



Government of Karnataka

INFORMATION TECHNOLOGY



**INVEST
KARNATAKA
2016**

GLOBAL INVESTORS MEET

February 3-5, 2016
Bangalore Palace, Bengaluru



Foreword



Shri S.R. Patil

**Honorable Minister for Planning and
Statistics, Information Technology,
Biotechnology and Science & Technology,
Government of Karnataka**

“

*Karnataka is the leader in IT.
We will maintain this leadership
position by taking up several
initiatives. The latest initiative
is the Startup Policy, which
aims at creating a Startup
culture throughout the State.
Our aim is to become the
global leader in IT by 2020.*

”

Foreword



Ms. V. Manjula

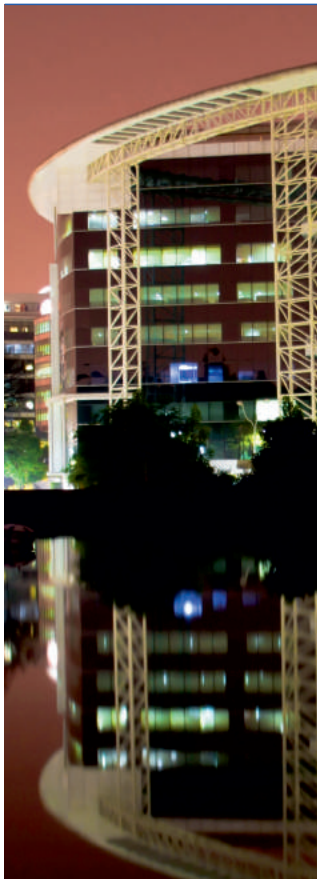
Principal Secretary, Department of
Information Technology, Biotechnology
and Science & Technology, Government
of Karnataka

“

Karnataka has an ideal eco-system for the IT sector to thrive. The Startup Policy has the potential to create many young entrepreneurs, and jobs. Karnataka 1st Policy along with the Startup Policy will ensure that the State continues to lead in knowledge sectors.

”

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Highlights



1

Karnataka's Unique Advantage

- Offers ideal ecosystem of Talent, Infrastructure facilities, and thriving Innovation Culture
- Presence of premier R&D institutions as catalysts for growth in emerging technologies
- Proactive policy environment with consistency in excellence
- Flourishing startup environment driven by spirit of entrepreneurship
- Home to major IT companies of the World, and there by attracting best of the talent pool

Enabling Policy Framework

- Progressing towards being World's number one technology cluster – Karnataka i4 (IT, ITeS, Innovation & Incentives) Policy
- First Multi-Sector start-up policy in the country aiming towards a globally competitive startup ecosystem through strategic investment and policy interventions, leveraging the robust innovation climate

Investment Opportunities

- IT Investment Region (ITIR) close to Kempegowda International Airport, Bengaluru
- Vasanthnarsapura-200 acres Phase III and 500 acres in Phase IV on NH 4 (100 Km from Kempegowda International Airport, Bengaluru)
- 200 acres available at Sira near Tumakuru NIMZ on NH 4 (120 Km from Kempegowda International Airport, Bengaluru)
- IT Parks set up to give ready to occupy infrastructure in Bengaluru and Tier 2 cities
- Incubators on PPP mode (startup policy)

Sector Snapshot



2

India continues to consolidate its position as the global hub for sourcing of IT-BPM services

The domestic market is expected to boost industry growth, with the Government's focus on 'Digital India'



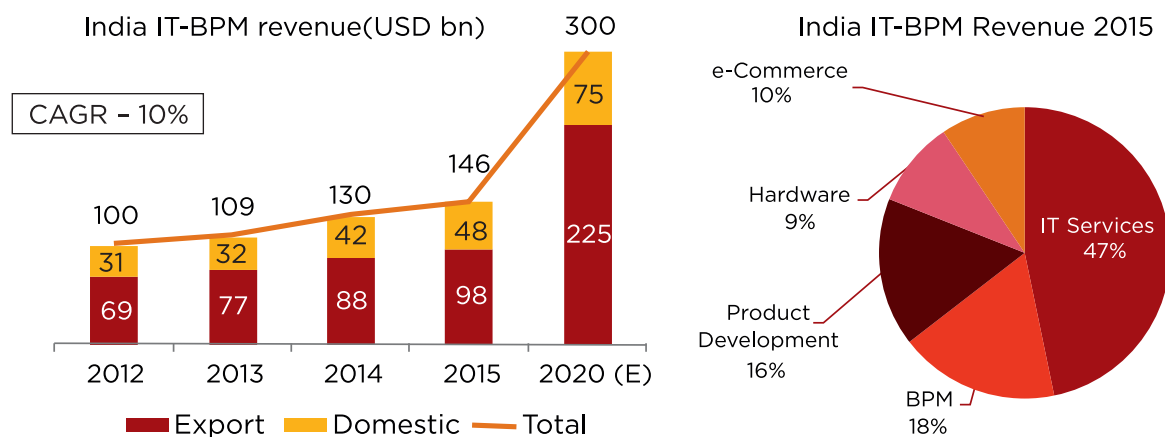
Global IT-BPM spend in FY 2014

USD 2.3 Trillion

E-commerce is driving the rapid growth of domestic IT-BPM, attracting unprecedented levels of global interest and funding

