



It's about more than just call centers

In India's 'Silicon Valley,' outsourced white-collar services create a boom

By Campbell Brown

Correspondent

NBC News

updated 2:10 p.m. ET May 12, 2006

BANGALORE, India - When Kailie Hom of Modesto, Calif., was having trouble with geometry, her mother, Vickie, went online and found a tutor nearly 9,000 miles away.

Kailie's tutor is here in Bangalore. He is cheaper than an American tutor, and he gets the job done. Now, Kailie, 16, "doesn't have any more problems with math," Vickie Hom said.

Geographically, it's only one-third the size of the United States, yet India has nearly four times as many people. With the second-fastest-growing economy in the world, it presents a wealth of opportunity

for American companies and consumers.

India is also dense and diverse, and in the midst an economic explosion, it is where ancient history is clashing with modern industry.

"A country with more than 1 billion people, a civilization of more than 5,000 years old, is going through a massive transformation," said Rangu Salgame, president of Indian and South Asian operations for Cisco Systems Inc., the Internet networking giant.

Competition at the click of a mouse

Bangalore, India's answer to

Silicon Valley in the south, is at the heart of the transformation. Booming companies like Infosys Technologies Ltd., an industry leader in outsourced software services, compete with U.S. companies setting up shop here, as well.

The draw is India's well-educated, English-speaking workers.

They aren't just call-center employees. So when a patient at St. Mary's Hospital in Waterbury, Conn., has a CT scan in the middle of the night, it is read thousands of miles away in Bangalore by Dr. Arjun Kalyanpur, a U.S.-trained and -credentialed radiologist with Teleradiology Solutions Inc.

"It's as easy as the click of a mouse," he said.

With these new opportunities, a burgeoning middle class has emerged in India roughly the size of the entire U.S. population. It has plenty of disposable cash to accommodate an appetite for brand-name goods and trendy nightclubs.

"This is an enormously motivated market," said Thomas L. Friedman, a foreign affairs columnist for The New York Times who analyzes economic globalization. "These are young people who know what they've been missing, and they really want to catch up."

But out on the street, where traffic jams last for hours and garbage can pile up on the sidewalks for days, there are signs that all the growth is happening too fast.

About a quarter of the population still lives below the poverty line, subsisting on less than a dollar a day, a significant challenge to India's capacity to compete with the United States.

"It's an evolutionary process," said Kiran Mazumdar-Shaw, chairwoman of Biocon Ltd., India's largest biotechnology company. "It's not something that you can do overnight."