

EYE ON THE TIGERS

By Ashutosh Sheshabalaya

In May, after fending off France's Areva, India's Tulsi Tanti acquired German wind-energy pioneer REpower.

Indians now control three European icons. While Arcelor and Corus symbolise the 20th century (steel), REpower is a face of the 21st. Between lie Antwerp's Gujarati diamond traders (contributing 5 percent of Belgian GDP), Indian liquor barons on billion-euro shopping sprees, and scores of others revving up their 'go global' motors back in India.

And yet, awareness about India among Europe's policymakers is feeble. At a recent Brussels conference on high-technology in Asia and Europe, I heard one account of the EU's e-health programme: providing tourists with their medical data on USB sticks. There was no reference to entire Indian rural communities (and prison populations) whose smart-card-embedded health records are cross-referenced via Indian teraflop supercomputers and satellite transmitted to medical specialists far away. The scale of such e-health initiatives will grow after India launches the world's first telemedicine satellite; the world's first e-learning satellite already connects tens of thousands of Indian schools.

Meanwhile, a key challenge for Europe's e-health programme is capacity, especially issues of project complexity, timing and skill combinations. As Britain's massive overhaul of the National Health Service (NHS) IT system flounders, some experts hint at an Indian solution (as was found for the ambitious London Congestion Charge project).

This must concern EU policymakers, especially given examples from another key economic sector. In 2005, when Holland's ABN Amro launched European banking's first major IT outsourcing tender, no European company qualified. The winners were Americans with large Indian facilities, and Indian firms – who walked away with some of the contract's

highest-value chunks: application development and re-engineering, the precise problem areas faced by Britain's NHS.

As perplexing at the Brussels Asia-Europe conference was a pictorial tsunami of Chinese technology parks – sprouting by day, sometimes by night. There was no analysis, for instance, of why China chose an Indian majority partner for its first offshore IT park, or the absence of windows at Intel's high-security Bangalore operation. Missing too were numbers, such as the American stock-market capitalisation of the large Indian software firms, each of which outranks 'giant' US rivals Accenture and EDS, and have revenues higher than China's entire offshore IT industry.

Though globalisation is principally about India and China, blurring the differences is unwise. China is driving up the value chain, very visibly, from low-cost, ultra large-scale foreign-invested manufacturing. Its technology parks may well be needed in the future; but they could also share the fate of Malaysia's much-hyped 'Multimedia Super Corridor'.

India is driving in the opposite direction – down the value chain from technology services. This ride is carefully calibrated to global market forces. In effect, India is harnessing its technology/management skills to add value to emerging frontiers in manufacturing – such as rapid prototyping and mass customisation. On the flip side, unlike the US, Europe's rich but fragmented patchwork of SMEs offers would-be buyers easy targets to 'plug and play' in tomorrow's global supply chains.

Tulsi Tanti does this for a living. Just before REpower, he acquired leading Belgian wind-power gearbox manufacturer, Hanssen Transmissions. The future of the Eurocentric R&D of these two intellectual property-rich companies – in



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a clearly strategic industrial sector – remains to be seen.

Meanwhile, waiting in the wings are others like Tanti. India's bottom-heavy but world-class stock markets already boast 150 companies with over \$1 billion valuations. This is the global/European face of tomorrow's India Inc., bankrolled by American capital and soldiered by Indian-American managerial Merlins co-opted from McKinsey, Bain and the like.

Such wholly new trends surely require some assessment. However, at the moment, the state-of-play within the European Commission, its listening posts and sounding boards, is that of Rip Van Winkle waking up and seeing a new emperor's new clothes.