While worldwide IT-BPM spend was USD 2.3 trillion, a growth of 4.6 percent over 2013, global sourcing of services grew by 10 percent; and India continues to hold on to its leadership position with a 55 percent market share

Indian IT-BPM industry is estimated to account for revenues of USD 146 billion, a growth of 13 percent over 2014



Source: NASSCOM, The IT-BPM sector in India: Strategic Review 2015

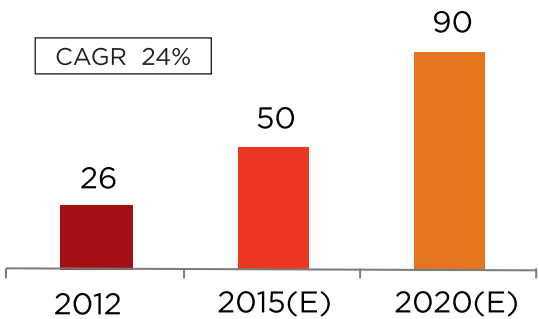
Karnataka is a global leader in IT-BPM sector and has been witnessing sustained high growth

Karnataka has emerged as the Global destination for investment in IT-BPM sector

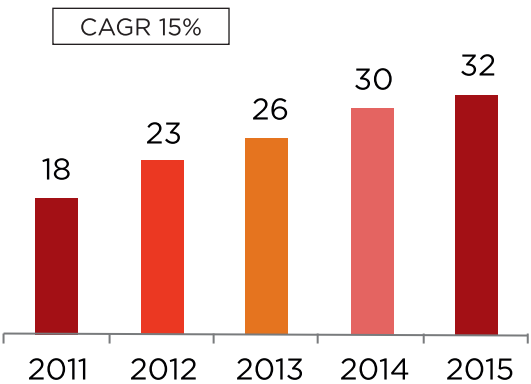
Fact File

- 4th largest technological cluster in the World
- 5000+ IT/ITES Companies in Karnataka
- Direct - 10,00,000 Indirect Employment- 30,00,000
- 73,000 new IT jobs added in the 2013-14
- 750 Multinational Companies
- 400+ R&D Centers

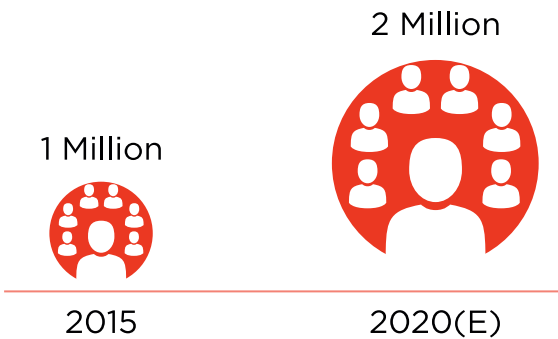
Karnataka IT-BPM Revenue (USD bn)



