HYSEA
Hyderabad Software Enterprises Association

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SCALE @ **H**YDERABAD:
GLOBAL TECHNOLOGY
DESTINATION

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SCALE @ **H**YDERABAD:
GLOBAL TECHNOLOGY
DESTINATION

FIRST EDITION

Murali Bollu
President - HYSEA
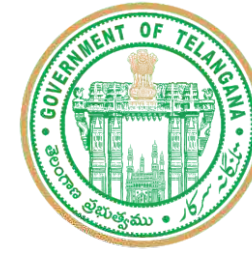
Sri K Chandrashekar Rao
Hon'ble Chief Minister
Government of Telangana

Note by President - HYSEA

It is said that, after 3,000 years of civilization, all roads lead to Rome. Within 30 years of IT industry growth, Hyderabad has established itself as a global destination for IT and IT enabled services. Hyderabad is now second home to world's top IT companies including Microsoft, Google, Apple, Amazon, TCS, Infosys, Qualcomm, AMD, Salesforce and the likes. Companies of all sizes are starting and scaling their operations seamlessly in Hyderabad, as they find excellent value this city has to offer – abundant talent pool, best infrastructure, low cost of operations, extremely supportive government and conducive ancillary ecosystem. For the first time, office space leased in Hyderabad has surpassed all other cities during Q1 2019.

To assist new and existing companies in their endeavor to setup and expand operations in India, HYSEA has come up with the first edition of this report on Hyderabad's attractiveness as global technology destination. We've engaged KPMG in India to identify and list information relevant to all stakeholders, carry out a survey with CEOs of existing companies on Business Ecosystem, Physical Infrastructure, Talent Pool, Livability and Future Ready State, with a view to create an authentic and reliable report that should serve as a reference for all purposes. I thank everyone who've contributed to the creation of this report with their relentless efforts and those who've shared valuable insights.

I do hope that you too find this report informative and useful in your decision making.

Commitment by the Govt. of Telangana

Hyderabad has emerged as THE destination for IT and ITeS not just in India but globally. It has become home to major tech companies like Google, Microsoft, Uber, Facebook, Amazon etc. While a larger credit for reaching this achievement goes to the hard work put in by the business leaders, the Government has also ensured that this hard work is supported by pragmatic policy and its focused execution.

Hyderabad, and Telangana, have taken giant leaps for creating an ecosystem that is congenial for businesses setting up and operating out of Hyderabad. The government policies have always been flexible and have supported businesses in all ways possible. In recent times, the Telangana government:

- Introduced incentives for start-ups and small-scale industries
- Set up a single-window mechanism for the registration of businesses in the shortest timeframe possible
- Launched various initiatives such as TASK and T-Hub, which are part of the 'integrated IT ecosystem'

All these initiatives combined with the leadership quality of the people in the state will further drive this ecosystem in the coming future.

HYSEA has spearheaded industry efforts since its formation in 1991. It has brought together various IT and ITeS organisations under one umbrella to network, transfer knowledge and work closely with the government and other stake holders. HYSEA has become the most effective platform to deal with ongoing business aspects affected by local regulations like Special Economic Zones (SEZ) / STPI, customs bonding and GST issues. This report is another unique initiative and I congratulate HYSEA for championing this cause.

This report on Hyderabad will serve as a handy reference for any organisation that wishes to answer questions around 'which location in India should we set up an in-house shared services centre in?' or even while deciding between Hyderabad and other locations in India.

Please remain assured that my government will provide full support to you, and to make and maintain Hyderabad as the #1 destination for IT and ITeS companies.
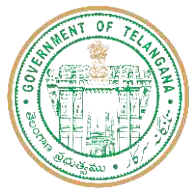
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HYSEA

WHY HYDERABAD?

Located in the southern part of India, Hyderabad has risen rapidly to become a major global hub providing services to global organisations.

Thanks to its robust infrastructure, a vast and deep talent pool, a very supportive government and outstanding quality of life, Hyderabad has become the preferred destination for national and multinational organisations to set up and scale operations. In addition, proactive policy-making has made Hyderabad the best-suited city in India for sustainable growth.

Hyderabad

Katherine Hadda
U.S. Consul General in Hyderabad

"In my three years of work here in Hyderabad as U.S. Consul General, I have seen the city consolidate its position as an important destination for several American businesses, especially in the field of information technology. Many American IT companies, including Microsoft, Google, Facebook, Apple, and Amazon have chosen Hyderabad as an investment location. I know from my interactions with representatives of these and many other American firms that they feel at home in Hyderabad because of this city's investor-friendly government, cosmopolitan and inclusive culture, and strong family links to the United States. The American IT companies in Hyderabad create an intellectual supply chain that will continue to spur economic growth in India, the United States, and the world."

Human Resources

Academic and research ecosystem: About 91% of the business heads with operations in Hyderabad rated the academic and research ecosystem available in the city as satisfactory. With 472 colleges, Hyderabad is among the top three cities for the **highest** number of colleges in India. It is also home to world-class institutes like Indian Institute of Technology (IIT), Indian School of Business (ISB), Indian Institute of Information Technology (IIIT) and National Academy of Legal Studies and Research (NALSAR).

Talent pool: Hyderabad is rated among the top three destinations to attract talent in India. It has a total technology talent pool of almost 550K professionals, which has registered growth of 14.3% y-o-y growth during 2018-19. This, combined with low levels of staff attrition, led 87% business heads with operations in Hyderabad to rate the talent pool in the city very highly, especially for technology.

In a unique move, the government of Telangana has set up an initiative to help bridge the gap between talent and industry in the form of the **Telangana Academy of Skill and Knowledge (TASK).** Working alongside the industry and academic institutions, TASK aims to reduce the costs incurred by companies in training their employees as well as improve the employability of the talent pool.

Naveen Gullapalli
Head, Novartis Hyderabad

"Hyderabad as destination offers a great mix of talent availability, exciting innovation and start-up ecosystem, proactive government and evolving infrastructure. For Novartis, Hyderabad plays an important role as the largest capability center. We are now a key enabler to future-ready capabilities such as decision science, artificial intelligence and digital transformation."

Business Growth:
The state of Telangana has almost doubled IT exports in the last five years. During 2018–19, IT/ ITeS exports registered an impressive growth rate (y-o-y) of **16.89%, almost double** compared with the expected national average of 8–10%. This exceptional growth is largely attributable to the growth of the businesses operating out of Hyderabad. About **93%** business heads have said that their Hyderabad office met and exceeded their growth expectations.

Andrew Fleming
British Deputy High Commissioner

"This July, I mark the completion of two years of my tenure in Hyderabad and each day here has been truly enriching. The city has a unique character that blends both smart technology and historical heritage with vibrant mix of culture, languages, traditions and amazing range of food. Technology sector is the largest contributor to investments in the UK. Hyderabad, as the fastest growing destination for IT services in India, is of strategic importance to the UK especially with the State Government enabling infrastructure facilities on par with global standards in the sector. We @UKinHyderabad are happy to be a part of its growth story and look forward to increased scope to partner & mutually collaborate in the Tech sector."

Is Hyderabad future ready vis-à-vis your business growth plans?

4%

96%

■ Agree   ■ Disagree
Source: KPMG Research
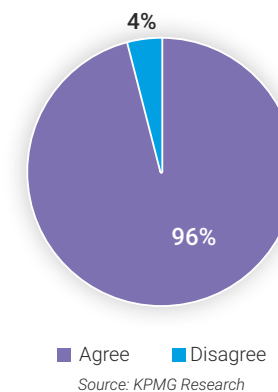
Infrastructure: To meet the growing demand, Hyderabad's office stock is expected to record a CAGR of 13.84% over the next three years and is likely to reach 90 million sq. ft. by 2021. In addition, ongoing infrastructure projects will ensure the improvement of infrastructure and connectivity. Future projects such as the Blockchain District, Technology Hub and Data Analytics Park ensure that Hyderabad is future ready.

Operating out of Hyderabad

Proactive government: A large majority of business heads are extremely pleased with the government policies and incentives, which aid in running stable operations out of Hyderabad. The single-window clearance system guarantees that the application for setting up operations is processed in 15–30 days.

The government has been proactive in setting up an integrated IT ecosystem to ensure the smooth working and growth of the IT and ITeS companies in Hyderabad.

Another aspect that adds to the stability of operations out of Hyderabad is its location in a seismic safe zone and flood-free zone. Given that Indian cities have lately been prone to natural disasters, Hyderabad stands out due to its ability to provide sustained and low-risk business operations.

Political Stability

2%
39%
59%

■ Dissatisfied   ■ Satisfied   ■ Highly Satisfied
Source: KPMG Research
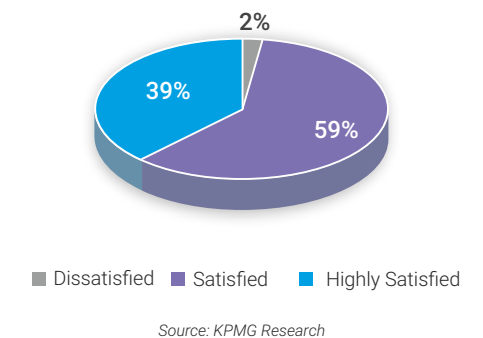
WHY HYDERABAD?

Business ecosystem: Hyderabad is home to several key technology companies like Microsoft, Google, Apple, Uber, Facebook and Amazon; most of these companies have their **second-largest workforce** outside of the US in Hyderabad. The city accounts for **13%** of all Global Capability Centres (GCCs) — in-house shared service centres of large global corporations — in India. There are 1000+ start-ups operating out of Hyderabad, making the city a thriving and innovative ecosystem with a mix of old and new world organisations.

Connectivity: Hyderabad is one of the major transit hubs of South Asia. A total of 123 international destinations, including 18 US cities, are connected to Hyderabad by flights with just one hop, **making it relatively easily accessible.** Furthermore, connectivity within the city is highly convenient thanks to robust infrastructure of roads supported by the Hyderabad Metro, which is the second-longest operational metro network in India.

> **Anil Bhansali**
> Managing Director Microsoft India (R & D) Pvt. Ltd
>
> Microsoft's India Development Center has been around for over 20+ years in Hyderabad and it has proven to be a great place for our employees to live and work. Running one of Microsoft's largest R&D Centers in this region has been efficient and encouraging. In addition to great quality of life, easy access to qualified talent pool and other key resources needed to grow and expand business makes this city an excellent destination.

Living in Hyderabad

Quality of life: In 2019, Mercer ranked Hyderabad as the best city to live in India for the fifth time in a row. Furthermore, among the metro cities in India, Hyderabad is ranked the second least polluted city and the second best in terms of traffic.

Safety: As per a survey by a leading newspaper, women rated Hyderabad as the **safest city in India.** The presence of bodies like Cyberabad security and SHE Teams ensures that the safety of the city is given the highest priority.

> **Paolo La'O**
> Site Leader at Wells Fargo
>
> Hyderabad is a lovely juxtaposition of the past with its rich culture, dynamic food and historical monuments, and the future that is highlighted by Cyberabad which epitomizes the forward thinking and innovation that will define the future of technology. This environment combined with the rapidly developing infrastructure, which easily connects you to the rest of India and the world, has made my time as an expat in this city a truly memorable experience.

Livability: Compared with other metro cities in India, Hyderabad has the lowest cost of living, as well as relatively inexpensive and a broad array of housing options. About 98% of the business heads with operations in Hyderabad rated the culture and livability in the city as highly satisfactory. The presence of 10+ golf courses, 12 world-class stadiums and a vibrant nightlife further adds to the attractiveness of Hyderabad.

Key Facts and Figures about Hyderabad

SCALE @ **H**YDERABAD: GLOBAL TECHNOLOGY DESTINATION

LinkedIn research puts Hyderabad among the top 3 cities in India to attract talent

550,000
Professionals with a wide variety of skills from AI/ ML to BPM in the city

Ranked best city in India for quality of living for 5 consecutive years by Mercer

TS-iPASS

Single window clearance system which will grant all the approvals and clearances for setting up an industrial unit in less than 30 days

9500 Approvals

INR **1580** Billion invested

Hyderabad houses second largest offices for Tech giants like Amazon, Uber and Apple outside their HQ

India's first Blockchain technology district coming up in Hyderabad
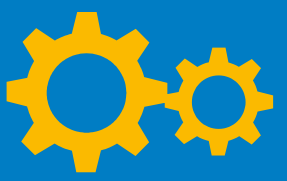
$15.7 Billion
IT/ITES Exports from Hyderabad in 2018-19 (Nearly doubled in value from 2013-14)

T-hub
India's biggest incubator ecosystem 1100 startups transformed over 4 years

8.7%
GDP per capita growth makes Hyderabad the fastest growing metropolitan area in emerging Asia Pac

60
Colleges per 100k population - Telangana ranks as one of the highest in India

93%
Business heads in Hyderabad are satisfied by their business growth

Top 3 reasons why business leaders prefer Hyderabad

1. Future readiness of the City
2. Proactive government
3. Culture & Livability of the City

16.89%
Year on year growth rate of IT/ITeS Exports from Hyderabad in 2018-19 was almost double the national rate

Hyderabad Metro - the rapid transit system, with a length of 72km is the second longest operational metro network in India

TASK
(Telangana Academy of Skill and Knowledge)

One of a kind organization which bridges the gap between industry and academia. It enhances the employability quotient of graduating students by imparting the technical skills to students which are required by the industry. TASK has 558 registered colleges and has trained 282,770 students till date

Hyderabad -
The Talent
Powerhouse

SCALE @ **HYDERABAD:**
GLOBAL TECHNOLOGY
DESTINATION

HYDERABAD — THE TALENT POWERHOUSE

Go after the cream of the cream. A small team of A+ players can run circles around a giant team of B and C players

Steve Jobs

Business leaders have long recognised that finding the right talent is a valuable and scarce skill. Searching and onboarding the right talent costs time and money to businesses. In such a scenario, the availability of talent becomes vital for running a business.

The city of Hyderabad offers a rich and diverse talent pool and has managed to cater to every requirement of the constantly evolving business ecosystem.

Educational Institutions

Educational institutions are the source of fresh talent. Hyderabad has both quality and quantity to keep up with the growing demand of its business ecosystem. In terms of quantity, the college density (number of colleges per hundred thousand eligible population aged 18–23 years) for Telangana is 60, compared with the all-India average of 28. The admission to these colleges is through a highly competitive state-level examination, Telangana State Engineering, Agriculture and Medical Common Entrance (TS EAMCET), ensuring the consistently high quality of students entering these premier institutions.

