

Indians offer IT training at half of what we pay here On an educational trip to India

Why bring Indians over to Europe? Send your IT-people to India. Adventurous, but efficient. Koenig Solutions shows how it can be done.

BRUNO LEIJNSE IN DELHI

The IT manager of Spaas Kaarsen, Herman Gerits, went to Dehradun last summer to increase his IT knowledge. And why not? After software development, call centers and business process outsourcing, India is now also attracting IT professionals looking for training. Educational tourism is much like medical tourism. Rohit Aggarwal (41) from Koenig Solutions bets his company on the formula. Koenig leverages the relatively lower Indian wages and the abundance of expertise to beat the European competition.

MCTS, MCPD, CCNP, OCP and CCSA. Employers know what these abbreviations stand for. These are the standard certifications awarded by Microsoft, Cisco, Oracle or Check Point. Behind the certificates lie courses, trainings and standardized exams. It is the foundation of a worldwide training industry.

Aggarwal welcomes about 200 students per month in his four locations in India. He claims he can offer trainings at half, or a third of the cost of his European competitors, travel and accommodation included. "The wages of the trainers represent about a quarter of our operational budget. Marketing is our second biggest cost. To get students over here we need to advertise all over the world." The company claims to be heading towards a turnover of 5 million euros in the fiscal year 2010-2011, a growth of almost 50%.

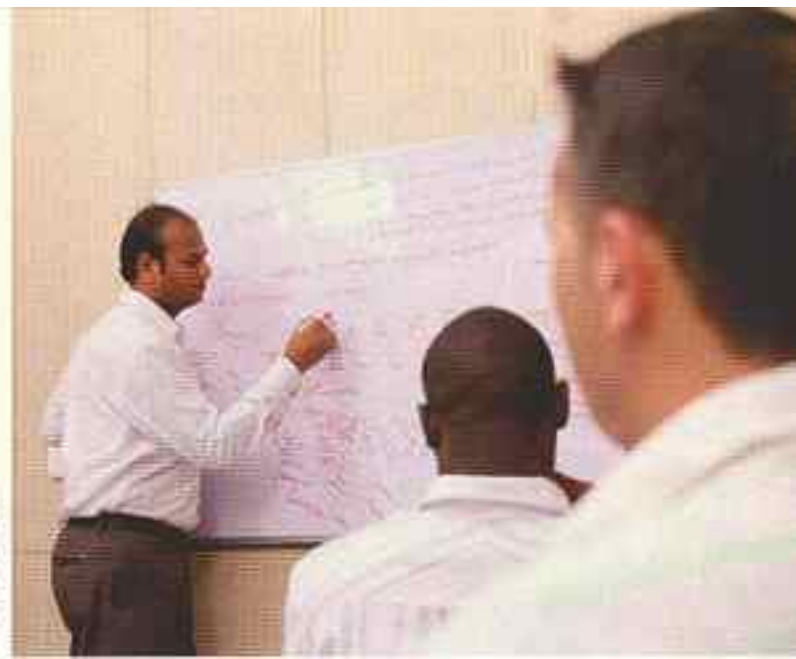
7.200 euro

Is the annual wage of a newly graduated engineer in India

Savings of 50%

"Travel and accommodation included, I will have spent 15.000 dollars in total" says Michael Harris, an American Sharepoint specialist. He's taking a multitude of courses. The 15.000 dollars come from his own pocket. "This training will pay itself back within one year" he predicts.

According to Koenig, about half of the students pay for the training out of their own pockets, the other half have been sent by their employers. Consultant Gaetano Macaluso, who grew up in Wallonia, invested about 8.000 euros for a series of Oracle courses in Dehradun, travel included. "Only the courses themselves would have cost me 18.000 euros in Europe or in the US."



Aggarwal is a name you often encounter in the higher Indian caste of entrepreneurs and businesspeople. Rohit's younger brother runs a business processing company. His older brother runs the family business Essen-Deinki, which makes cheap electrical switches. The success of Essen-Deinki convinced Rohit to also choose a German company name. The computer scientist started Koenig in 1993. A backpacking student gave him the idea during the dotcom crash to look abroad for business opportunities. At Spaas, Gerits calls India compared to China- "a dump, very chaotic, with dogs on the streets, honking vehicles and polluted air." This is very recognizable to visitors of Koenig Inn in Delhi, one of Koenig's nice and clean accommodations, that is situated in a typical old and popular neighborhood. When we arrive there at 02:30 hrs in the morning, workers are unloading bricks by hand in the street. During the day, squirrels run around on the construction site.