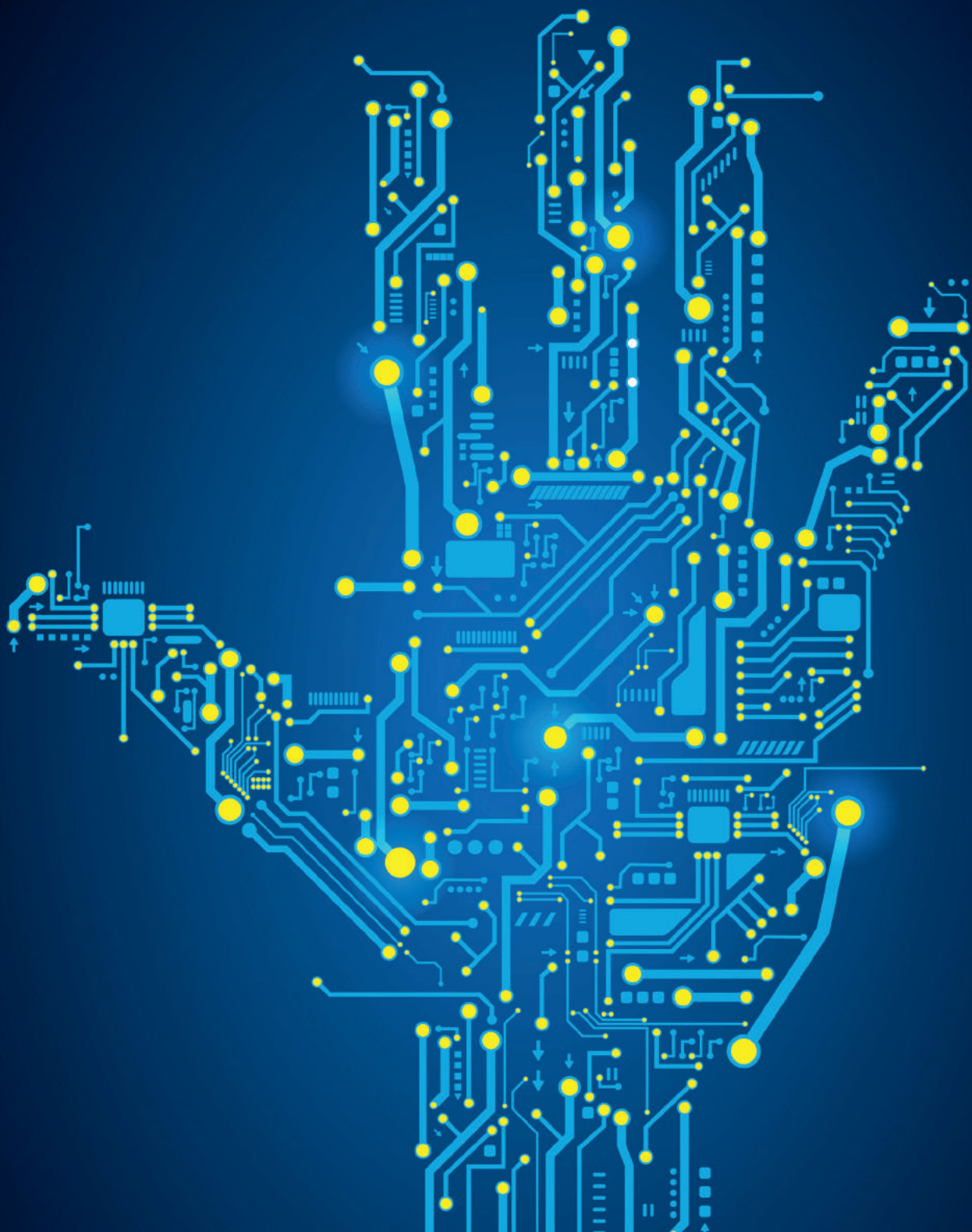
IT-BPM & ESDM exports (USD bn)



No of Jobs



Expected to be the largest IT cluster globally by 2020, employing the highest number of IT professionals