The National Assessment and Accreditation Council (NAAC) — a central Indian government organisation that assesses and accredits higher education institutions in India — has accredited the University of Hyderabad as grade A. Below is a brief list of other world-class institutes in Hyderabad

IIT Hyderabad	ISB Hyderabad	IIIT Hyderabad	BITS Hyderabad	NALSAR, Hyderabad
IIT Hyderabad is one of the top ranked engineering schools in India where extensive research is being done on emerging technologies like 5G, Nano-Tech and IoT	Indian School of Business, Hyderabad is ranked #1 in India and #24 globally among universities offering MBA by Financial Times	Among top 6 universities in South Asia in terms of papers published on internet, IIIT focusses on areas like IT, Electronics& Communication and other related domains	BITS Hyderabad is the local branch of the university BITS Pilani - ranked as the #1 private engineering college in India	One of the premier law schools in India, NALSAR is ranked #3 in the National Institutional Ranking Framework declared by the Government of India

These data points are mirrored by the experience of business leaders based in Hyderabad. About **91% business heads** with operations in Hyderabad are satisfied with the academic and research ecosystem in the city.

Talent Pool

Hyderabad boasts a rich technology talent pool consisting of almost 550K IT and ITeS professionals with **14.3% y-o-y growth** during 2018-19. It hosts a variety of skills — from voice to AI/RPA and product-specific R&D. One of the major positives observed in the talent pool is the premium quality of IT talent, which along with supportive state government policies results in a rich and empowered talent pool to cater to every need of businesses operating in Hyderabad.

On top of the vastly rich technology talent pool, the availability of non-engineering colleges under world-class universities like the University of Hyderabad and Osmania University significantly adds to the talent pool for skills required in the ITeS industry. In fact, with **472 colleges**, Hyderabad has the **third-highest** number of colleges in any district in India.

Talent Pool Availability

■ Satisfied: 87% ■ Dissatisfied: 13%

Source: KPMG Research

Hyderabad is a Magnet for Talent

As per LinkedIn India workforce report, Hyderabad accounts for **8.44% of total migrations** across cities in India - this makes Hyderabad amongst the **top 3 destinations** to attract talent in India.

One of the major drivers of the talent pool availability for any organisation is the ability to attract talent from all over the country. Hyderabad has been able to excel in this area owing to its robust infrastructure and ease of living.

Salary Trends

The salary trends in Hyderabad are one of the most attractive for firms planning to set up business or expand their existing business in Hyderabad. When compared to other metro cities, Hyderabad's salary rates are approximately **10% lesser** for typical IT roles and approximately **15-20% lesser** when also considering other non-tech roles

Average CTC

— Average across cities

Bangalore Pune NCR Mumbai Hyderabad
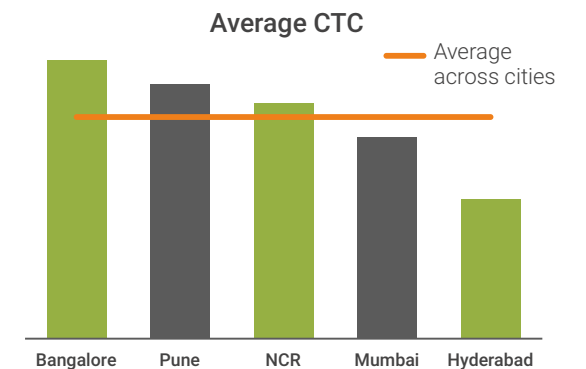
Source: Payscale, Randstad and KPMG

HYDERABAD — THE TALENT POWERHOUSE

The cost of talent (average CTC) corresponds to only **40%** of the commensurate revenue generated. The salary figures also correspond to the low cost of living in Hyderabad — whether it is rental cost or just the cost of purchasing goods. This enables both companies and employees to enjoy the benefits of lower prices.

In a city-wise study done by HR consulting firm Kelly Services, it was found that, against a national attrition rate of 16.3%, **the attrition rate in Hyderabad was the lowest (11%)** when compared with other metro cities: Bangalore (19%), Delhi (18%), Chennai (15%), Mumbai (14%) and Kolkata (12%).

> **Pradeep Parameswaran**
> President, Uber India and South Asia
>
> At the heart of technological progress is the willingness of the government to support and test new innovation models. Uber has had the privilege to interact with bureaucrats who work towards easing the regulatory environment for technology companies and are truly ambassadors of change.
>
> For Uber, many of our Global and India firsts have been in Telangana like Centre for Excellence, bike taxis and financial engineering. The Telangana Government has set up effective programs such as TASK, that has helped to improve the talent pool and T-hub that facilitates dialogue with the start-up ecosystem in the state.
> We look forward to continuing this collaboration with the Telangana Government and set new standards for the public and private sector partnerships.

Language Skills

As an overall trend, there has been a greater focus on delivering customer-centric services — one major driver for that is delivering services compatible with the native language of their client organisations. Hyderabad has various institutions providing foreign language training. These institutes aid the current talent pool to explore possibilities and become fluent in foreign languages, helping them become valuable resources in the job market. Below are the institutes and the languages they cater to:

Alliance Française	Goethe Zentrum	English and Foreign Languages University	Other Institutes
• Alliance Française, Hyderabad, is a non-profit organization established in the year 1980 and provides French language capabilities. It is a part of the worldwide network of more than 800 centres	• The Goethe-Institut is the Federal Republic of Germany's cultural institute, and is active worldwide. It provides German language capabilities and has been active in Hyderabad since 2004 • It promotes the study of German in Hyderabad along with encouraging international cultural exchange	• The English and Foreign languages university (EFLU) at Hyderabad provides a wide variety of courses from diplomas and bachelors to PhD programmes in language training • EFLU provides trainings in Arabic, Chinese, French, Italian, Japanese, Korean, Persian, and Spanish	• Established in 1974, IEFL provides language trainings for English, French, German, Spanish, Chinese, Italian, Russian, Korean, Portuguese and Japanese • Vivekananda institute of foreign languages (VIFL) provide training services for Mandarin, Italian, Spanish, German, French and Japanese

Bridging the Gap between the Talent Pool and the Industry

Hyderabad has implemented unique initiatives to minimise the gap between the talent pool and the industry.

TASK (Telangana Academy of Skill and Knowledge)

TASK aims to enhance synergies between the government, industry and educational institutions. It is a one-of-a-kind organisation with no parallel in any other Indian state.

Registered colleges 558	Faculty trained 5096	Students trained 282770
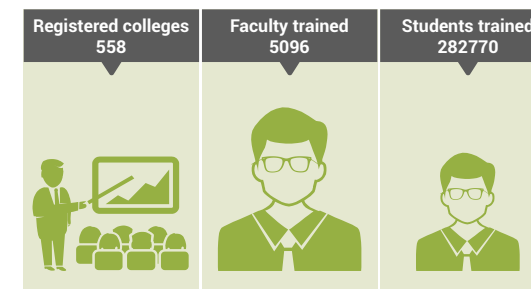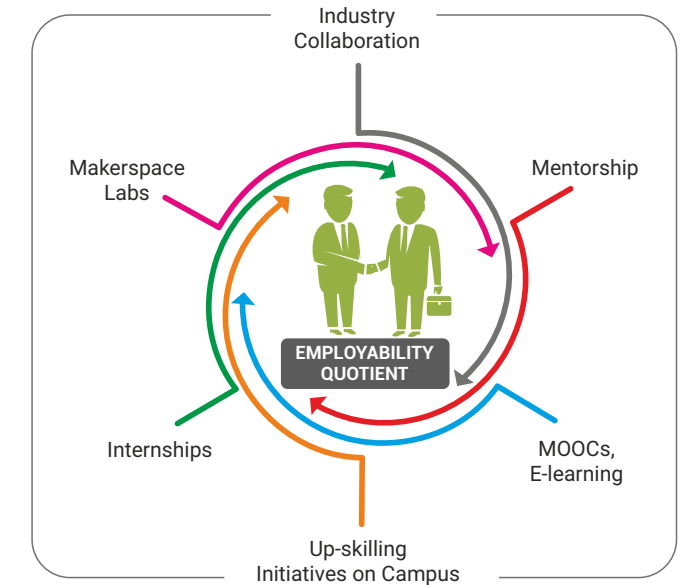
The ideology behind TASK is to reduce the high costs incurred by companies in training and retraining their employees, as well as to improve the employability of graduates. To enhance the employability quotient, TASK provides an 8–12-week finishing school programme for recently graduated students, providing technical, organisational and personal skill training. The overall placement percentage of the finishing school is more than 61%.

The following are examples where TASK helped companies ramp up their footprint in Hyderabad and build niche skill set:

Safran Electrical and Power India Pvt Ltd

Problem Statement: Supply of trained resources for its upcoming manufacturing facility.

What TASK did: Conducted pre screening and skill assessment for applicants. Provided soft skills and MS office training to selected candidates before handing them over to Safran team for final interviews.

Outcome: Safran was satisfied with the quality of resources and hired 46 candidates in two phases.

Aptitude & Reasoning MOOCs

Problem Statement: Aptitude skill gap in students which are essential in securing jobs.

What TASK did: Offered courses through vendors on reasoning and language comprehension. These courses were prepared by professional and industry experts who have a deep understanding of what the industry looks for

Outcome: Trained over 12,000 students covering 180+ colleges in a time of two years.

Business English Certificate (BEC)

Problem Statement: Supply of trained resources for its upcoming manufacturing facility.

What TASK did: Conducted pre screening and skill assessment for applicants. Provided soft skills and MS office training to selected candidates before handing them over to Safran team for final interviews.

Outcome: Safran was satisfied with the quality of resources and hired 46 candidates in two phases.

Vaccine Skill Development Programme

Problem Statement: Skill gap in life science industry especially in vaccine and biologics.

What TASK did: TASK, along with industry partners and the Government, initiated a program in one of the TASK registered colleges to train and certify resources. The course included both theory and practical aspects.

Outcome: By April 2019, 30 students were trained and certified on modules.

HYDERABAD – THE TALENT POWERHOUSE

Indian Institute of Technology Hyderabad

- Terra Drone corporation, world's one of the largest drone solutions providers and IIT Hyderabad has established a Centre of Excellence for research and development of unmanned aerial vehicles for uses in communication, agriculture, transportation and AI.

- Cyient a global leader in engineering design services has signed an MoU with IIT-H to undertake joint R&D and consultancy projects.

- A team from IIT-H is part of the international body that sets communication protocol standards & had indigenously developed the waveform technology that forms the backbone of uplink of 5G networks.

Industry Connects with Institutions

International Institute of Information Technology, Hyderabad

- Microsoft Garage, the division which promotes in-house innovation projects has partnered up with IIITH to run a program on quantum computing.

- IIIT Hyderabad and Bharat Dynamics Limited, the state run defense company is collaborating in a Center of Excellence for exploring the usage of AI in missile technology.

- European Union is collaborating with IIITH in establishing a center of Excellence to develop IoT solutions for smart cities.

- Amazon is collaborating with IIITH to develop analytics based techniques in sports. This has the potential to improve the performance of professional sportspeople in a disruptive way

Indian School of Business Hyderabad

- A multinational Information Technology company has signed an outcome based research agreement with ISB Hyderabad for research on mathematical modeling techniques and social networks

- Centre for Analytical Finance collaborates with knowledge repositories like Bloomberg, Thomson Reuters, Morningstar to conduct knowledge sharing sessions

- ISB also engages with industry at events hosted throughout the year. It aids the business ecosystem by virtue of talent, research and advanced management programs like Business Analytics, Healthcare, Infrastructure etc.

J-Hub

As the business ecosystem becomes increasingly competitive, problem-solving and innovation are considered vital. One of the ways, Hyderabad's biggest university JNTU has tackled this challenge is by the introduction of J-Hub. The JNTUH - Innovation Hub (J-Hub) is a dedicated facility to provide access to resources to students, staff, alumni and entrepreneurs to support university-wide R&D and innovation. JNTU also leverages a changing curriculum to ensure topics such as innovation and entrepreneurship are taught at the undergraduate level.

J-Hub

The Innovation Hub offers access to its stakeholders, a spectrum of programs, experts, labs, equipment, collaborators, networks and spaces to catalyze innovation, knowledge intensive businesses and tech-enterprises.

Other initiatives under J-Hub include:

a. Hackathons: J-Hub organises Hackathons based on the challenges faced by the industry and start-ups in the form of two league events per year. The students are provided mentorship from both the university and industry. J-Hub has ties with many industry leaders including the Confederation of Indian Industries (CII). The following are a few winning projects:

I. **Suraksha MAA:** It is an innovative app that helps pregnant women keep track of their health.

ii. **EDUPAD:** It aids visually challenged people in learning technical descriptions through voice assistant-based electronic device and writing machine.

b. Incubation facility: J-Hub also provides incubation facility for students and alums at a very nominal rate. In addition to facilities like prototyping lab, conference space and technology workshops, the collaborative space helps ideas flow among budding entrepreneurs, enabling them to maximise their innovation potential.

Secondary Avenues for Skill Development

In addition to the existing talent infrastructure and finishing schools like TASK, Hyderabad also has secondary avenues for skill development that act as huge hubs for training facilities and skilling of talent. Such hubs are home to IT skill institutes which conduct classes for more than 100,000 students in various technologies such as Cloud Computing, Advanced Analytics, Blockchain, IoT and SAP. These institutes enhance the employability of the students by making them ready for the IT/ITeS industry and act as a secondary source of talent.

