

A Bright Future for Sri Lanka

Sri Lanka is fortune in being positioned in a high-growth region as far as Information Communication Technology (ICT) is concerned. This is because of proximity to India, with its dynamic ICT industry, and with India expected to become the youngest and the most dynamic super power in the world very soon.

The director and CEO of Metropolitan Computers, Niranjan De Silva, talks to Sassanka Samarakkody of Business Today about how Sri Lanka should be ready to make use of the inevitable spill-over effect to the maximum.



Can you give a brief overview of your organization?

The Metropolitan Group with over 45 years experience has been in the forefront in providing products, services and solutions to the Documentation, Information and Communication sectors. The company, incorporated in 1958, was initially involved in supplying office equipment, such as manual typewriters, calculators, etc. Today, we have grown to become one of the largest office automation companies in the

country with a total staff of around 700.

Our mission is to offer work place and personal productivity solutions and services, that exceed customer expectations. In addition we offer unparalleled marketing capabilities to our business partners, whilst providing our staff the opportunity for personal advancement with performance-based recognition and rewards.

Over the past three years we have diversified into property development, power generation and air-con solutions. We have also got involved in special government projects, such as infrastructure development.

Do you think diversification is an important factor in today's competitive business environment?

I believe you need to diversify; because without diversifying you cannot grow as an organization. But you should never lose focus on your core business. Some companies diversify for the sake of diversifying and in the process lose not only their core business but also the other businesses they have diversified into. What is required is to strengthen your core business while at the same time looking out for opportunities, and then diversify. You should not lose sight of the fact that primarily what matters is the success of your core business.

As an IT Professional what are your views on the present position with regard to Sri Lanka?

I think the information communication technology sector is growing pretty fast. According to a recent survey done by IDC, Sri Lanka's IT penetration rate was 11 percent. This is rather good and is similar to India's growth while Pakistan is growing at around 19%. What is apparent is that we are growing at a steady pace.

With regard to the availability of hardware, such as the latest models of computers, peripherals and accessories, we are on par with countries such as Singapore, Europe, or the U.S. We certainly are not lacking in technology; but where we can improve is in the exploitation of the software.We have the latest technology but whether we are exploiting that technology to tho the maximum, I have my doubts. That is where more developed countries like Singapore and Europe exploit the system for strategic advantages. We are still engaged in areas, such as data processing, etc. I think we have to move into the next stage and use this technology to gain strategic and competitive advantage.

How do you think we can set about moving forward?

I think it's a maturity process. Like in school, you start from grade one and then step by step you enter university and then graduate. because we got into this area pretty late, mainly because of the closed economy until 1977, we have lagged behind.

However, today students who come out of the universities are well aware of the latest technologies, especially about the benefits of ICT. Also because the economy is growing and since competition is mounting, many organizations realize that if they are to grow they have to be competitive and make use of ICT.

I think sooner or later they will either have to use information communication technology for competitive advantage or it might be very difficult for them to remain in business. I think within the next two to three years the shift will definitely happen. People are also mature and I think many organizations are ready to go for the next stage and use IT for competitive advantage.

What is your opinion about the digital divide, where most of the IT facilities and opportunities are concentrated in Colombo, while the outstations are neglected?

That problem is being addressed to a certain extent by the Information Communication Technology Agency (ICTA) which is a government's body, with the setting up of Nenasalas islandwide in various locations, such as temples. There are qualified instructors and people in those areas have now got the opportunity to access computers.

I have visited a few of these 'Nenasalas' and they are packed all the time. You go to any rural area, the computers are being used for eight to nine hours by the people in those areas. People in Dambulla, for instance, could check the prices of vegetables in the Colombo wholesale market through the computer. Slowly, ICT usage and accessibility are growing in the rural areas.

The Intel Chairman was here last November and he said by July this year, he will try to work with Sri Lanka Telecom and make the entire country MAX enabled – which is connectivity at high speed. So if that commitment is kept, very soon connectivity will not be an issue.

The only problem we have right now is the high cost of communication. Due to that we are not in a position to exploit lucrative opportunities such as BPO (Business Process Outsourcing).

In places like India, where BPO is thriving, the cost of communication is very much lower than ours. I think that is now being discussed with the TRCSL (Telecommunication Regulatory Commission of Sri Lanka) and other bodies and this issue might be addressed soon. However, I believe there has been a considerable improvement in ICT infrastructure facilities in the country.

You spoke about the thriving BPO business in neighbouring India. What are the chances of Sri Lanka entering this lucrative field?

The BPO business is thriving in places like Bangalore, Hyderabad and Bombay. That is the new trend and is a multi-million dollar business. We have been slow in getting into that. Maybe one reason is our high telecom cost and the second reason is the non availability of a huge pool of people. For instance, if you take a development centre in India – Bangalore or Hyderabad – these centres have about 2,000 to 3,000 people in each. In Sri Lanka, we sometimes struggle to recruit 100 people.

