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Closer ties forged with Indian software industry

BEIJING - The Chinese and Indian software industries are forging closer ties, as the world's two most populous countries become favoured offshore software outsourcing destinations.

"We believe co-operation in software between China and India is highly complementary and it is a win-win situation," said Xu Qin, deputy director of high-tech industry development at the National Development and Reform Commission, an active force in promoting international software co-operation. Sunil Mehta, vice-president of the National Association of Software and Services Companies (NASSCOM) of India, also said at the first China-India Software Industry Summit yesterday in Beijing that although Chinese and Indian software companies compete in some parts of the world, they also need to collaborate, since global software outsourcing only accounts for 4% of total information technology (IT) spending, but the percentage will grow to 30% in the years to come.

According to Gartner, the US research house, global spending on IT outsourcing will reach US\$50 billion in 2007 and the spending on business process outsourcing will amount to US\$24 billion. Gartner Vice-President Jamie Popkin predicted China and India will lead the global market in terms of offshore opportunities. To highlight the importance of Sino-Indian software co-operation to the global ICT industry, he suggested that the acronym ICT, which is usually interpreted as "information and communications technology", could also mean "India China Together".

India is the world's biggest software outsourcing destination, and has been regarded as one example of how to develop China's software industry and software outsourcing. Indian companies' expertise in software project management and marketing are valuable resources for their Chinese counterparts. Qu Lingnian, deputy director of Beijing Software Productivity Centre, an organizer of the summit, said it will be held together with NASSCOM annually, with the meeting's location rotating between China and India. The national software export base in Beijing also opened a China-India software co-operation office to serve businesses in the two countries.

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Software companies are aware of the opportunities and have started to work together. For example, Chinasoft Resource Corp, one of the biggest software outsourcing firms in China, will send a delegate to India on Sunday to visit the headquarters of 14 Indian counterparts. "We are open to all forms of co-operation talks with Indian partners," said Judy Yan, president of the firm. She said her company would like to work with Indian counterparts on specific projects, form a joint venture, or acquire some Indian businesses to increase the capability of Chinasoft Resource in software outsourcing.

Lan Hongbing, president and CEO of Shenzhen-based Broaden Gate Systems Inc, which has formed a 49-51 joint venture with the Indian firm ZenSar, said the joint venture has about 70 software developers. The number will expand to 800 in three years through training by ZenSar. Lan's company also worked with the Shenzhen municipal government to send 2,000 to India for training; the first team will leave for India in April.

(Asia Pulse/XIC)