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Madurai as Silicon Valley

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Chennai: More and more tech firms from Chennai and Bengaluru have been setting up offices in Madurai in the past one year. What attracts them are operating costs 20% lower than in other tier-2 towns such as Coimbatore and local talent that's happy to stay on once hired.

The region's evangelists also report an increased interest among professionals from Madurai working in Chennai and Bengaluru to return home and start their own ventures. Engineering and MBA institutes such as Thiagarajar College of Engineering and MEPCO (Sivakasi) are nurseries of talent that they hope to tap into.

Chennai-based tech startup GoFrugal recently launched a 15,000 sqft office in Madurai employing 90 people and plans to hire 60 more. GoFrugal founder Kumar Vembu says they wanted to be closer to south TN's booming business hub.

HR tech firm Neeyamo, which has a centre at an Elcot IT park in Madurai, recently opened a 65,000 sqft office and plans to hire around 1,200 staff in the year ahead. "We create cutting-edge products here, same as in Chennai or Silicon Valley. It's not just data entry or sweatshop work," says its CEO, Rangarajan Seshadri. "We pay them well enough to stop them from migrating to metros, but we don't over pay to spoil the market dynamics," he adds.

However, the region's entrepreneurs say luring investors and clients to the region is an uphill task given poor international air connectivity and public perception of "Madurai's notoriety".

Madurai also suffers from lack of visibility. Not many know of Great Innovus, for instance, launched by serial entrepreneur Kalyana Sundaram. He shunned a US job to build numerous tech startups (one of whose IPs was acquired by BlackBerry) from the garage of his home.

The IT services firm now serves more than 300 global clients including Honeywell, BestBuy and L&T with a team

of around 150. "I considered different cities such as Chennai and Bengaluru to start up, but the traffic put me off. I can travel anywhere in Madurai in 10 minutes," says Kalyana Sundaram. "We may not have IITs and NITs, but the tier-2 colleges nurture great talent that can be molded to our needs," he adds.

While the city has long hosted conventional business firms such as Madura Coats, Thiagarajar Mills and the TVS Group, the emergence of IT firms HCL Tech and Honeywell in the mid-2000s as large employers sowed the seeds for tech proliferation. Government agencies kept pace with Elcot setting up two IT parks at Vadapalanji and Ilanthaikulam. In addition, the Gangaikondan IT park in Tirunelveli is a stone's throw away.

HCL Tech currently employs 5,400 people and the Madurai centre serves global customers in Cloud Native, .Net, Full Stack, and other modern tech. Srimathi Shivashankar, corporate VP, HCL Technologies, says they will continue to hire engineers and other talent in the city.

For first-time tech entrepreneurs, the city has the technology business incubator (TBI) of Thiagarajar College. Established in 2014, TBI currently hosts 25 tech startups across domains. S Balaji, faculty coordinator, says 18 of these startups were incubated after Covid-19 and that there has been a rise in inquiries from techies who wish to return to Madurai.

Sivarajah Ramanathan, founder of Nativelead Foundation, who engages with policymakers, says Madurai needs an image makeover. "More government-backed centres of excellence in traditional strengths such as agri tech and in emerging areas will help," he adds.

Ebenezer Daniel, founder of tech-powered two-wheeler financier Orange Retail and a native of the region, says "the talent here has the right attitude and a zeal to learn new skills and excel."

But Great Innovus' Sundaram says finding talent in niche areas is a pain point. "Raising funds is also tricky since most investors ask us to shift to Chennai," he adds, noting that real estate prices today almost equal Coimbatore's.

I A S Balamurugan, co-founder of Anicut Capital, says Madurai may have missed out on new-age digital ventures but that's changing. "It is more of a reputation management issue and a question of breaking the shackles," he says.