However, there are some companies here that are engaged in high value addition. They are doing the back office operations, employing professionals such as chartered accountants and cost and management accountants. I don't think Sri Lanka can penetrate the lower level of the BPO business, mainly because we do not have the numbers; but we can certainly go for high value addition.

Today, due to connectivity, our financial analysis or preparation of management accounts for example, does not have to be done in Sri Lanka; it can be done in Europe, India or some other place. Similarly, companies all over the world, especially the developed countries, are looking at cheaper alternatives for getting their jobs done. We should tap into that segment of this lucrative business.

Wouldn't BPO be one answer to our growing unemployment problem?

Most certainly. We have plenty of university graduates as well as accountants. We could train them and absorb them into the BPO industry. We also produce a lot of lawyers; why can't we handle the legal work outsourced from Europe, for instance. There is a huge opportunity, waiting to be tapped. But I think once the flood-gates open, it will move fast.

Also, if we are going to lose out on the apparel industry, due to quota restrictions, etc, then creating employment opportunities in the BPO service sector would be the ideal alternative. The average salary of a person employed in the BPO sector would be four times that of a person employed in the garment industry. Therefore, the economic impact due to any job losses in the garment sector could be minimized.

There is a focus group working on BPO development as the ICT Agency and I think within the next two to three years a lot of activity will take place in that field. I am confident a lot of local companies will get into the BPO business, because we can do whatever job they are doing in the US or UK very much cheaper over there.

Is the language factor, where a large percentage of our population is not very familiar with English, hindering the growth of ICT here?

Local language facilities are available in the computers at the Nenasalas. There are multi-lingual packages available in the market and some university projects are now focused on developed internet web pages in Sinhala and Tamil. SMS is now available and the new version of Microsoft has Sinhala fonts built-in.

Don’t you agree that the level of IT penetration is quite low in the country, considering our high literacy rate?

Yes, the level of information communication technology is still low. The problem I think is affordability. Today, a desktop computer is about Rs,60,000 to Rs,70,000 and very few people can afford it. But again, to address that issue, the ICT Agency together with Intel have launched a low cost personal computers scheme. 100,000 PCs will be available for purchase only by individuals; not for companies. A PC would cost around Rs,30,000 and easy payment terms are available. One of the strategies that has been adopted is to make this technology affordable to the general public.

Today ICT has become quite user-friendly. Can you highlight some advantages for the average user?

Very soon using ICT is not going to be any different to using your mobile phone or a TV. Anybody will be able to handle it, because as you mentioned, it has become very user-friendly.

If you take the mobile phone, it has a lot of ICT features. You can check your emails, access the Internet, and in the next stage when the third generation phones are

introduced, which will be very soon, you could even watch TV on your mobile phones available in the market today where you can record live events.

In the future, computers, telecommunications and televisions, will all merge, So it will be an all in one unit you will have in your office, in your home and in your vehicle. And it will be inter-operable and to use it, you will need no specialized training. Like accessing TV, in future you will be able to merely press a button and connect with the world to check for information, find out about the weather, keep in touch with friends and relatives, and even for video conferencing,

Today, using a standard phone, people cannot see each other. But in a couple of years video games will be operational and then, when we speak to somebody we'll also be able to see the person.

If you have a small camera fixed on top of your computer, you can now connect on to the internet and chat with your friends and family; they will see you and you can see them. In fact I recently saw in Singapore that most of the new Notebooks that are now coming to the market have a small built-in camera. So this technology will become a common feature in the near future.

Very soon, there will also not be any airline tickets either. Instead it will be an e-ticket, with just a computer generated reference number.

Another recent development related to the advancement of ICT, especially in the developed countries, is people working at home on their PCs instead of commuting to work everyday. Do you think this is the beginning of a trend?

Yes, in fact I believe today, you don't have to go up and down to work. You can work from anywhere. If you take our country, the hassle one has to undergo to get to work and back with huge traffic jams, and bad roads is just unbelievable. If you look around you will see so many office vans, and a large number of ladies travel in them. And the ladies who work in offices, what do they do when they come to office? They work on computers. So they can now have the same computer at home and do the same work, without daily commuting to work.

We can provide the facility today, where for example, the secretary is not in office, but at home in Panadura. She can attend to all the emails; telephone calls that come to office can be directed to her home, and if she is leaving the house to

attend to some matter, she can direct it to her mobile. I think, its just a matter of time before people will chose where they are going to work from.

If you take a country like Singapore for example, they no longer have a cubicle or separate desk designated to a particular staff member. There are empty cubicles and all they have is a computer with an internet connection. So a staff member walks into the office, sits at any cubicle, plugs into the computer, does the work and gets out. I think that is a good concept, because as long as the employees deliver results, why have they got to be in office all the time?