Important links and sources used:
1. https://mhrd.gov.in/
2. Institutions accredited by NAAC, http://www.naac.gov.in/
3. https://www.task.telangana.gov.in
4. https://www.iith.ac.in| https://www.iiit.ac.in | https://www.isb.edu | https://www.nalsar.ac.in | https://www.bits-pilani.ac.in/Hyderabad/
5. Survey conducted with business heads with operations in Hyderabad
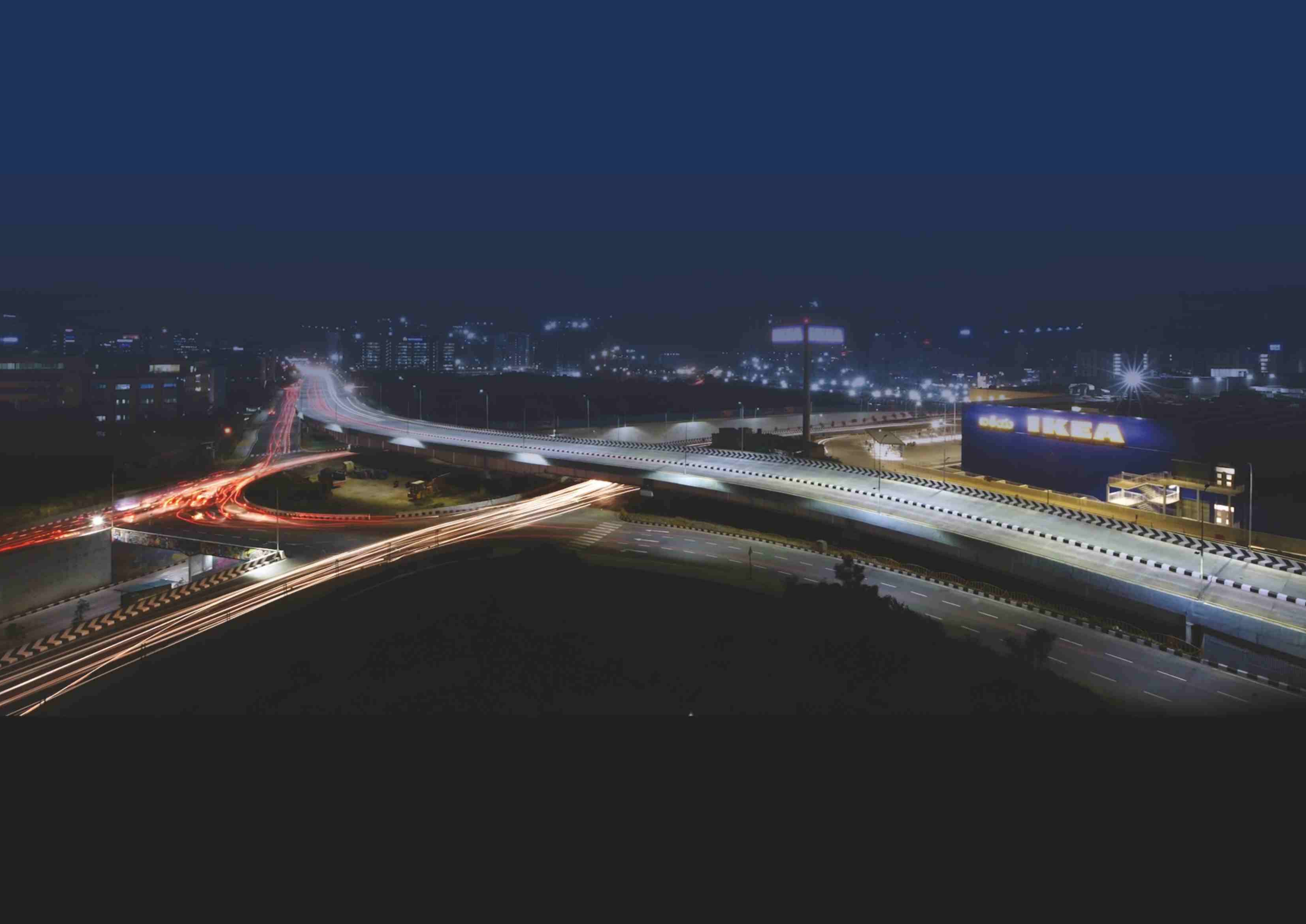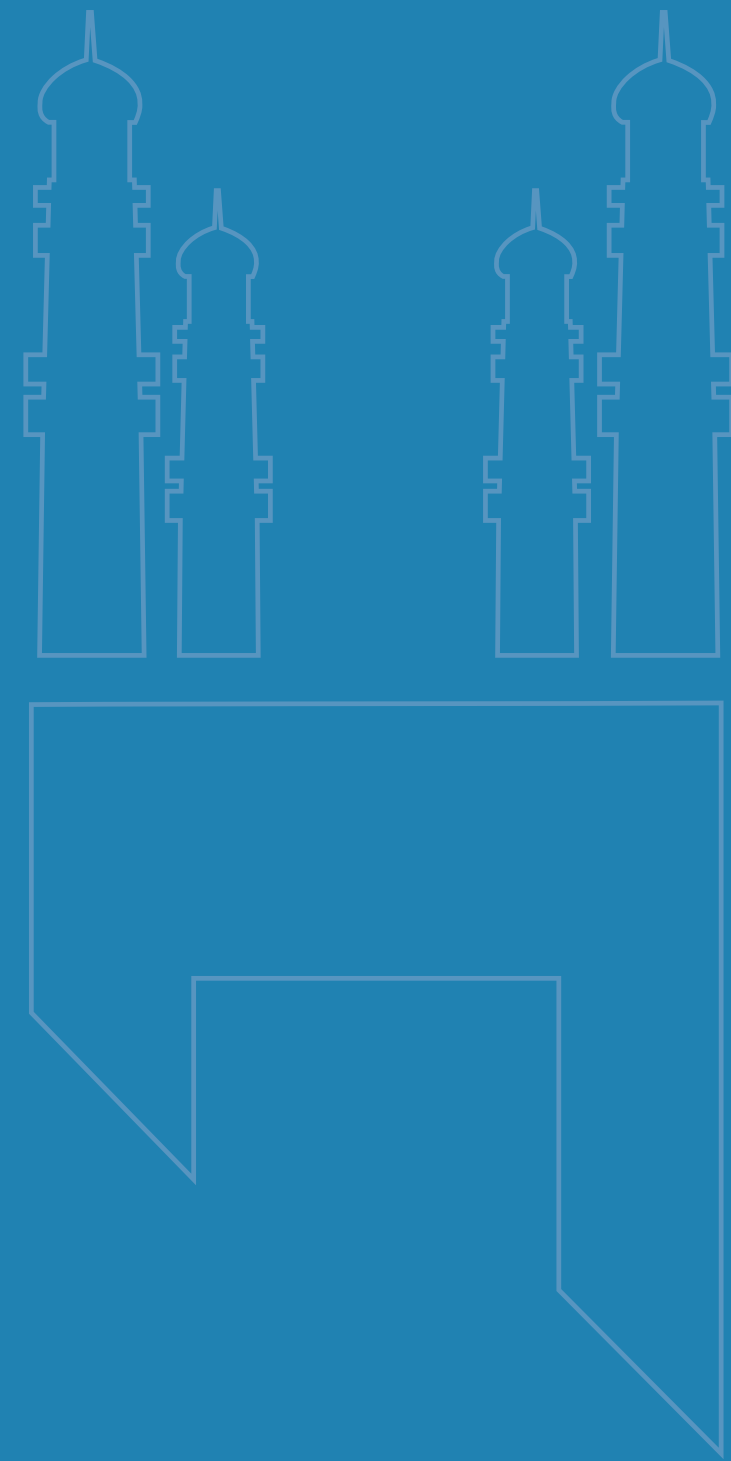
Superior Infrastructure of the City

SUPERIOR INFRASTRUCTURE OF THE CITY

Dr. Matthew Durban,
Senior Trade & Investment Commissioner (South Asia), Australian Consulate General

"
A fast growing urban economy, ranked in the top 3 by the World Bank for Ease of Doing Business in India, Hyderabad is centrally located with well-developed infrastructure. The city hosts Google's largest office outside the US along with Microsoft, Facebook, Deloitte and Oracle. India's leading research hubs CCMB, IICT, NGRI, Defense, Electronics and Aerospace offer numerous opportunities across industries.

The Australian Government has had trade representatives in the city since 2002 and an office was opened in 2010. We consider Hyderabad an essential destination for Australians doing business in ICT, Life Sciences, Resources and Infrastructure.
"

The existing infrastructure and its scalability are the most important aspects when evaluating the business attractiveness of a city. This view has been reinforced by the findings of our survey. Of the five parameters (Talent, Infrastructure, Livability, Political stability and Business Ecosystem drivers), business heads in Hyderabad voted 'Infrastructure' as the most important aspect for deciding Hyderabad as their preferred business destination.

The infrastructure related to power has improved dramatically in the past 5 years. Telangana has increased its installed power generation capacity to 16,506 MW in 2019 from 7,778 MW in 2014. This has ensured that the organizations based out of Hyderabad get stable, high quality, and uninterrupted power supply - making Hyderabad an attractive business destination.

Upcoming infrastructure projects, including the upgraded Metro project, a suspension bridge (which would be the longest in the country) to ensure faster connectivit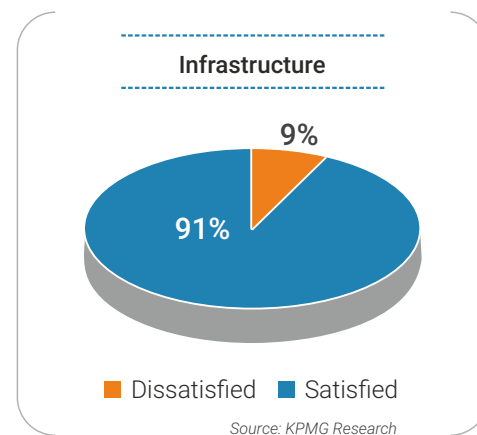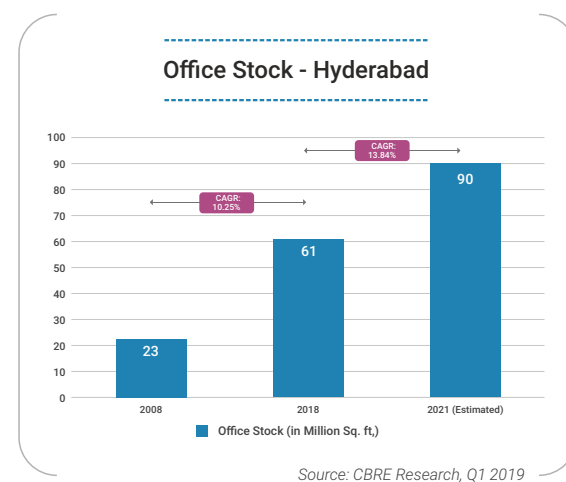y into downtown Hyderabad and a 1500-acre 'airport city', are expected to improve business infrastructure and connectivity in the coming years.

Infrastructure

- 9% Dissatisfied
- 91% Satisfied

Source: KPMG Research

Evolution of Hyderabad as a Tech Hub

Hyderabad was one of the first cities to embrace the tech boom in India. Its growth began with the establishment of the Hyderabad Information Technology and Engineering Consultancy City (HITEC City) in 1998. In 2005, the government established the Financial District, a 150-acre dedicated industrial park as an extension of the HITEC city, and the city has been growing ever since. Office stock in Hyderabad has been growing at a substantial rate over the past decade and is expected to register a CAGR of 13.84% in the next three years to reach approx. 90 million sq. ft. by 2021.

Office Stock - Hyderabad

- 2008: 23
- 2018: 61 (CAGR: 10.25%)
- 2021 (Estimated): 90 (CAGR: 13.84%)

■ Office Stock (in Million Sq. ft,)

Source: CBRE Research, Q1 2019

Cost / Capacity Comparison against Other Indian Cities

Apart from providing low-cost and skilled talent, Hyderabad also offers space at one of the most competitive rates in the country. In addition, 30 million sq. ft. of upcoming quality supply is lined up for completion over the next 2–3 years in Hyderabad, higher than most cities in APAC. Thus, relatively higher availability of low-cost space and a skilled talent base are expected to attract occupier interest in the coming years.

Below is a snapshot of the comparators on rental cost for Hyderabad against other major Indian cities. With monthly rent as low as INR 60 / sq. ft. (as of Q1 2019), Hyderabad is one of the least expensive cities in terms of leasing infrastructure. Below is a comparative view of rents in other metro cities with the rate of Extended IT corridor in Hyderabad taken as 1x:

City	Micro-market	Comparative Rates
Hyderabad	Extended IT Corridor (Nanakramguda, Raidurg, Manikonda, Financial District, Kukatpally)	1x
	IT Corridor (HITEC City, Madhapur, Kondapur, Gachibowli, Kavuri Hills, Raidurg)	1.15x
Gurugram	NH-8 (Properties located at either side of NH-8 including areas of Udyog Vihar Phase I-IV, Sectors 15, 30, 34 and Properties located at either side of NH-8 beyond Rajiv Chowk)	1.3x
Bengaluru	ORR (Marathahalli Outer Ring Road, Sarjapur Outer Ring Road)	1.4x
Chennai	OMR Zone 1 (Taramani to Perungudi Toll)	1.5x
Mumbai	PBD East (Sion, Chembur, Deonar, Ghatkopar, Vikhroli, Kanjurmarg, Bhandup, Mulund, Kurla, Powai)	2.13x

Note: The given rents are quoted rental values for the respective micro markets; excludes SEZs   *Source: CBRE Research, Q1 2019*

Ongoing and Upcoming Infrastructure Initiatives in the City

Name	Completion Year	Comments
Metro Rail Line 2 and 3	Line 2 – Q4 2019; Line 3 – Q3 2019	About 44 km; 37 stations
Suspension Bridge	Q4 2019	India's longest suspension bridge (765-m-long) expected to ease traffic between IT Corridor and Jubilee Hills
RGIA capacity expansion	2021	Expansion of the airport's capacity to up to 40 million passengers per annum
Regional Ring Road	2022	288-km-long and 90-m-wide road to strengthen the existing road network by developing missing linkages
Elevated BRTS	TBD	To greatly improve last mile connectivity
Metro rail service to the airport	TBD	To further improve connectivity between the city and the airport

