart, with derived impact that determines sustainability and long term operational viability.

As India's IT/ITeS ecosystem evolves, driven by a shift from cost arbitrage to other, bigger benefits, the long-term growth potential of the sector appears strong. Growth in the sector will, to a significant extent, also shape the future of emerging IT hubs in the country. **CR**

# A DESTINATION FOR INDIAN IT AND BPM



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