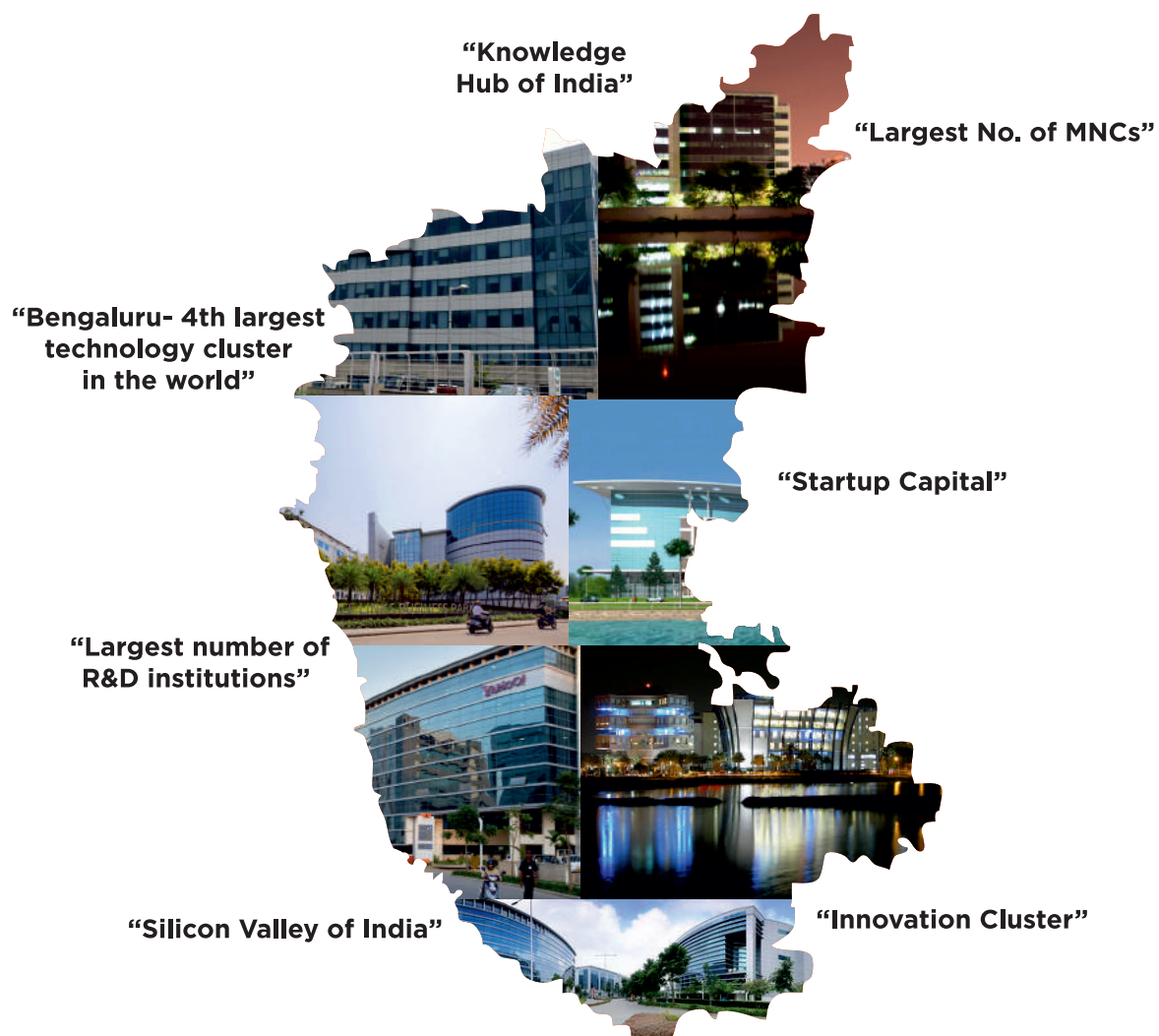


Karnataka's Unique Advantage



3

Moving Towards Building World's Largest Technology Cluster



Ecosystem advantage – Talent, Innovation Culture, Infrastructure

80%

400 of the Fortune 500 (80%)
companies have outsourcing
operations in
Karnataka

50%

Percentage of world's
SEI CMM Level 5 certified
companies

#1

Bengaluru ranked as No. 1
'Best place to live and
work by Expatriates' by the
Global HR Consultancy
Mercer

#2

Bangalore ranked second in
the Global Startup
Ecosystem growth index
by 'Compass'

100k

Skilled engineers and PhDs
graduating annually

#1

Largest software exporter
in the country,
contributing one-third
of the total exports

Skilled workforce and the presence of premier R&D institutions are the competitive advantages of Karnataka

Knowledge Hub of India



Over 100k Engineers being added to the talent pool and 25,000 PhDs working in the State



20+ Universities, 200+ Engineering Colleges, 200+ Polytechnics & 300+ Industrial Training Centers



ICT Skills Development Society (ICTDS), for skill development in partnership with industry stakeholders



3rd largest no. of Engineering Colleges in India and highest Industrial Training Institutes (ITIs) in the country



With 400+ R&D Centers, Bangalore has largest number of R&D Centers in India



Home to premier research and academic institutions such as NAL, NCBS, ISRO, IISc, IIM-B, JNCASR, IIIT-B, DRDO, NIT, NLSUI

Home to major IT companies of the World, and thereby attracting World class skilled talent

Infy to invest ₹1,918 cr to develop 3 new campuses
 by Bureau
 Bengaluru, Aug 30

Zivame raises ₹250 cr in series C round
ExxonMobil mulls \$600 m investments in Bengaluru
 FRADEESH CHANDRAN

Tavant Technologies to invest \$100 million in India
 The company which is currently growing at 40 percent YOY, will expand facilities its R&D facilities

Avekshaa: This IT startup company offers 'PASS' solutions in niche categories

VMware Opens A Development Facility In Bangalore Of \$120mn
 BANGALORE, INDIA: VMware has announced to invest \$500 million in India to build a new development center. With \$6 bn in revenue in 2014, 600,000 customers, VMware today employs over 10,000 people globally. The R&D team in India plays a critical role in product development in all major product lines. The new square foot facility in South Bangalore will play a strategic role in VMware's global product development. The Executive Briefing Center (EBC) to showcase VMware's entire portfolio of solutions.