SUPERIOR INFRASTRUCTURE OF THE CITY

Infrastructure initiatives in Hyderabad
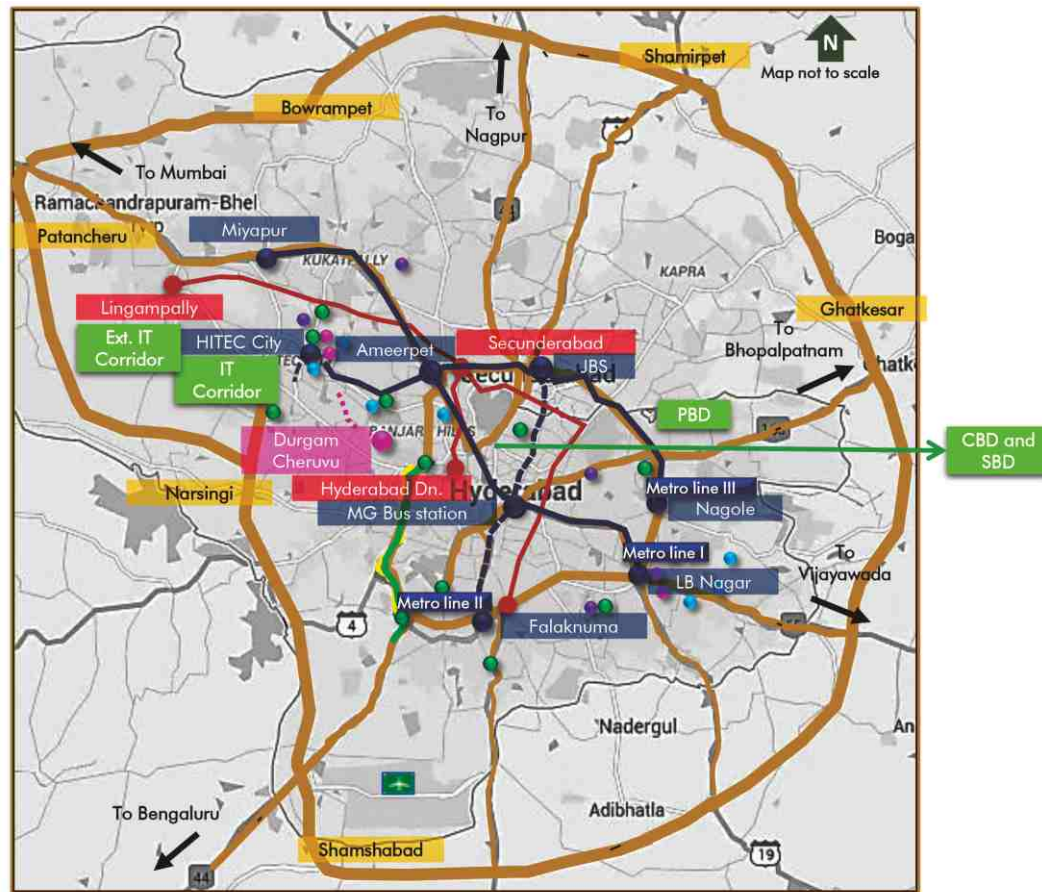
Source: CBRE Research, Q1 2019

— Road network	● SRDP Underpasses (completed)
— PVNR Expressway	● SRDP flyovers (ongoing)
— Metro rail	● SRDP grade separators (ongoing)
— MMTS	● SRDP projects (planned)
▪▪▪ Suspension bridge	

Prominent Government Policies

As the tech sector continues to be one of the key drivers of economic growth in the city, the Telangana government released the 'Telangana Information and Communication Technology (ICT) Policy Framework', to further promote the sector.

To boost the tech sector, the government of Telangana has drafted the 'Look East Policy' for East Hyderabad. Under this policy, new setups will receive subsidies for power and rent. It is also proposed that companies will get recruitment assistance and their employees will get discounts on metro rail passes. In addition, companies choosing the eastern part of Hyderabad will be exempt from impact fee and stamp duty for lease / registration.

Other policies highlighting the government initiatives have been highlighted in the 'Doing Business' section of the report.

In addition to these policies, the Telangana government has been actively involved in establishing new clusters across the state, especially in Hyderabad. The following table lists some of the government initiatives planned in and around Hyderabad over the past few quarters:

Future Tech Clusters Initiated by the Government in Hyderabad

Project Name	Details
Technology Hub (T Hub)	• Phase I (already completed) involved one million sq. ft. of office space allocated for start-ups and 70,000 sq. ft. for flexible space, conference and mentoring spaces. • Phase II will have 300,000 sq. ft., which is likely to house 900 start-ups.
Information Technology Investment Region (ITIR)	• It is spread across 50,000 acres. • It is expected to attract investments for Greenfield and brownfield IT projects in five zones in Hyderabad.
Telangana, Animation and Gaming (IMAGE) Tower	• This public-private partnership project is spread across 1.6 million sq. ft. built-up area for boosting the gaming and animation sector. It is under construction and is expected to be completed by 2020.
Data Analytics Park	• A 50-acre park for building an ecosystem of Big Data analytics companies is planned.
Blockchain District	• It aims to put all Blockchain companies based out of Hyderabad at a strategically advantageous position globally. It will provide incentives and subsidies along with regulatory and policy support.

Source: CBRE Research, Q1 2019

Office Sector Supply, Demand and Vacancy Trends (Last Five Years)

During 2014–18, Hyderabad added about 20 million sq. ft. of office space, mainly in the IT Corridor and Extended IT Corridor. In addition, the rising number of SEZs in the city played a key role in its growth; the share of SEZs in the city's office supply rose from almost 40% in 2014 to more than 60% in 2018.

Annual office leasing activity in Hyderabad almost tripled during 2014–16. During 2014–18, the city recorded about 26 million sq. ft. of space take-up, thereby becoming one of the leading office destinations in India. This rise in absorption was led by several corporates from diverse sectors taking up large-sized spaces.

Similar to supply, the IT Corridor and Extended IT Corridor remained dominant micro-markets driving space take-up. Moreover, leasing in SEZs was reported at about 40% during 2014–18, which rose to almost half in 2018 alone.

Moreover, in Q1 2019, Hyderabad was the top destination for occupiers leasing space in the country, overtaking Bangalore. This was mainly due to the closure of large-sized deals in the city's IT parks and SEZs. Also, the city witnessed a significant increase in supply addition on a quarterly basis with 4.9 million sq. ft. becoming operational. Majority of this newly completed supply witnessed the culmination of large-sized pre-commitments.

Hyderabad office sector dynamics
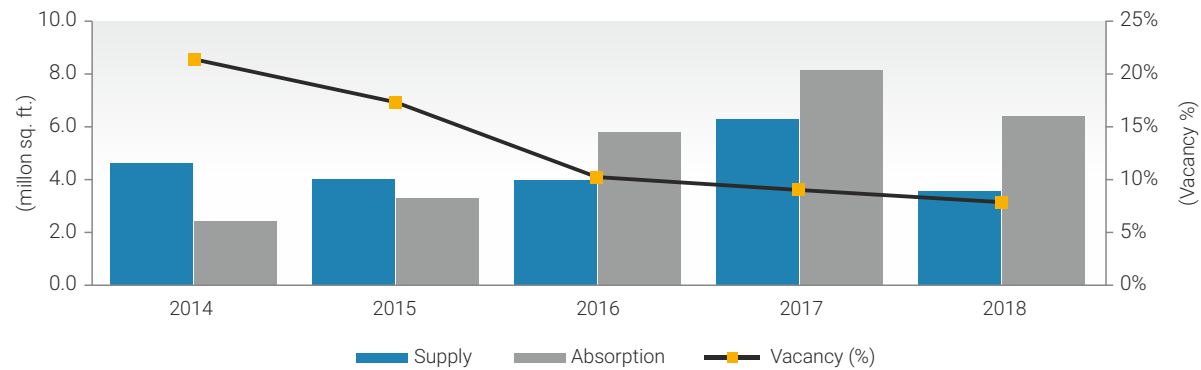
Source: CBRE Research

Prominent Sectors Leasing Space in Hyderabad (2018)

In 2018, tech corporates (with a 60% share) drove office space take-up in the city, followed by e-commerce (8%), BFSI (8%), pharmaceuticals / healthcare (7%) and engineering & manufacturing (5%) firms. In addition, flexible space operators remained active in the city, accounting for about 4% of the space take-up in 2018. Such deals included space take-up by domestic players such as Table Space, iSprout and Workafella.

Sectoral leasing activity during 2018

- Tech
- E-commerce
- Banking, Financial Services, Insurance
- Pharmaceuticals/ Healthcare
- Engineering and Manufacturing
- Flexible
- Others

Source: CBRE Research

Comparison of Hyderabad Office Trends vs Other Tier 1 Cities

Hyderabad is a key office destination in India, contributing about 10% and 14% of the country's annual supply and take-up, respectively, in 2018. Moreover, Hyderabad accounts for about **11% of the country's total office stock** (as in Q4 2018) and is the fifth-largest office market in the country. In addition, with a significant office pipeline (more than 30 million sq. ft.) lined up over the next three years, the city's stock is likely to cross **90 million sq. ft. by 2021.**

Future Trends in IT Office Space
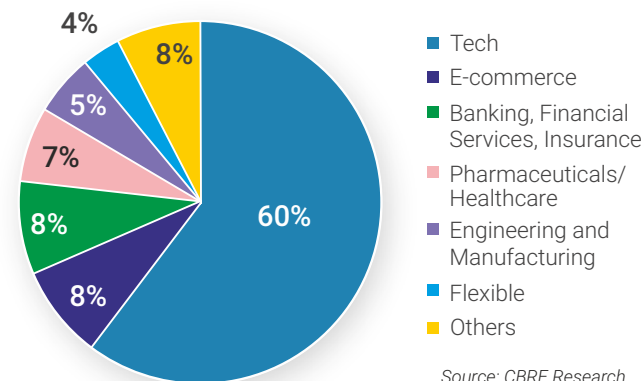
The city is expected to witness office demand from new-age segments such as flexible space operators and e-commerce firms. Policy thrust in areas such as gaming and animation, start-ups, innovation policy, data analytics and data centres is also expected to help expand the city's office sector.

With necessary infrastructure in place, occupiers are now focusing on establishing presence in core micro-markets of the IT and Extended IT Corridors. Significant new supply is expected to be released in the next three years, mostly in core micro-markets. These high-quality, investment-grade projects are expected to serve large-sized requirements of leading global / domestic corporates. Healthy demand-supply dynamics are expected to strengthen rents, particularly in core micro-markets.

Corporates are thus expected to pre-commit space in under-construction developments to safeguard against future rent revisions.

About one-third of the upcoming supply lined up for completion over the next 2–3 years in Hyderabad consists of SEZs. SEZs, typically offer single-ownership, large-sized, contiguous space options for corporates, particularly those aiming at large-scale consolidation / expansion. This is expected to sustain demand for SEZ space in the city. Corporates that have traditionally favoured SEZs or those looking for large-scale consolidation spaces in Hyderabad are likely to be the primary clientele of this segment.
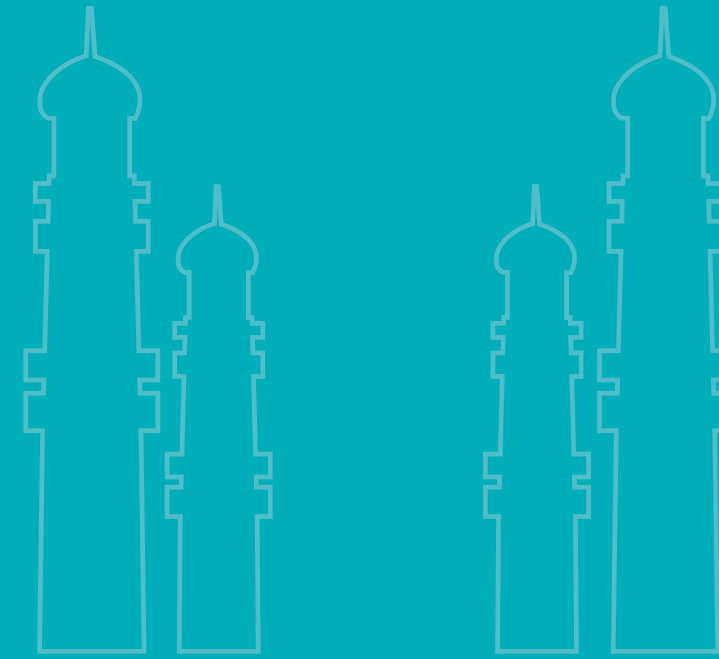
Thus, positive occupier interest towards setting up operations in quality SEZs and tech parks is expected to boost leasing activity in Hyderabad.
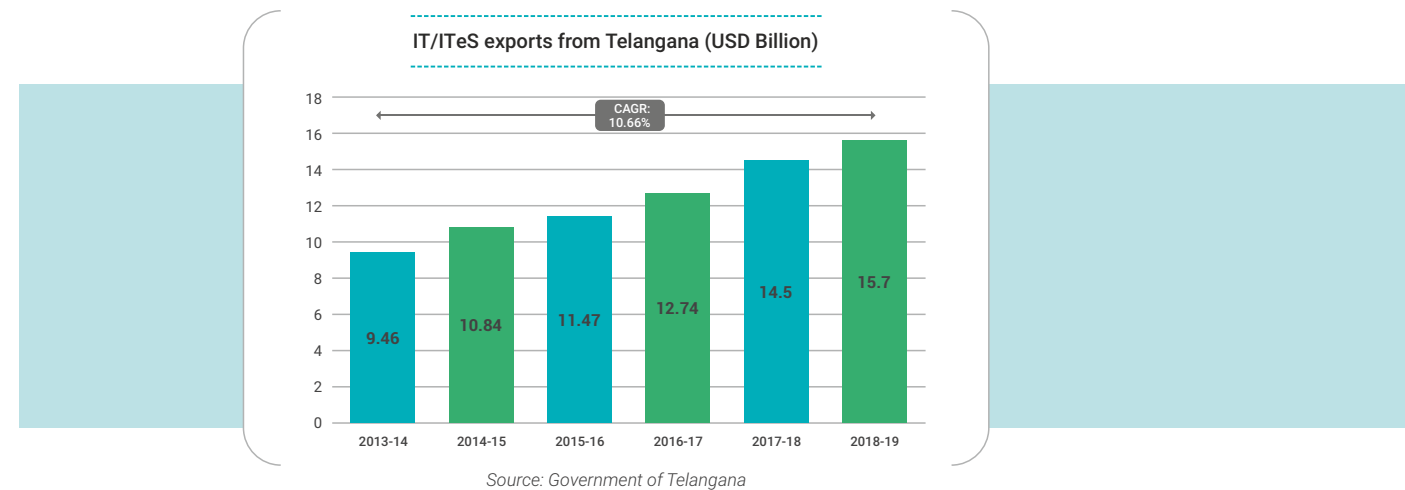
Business
Ecosystem
Highlights

BUSINESS ECOSYSTEM HIGHLIGHTS

Telangana, led by Hyderabad, has almost doubled IT exports in the last five years. The record growth in the sector has also led to large-scale employment generation in the sector, with the number of new employees in IT and ITeS industries going up by 14.2% to reach around **550K people.** Hyderabad has GDP per capita growth of 8.7% — making it the **highest growing metropolitan area among the emerging Asia Pacific markets.**

This exceptional growth has been largely attributable to the growth of the businesses operating out of Hyderabad.

