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Enterprise software

Linux, Microsoft face off in India

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By Reuters



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Vijay Shekhar, who runs a small business that uses India's booming cell phone networks to send cricket scores to fans, feared that relying on inexpensive Linux software could cause problems.

But having taken the plunge, Shekhar says he loves the Linux operating system, which costs only a tenth of the competing \$8,703 (400,000 rupees) Windows package from Microsoft. And Shekhar is not alone.

About 10 percent of **India's personal computers** will be sold with **Linux rather than Microsoft** OSes by March 2004, says Linux distributor Red Hat--up from zero this past January.

And analysts say a bigger worry for Microsoft is the growing use of Linux among India's pool of an estimated 400,000 software developers, many of whom churn out code for giants such as General Motors and American Express.

Linux could use India as a back door into the lucrative global business-software market as Indian programmers, hunting for low-cost programming tools, use it as their basic system and introduce it to customers.

Indian programmers are at the epicenter of a global boom in **the outsourcing of business-software programming**, back office and call center services. India now has 60 percent of the offshore information-technology services market, which consultant Gartner estimates is worth \$16 billion.

"India is a key battleground for Microsoft as it tries to get a pool of developers loyal to its computing platform," said Partha Iyengar, director at market researcher Gartner India.

Once a fringe interest for programmers and professors, Linux, created by Finland's **Linus Torvalds**, now has a market share of about 20 percent of servers--the workhorse computers that feed data such as Web sites and e-mail to desktop PCs.

"Commercial users have moved from a stage of pilot runs and experiments to doing serious business on Linux systems," said S. Sabyasachi, analyst at industry researcher IDC India.

Linux advocates say open-source software is ideal for India, where income levels mean personal computers are a lot less affordable. New versions of Windows often require newer computers with more memory and speed.

Linux already drives India's National Stock Exchange, where day-traders have taken the top slot from the Bombay Exchange. Linux is also the favorite of the national agency making supercomputers and of Bombay's Breach Candy Hospital.

"Linux is so reliable that it helps our department give an impression we have all the time in the world," said Dilip Desai, IT manager of the seaside hospital, which serves affluent clients.

Linux enthusiasts are upbeat.

"We are not seeing large replacements of Microsoft's software with Linux, but it is happening in bits and pieces," said Atul Chitnis, a senior adviser to the **Bangalore Linux User Group**.

Linux users say a four-day **visit to India last November by Microsoft Chairman**

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Bill Gates, who announced \$400 million in local investments, drew attention to Linux.

The cash-strapped **federal government** has launched a "Linux India Initiative" to use the system in schools and state agencies. "Open source fits perfectly with India's needs," said S. Ramakrishnan, director at India's IT ministry.

Seventy percent of India's 1.05 billion people live in rural areas, and the nation has only 8 million PCs.

Companies like Red Hat, which sell standardized versions of Linux, are thrilled. "We see an immense opportunity here," said Sachin Dabir, who heads enterprise sales at Red Hat in India.

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