World's Second Fastest Growing Start-Up Ecosystem: Bangalore And Its Story Of Success
 by IBCS

Karnataka clears Rs 1,373-crore Honeywell project
 And Kumar M. www.bbc.com/india/2014/08/140827_karnataka_clears_honeywell_project

BENGALURU: In a day of fast-tracked IT and IT related projects, the State High-Level Clearance Committee (SHLCC) on IT on Thursday cleared Rs 1,373 crore investment proposal of Honeywell.

Brocade to invest \$300 mn in India and bring new IP innovation
 The company also announced the opening of a new Development Center in Bangalore

BANGALORE, INDIA: Brocade today announced that it is making new investments in India as an additional base to support the company's New IP innovations.

The company also announced the opening of a new Development Center in Bangalore, and stated it will invest \$300 million in India over the next five years which will be spent in setting labs, increasing workforce, automation of datacentres.

The company will add new capacity in the India operations and effectively grow its development team in India, while expanding its sales force to support market growth.

The new 157,000 square foot Development Center features modern work environments, engineering labs and a customer demonstration, briefing, and training center.

Bangalore To Become Asia's First IoT Innovation Hub
 by CIOtoday News Desk Jul 03, 2014

Cisco has announced a strategic engagement with Electronics City Industries Association (ELCIA) to develop Asia's first end-to-end Internet of Things (IoT) Innovation Hub in Bangalore. The company believes India's fast growing internet penetration will drive this collaboration and help Electronic System Design & Manufacturing (ESDM) companies.

Cisco makes its first India acquisition, buys Pawaa
 Technology major Cisco has acquired Bengaluru-based IT security company Pawaa for an undisclosed amount, marking it as the technology company's first acquisition in India.

Pawaa, a privately-held company, provides secure on-premise and cloud-based file sharing software.

Huawei invests over \$170mn in Bangalore R&D campus

BANGALORE, INDIA: Huawei inaugurated a new sprawling one million sq. ft. Research & Development (R&D) campus in Bangalore today. Huawei has invested over \$170 million in building this new campus in Bangalore.

The campus is aimed at playing a bigger role in the innovation journey of Huawei, creation of future-oriented technologies, generating patents from India, contributing to industry standardization, collaborating with peers and academia in R&D and support the digital transformation of the society.



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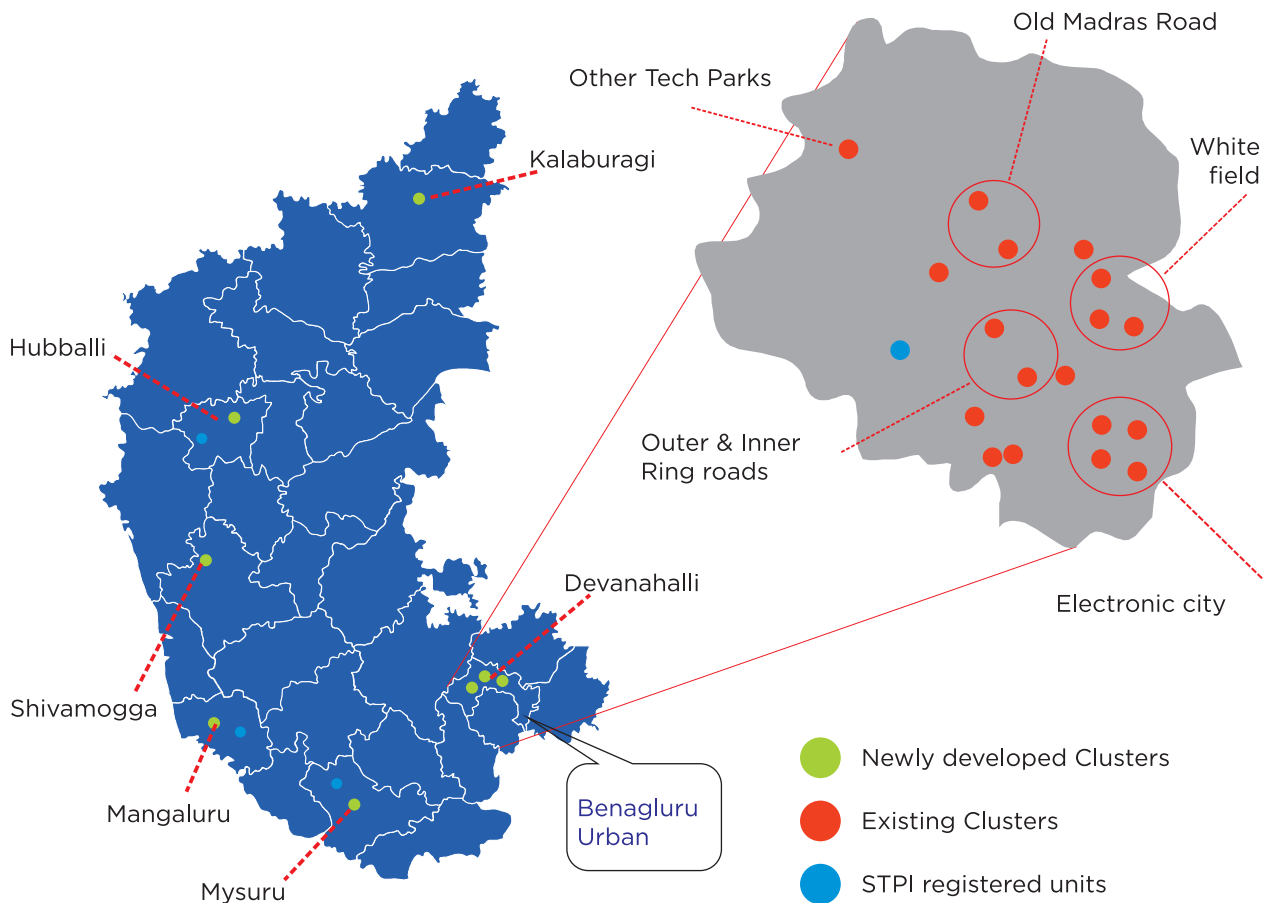