IT/ITeS exports from Telangana (USD Billion)

CAGR: 10.66%

2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
9.46	10.84	11.47	12.74	14.5	15.7

Source: Government of Telangana

With the numbers backing up, Hyderabad is one of the highest growing and the most promising locations for organisations looking to set up shop in India. There are a number of key technology companies operating from Hyderabad, including Google, Apple, Uber, Facebook and Amazon; most of these companies have their **second-largest workforce** outside of the US in Hyderabad. In recent years, there has also been considerable uptake in terms of new GCCs (Global Capability Centers – in-house shared service centers of large global corporations) getting set up with **13% of GCCs in India based in Hyderabad** and **12%** of the approximately 1 million total GCC talent in India.

Hyderabad is also a preferred destination for datacentres because of its central location, robust infrastructure, talent availability and location in a seismic safe zone and flood-free area. The government has a special IT policy for datacentres and offers unique incentives. Due to these benefits, **India's first Tier 4 datacentre** was setup in Hyderabad. Moreover, India's largest ecommerce players — Flipkart and Amazon — have recently opened multiple datacentres in the city.

How well has your Hyderabad office met your business growth plans till date?

- 30% Exceeded Expectations
- 63% Met Expectations
- 7% Didn't Meet Expectations

Source: KPMG Research
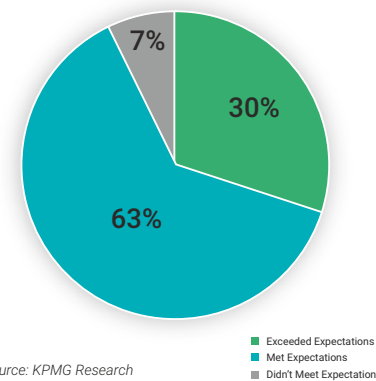
Even though all these accolades point to Hyderabad being a giant in the IT sector, the city has much more to offer in terms of the business ecosystem. Hyderabad has the second highest proportion of MNCs in **software and semiconductor verticals**, mirroring its growth as the next Hi-Tech hub.

Prashanth Nandella
VP & Center Head, Cognizant Hyderabad

We began our operations in Hyderabad in 2002, and since then it has been one of our fastest growing centers with headcount doubling in the last 4 years. Our growth has been possible thanks to the unique advantages the city offers – excellent educational institutions producing high quality talent, conducive ecosystem for investments, support from government bodies and global connectivity.

In addition to being a great technology hub, in recent years, Hyderabad has also become a hub for financial and banking services, investment management companies and investment banking operations. This has been possible due to the high talent availability from CA, CFAs, CPAs, to MBA grads.

In the recent past, thanks to government initiatives such as setting up of a 'Financial District', the number of Financial Services companies establishing operations in Hyderabad has increased. Companies like Franklin Templeton, JP Morgan Chase Bank and Wells Fargo have a big presence in Hyderabad. In addition, owing to the availability of niche finance talent, Berkadia (a Berkshire Hathaway company) has set up its **only office** outside the US in Hyderabad.

It is also worthwhile to mention the pharmaceutical cluster in Hyderabad, which constitutes one of the biggest life science sectors in Asia. There are more than 800 pharma, biotech and med tech companies in Hyderabad. Genome Valley, spread over 600 sq. km., houses six of the world's top R&D companies in life sciences and three of India's largest vaccine manufacturers. The Telangana government plans to set up 'Pharma city' in Hyderabad with a total area of 19,000 acres, which will be the world's largest integrated ecosystem for life sciences.

- 13% of the total GCC population in India and 1 million GCC talent (12%)
- Key technology firms like Google, Facebook, Apple, Microsoft, Amazon
- Second largest MNC presence in IT software and semiconductor sector
- Accounts for 20% of the Pharma exports for India

DID YOU KNOW? Taxi hailing app Uber's second-largest engineering workforce outside San Francisco is in Hyderabad

Ecosystem Drivers

Even though ecosystem drivers such as the availability of investment groups and recruitment agencies are not the main factors why an organisation chooses a particular city for its operations, these are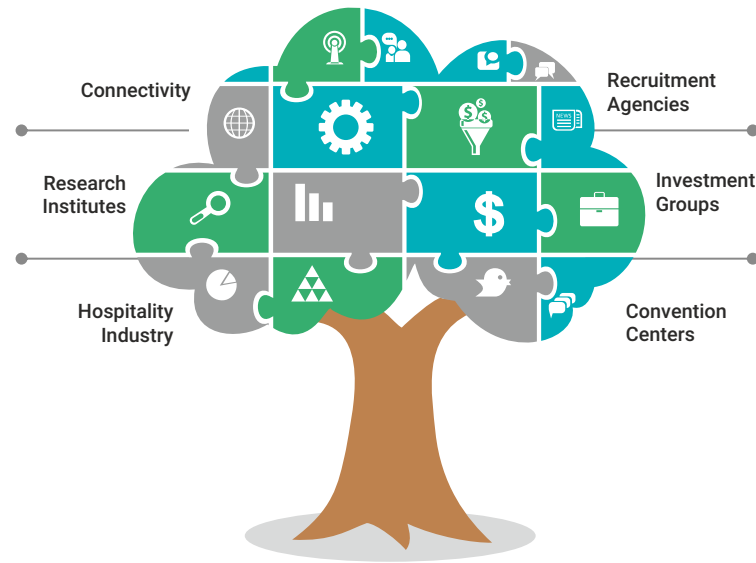 vital as they enable the smooth functioning of a business. Hyderabad ticks all those boxes and is home to a thriving ecosystem of various entities that make it an ideal business hub.


Investment groups: Investment groups form a key pillar for bolstering a startup-friendly culture and Hyderabad has a multitude of investment groups that provide a great support system. As a push to the start-ups in Hyderabad, the Telangana government set up an exclusive investment arm to invest in start-ups known as the 'T-Fund'. The fund kicked off investment activity in late 2017 with an initial corpus of INR 1 billion. In addition to the support from the government, there are other investment bodies like the Hyderabad Angels that provide the start-up ecosystem the necessary push towards success.

Recruitment agencies: Hyderabad has a large number of HR consultancy firms that assist the companies in finding the right talent. A number of these consultancy firms specialise in IT and ITeS industries.

Air connectivity: Hyderabad is emerging as one of the major transit hubs of South Asia. One can reach 123 international destinations around the world including 18 major US cities with a one-hop flight.

Convention centre: Hyderabad, with its high-tech convention facilities, wide network of professionals and unmatched hospitality is the preferred meeting place for business executives. The Hyderabad International Convention Centre (HICC) is one of the biggest convention centres in India with a seating capacity of 5000, and hosts over 500 events annually. Adding to the venues, there is a new convention centre coming up adjacent to HICC. The presence of multiple state-of-the-art convention centres make Hyderabad one of the top Meetings, Incentives, Conferences and Exhibitions (MICE) destinations in India.
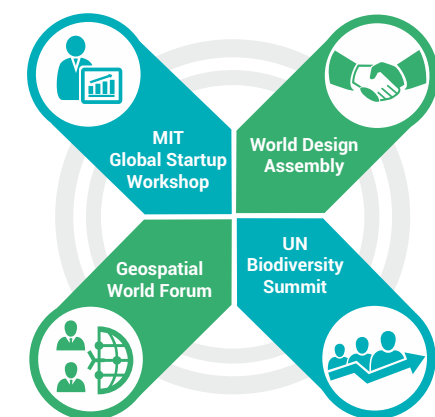
Events: Hyderabad has hosted many prestigious events — this is an indicator of the world-class facilities the city has to offer. One of the biggest events was the 8th Global Entrepreneur Summit, which was presided over by India's Prime Minister Narendra Modi and US President's daughter and adviser Ivanka Trump. Even the World Congress on Information Technology (WCIT) — one of the largest and most prestigious ICT events in the world — was held for the first time in India in 2018 and the city of choice was Hyderabad.

Hospitality industry: The hospitality industry in Hyderabad is thriving. With over **6772 rooms (8.3% y-o-y growth during FY18)** in various price segments, and an average occupancy of less than 70%, a business traveller to Hyderabad always has ample options to choose from for a comfortable stay close to his or her workplace.

Research institutes: Hyderabad is home to some top research institutes. Below is a brief view on the major research institutes located in Hyderabad:

a. **Indian School of Business (ISB):** ISB faculty has contributed to the research output from India over the last few years. The faculty members have published articles in over 70 top-tier journals in different management areas. Some of the areas where the ISB faculty have been conducting research and have published are: Strategy, Organisational Behaviour, Finance and Economics, Information Systems, Marketing, and Operations Management.

b. **NALSAR:** It is a leading institute working on cutting-edge research on Intellectual property rights.

c. **IIIT Hyderabad:** It has been at the forefront of technology with a dedicated research centre, bringing together experts from various backgrounds to conduct research and development. Its focus areas range from machine learning and robotics research to data sciences and analytics.

d. **IIT Hyderabad (IIT-H):** It has collaborated with more than 20 Japanese universities and various industries. Extensive research is being done on emerging technologies such as 5G communication systems, nano-science and technology, and IoT. IIT-H recently conducted the world's first large-scale field trial demonstration of 'Generalised Precoded OFDM' technology and this feature is expected to be incorporated into the global 5G standards shortly

Innovation and start-up ecosystem: Hyderabad has seen a surge in the start-up ecosystem, with **1000+ start-ups** currently operating out of the city. In terms of ecosystem, T-Hub in Hyderabad, the largest incubator for start-ups in India, is one of the largest growing start-up ecosystems in the world, and it is well poised to make Hyderabad a start-up hub of the future. Further, educational institutes have helped foster innovation and entrepreneurship. IIIT-Hyderabad has set up a dedicated Centre for Innovation and Entrepreneurship (CIE), and IIIT Seed Fund. Incubators such as We-Hub and Technology Business Incubator in the University of Hyderabad provide guiding force for entrepreneurs. About **93%** of the business heads with operations in Hyderabad are either satisfied or highly satisfied with the city's innovation-friendly ecosystem.

Is Hyderabad future ready vis-à-vis your business growth plans?

4%

96%

■ Agree
■ Disagree

Source: KPMG Research

Business leaders consider the business ecosystem of Hyderabad to be extremely robust and believe it is capable of supporting future growth.
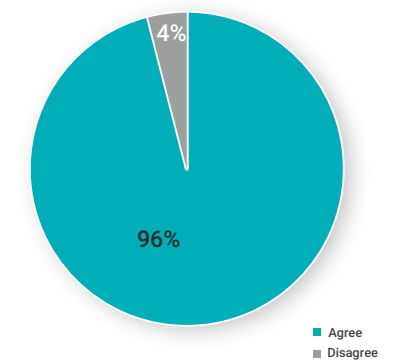
DID YOU KNOW? Airport review firm "Skytrax" awarded the Hyderabad International Airport as the **Best Regional Airport** in 2019 in India and Central Asia.

Doing
Business

SCALE @ **HYDERABAD:**
GLOBAL TECHNOLOGY
DESTINATION

DOING BUSINESS

DOING BUSINESS

Hyderabad: A business Hub

Continuous and focused efforts from the Telangana government and other parties have kept Hyderabad competitive in the business map and fostered an environment where businesses and entrepreneurs can thrive. There are several policies and incentives to help businesses set up their office in Hyderabad. Therefore, it comes as no surprise that **93%** of business leaders based in Hyderabad are satisfied with the government policies and incentives.

The Telangana government has also recognised the importance of maintaining a thriving start-up ecosystem and introduced several policies exclusive to start-ups. Below are the incentives that the government provides to IT and ITeS companies operating out of Hyderabad:

Isaac Rajkumar
Managing Director, OpenText

"From starting our center at Hyderabad in 2009, we have grown to over 1400 employees making major contributions in research, innovations, product development and other technical functions.

Hyderabad has played a crucial role in our journey. The excellent infrastructure, friendly government, vibrant industry collaboration, great talent availability and outstanding university ecosystem, have all together contributed to our success so far, and continue to be key reasons for our future growth plans in the city."