"People do think twice before they decide to travel to a developing country like India", says Rohit. Based on this insight, Koenig now offers an 'All-in-one' package: pick-up at the airport, accommodation, catering, and a shuttle service for students to and from the airport. Everything is included, confirmed the students we spoke to.

India does not have a regulated 2- and 3 star hotel infrastructure. That is why Koenig runs its own budget accommodation, complete with Dettol soaps next to the washing basin. 4 or 5 star accommodations are of course also an option. After starting up in Delhi, Koenig set up training centers in Goa- the coastal resort on the West Coast, the forest-rich Shimla in the Himalayas, and the conveniently located university city of Dehradun.

Tourism may be a good argument to go, but in practice it is not. You do not overcome the Indian climate, the terrorism threat and the health risk for fun. The courses are intense. "All the spare time was used to study" Gerits mails. "Long days, short nights. Really, no joke", says Macaluso. Koenig works with a maximum of five students per trainer and in many cases -as with Gerits- even on a one-on-one basis.

Competing for staff

Aggarwal likes to refer to the myth that India has a limitless pool of IT experts. The reality is different, though. His 150 trainers do not make top-wages. "In 2003 we often lost new trainers after 6 months. They were being persuaded by other companies" admits the CEO who starts his day at six in the morning with yoga. Just like other training companies, Aggarwal now introduced contracts to commit newcomers. "Newcomers now sign for a two year period. Shorter timeframes are possible for people who have more experience."

In the different Koenig locations in Delhi -most of which are partitioned in windowless classrooms- there are time-clocks. Koenig compensates the relatively lower income with fixed working hours (from 08:30 hrs to 17:00 hrs, just outside rush hours) and no obligations towards working on weekends. 40% of the staff is female. The Economic Times, a division of The Times Group with whom Koenig shares a building, named Koenig the best employer of the year in the education industry. In 2009 Koenig also got the Microsoft citizen award, because it provides after-school education to hundreds of kids in the poorer neighborhoods of Delhi.



A 15% increase in pay

HR consultant Aon Hewitt expects that Indian wages will continue to rise at 12%-15% annually over the next five years. At the same time, he points out that a newly graduated engineer, still only earns 7.200 euros per year. According to Aggarwal, this leaves enough room to continue beating Western training companies on price. He predicts that local Western competitors will be increasingly less capable of offering specialized courses, because of lack of scale and competences. In the future Aggarwal is looking to fine-tune his offshore strategy. India has the cost benefit, but is far away from its sources markets. That's why he wants to open a training centre in Dubai, closer to Europe, with excellent flight connections and a Visa that need not be organized before departure, as is the case with India. He's also thinking of training in Europe and in French and German languages as the start of a worldwide education-venture, which will be *Indian powered*. An IPO needs to finance this expansion "when our model is perfect, in 2014". What he really means is 2013, but that's an unlucky number. "There's an enormous potential. With the right marketing we can climb to 1.000 students per month."

SMALLER PIECE (INSET)

A Few specialists in Belgium

The Belgian for-profit training industry is atomized. The professional federation Federgon does not have any figures. Microsoft trains about 6.000 professionals and developers per year. The average time of training is 4 days.

One of the larger Belgian players, Synaps, won an important contract for several years with the European institutions. Roughly the same size is Givi. It has 22 employees and a gross margin of about 1.1 (Pls verify) million euro in 2009. Global Knowledge Belgium from Mechelen, where they have their local office with about 8 staff, had a turnover of 2.54 (Pls verify) million in 2009 and a gross margin of 0.8 million (Pls verify). Also, integrators such as RealDolmen organize trainings. Private training companies suffer from competition by non-profit organizations such as 'Vlaams Agentschap Ondernemersvorming, Syntra and 'vormingscentrum van paritair comité 218'. In 2009, one of the largest private players, Key Job, went bankrupt after 25 years. The company that took over, DWeb, went bankrupt last year.

SMALLER PIECE (INSET)

Booming business in India

Trainingindustry.com counts four Indian companies in their worldwide top-20 of IT training companies: NIIT, Infosys, Aptech and Tata interactive. Compared to these top-20 companies, Koenig is a smaller fish. NIIT, the largest IT trainer in India had a turnover of 191 million euro in 2009-10, the worst year since the dotcom crash. Just like Aptech and others, NIIT is expanding in other BRIC countries, Southeast Asia and Africa.

Specific e-learning companies are growing faster. The Indian financial analyst ValueNotes predicts another two years of 15% growth for the 150 Indian companies active in e-learning. The analyst sees the largest potential for the Indians of Tata Interactive and LearningMate.