

Back-Office Charity

An Indian outsourcer goes to the villages to save money and help the poor.

By Elizabeth Corcoran

RAMALINGA RAJU believes technology will help transform rural India.

FOR 15 YEARS B. RAMALINGA Raju has helped make India a global tech star. His outsourcing company, Satyam Computer Service Ltd., in Hyderabad, has \$1 billion in revenue and 23,000 employees. Now he wants to outsource himself: He aims to push high-tech prosperity out to the rural backwaters of India, where villagers still harvest rice by hand and mold cow dung into patties for fuel.

But Raju is doing it with a twist—not through his company but via his family philanthropy, the Byrraju Foundation. It funds the startup costs of setting up new data processing centers in the hinterlands and intends to turn over ownership to each center's employees a few years later. This altruistic effort also offers a profit motive for his company. Satyam, by farming out back-office work to the countryside, will sidestep the higher costs of Hyderabad.

"Satyam's savings are significant," Raju says, "as much as a U.S. company would save by outsourcing work to India."

His bigger motivation, however, is to bring middle-class hopes to India's poverty-stricken villages. In Andhra Pradesh, the southeastern state where Hyderabad is situated, 60% of the population is illiterate. Near the coast, rice and prawn farming dominate, thanks in part to the British, who laced the region with canals in the 1850s.

Village life has changed only slowly since then, despite the tech boom that enriched some Indian cities. Raju, 50, was born in Jallikakinada (pop. 1,652), 250 miles southeast of Hyderabad. It didn't get electricity until 1965, phones until 1991. Raju's father moved the family to Hyderabad in the 1960s to cultivate grapes and later started a string of construction businesses. Raju earned a master's degree in business from Ohio University, then returned to India and cofounded Satyam ("truth" in Sanskrit) in 1987 with one of his two younger brothers. He later began providing software services to U.S. companies. FORBES pegs his worth at a lofty \$670 million—albeit that ranks him only

36th among the richest people in India.

Raju's father died in 2001, and his three sons started their foundation to honor his memory, intent on transforming rural villages such as Jallikakinada. Their Byrraju Foundation now broadcasts English and math classes, via satellite links and radio towers, to more than 200 government-run schools. With IBM's help, the foundation has put computers into 54 rural primary schools. It supports vocational programs for plumbers, electricians and dressmakers. It has built 28 water treatment plants and installed 35,000 toilets, and it sponsors medical and dental clinics. Unlike U.S. foundations, the Byrraju Foundation doesn't have an endowment; it depends on Raju and his brothers for regular donations. Foundation directors say they have spent \$10 million on health and education programs.

The new push for rural data centers, known as GramIT (*gram* is Sanskrit for "village"), is aimed at people with community college educations who want good jobs without having to leave their villages, where work is otherwise scarce. Many wind up adrift or teaching part-time. So far the foundation has set up two centers, one in Jallikakinada and the other in Ethakota (pop. 4,515), 50 miles away. Byrraju covered the initial costs of each: \$110,000 for PCs, a wireless network and worker training.

In early 2005, when loudspeakers blared news of the job openings at GramIT (pronounced "gram-it") in Raju's old hometown, 500 people applied for 100 openings. Workers must have a college degree, and new prospects get three months of training in computers, statistics and English before taking an exam. All who pass are offered jobs.

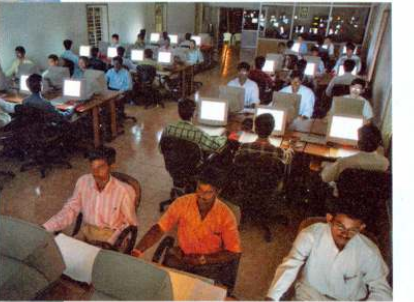
N. Srinivasaraju, 28, was among the first recruits at the new center in Jallikakinada. His shift starts at six each morning, after he cycles 2 kilometers down dusty streets, past lacy coconut trees and electric-green fields where villagers pluck rice by hand. A quiescent beryl-green canal parallels the road. Children, men and cattle plunge into the water for a rinse.

The village's first snack stand opened next to the GramIT site late last year, and Srinivasaraju stops in to buy a stack of *idlis*,



Most people in Jallikakinada still farm (above). GramIT runs two shifts of workers. Backup generators keep computers humming when power fails. Tutors, such as the woman below, give GramIT workers lessons in English.

shift. Nearby, Sunita Kumari, 26, checks taxi invoices received by Satyam, looking for instances where the company might have been overbilled. She can inspect 300 a day and hopes to get to 400. Srinivasaraju and Kumari take home less than \$60 a month (Rs 2,500)—a fraction of the pay earned by Satyam's regular employees. Bonuses of Rs 1,000 are possible. Still Srinivasaraju earns double what he made as a teacher, and he has big hopes for the future. GramIT



withholds a slice of wages as a down payment for the 1% equity that each worker will hold in the local business in two years.

"This job has good future benefits," he says. "And I don't have to leave my village."

With the data centers in Jallikakinada and Ethakota up and running, two more centers in two other villages have started recruiting. Ten more are planned.

Byrraju partner Sharath Choudary, 42, is GramIT's combination of a venture capitalist, chairman of the board and bizdev guy who secures new work for the

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a traditional rice-and-lentil snack, then pushes through swinging doors to get to work. The GramIT building is a converted ice factory donated by the village, with spartan offices featuring beige paint, no decorations, tawny linoleum tiles and few windows. Fifty people work in one large room, three PCs to a table. But for the women's brightly colored saris and the men in sandals, this room could be anywhere in the world.

So far the Jallikakinada office has two major customers: Satyam and the state government of Andhra Pradesh. The work involves filling out databases with information from paper documents such as taxi receipts, financial ledgers and résumés. Srinivasaraju grabs a pile of résumés from the center director and begins sifting through them for Satyam, recording key nuggets in a database; he gets through a dozen in an eight-hour

GramIT units. "Clients won't deal with the centers directly," he says. GramIT guarantees the quality of the work.

"This isn't philanthropy—it's development," Choudary says. "They're earning seed capital and chiseling their own fortunes." Each GramIT job generates as much revenue as 5 acres of good land. With a hundred people now employed at the site in Jallikakinada, he adds, "It's like we've created 500 acres."