Ease of doing business

Incentives for IT & ITES companies In Hyderabad
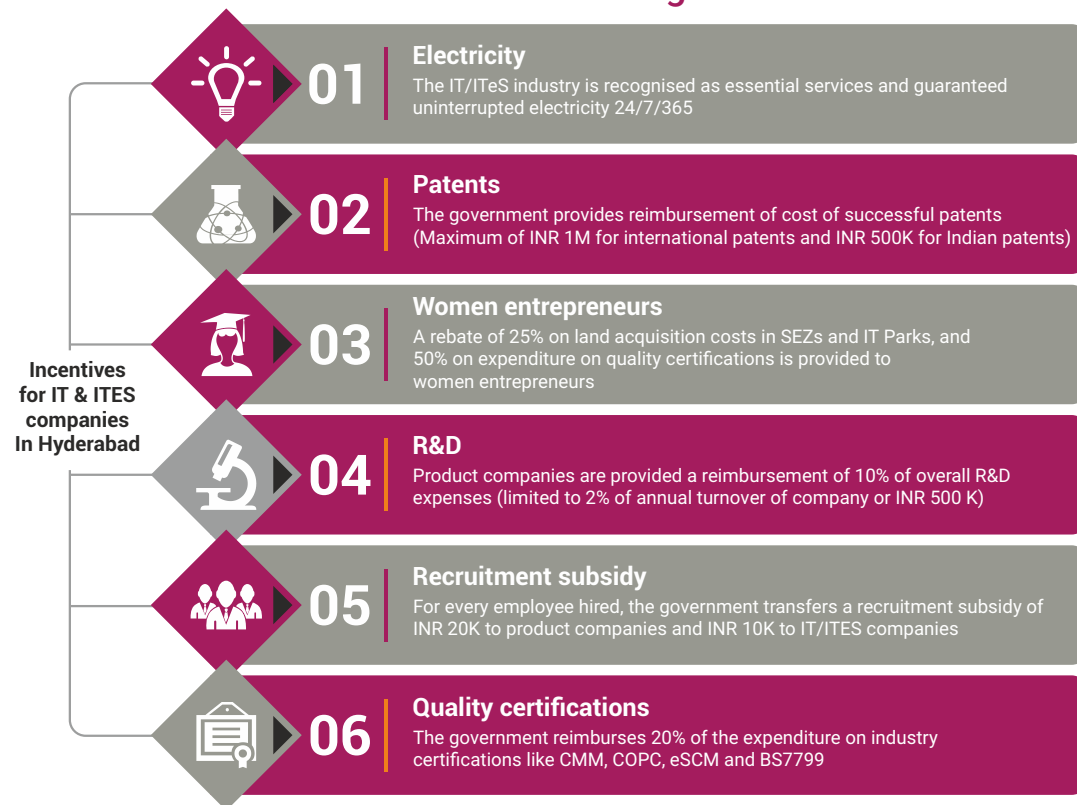
01 Electricity
The IT/ITeS industry is recognised as essential services and guaranteed uninterrupted electricity 24/7/365

02 Patents
The government provides reimbursement of cost of successful patents (Maximum of INR 1M for international patents and INR 500K for Indian patents)

03 Women entrepreneurs
A rebate of 25% on land acquisition costs in SEZs and IT Parks, and 50% on expenditure on quality certifications is provided to women entrepreneurs

04 R&D
Product companies are provided a reimbursement of 10% of overall R&D expenses (limited to 2% of annual turnover of company or INR 500 K)

05 Recruitment subsidy
For every employee hired, the government transfers a recruitment subsidy of INR 20K to product companies and INR 10K to IT/ITES companies

06 Quality certifications
The government reimburses 20% of the expenditure on industry certifications like CMM, COPC, eSCM and BS7799

Hyderabad is one of the major transit hubs of South Asia. A total of 123 international destinations, including 18 US cities, are connected to Hyderabad by flights with one hop. Connectivity to Europe is ensured via daily direct flight to Heathrow – London.

Recognising its strategic importance, the Telangana government has made investments in terms of providing subsidies and expediting the documentation processes related to setting up operations in Hyderabad. It is due to the single-window clearance that application for setting up a new company is done in a span of 15–30 days. IT companies save on documentation and are also given incentives to use renewable energy sources.

Documentation

- IT companies are exempted from land zoning regulations, change of land usage rules, and building height restrictions making it easier for setting up shop

- Government provides a reimbursement of 100% on stamp duty, transfer duty and registration fee paid on first sale / lease transaction and 50% on the second transaction

- Companies are exempt from government inspections and are allowed to file self-certifications on the compliances required

Energy

- Telangana government is committed to promotion of use of green sources of energy

- For "Mega Projects"*, the government provides a subsidy of 10% capital required (or INR 2M, whichever is lower) for installation of solar power generation units greater than 100 KW

- Government also provides reimbursement of up to 10% (or INR 10M whichever is lower) of costs incurred to conduct retrofitting study and implement energy efficient power equipment

Single window clearance

- TS-iPASS is a single window clearance system which processes all clearances required for setting up a company – highly simplifying the process

- For a capital investment less than INR 2B, the application will be processed in less than 30 days

- For an investment of more than INR 2B, provisional approval is guaranteed in 15 days

* 'Mega projects' are those projects with a minimum investment of INR 2 billion or those that employ more than 1000 people or those belonging to areas of strategic importance.

The government recognises that IT/ITeS companies serve global customers on a 24x7x365 basis and therefore, this industry is regarded as essential services under which women are provided a general permission for three shift operations, including working at night. This has been possible thanks to the initiatives the government has taken to make Hyderabad a safe city for women to work in.

SEZs

SEZs or Special Economic Zones recognise effectiveness in trade and exports. The state of Telangana, with 29 operational SEZs, has one of the highest number of SEZs in India - attracting an increasing number of businesses.

The following are the various incentives for the companies operating in SEZs:

- Exemption of duty on import or domestic procurement of goods for development, operation and maintenance of SEZ units

- A 100% tax exemption on export income for SEZ units for the first five years, 50% for the next five years thereafter and 50% of the ploughed back export profit for the next five years

- Exemption of Central Sales Tax, Service tax and state sales tax, as well as various other levies by the government

- Fast processing of all required approvals and compliances in a single-window mechanism

DOING BUSINESS

Start-ups
Knowing the importance of start-ups in the modern business ecosystem, the government provides special packages to start-ups to support their growth to enable them become tomorrow's unicorns. The state-level tax (SGST) will be reimbursed for a maximum turnover of INR 10 million for the first three years of operation. The Telangana government will reimburse 30% of the annual marketing cost of start-ups in international trade shows (maximum of INR 500,000).

Incubators are also given extra incentives. The government would reimburse 20% of the capital invested (maximum of INR 3 million) for a minimum investment of INR 10 million. For incubators that have raised funding from the Government of India, the state government will provide additional funding that would match the Government of India's contribution (maximum of INR 5 million).

To further promote the start-up ecosystem, the government formed the Telangana State Innovation Cell (TSIC). Under TSIC, many initiatives are run like the Government Mentor Program where government officials provide mentorship to start-ups for give them market access. Other initiatives include workshops with industry leaders and venture capitalists. To promote entrepreneurship in tier II and III cities of the state, TSIC conducted a 20-day India Telangana Start-up Yatra. As part of this initiative, a mobile van was instituted to spread awareness about initiatives taken by the government to promote entrepreneurship. The vehicle had experts on board who provide an opportunity for entrepreneurial talents to pitch ideas.

Recognising the importance of IT and related industries, Telangana has dedicated state policies and vision statements for the development of various segments such as gaming and animation, data centres, cyber security, IoT and data analytics.

Consultative Committee on Information Technology Industry (CCITI)
A major step in improving the IT business ecosystem is the formation of the CCITI. Set up in May 1999, the CCITI is a joint committee with representatives from the government and the ICT industry for administering the incentives to the ICT industry in a smooth manner, and for effectively resolving issues, overcoming the impediments and ensuring growth of the ICT industry in the state.

The CCITI administers the incentives on specific applications made by an ICT company. These applications are scrutinised by the sub-committee of the CCITI headed by the Special Secretary, ITE&C, in association with industry representatives, on the eligibility, veracity of technical/financial information, etc., prior to placing it before the CCITI for its consideration. The incentives considered by this committee include:

common fiscal incentives for all companies, sector-specific incentives and facilitation, state incentives for IT SEZs / IT Parks / IT campuses / ITIR and SEZ incentives offered by the Government of India.

Gaming and Animation Policy
The government is also looking to enable other industries that require niche skill sets. It has come up with incentives exclusively for the animation, visual effects, gaming and comics (AVGC) companies. This is in addition to the policies that support the IT industry. Thanks to such policies, global gaming giants like EA Sports and multinational animation company Digital Domain and many others have set up offices in Hyderabad.

Incentive Package for Gaming and Animation Industry

AVGC

- Government is in the process of setting up "IMAGE city" to act as a center of Excellence for Animation, Visual effects, Gaming & Comics
- 25% of the capital (Maximum of INR 2.5M) invested will be reimbursed
- 20% of the production costs (maximum of INR 500K) for animated series, online, mobile & console games produced in Telangana will be reimbursed
- Entertainment tax is exempted
- 25% of lease paid for the rented spaces (Maximum of INR 500K) is reimbursed for three years
- INR 1.5M directly transferred to the companies on successful hiring of 100 people in the first two years of operation
- Reimbursement of 20% of expenditure occurred for quality certifications like ISO, CE, CCC and other AVGC specific industry certifications
- 50% of rental charges and delegate registration charges (Maximum of INR 500K) are reimbursed for the companies for participating in national and international conferences, exhibitions and events related to AVGC industry

Telangana VFX, Animation and Gaming Association (TVAGA)
TVAGA is an association of industry leaders in animation, VFX, gaming and comics working closely with the government, studios, producers and other stakeholders to promote the media and entertainment ecosystem in Hyderabad. vii TVAGA organises the annual Indiajoy event — the largest Indian congregation of media and entertainment events.

Society for Cyberabad Security Council (SCSC)
SCSC is an IT industry body that works with Cyberabad police to empower the IT industry and address their safety and security needs. Through SCSC, the IT industry is guarded against information security threats, fire and other safety issues, sabotage operations and terrorist threats. SCSC puts special emphasis on women safety by instituting programmes like women conclaves, Margadarshak (Mentor) programme and safety awareness sessions. SCSC has a dedicated cyber security forum that collaborates with the industry leaders and has knowledge-sharing tools and sessions on best international practices.

For startups achieving a minimum of 15% growth, Telangana state will reimburse 5% of total turnover of the company up to a maximum of INR 1M for the first three years of operation.

Blockchain District

Telangana is the first state in India to conceptualise its own Blockchain policy. The government aims to develop Hyderabad as one of the top 10 Blockchain cities in the world.

India's first Blockchain district will be set up in Hyderabad and will have an ecosystem housing Blockchain technology companies, incubators and research facilities. The city of Hyderabad is uniquely positioned to take a leadership role in the development of Blockchain technologies due to the presence of companies in Financial Services, Capital Markets, Insurance, Health, Education and other Consumer services, which can leverage the technology. It will contain a centre of excellence, a state-of-the-art incubator for Blockchain technologies, and an ecosystem for housing Blockchain companies and research facilities.
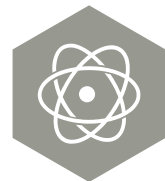
Research & Innovation

- Common platform for academic institutions and industry to come together
- Government fund for setting up research chairs in prominent institutions and scholarships in this domain to boost Blockchain related research
- Collaboration between government and corporates to establish research fellowships

Talent pool

- Blockchain courses to engineering students to be delivered by TASK
- Elite certification program for a select few professionals
- Curriculum of educational institutions to contain Blockchain
- Government facilitated workshops, conferences, hackathons, bootcamps and accelerators

Collaboration

- Government will help developer communities with infrastructure needs and sponsorships for events
- Virtual community will be launched for enabling collaboration of Blockchain stakeholders all around the world
- Government will actively collaborate with national and international Blockchain experts to gather latest knowledge and establish an active connect with subject experts

Infrastructure

- Government created sandbox which will provide a safe environment for businesses to test and develop innovative products
- Liaison office to collaborate with international players
- Cloud hosted computing and storage at subsidized rates

DOING BUSINESS

The government has consistently ensured that its policies are aligned with the mission of its IT ministry: *'To facilitate collaborative and innovative IT solutions, and to plan for the future growth while protecting, and enhancing the quality of life'*. The efforts of the government have led to the steady growth of Hyderabad towards becoming the IT hub of India as well as the world. Business heads of Hyderabad also concur with **98% of the leaders satisfied** or highly satisfied with the political stability of Hyderabad.

The various initiatives of the Telangana government come together to form a robust and integrated IT system. Below are snippets of other initiatives driven by the government:

Kishore Borra
Managing Director, EnergyTech Global

"
EnergyTech Global (ETG) is a privately owned niche start-up software company providing exciting open source technology and customer service career opportunities for talented staff residing in the Eastern corner of Hyderabad. Using our tech stack, we provide a free Hour of Power to all our customers every day, reducing the peak demand on the grid and shifting the load from a high to low carbon period of the day thereby avoiding emissions during the peak. Innovation & start-up ecosystem have been part of Hyderabad's DNA combined with diverse friendly people, clean air, water, a great forward thinking government, and a place with a high quality of life.
"

We hub
Exclusive startup ecosystem for women entrepreneurs: Facilitated 60 startups and raised INR 40 million

T-SAT
Government owned satellite :Virtual classroom for every person in the state

Digital Telangana
Every resident will be connected to the digital ecosystem

T fiber
Fiber network to connect the whole state: 1GBPS connection to offices and homes

T wallet
Digital wallet for Telangana

T App folio
Single unified portal for accessing all government services using app, IVR, SMS and USSD

Open Data Telangana
Open data repository: Enables innovation and better decision making

T-hub
India's biggest incubator ecosystem: Transformed 1100 national and international startups in 4 years

Integrated IT Ecosystem

T works
India's largest hardware prototyping lab: Facilitates inventors to design, develop, test and manufacture their ideas

TASK
Collaboration between Academia, Industry and the government: Upskills students as per Industry needs

Telangana State Technology Services
Internal consulting arm of the government to digitally transform the government services

Important links and sources used:
1. http://sezindia.nic.in/
2. https://it.telangana.gov.in/
3. https://www.teamtsic.org/
4. https://tvaga.org/
5. Survey conducted with business heads with operations in Hyderabad

Living in Hyderabad

Quality of Life:

Whether it is the great city safety, the low cost of living or just the overall 'well-being' of an individual, Hyderabad shines through. The 'city of pearls' consistently gets featured in the top positions among Indian cities in metrics related to quality of life. This is the reason why we were not at all surprised when the respondents of our survey unanimously voted Hyderabad as 'a great city to live in'. Below are a few of the many accolades Hyderabad has received in the recent past:

Culture and City Livability

■ Highly Satisfied: 42%   ■ Satisfied: 56%   ■ Dissatisfied:02%

Source: KPMG Research

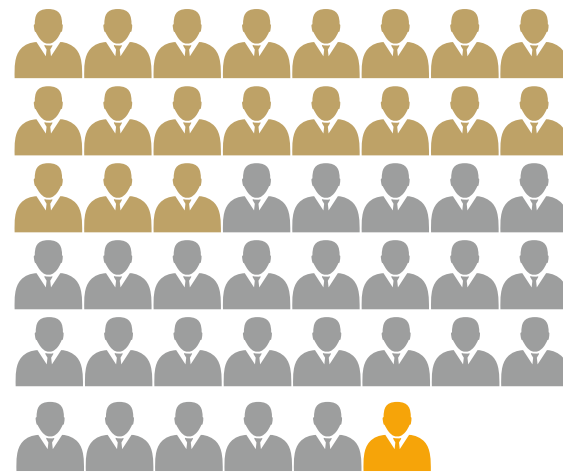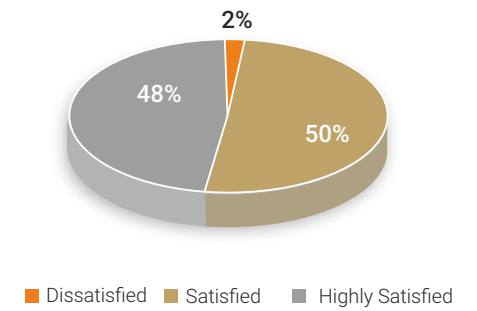|		
Cost of Living Index: 24.89	Estimates the cost of living in a city referenced to that of New York (value 100): Hyderabad is the best city among Indian metros	
Rent Index: 5.91	An estimator of price of renting apartments, referenced against that of New York City (value 100): Second best among the metros in India	
Mercer city Rank: 1	In 2019 Mercer ranked Hyderabad as the best city in India for the fifth time in a row in quality of living in their global city rankings	
Pollution Index: #2	Hyderabad is ranked as the second least polluted city among Indian metro cities	
City traffic	Hyderabad is ranked the second best city in India in terms of traffic	

