

Vanni Technology Park

TechPark Proposal - Draft

A Proposal for a Technology Park to be built in Kilinochchi

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Executive Summary

In this era of Information Technology, development of any region is closely linked with the deployment and usage of, and access to, such technology. To start the process, Vanni Institute of Technology (VanniTech) has been established in the town of Kilinochchi.

The students currently enrolled at VanniTech will be 'graduating' in February of 2004. In order to retain them in the area, utilize their newly developed high-tech skills, and to create employment that is related to the local and international markets, building of a Technology Park (TechPark) in Vanni is essential and being proposed.

TechPark is an office complex with sufficient facilities for employees to perform high-tech related research and development work.

The proposed TechPark will house about 50 employees and costs about U.S. \$ 230,000. The accommodation facility will cost about U.S. \$190,000. The operational cost for the first year is about U.S. \$ 136,000.

One or multiple investors could build the TechPark and offer it free of rent for the first year. The same or another set of investors could build the accommodation facilities for the TechPark employees. Some generous donors or investors could carry the burden of the operational cost of the TechPark for the first year. TechPark could become self-sustainable within the first year of operation.

1 Introduction

With the successful launch of Vanni Institute of Technology (VanniTech), by the U.S. based International Tamil Technical Professionals' Organization, in the town of Kilinochchi in June of 2003, the need and opportunity to create technology-based employment has arisen.

The creation of VanniTech has opened up the opportunity for the technological development of the region.

As students at VanniTech prepare for high-tech employment, and the region looks forward to the development after years of war, it is imperative that the basic infrastructure to do high-tech related development is in place.

Increasingly people are beginning to use computers; however most of the computers are very much underutilized. Several businesses, schools, and NGOs prefer to automate some of their operations, but are unable to do so due to lack of proper technological consulting and guidance.

As the opportunities exist for high-tech related employment, there is a need to build adequate office space, which would facilitate and encourage entrepreneurs.

A Technology Park (TechPark) could provide the needed office space and kick start the technological development of the area.

2 Opportunities

VanniTech has been assisting the local people with their basic computer hardware, software and networking needs. It has created some local customers and it is already in the process of setting up of a computer store to train its students. This enables them to face real life situations utilizing what they have been learning in classrooms and labs. The store known as TechShack will cater to the locals' need in computer hardware, software and networking. VanniTech employees will manage the TechShack while the students will be engaged and exposed in its operation. TechShack is "VanniTech's Employment Incubation Center." VanniTech along with TechShack will produce talent that must be utilized to the development of the area.

The potential for the employment opportunities is high in the region as there is no existing expertise in the area. TechShack has helped several customers and recently, the UNDP office in Kilinochchi has awarded the contract to TechShack to set up its Computer Network.

With the momentum created by VanniTech, there are several interested parties that are willing to try out some ventures in the Vanni region, to the development of Tamils'

homeland. A few international visitors to VanniTech have indicated that they might consider moving some of their operations to Vanni once its students are ready for them.

Some of the international opportunities are 'low-tech' but need 'high-tech' support infrastructure. Data entry related work could be simply set up and maintained by the VanniTech 'graduates'. These kinds of opportunities are simple enough to implement and provide employment for the 'high-tech' graduates as well as 'low-tech' data entry employees. A new start-up that functions as an Internet Service Provider (ISP) using the landline or the satellite link could provide high-speed Internet connection to the Park and to the region.

Opportunities in the following sectors currently exist:

- Database / Web based Application Development
- Computer System / Network Installation / Administration
- Electronics

3 Needs of the Region

The lack of infrastructure in the Vanni region is an impediment to the development at this time. The region does not have enough office space or any housing.

Although there will be enough human resources with sufficient high-tech know-how in February of 2004 when the first batch of students 'graduate' from VanniTech, they can't be utilized simply because there is no office space to house them. Significant amounts of 'investment' both in terms of financial and otherwise, have been made to create these resources, but lack of infrastructure threatens the potential return from these investments. The slower than expected progress in the development of infrastructure from the private sector in the Vanni region threatens to leave the newly developed skills underutilized or unused.

A TechPark can ensure the retaining of the newly built skill sets in the region and creation of several technology-related and support employment opportunities.

4 Proposal

There is enough evidence to believe that the Vanni region will have sufficient resources and enough demand to start technological companies. This will serve the local needs while trying to penetrate the other regional and international markets.

A TechPark that offers a productive work environment with reasonable facilities, that is comparable to the ones in any developed country, could be a step forward towards finding a solution to the immediate technological need of the region.

The TechPark will have enough space to house about 30-50 employees. It will have meeting rooms and a common lobby. The setup is similar to the ones in the Silicon Valley area of the U.S. and Bangalore, India.