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Well developed infrastructure clusters have contributed to sustained growth of the sector

- STPI – Software Technology Parks of India
- STPI registered units with an export of USD 19 Billion in 2014-15 constitutes 60% of IT-BPM & ESDM exports from the State



With an investment of USD 1.27 bn, 47 Special Economic Zones (SEZ) are fuelling further growth of IT/ITeS sector

First Multi-Sector startup policy in the country aiming towards a globally competitive startup ecosystem

1

Startup Hub

30% share in the country with over 4000 startup companies in Bengaluru with an average valuation of USD 3.3 mn and 14,000 investors

2

1st State to roll out Multi-Sector Startup Policy

1st State Policy on Startups addressing the need for technology in manufacturing and allied sectors

3

Startup Warehouse

GoK/KBITS in partnership with NASSCOM set up the first startup warehouse in the country

4

New Age Incubation Network (NAIN)

Academic institutions to be assisted in establish incubation facilities and for funding of entrepreneurship projects in colleges

5

Startup Cell

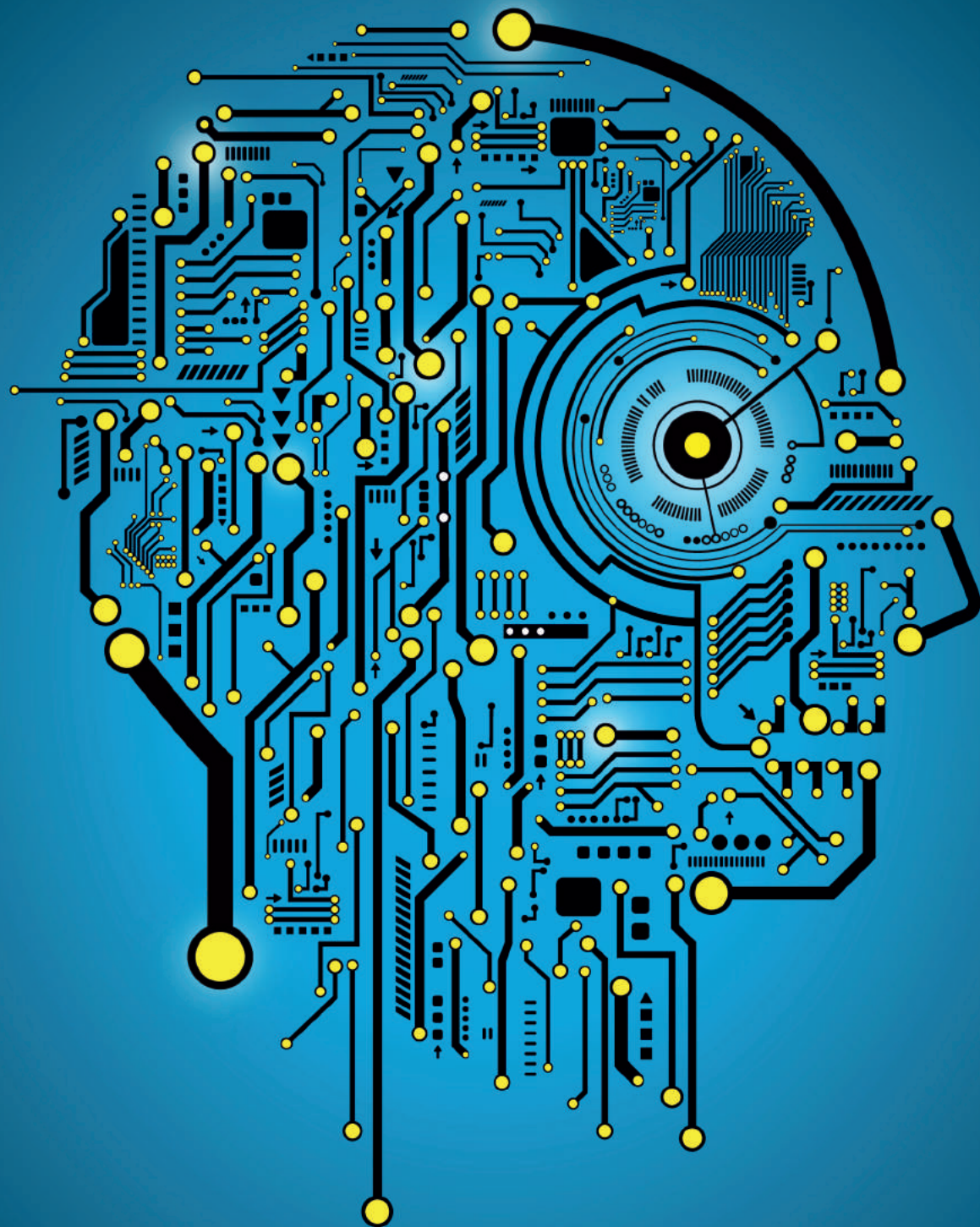
To facilitate hand holding entrepreneurial ventures

