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Rich Wisdom

The wealthiest man believes information technology will transform the nation

When the stock price of Bombay-listed information technology company Wipro hit an all-time closing-price high of 9,800 rupees (\$218) earlier this year, its founder **Azim Hashim Premji became the planet's second-richest man after America's Bill Gates**. Premji's 75% of Wipro translated into paper holdings worth \$37.5 billion. On July 28, Wipro was trading at \$54.85 per share, which means Premji's stake was worth just \$9.4 billion. He remains India's wealthiest man, but 54-year-old Premji could not care less. The Wipro chairman lives in Spartan simplicity. He travels economy class and refuses to stay in five-star hotels. The Stanford-educated Premji spoke with Asiaweek's Arjuna Ranawana in Bangalore.

India is increasingly being seen as an information technology superpower.

Over the years the Indian software industry has grown in both volume and international acceptance. **The success stories of companies such as Hotmail, Exodus and eCode provide examples of Indians who have taken Silicon Valley by storm.** To me, the biggest opportunity is the change in the nature of critical resources needed by an organization and the nation. Material and capital resources characterized the manufacturing economy. The power of the mind is the critical resource in the information age. This is where we as a nation have a major competitive advantage.

How will this change India?

Typically India was seen as a country with a lot of poverty and other problems. I am not saying the new image has displaced the old, but it is supplementing this old view. That is a major morale booster from the country's point of view, and is going to have a major overflow into a number of other industries. Particularly in the technology area, there is a self-confidence building up. Self-confidence is a prerequisite for a country looking into the future. Indians in the IT (information technology) sector have the confidence to say that this millennium belongs to us. With the momentum we have generated, IT is one industry where India has become a global brand.

But brands, like people, need nourishment to sustain and enhance values and competitive advantages. India needs to nurture its talent like never before. We must forget dogmatic ideas of the past and provide freedom and entrepreneurial space for all. We will have to build globally competitive and compatible infrastructure. Only this infrastructure can make us invincible and sustainably invincible. Government must take bold visionary steps, as we have nothing to lose but our poverty. If we win, we will create immense national wealth to be shared by everyone.

Yet much of India is still mired in poverty and illiteracy.

The IT industry can transform the wealthscape of our country. Information technology is in the business of creating wealth and redistributing wealth. The logic is very compelling. The creation of 1 million additional IT jobs will earn us \$20 billion in net foreign-exchange revenue. This is three times our trade-account deficit. This revenue alone adds about 5 percentage points to our national GDP. With current multiples in the stock market in India and in the U.S., these jobs conservatively add \$200 billion to the national wealth, thus creating more than 10 million millionaires in India.

Other countries have IT ambitions too.

The dominant competition will come from China and East Europe, and also places like the Philippines. They will eventually take up market share from India. But the nice thing is that even in a country like America today, there is a shortage of between half a million and 1 million IT professionals. Indian companies will only be niche players in the product area, where you build massive brands. But they will and should dominate the services area.

Where does India's IT industry go from here?

The leading players are concentrating on higher quality services, whether in technology, telecom

and e-commerce. The second area where the industry is focusing is vertical expertise. That is, you build industry expertise in retail, in the stock exchange, in manufacturing, in energy and in other sectors so that you are able to understand customer requirements. You can add value in terms of the solutions you have to offer. You can take more independent responsibility, because you are not overly dependent on the customer to explain his industry to you all the time.

The third area is taking more turnkey responsibility for projects which are executed offshore. If we execute a project overseas, the compensation we pay has to be commensurate with salaries in those countries. If we can do 70% to 80% of the work here, then we can offer more competitive pricing. The next area is what is termed IT-enabled services. We [at Wipro] run a global support system for a global operating system. This is a very specialized IT area. But it could become broader. For instance, if an AOL customer wanted some help, he can get it from an Indian operator, one who is well trained and speaks [English] with a globally understood accent. A person in other countries may cost you \$30,000 a year. Here you would pay him \$2,000. You can see the cost arbitrage — more than one in ten. These are low-end services, but they are also volume generators.

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