The Park space can contain either separate rooms for employees or a cubical setup. The facility will have space for one big company or about five smaller companies and can consist of a common reception area. The electricity, toilet and other such facilities can be shared.

The plan is to start a company with about 5 divisions, each consists of about 6-8 employees. Each division could cater to a specialty sector, but some could handle more than one. VanniTech ‘graduates’ will make up the majority and about 6-8 employees can be hired with industry experience from Colombo. The industrial veterans will lead the new ‘graduates.’ There would be a chairperson to manage these divisions.

An investor or a group of investors could build the Park and offer the space for these new ‘companies’ free of charge for a year. During this period the businesses can grow and become self-sustainable. After such period the rent can be charged for the space. If the ‘companies’ do not succeed within a year, the space can be rented out to any other businesses, as there will certainly be a need for such office space in Kilinochchi in the future.

5 Budget

Following table lists approximate cost for the TechPark, accommodation, and the first year operating cost.

Vanni Technology Park (TechPark) Estimate			
	Rs	US \$	Total US \$
Facility	18500000	\$194,737	
Equipment	2300000	\$24,211	
Other	1000000	\$10,526	
TOTAL	21800000	\$229,474	\$229,474
Vanni Technology Park Accommodation (Tech Village)			
	Rs	US \$	Total US \$
Facility	13000000	\$136,842	
Furniture	4900000	\$51,579	
TOTAL	17900000	\$188,421	\$188,421

Vanni Technology Park First Year Operating Budget			
	Rs	US \$	Total US \$
Monthly Expenses	8232000	\$86,653	
Equipment	3,700,000	\$38,947	
Furniture	975,000	\$10,263	
TOTAL	12907000	\$135,863	\$135,863
GRAND TOTAL	52607000		\$553,758

6 Risk

The success of the TechPark depends on several factors. The first one is the ground situation. If the situation deteriorates, there is a possibility that businesses cannot function. Therefore possibility for the closure of TechPark exists, along with any other institution.

The second risk is the ability to get enough customers within the first year, so that the new businesses become matured and sustainable within the first year. Due to the fact that there are several opportunities that have already been identified this is a low risk; however these opportunities are not confirmed.

The risks for the investors are minimal given that the office space can be rented out to any other business if the TechPark does not flourish.

Considering the high potential for return, these risks are worth taking.

7 Conclusion

The TechPark, if built, can kick start the process of high-tech development in the area. It would fill in the technological vacuum, create several technological and support employments and potentially bring in foreign exchange.

The opportunity that has been created by VanniTech should not be overlooked and should be utilized to its maximum potential. The TechPark will be another stepping stone towards building the Silicon Valley and the Bangalore of the Tamils.

Appendix

Following is the detailed estimate:

Vanni Technology Park (TechPark) Estimate						
			Rs	Rs	US \$	Total US \$
Facility						
	Land	1 Acre	500000			
	Office/Lab Space (for 50 employees)	6000	18000000			
	Sub Total			18500000	\$194,737	
Equipment						
	Generator	1	1300000			
	A/C		1000000			
	Sub Total			2300000	\$24,211	
Other			1000000	1000000	\$10,526	
TOTAL				21800000		\$229,474
Vanni Technology Park Accommodation (Tech Village)						
			Rs	Rs	US \$	Total US \$
Facility						
	Land	1 Acre	500000			
	Accommodation (for 30)	5000	12500000			
	Sub Total			13000000	\$136,842	
Furniture						
	Bed	40	400000			
	Cupboard	40	400000			
	Chairs	75	600000			
	Kitchen Equipment/Furniture		2500000			
	Other	1	1000000			

Sub Total	4900000	\$51,579	
TOTAL	17900000	\$188,421	\$188,421

Vanni Technology Park First Year Operating Budget (TechPark Budget)

	Numbers	Monthly (Rs)	Cost/Month(Rs)	Cost/Yr (Rs)	US\$
Monthly Expenses					
TechPark Head	1	75000	75000	900000	\$9,474
Project Leader	4	50000	200000	2400000	\$25,263
Students	30	10000	300000	3600000	\$37,895
Janitor	2	8000	16000	192000	\$2,021
Others	2	10000	20000	240000	\$2,526
Fuel	1	75000	75000	900000	\$9,474
Sub Total				8232000	\$86,653
Equipment					
	Numbers	Unit Price		Cost (Rs)	US\$
Networking	1	500000		500000	5263
Phone System	1	500000		500000	5263
Computers	40	60000		2400000	25263
Copy Machine	2	150000		300000	3158
Sub Total				3,700,000	\$38,947
Furniture					
Desks	75	1000		75000	\$789
Chairs	100	8000		800000	\$8,421
Partitions				0	\$0
Other	1	100000		100000	\$1,053
Sub Total				975,000	\$10,263
TOTAL				12,907,000	\$135,863

GRAND TOTAL				52,607,000	\$553,758
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