A comparison of Hyderabad with other metro cities in India

City Safety

Hyderabad is rated the highest in terms of safety as compared with other major metro cities in India as per data collected from various crowd-sourced platforms. Below are a few of the key highlights for Hyderabad from a safety and security perspective:

City safety and security

■ Dissatisfied   ■ Satisfied   ■ Highly Satisfied

Source: KPMG Research

Leading tech company with substantial presence in Hyderabad for the past few years

> Hyderabad definitely ranks amongst the top cities when it comes to safety. The police department is progressive - employing qualified personnel and regularly (and knowledgeably) connecting with the industry.

a. As per a survey by a leading newspaper, women rated Hyderabad as the **safest city in India.**

b. The police has formed a special initiative called the **SHE Team**, which has gone a long way to secure the city as a safe place for women. There are also **SHE shuttles** — transport system dedicated to women — ensuring that women safety is kept at the highest priority.

c. In mid-2018, the Telangana government prioritised women's safety in the region by setting up the 'Women Safety Wing', which has further strengthened the 'SHE Teams' initiative. The wing headed by the Inspector General of Police has begun phased training sessions and will soon be a functional asset to the state's commitment towards women's safety.

d. **Cyberabad security:** Cyberabad is equipped with CCTV cameras and dedicated police patrolling. Hyderabad already has 500,000 CCTV cameras installed and this number is set to triple in the coming three years.

e. The government has commissioned the building of twin towers — a 20- and 15-storied building having 550,000 square feet area on a seven-acre land in Banjara Hills. Once completed, the command and control centre can house representatives of various government departments in one place. It will help in monitoring of big events in the city, and will improve operational efficiencies.

DID YOU KNOW?   India's first ever dedicated dog park was opened in Hyderabad

Healthcare and Primary Education

Basic amenities like healthcare and primary education form the bed rock on which a great business ecosystem can flourish. Hyderabad has developed greatly in these areas.

With **20,000+ primary** and **7000+ upper primary schools** in Telangana state, there is a plethora of private and public schools to choose from. Hyderabad has private Central Board of Secondary Education (CBSE), Indian Certificate of Secondary Education (ICSE) and International Baccalaureate (IB) schools. The diverse set of options ensure that all requirements related to education are met.

Hyderabad also provides a wide landscape for healthcare. Superior quality healthcare facilities at highly competitive prices have turned Hyderabad into a major hub for medical tourism in South Asia. The city has been witnessing 20–30% growth in the number of medical tourists. Below are some salient features of Hyderabad's healthcare landscape:
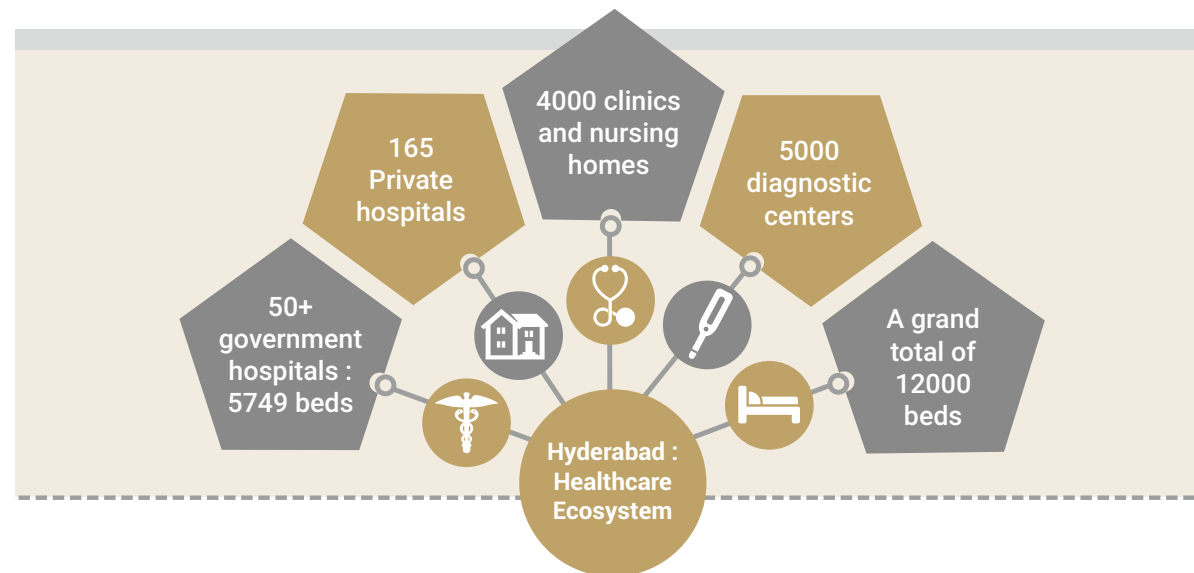
Arno Tellmann
Head Global Drug Development India, Novartis

"

We have been staying in Hyderabad since the beginning of 2019. Overall our expat experience personally and as a family with a 14 year old son has been positive. This is our second stint in Hyderabad. Earlier, we had stayed here in Hyderabad for three years around 2010. Many things have changed since then including massive growth in parts of the city, increasing housing market opportunities, investments in infrastructure, better availability of online services, and improved shopping opportunities. Schooling, medical infrastructure, overall traffic situation, and airport connect remain positive.

"

- 165 Private hospitals
- 4000 clinics and nursing homes
- 5000 diagnostic centers
- 50+ government hospitals : 5749 beds
- A grand total of 12000 beds

Hyderabad : Healthcare Ecosystem

Culture and Heritage

Hyderabad has been quoted as the city 'where north meets south' multiple times. The cultural diversity and inclusivity that Hyderabad offers has made it an ideal destination for talent across India.

Guinness world records declared Ramoji Film City in Hyderabad to be the world's largest film studio in 2005

Hyderabadis — as the residents of Hyderabad are colloquially known — are passionate about movies. In addition to the umpteen movie theatres, Hyderabad is also home to 'Tollywood' — the Telugu movie industry —which is the second-largest film industry in India. The epicentre of Tollywood, Ramoji Film City is spread across 2000 acres. Approximately 1.5 million tourists visit the film city every year.

Geographical Area	199.6 sq. km. (5th largest city in India)
Population	7 million (2014 census)
Altitude	1778' above mean sea level
Terrain	Rocky terrain with pink and grey granite
Mean Temperature	26.6˚C annual mean
Rainfall	786.88 mm annual average
Salient Features	Seismic safe zone Flood-free area

Culture and heritage

Tourist attractions
Known for historical monuments like Charminar, Golconda Fort, Makkah Masjid & Chowmahalla palace

Traditional painting
Deccan style of painting, world famous miniature painting style originated here

Bidri ware
Luxurious fine art metal handicraft works which is one of the most sought after exports from India.

Salar Jung Museum
One of the three national museums in India. Houses the world's largest "one man collection" of artefacts.

Traditional dance
Kuchipudi, a brilliant mixture of acting and poetic movement to the tune of Carnatic music is popular in the city

Cuisine
Hyderabadi Biryani and Haleem are world renowned

Kalamkari
Hyderabad Style of hand painting dating back to 3000 BC used to illustrate the great mythological stories

Qawwali Music
The city is home to regular concerts by the masters of this 700 year old musical tradition

Festivals
Golconda Music and Dance Festival attract thousands of patrons every year

Steeped in history, Hyderabad is home to various cultural delights like Bidri ware (a luxurious fine art), Kuchipudi (traditional classical dance), Bonalu, Bathukamma, and an annual Ganesh festival. Hyderabad is also located in close proximity to various tourist attractions.

On the modern side, the city has innumerable pubs, breweries, lounges and restaurants, which offer an exuberant night life. For the ones who prefer a quiet picnic with their loved ones, the city offers a number of open parks and public spaces.

Sports Facilities

Every global city aims to offer a holistic ecosystem incorporating sports. Adding to the livability of the city, Hyderabad provides ample opportunities to pursue your favourite sport. Hyderabad is home to 10+ golf courses, 12 world-class stadiums and more than 500 playgrounds catering to the requirements of all — from a weekend golfer to an avid tennis enthusiast. Below are the major sports complexes and academies located in Hyderabad.

Mark Brearly
British expat living in Hyderabad for 17 months

It is very easy for an expat to live in Hyderabad - thanks to the great infrastructure, connectivity via flights, and friendly and helpful people. The presence of various international schools, recreational opportunities like golf clubs, and low pollution levels further add to Hyderabad's attractiveness. The city livability is such, that almost all of the expats I have interacted with, have ended up staying in Hyderabad for longer than their original assignment duration.

1. Gopichand Badminton Academy, which has trained world-class players such as Saina Nehwal and P. V. Sindhu

2. Sania Mirza Tennis Academy

3. Rajiv Gandhi International Cricket Stadium: It has capacity of 55K+ spectators.

4. Aquatics Complex: With a capacity of 2000+ spectators, it is a dedicated complex for swimming, diving, water polo and synchronised events.
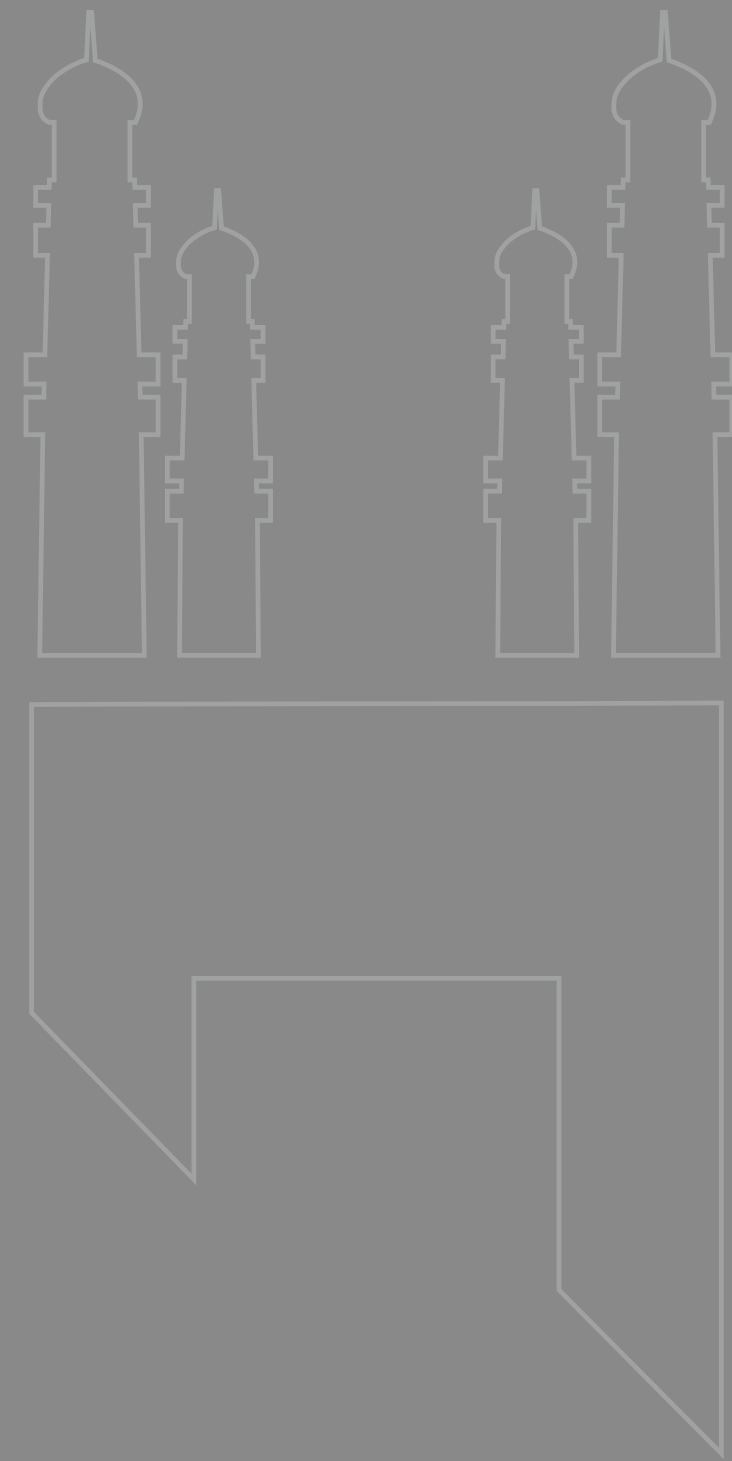
5. G. M. C. Balayogi Athletic Stadium: It has a capacity of 30,000+ spectators. It is an ultra-modern stadium with 8-lane competition synthetic athletic track and 4-lane synthetic practice track.

6. Shooting Range, Hyderabad Central University: It is an outdoor shooting range with a capacity of 600+ spectators and facilities for 120 competitors at a time, with facilities for 15 different games at a time using latest electronic target equipment.

L Suresh
CEO, Identis Tech Solutions Pvt Ltd

Hyderabad is a welcoming city. People from different parts of the country find it easy to settle down in Hyderabad because of the city's culture and the friendly nature of "Hyderabadis".

Hyderabad also occupies a special place in the heart of those who were born with a passion for hunting down the best culinary delights. Hyderabad cuisine is a wonderful blend of Mughal, Nawabi and Andhra cuisines, and is famous for its rich flavours arising from the usage of spices and dry fruits. Furthermore, Hyderabad is also home to various restaurants serving a wide variety of cuisines from across the world, ranging from Japanese to Mexican.

