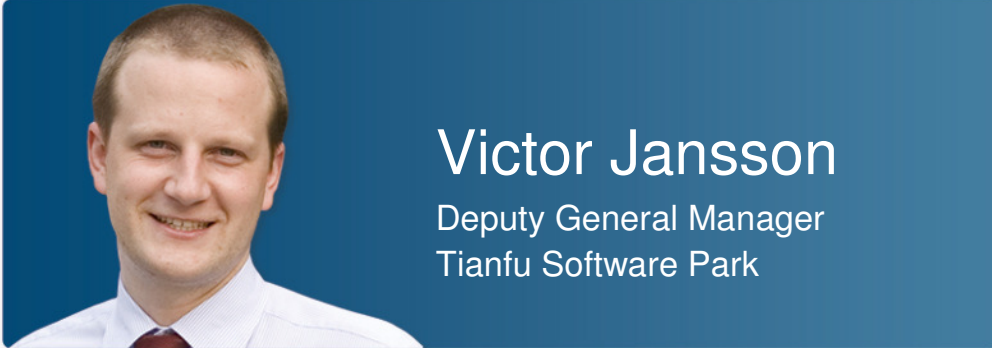


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Guest Editorial


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Victor Jansson is the Deputy General Manager of Tianfu Software Park Co. Ltd. (www.tfsp.cn) He has worked in China for over five years, and has been active in investment, consulting, and business park operation projects around the country. He has worked at the promotion of several key national level software parks in Dalian, Tianjin, Suzhou, Wuhan, and Chengdu, and acquired a strong expertise in the development of the IT and service outsourcing industry in China. His previous experiences include Sales Director and Chief Representative at Dalian Software Park, Consultant for Wuhan Optical Valley, Suzhou Software Technology Park, and Tianjin Binhai service outsourcing park. Mr. Jansson holds a bachelors degree from Lausanne Hotel School in Switzerland.

Chengdu, absolutely for outsourcing

Chengdu, a city of 11 million people and the capital city of Sichuan province, is the most important center of science and technology, trade and finance, as well as the most important hub of transportation and communication in the Southwest China. The city is commonly addressed not only as a preferred tourist location, but also as a growing hub for the IT and service outsourcing industry. In fact, Chengdu belongs to a shortlisted group of 11 national software bases in China, and is one of the fastest growing cities in the IT outsourcing sector in China. According to a survey released in October 2009 by Tholons, Chengdu ranks 33rd among the top 50 emerging outsourcing cities in the world, trailing only Shanghai, Beijing, Dalian, and Guangzhou in mainland China.

It may come as a surprise to some that Chengdu has a long history with the electronics industry. During China's 1st Five Year Plan (1955-1960), China established its first communication research institute, No.10 Institute, in Chengdu. This was then followed by the founding of its first college with a focus on ICT, the University of Electronic Science and Technology of China (UESTC). Then during the 1960s, in preparation for a potential war with the former Soviet Union, many electronic research institutes and manufacturers were transferred from the coastal region to Chengdu and other cities in Western China.

At the center of Chengdu's modern IT industry is the Chengdu Hi-tech Industrial Development Zone, which ranked fourth among 54 state-ranked hi-tech zones in 2008. Its ingenuity has attracted 12,000 domestic powerhouses including Lenovo, Huawei, and ZTE, and MNCs like Intel, IBM, Nokia-Siemens, Motorola, SAP, Wipro, HP, Xerox, Microsoft, and Canon. "So many of the world's best and most successful high-tech companies have chosen to set up R&D centers in Chengdu, which is why it was a correct decision for Symantec to come to Chengdu", stated John W. Thomson, Board Chairman, Symantec Corporation.

Chengdu Tianfu Software Park, located in the West Park of Chengdu Hi-tech Zone, is a key project for the development of the IT and service outsourcing industry in Chengdu. The park, established in 2005, consists of tailor-made office facilities for IT, R&D, and call-center operations, and amenities to cater for people working in the area. But most importantly, Tianfu Software Park provides assistance to companies that are setting up centers in the park through a full package of services - including HR recruitment, staff dispatching, company incorporation, BOT/outsourcing solutions, and training services. Over 50% of the companies located in the park are foreign invested.

Since late 2008, the IT and service outsourcing industry in Chengdu has gained momentum with an increasing number of companies placing their back-offices or development centers in the city; thus taking advantage of its good talent pool and low operation costs. In 2009 alone, over 35 companies selected Tianfu Software Park to setup an operation including Accenture (GDC), DHL (GSSC), Maersk (GSSC), Alibaba, Siemens (IS), and Wipro (GDC). Wipro is the third Indian company to invest in Tianfu Software Park after 3i Infotech and NIIT, and Wipro picked Chengdu for locating its first Global Delivery Center outside Shanghai. The new center will widen Wipro's service capabilities by adding another 1,000 seats to its current capacity in China. In the first year, the operation will focus on testing and enterprise application services for the manufacturing, banking, financial services & insurance industries, and providing multilingual services in English, Chinese, and Japanese.

Currently, more than 450 certified software enterprises operate in Chengdu, including 102 enterprises with integration qualifications for a total of 100,000 practitioners. In 2008, the revenue from Chengdu's software industry rose 37.7% year on year reaching RMB 42.7 billion, which accounts for 5.6% of the nation's total. Meanwhile, software exports reached USD 300 million in 2008, almost doubling from the previous year.

The rapid development of the IT and software industry in Chengdu can be explained by the following factors: a mature electronics industry, a large number of research institutes (over 120) and universities (over 40), stable workforce, efficient and supportive government, and a good working environment. Sambuddha Deb, Executive Vice President and Chief Delivery Officer at Wipro Technologies said during the opening ceremony of Wipro's 8,000 square meters facility on November 26, 2009 that "Chengdu was chosen as a location due to its environment that is conducive to business, talented pool of IT professionals, and the city's excellent infrastructure". Shi Kesheng, Vice President of Maersk Group added during the signing ceremony for Maersk's Global Shared Service Center in October 17, 2009 that two other attractions were essential in finally selecting Chengdu quoting "high efficiency in government approvals and huge market potential".

The IT industry in Chengdu is predicted to further grow at a double digit rate in the next few years and more specifically in telecommunication technologies, information security, and animation/gaming. Chengdu has also all the characteristics to become a hot-spot for business process outsourcing and for shared service centers with a growing labor pool of language talents, stable workforce, and low operation costs.