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GLOBALIZATION

OUTSOURCING HEADS TO THE OUTSKIRTS

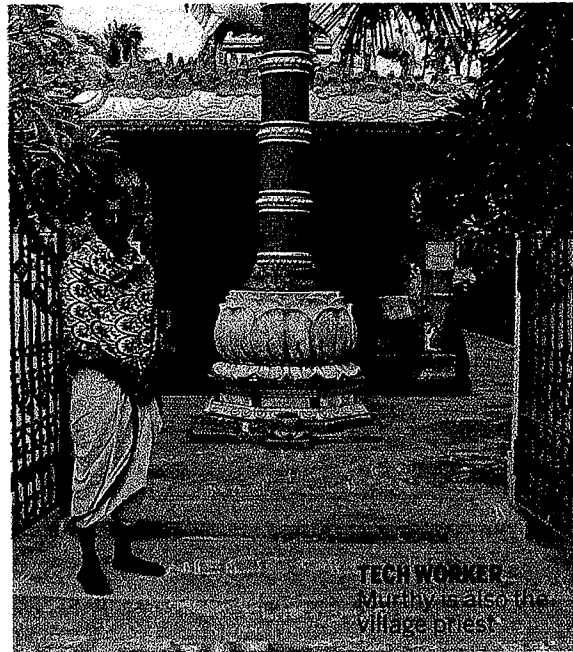
GramIT brings tech-services jobs to rural areas—and transforms villagers' lives

BY STEVE HAMM

THE VILLAGE OF ETHAKOTA in India's Andhra Pradesh state hardly looks like a place that has been transformed by the Information Revolution. To get there, you take a 10-hour train ride from Hyderabad, the nearest big city, then drive an hour on narrow roads past rice paddies, coconut groves, and ponds teeming with prawns and crabs. The village itself is a collection of simple brick houses and thatch-roof huts. Yet in a tidy office shaded by 30-foot-tall palms, 50 young people sit at PCs connected to the Internet via a long-distance radio link, doing business process outsourcing (BPO) tasks such as checking expense account receipts for Indian corporations and arranging job interviews for applicants in distant cities.

They're working for GramIT, a 16-month-old nonprofit that's seeking to transplant India's tech services boom to some of the country's 600,000 villages. Workers in Ethakota earn a fraction of what the outsourcing troops in Bangalore do, but they're not complaining. Srinivas Ruddireddy makes twice as much money arranging car services online for people in Hyderabad as he does from the two-acre rice plot he tends in the early morning. He now plans to send his 4-year-old son to private school. "My lifestyle has entirely changed," says the 30-year-old. "But I'm able to stay in the village."

So far, GramIT operates in three villages in Andhra Pradesh. But the group hopes soon to expand to many more. "If work can shift from the U.S. to a city in India, why can't work



TECH WORKER—Murthy is also the village priest.

from cities in India shift to villages in India?" says Ramalinga Raju, chairman of tech services provider Satyam Computer Services Ltd. and founder of the Byrraju Foundation. He set up the group in 2001 to fund projects, such as GramIT (*gram* is the Sanskrit word for "village"), aimed at transforming the rural economy.

Taking outsourcing to the countryside makes sense. About 70% of India's 1.1 billion citizens—most of them subsistence farmers who barely scrape by—live in villages. Moving service jobs to rural areas provides work for the unemployed and could slow migration to the crowded cities. Entry-level GramIT employees, all with at least three-year college degrees, earn

\$800 a year, compared with \$2,000 to \$5,000 annually for an employee at an urban outsourcing shop. And because there are few other good jobs in these communities, GramIT's centers see just 5% annual turnover—dramatically better than the 60% rate in places such as Bangalore.

SCALABILITY

SATYAM HAS SIGNED on as the outfit's biggest customer and says the operation does good work. Hoping to cut back-office costs in half, the company has farmed out human resources and accounting jobs to GramIT; now it's reviewing other processes it might hand

off. Although the villagers speak little more than basic English, it's sufficient for the jobs they're doing, says Surya Gadiraju, vice-president for technical development in Satyam's e-support operation. "It took just a couple of weeks to get them up to speed and quality," he says.

The concept isn't an easy sell. "It would be very hard to achieve international standards for service and to scale up the operations" of village-based outfits, says Azim Premji, chairman of India's Wipro Ltd., which has 15,000 BPO workers scattered across India. That's why GramIT is starting small and focusing initially on the Indian government and domestic

corporate clients. "There's a fair amount of skepticism about the abilities of the villagers to provide quality services," says J.K. Manivannan, the Byrraju partner in charge of GramIT. "But if we show it can be done, others will follow." He has already gotten nibbles of interest from some global corporations.

GramIT is clearly having a profound effect on Ethakota. One beneficiary is K.V.S. Murthy, who was forced to leave home to find work a few years ago. Now, he's back in the village and working at GramIT. The income from his outsourcing job has allowed the 32-year-old to take up a revered but low-paying role in the community that has been passed down from generation to generation in his family—that of the village's Hindu priest. Murthy's good fortune won't assure GramIT's success, but you've got to admit the karma is good. ■

The fledgling nonprofit is proving itself one community at a time