6

Fund of Funds

Fund-of-funds for early stage startup ventures





Government Initiatives and Policy Support

4

STRATEGY
PLAN
INVESTMENT
INCOME
MONEY

Towards becoming World's Number One Technology Cluster - Karnataka i⁴ (IT, ITeS, Innovation & Incentives) Policy

Objectives

Bengaluru and Karnataka as the preferred global investment destination for IT/ITeS/BPO sectors	Focus on newer areas such as startups, ESDM, animation and graphics, and other web-based and mobile-based creative areas	Leverage Karnataka's leadership position in IT to create many transformational e-governance projects	Strengthen Karnataka's leadership position as the global IT capital
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- Employment Linked Incentivization of Land Allotment (E-LILA) outside Bangalore Urban, and Rural Districts' limits
- Exemption of IT/ITeS/Knowledge/Startup companies from the applicability of Industrial Employment (Standing Orders) Act, 1946
- Single Window Clearance Agency from Handshake to Inauguration
- Treated as Essential Services
- Exemption from Stamp Duty
- Re-imbursement of PF/ESI in Tier II/III cities
- Concessional Power Tariff
- Creating Brand Bangalore 3.0 and Bangalore First Fund
- Creating the highest quality entrepreneurial ecosystem in the World
- Skill Development Policy & Corpus and Default Loan Guarantee Scheme
- Strengthening Karnataka's leadership position by using IT/ITES to transform society and giving better access to SMEs and Startups



Karnataka i⁴ policy looks to move beyond Bengaluru. Incentives are being offered to facilitate investments in Tier II/III cities across Karnataka

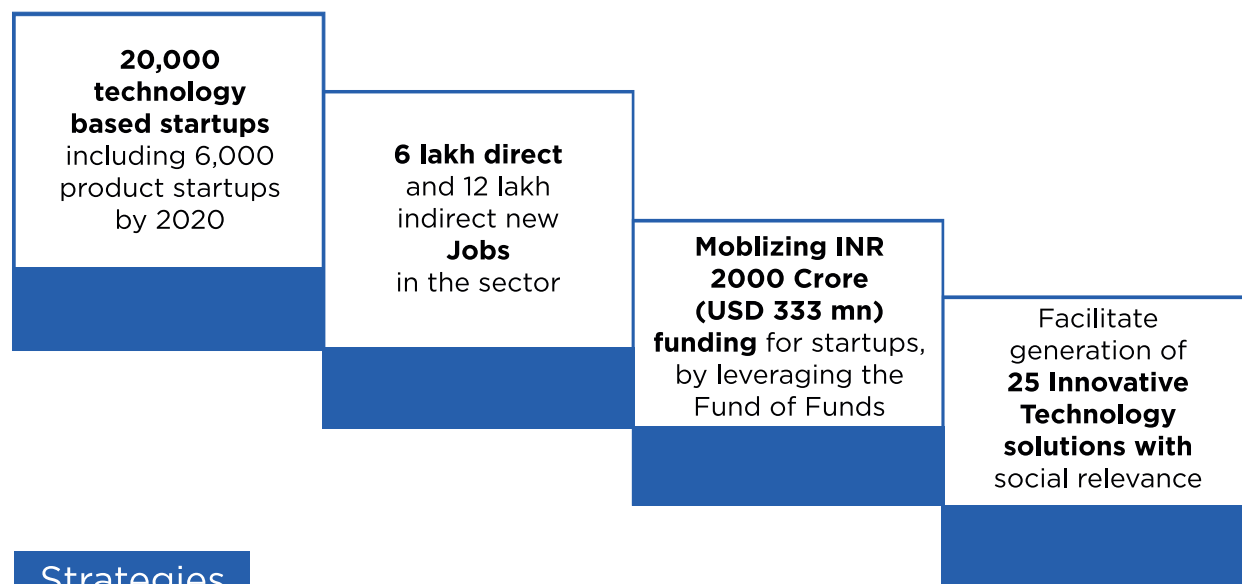
By 2020 it is envisaged that revenue will reach USD 90bn from the present USD 50bn, employing 2mn directly

