## **business** 15

## CHENGDU FORTUNE

## City turns into service outsourcing hub

Large talent pool, local government backing boost miraculous growth

By ZHENG YANGPENG in Beijing

and **LIYU** in Chengdu

When AAXIS Commerce, a US-based e-commerce consulting firm landed in Chengdu in 2007, they found no specialist in ATG, later acquired by Oracle into Oracle Commerce.

Attracted by the talent pool, strong support from

government and the IT environment of Chengdu, which is home to several IT colleges and universities, AAXIS Commerce decided to

Of the 46,000 graduates from Chengdu's information technology schools, most went to first-tier cities like Shanghai and Shenzhen to seek a job.

The following years have witnessed an explosive growth in the city's software industries. Now more than 35,000 software engineers work for 300 plus software and service outsourcing companies in the city.

Duc Hang, executive director of Global Delivery at AAXIS Commerce, and president of AAXIS China, said 80 percent of his 200 staff has a Sichuan background. This means that they are either graduates from Chengdu colleges and universities, or born in Chengdu and surrounding areas, or have family connection here.

This composition provides precious stability to AAXIS Commerce, with a client base such as 21 Century Fox, Universal Cinema and Disney. Large movement of workers is a common complaint for many IT company bosses.

To Hang and his fellow staff, in addition to the city's strategic location, convenient international travel links, strong local government support, the cost of labor is also a major concern when they decided to move

"Chengdu produces 46,000 college graduates in IT every year. If only a half of them are harnessed, the power could be incredible," Hang said.

The vision is exciting, but the reality could be tough. Hang and his team had to start from

They started from a training program in the e-commerce software field. The training spanned the past six years. They dispatched a number of people from United States to establish the training program and the initial team.

For AAXIS, this meant millions of dollars in spending each year and as of now, the Chengdu center has not yet made a profit for the parent company.

But Hang believed the money was worth it. Workers in his company became skilled engineers and project managers in the niche software market. From the Chengdu center, they can provide professional consulting service directly to AAX-IS's global customers, according to Hang.

"For IT consulting firms, it's very difficult to deliver service to China and Asia-Pacific from a Europe or US based team, due to language and cultural factors," Hang said.

"As of now, the best capability in terms of Oracle Commerce technology in China exists in

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I believe Chengdu is not just another tiertwo city. It's kind of between tier one and tier two."

**DUC HANG EXECUTIVE DIRECTOR OF AAXIS** SOFTWARE (CHENGDU) CO LTD

Chengdu," Hang said proudly.

When asked if he could catch the latest trend of his industry in Chengdu, he said he didn't have to because his company is the trend.

Expanding the domestic market is a proud priority.

In the fourth quarter of last year, his company signed a short-term contract with a multinational in UK with a presence in Shanghai. This January, they signed a multi-year project contract with a large project of another multinational in Suzhou. (He declined to specify the names of the multinationals). Inspired by these projects, he is planning to increase his staff by 20 percent this year, and moving his office to another building in Tianfu Software

They are already talking about transforming the cost center into a self-sustained profit center.

invested.

he said.

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A bigger story

AAXIS's story is one of the

many stories in the park, an

hub and international R&D

base that aspired to become

In 2012, the 1,200 service

outsourcing firms in Chengdu

another Bangalore in China.

"In the first five to six years, we focused on 'capability building. Since last year, we began to expand our local business, and we expect more and more local clients in our business portfolio," Hang said.

He appreciated the "ecological environment" created by the of which 40 percent are foreign 61 percent surge from the previous year. By last year, the output of Chengdu's outsourcing "In addition to routinely held seminars, we are also closely companies totaled 44.5 billion situated to each other. It is very yuan (\$7.15 billon), according

easy to reach out and network to the city's commercial departother executives in the park," And the story of the service outsourcing is also a part of the

bigger success story of Chengdu's IT industry, now the largest industry for the 14 million emerging service outsourcing Western metropolises.

companies, which recorded offshore outsourcing contracts worth 44.5 billion yuan (\$7.15 billion) in 2012.

Chengdu, once little known on China's IT map, now is home to world-famous hightech companies such as Dell, IBM, Texas Instruments Inc and IT service industry hit 175 billion yuan, and the industry has kept annual growth of more than 40 percent in the past five years, according to Du Tingting, general manager of Tianfu Software Park.

Hang is among hundreds of expatriates who have witnessed the city's miraculous growth. He grew up in the United States and is a global traveler.

He said he didn't know any other place in west China that experienced this level of growth. "Just seeing it developing in

the last five years is amazing:

subways lines, and to more than ten subway lines in the future. When you compare that type of growth and investment in Chengdu with other places, it's indeed a very exciting place to be," he said.

"I believe Chengdu is not just another tier-two city. If you compared the investment in the software park with other places, there is a big margin between them. Hopefully it can become a top tier city in the future," he added.

Contact the writers at zhengyangpeng@chinadaily.com.cn and liyu@chinadaily.com.cn

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Tianfu Softwar ePark, which executed off-shore outsourcing and Symantec Corp. from no subway lines to two houses 350 similar companies, contracts worth \$986 million, a In 2012, Chengdu's software

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spacious layout, with big balcony

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Jing'an:1Br/80sqm spacious layout, with big balcony bright and airy living room



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