Key Findings of the Survey

Important links and sources used:
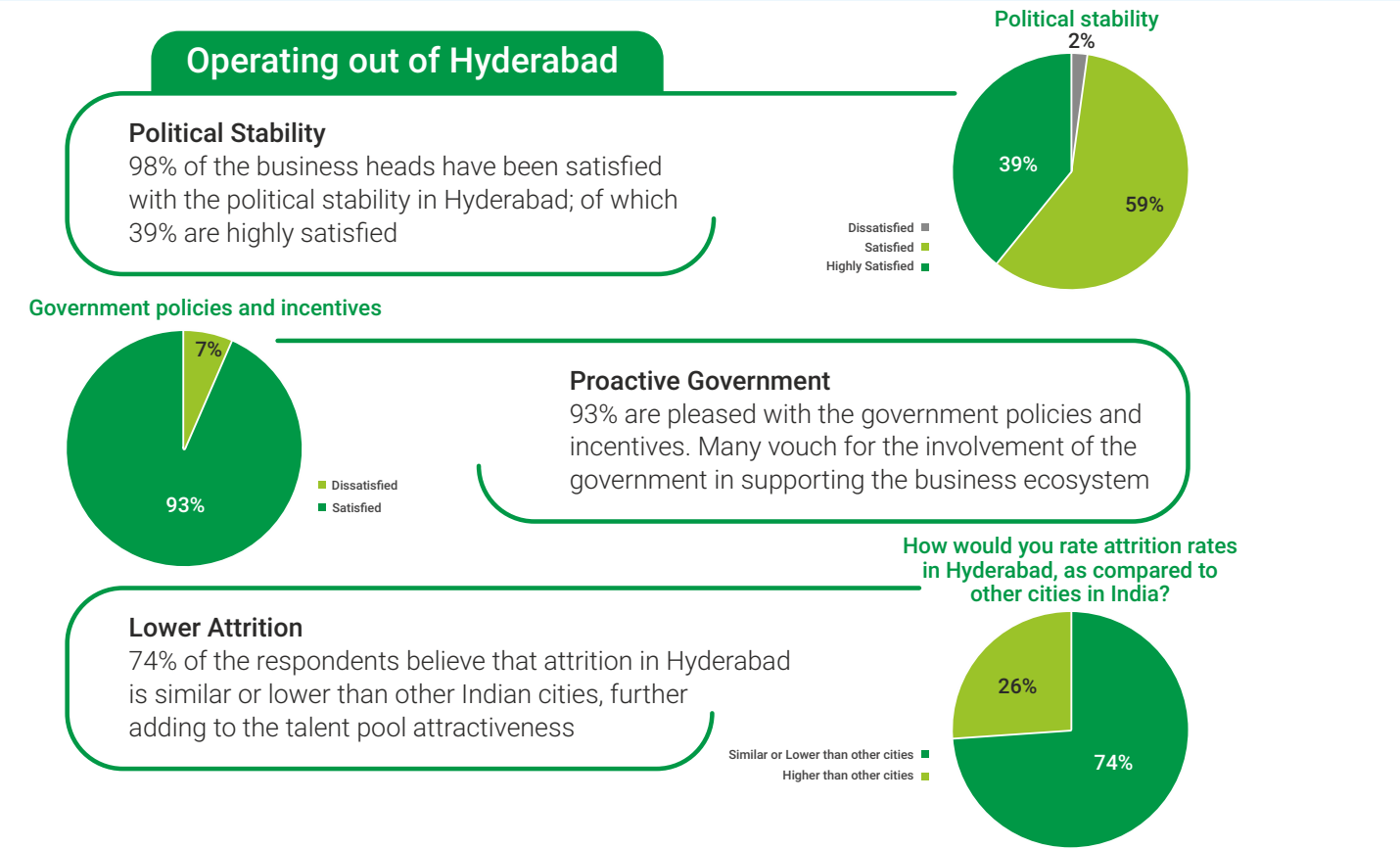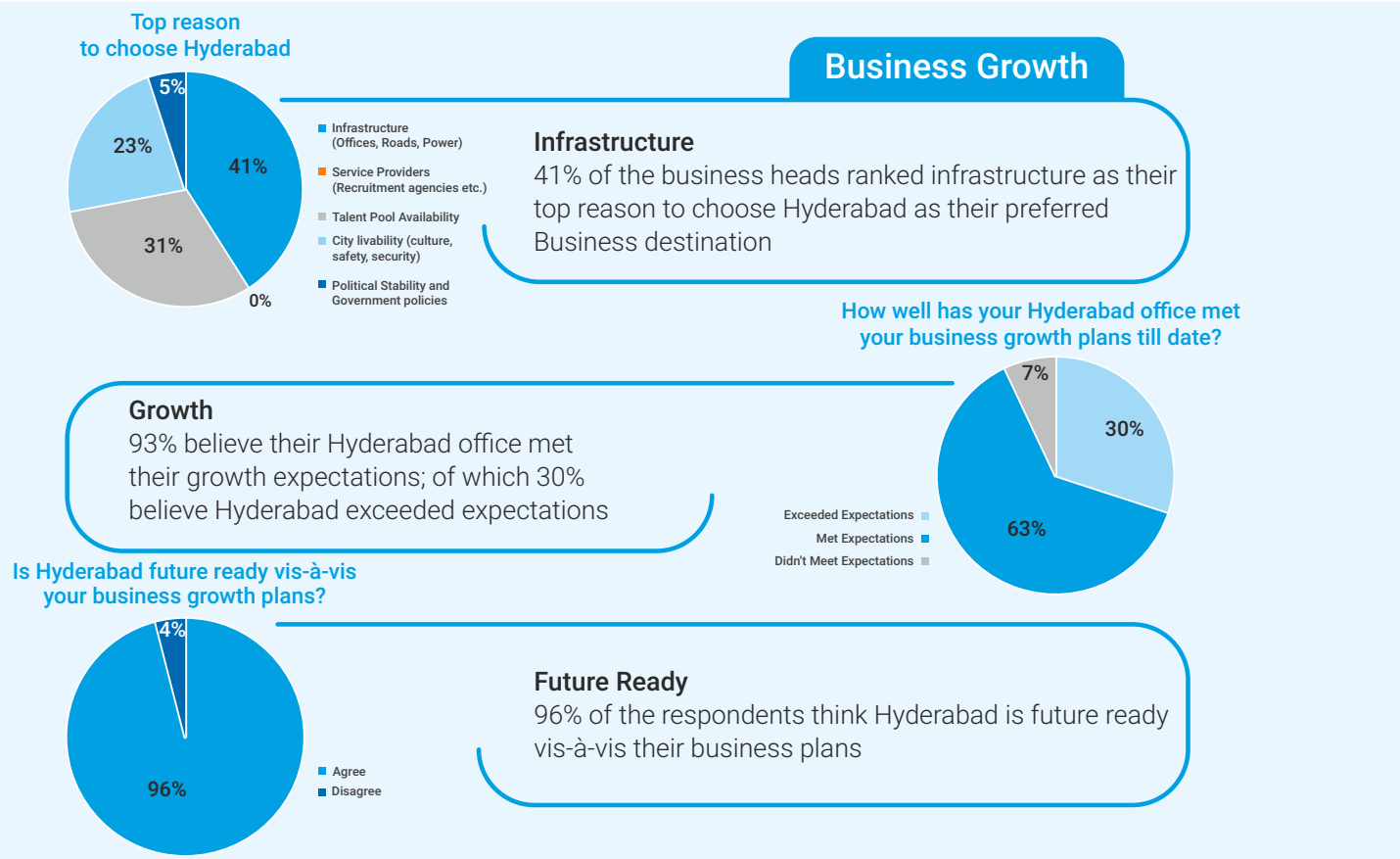1. https://mobilityexchange.mercer.com/Insights/quality-of-living-rankings
2. https://www.numbeo.com
3. https://www.ghmc.gov.in/Sports.aspx
4. https://timesofindia.indiatimes.com/city/hyderabad/women-rate-hyderabad-safest-pune-bengaluru-follow-says-survey/articleshow/60726732.cms
5. Survey conducted with business heads with operations in Hyderabad

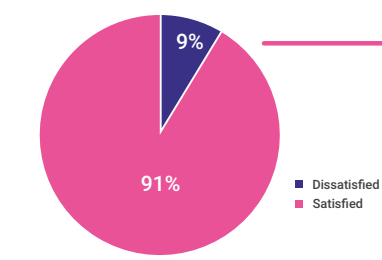**SCALE @ HYDERABAD: GLOBAL TECHNOLOGY DESTINATION**

KEY FINDINGS OF THE SURVEY

In the process of creating this report, KPMG and HYSEA reached out to business leaders with operations in Hyderabad to get their opinion on the city's business ecosystem. The respondent profiles consisted of representatives from a wide mix of companies - ranging from start-ups, to matured companies with operations in multiple countries. Below is a summary of the key findings of the survey:

Business Growth

Top reason to choose Hyderabad

- 41% Infrastructure (Offices, Roads, Power)
- 23% Service Providers (Recruitment agencies etc.)
- 31% Talent Pool Availability
- 0% City livability (culture, safety, security)
- 5% Political Stability and Government policies

Infrastructure
41% of the business heads ranked infrastructure as their top reason to choose Hyderabad as their preferred Business destination

How well has your Hyderabad office met your business growth plans till date?
- 7% Exceeded Expectations
- 30% Met Expectations
- 63% Didn't Meet Expectations

Growth
93% believe their Hyderabad office met their growth expectations; of which 30% believe Hyderabad exceeded expectations

Is Hyderabad future ready vis-à-vis your business growth plans?
- 96% Agree
- 4% Disagree

Future Ready
96% of the respondents think Hyderabad is future ready vis-à-vis their business plans

Operating out of Hyderabad

Political stability
- 2% Dissatisfied
- 39% Satisfied
- 59% Highly Satisfied

Political Stability
98% of the business heads have been satisfied with the political stability in Hyderabad; of which 39% are highly satisfied

Government policies and incentives
- 7% Dissatisfied
- 93% Satisfied

Proactive Government
93% are pleased with the government policies and incentives. Many vouch for the involvement of the government in supporting the business ecosystem

How would you rate attrition rates in Hyderabad, as compared to other cities in India?
- 74% Similar or Lower than other cities
- 26% Higher than other cities

Lower Attrition
74% of the respondents believe that attrition in Hyderabad is similar or lower than other Indian cities, further adding to the talent pool attractiveness

Human Resources

Academic and research ecosystem
- 9% Dissatisfied
- 91% Satisfied

Academic and Research Ecosystem
91% of the business heads are either satisfied or highly satisfied with the academic and research ecosystem available in Hyderabad

Start up / Innovation friendly culture
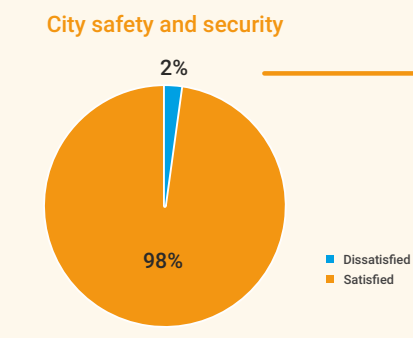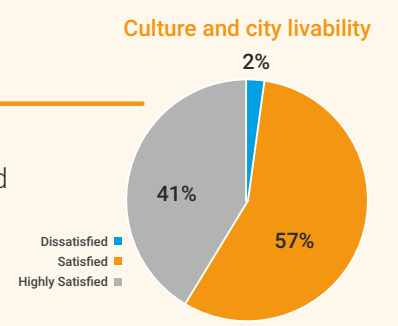- 7% Dissatisfied
- 93% Satisfied

Startup / Innovation friendly culture
93% rated Hyderabad as satisfactory in terms of innovation that brings forth new ideas to address existing problems

Talent pool availability
- 13% Dissatisfied
- 87% Satisfied
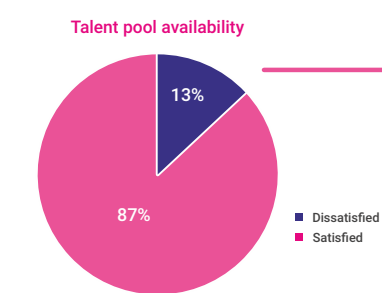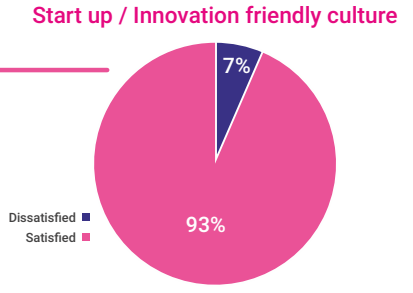
Talent Pool Availability
87% are satisfied or highly satisfied with the talent pool available in Hyderabad

Living in Hyderabad

Open and accommodating culture
98% respondents are satisfied, of which 41% are highly satisfied with the livability of the city – reconfirming findings of other studies rating Hyderabad as one of the best cities to live in India

Culture and city livability
- 2% Dissatisfied
- 41% Satisfied
- 57% Highly Satisfied

City safety and security
- 2% Dissatisfied
- 98% Satisfied

Safe and Secure
Safety initiatives from the government like Cyberabad security have led 98% of the respondents to believe that the city is safe and secure

About HYSEA

HYSEA is a pioneering industry initiative that brings together the various IT and ITeS Organizations' under one umbrella to network, transfer knowledge and work closely with the Government and other stake holders for business growth, social development and economic prosperity of the state.

It's a not for profit organization driven by a group of CEO's and senior executives who contribute their time on voluntary basis. Over the last 28 years HYSEA has been able to play the role of a catalyst to effectively serve the needs of its members and the IT Industry. Our members include a judicious mix of Large, Medium and Small, Indian and MNC companies from the Software Services, BPO and Product segments.

HYSEA's role over the years has expanded to helping the government in formulating appropriate policies, creation of simpler and more effective procedures needed for the growth of the industry.

Other key roles include

- Facilitating Industry – Academia Connect to improve employability at entry level
- CSR support by providing a platform for collective CSR
- Powering SME growth by supporting/enabling operational efficiency and in reaching out to new markets
- Competency Development for Middle and Senior Levels of IT Employees through Workshops on Leadership Skills, Latest Technologies, Annual Products Showcase, Technology day, etc.
- Nurturing Innovation by creating a Software Product/Tech Start-up Eco System
- Annual HYSEA Awards to recognize the Work of the Industry

THANKS TO OUR PATRONS

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