Karnataka Startup Policy 2015-2020



Towards becoming a world-class startup ecosystem through strategic investment and policy interventions leveraging the robust innovation climate

Goals



Strategies

Fostering strong partnerships between R&D institutions and Industry	Channelizing Innovation for Social Impact	Encouraging Entrepreneurship in Education through NAIN (New Age Incubation Network)
Providing early stage / Idea2PoC (Proof of Concept) funding	Promoting Capacity Building through exposure visits and workshops	Startup funding through Fund of Funds
Creating Incubation infrastructure through PPP	Providing State support in the form of incentives and concessions	Enablement through Startup Cell, Startup Portal and Hotline



Investment Opportunities



5

Investment Opportunities



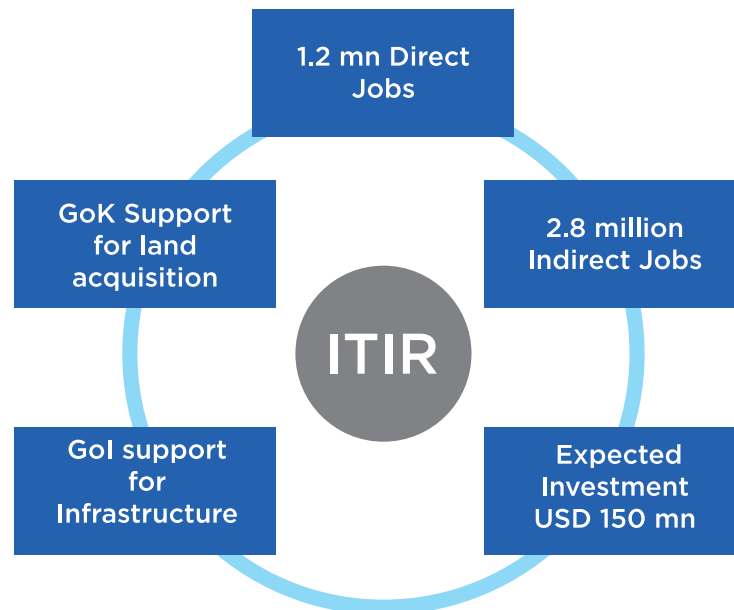
- IT Investment Region (ITIR) close to Kempegowda International Airport, Bengaluru
- Government to invest on Startup incubators on PPP mode
- Common Infrastructure facilities on PPP mode in emerging technologies such as cloud computing, IoT, Big data analytics, etc.

Newly developed Cluster	Land Available (Acres)
Bengaluru IT Park at Devanahalli	469
Hardware Park at Devanahalli	106
EPIP Park at Mangaluru	55
IT SEZ at Mangaluru	31
Aryabhata Park in Hubballi-Dharwad	10
KEONICS (Bengaluru, Mysuru, Mangaluru, Davanagere, Bagalakote Kalaburagi, Shivamogga)	50
Tumakuru NIMZ	800
Total	1521

Investment Opportunities

Information Technology Investment Region (ITIR)

- 10,000 acres dedicated Information Technology Investment Region
- Location – Devanahalli & Doddaballapura Taluks (near Kempegowda International Airport, Bengaluru)
- 1st Phase of 2,100 acres available for development as per ITIR master plan
- Business opportunity for developers/consortium of developers



Investment Facilitation

- Karnataka Biotechnology & Information Technology Services (KBITS) was established in the year 2000
- KBITS provides secretarial services to the State Level Single Window Clearance Committee and State High Level Clearance Committee, for speedy clearance of the Information Technology and Biotechnology Projects in the State
- KBITS administers incentives and concessions to Information Technology and Biotechnology companies
- KBITS is the single point of contact on behalf of the State Government for providing all basic information to investors to facilitate the establishment of Information Technology and Biotechnology Industries in the State



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Government of Karnataka

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