For instance, this particular interview that you are conducting right now, could also be done via videoconferencing. Then you will not be wasting time coming here. We could have done this interview while you are in your office and I am sitting here. Even my photograph can be downloaded and printed. This would be the ideal future scenario; it will also cut down on travel costs, especially useful considering the sky rocketing fuel prices.

Do you think this work-at-home concept would be successful in Sri Lanka?

Well, there is no problem in promoting this concept of working from home but the main hurdle is getting over the mentality we have, that we should commute to office in order to work. We are trained to think like that. Therefore, changing the mind set of people will be rather difficult.

State intervention no doubt is vital to promote the ITC industry in the country.

Yes, the State has to intervene. I am glad to say that ICT Agency, which is the body that’s promoting IT in Sri Lanka, comes directly under the purview of the President. That shows the President’s commitment is there to push information technology further. Recently, the government removed all VAT on personal computers because the price factor was a problem for individuals. But they increase the duty on computers at the last budget; that needs to be addressed though.

Are there any hi-tec products you plan to introduce to the market in the near future?

We have an interesting range of products coming out, including a range of Notebook computers that will be available soon at an affordable price. Most of them

will have internet connectivity and built-in cameras. Today most people prefer to have a notebook instead of a desktop computer, mainly because you can carry it around.

We have already introduced the shoot-and print technology in the field of photography. Earlier, once a photo is taken, you have to take the reel to a studio to get it processed. But with the new Canon digital camera for instance, you take a photograph and if you are near a printer, connect the cable, just press a button and there you have a print out of your photograph.

Also with the latest accessories, available in the market, you can connect computers to the internet at a very high speed. We therefore have a range of computers, peripherals and accessories that we will be introducing to the local market soon at an affordable price, so that people could exploit the use of ICT. It should be noted that you only gain the full benefit of ICT when you exploit it to the maximum.

Isn’t the cost-factor a major hindrance to the propagation of ICT in the country?

Our local banks are working on offering easy payment terms and I come down to the level of a desktop. And that is why even internationally the Notebook market is as big as the desktop market. In most of the developed countries, Notebook sales have overtaken desktop sales. The price differences between the two are marginal now. Also, mobile phones have overtaken the fixed phones. So mobility has become a key factor.

Would you agree that penetration of ICT to the grass roots should be a joint effort between the government and the private sector?

It certainly should be a joint effort, with all parties working close together. Today, the ICT Agency is mainly involved in facilitating the penetration of ICT-islandwide. This functions as a separate unit. Then there are the private companies involved in the software as well as the hardware business. There are those who are involved in ICT training; there are the professional bodies such as the Computer Society of Sri Lanka, the British Computer Society. These groups are members of the Sri Lanka ICT Association (SLICTA), which is like the commercial body.

So for the future development of ICT, all these bodies that is the ICT Agency, SLICTA

and all the other organizations involved in the IT sector, should work together. If we don't exploit ICT, then we are lost.

If you take India as an example, their BPO business is worth USD7-8 billion. We boast of the highest literacy rate in Asia. Therefore it should not be a problem to harness the talent of our people and make use of information communication technology. If we do so in a systematic manner, we can surely make our economy as strong as any other economy in the region. But if we don't do this, we are definitely going to be left behind and others will overtake us.

Do you think the present brain-drain will have an impact on the IT industry in the country?

I personally think we should not get worried about the brain-drain. Now how did India get so many BPO jobs; it was the through the Indian diaspora that's located worldwide. So let's say our ICT professionals go to some other country, set up operations there, and out source work to Sri Lanka. It works both ways. Going abroad and getting that exposure is important.

So I think the diaspora should be used to our advantage, without thinking in a negative manner. Because most of the time when people go out, they still love the country and the tendency is to send work back home. I know a lot of people who have migrated to countries such as the US and Australia and who have set up small-scale BPO operations in Sri Lanka. They get the work from overseas and process it here, mainly due to the cost factor. The cost saving by such an exercise is at least 40%.

I think we are living in an area in the world that has the highest growth potential for BPO. If you take all of Europe and the entire US and even Australia, they are outsourcing most of their work. And to where? To Asia, especially to India and China, the two countries that will become super-powers in the future.

It is believed that China will not remain a superpower for long, because due to their One-Child per family policy, they have an aging population. That problem is not there in India. So the youngest and the most dynamic country in the world, India with its huge populations, is going to be the superpower in the world very soon.

As we are India's immediate neighbor the spill-off growth or the over-flow will invariable be transferred to Sri Lanka. China's boom had an impact on Hong Kong. I

believe India/Sri Lanka will be the fastest going region in the world in time to come. Therefore we should be happy that we are fortunate enough to be in a high-growth region, instead of grumbling.

If you take Sri Lankans for instance, during my 25-year working career, I have never heard people say, look the country is doing well. Always it’s something negative they have, which must be changed. We should get rid of our negative mindset and cultivate a can-do attitude, which will surely lead to growth and development of the economy.



