

Fortress Europe Opens up its gates

Sunit Jilla writes about the strides Indian companies are beginning to make in Europe, but says they can achieve much more if they follow certain strategies

SUNIT JILLA

EARLY this month, HCL Corporation, the Indian information technology transnational, announced the launch of a subsidiary in Switzerland AG, Headquartered in Zurich, HCL Technologies will provide a broad spectrum of specialised professional services with an immediate focus on the Year 2000 problem.

Europe has always been a difficult continent for Indian software exporters. Most Indian companies have only a few customer accounts to their credit in different European countries. Inevitably Indian companies begin with the UK, because of ease of setting up businesses, the structured process of obtaining work-permits, the language, large Asian population and other reasons relating to familiarity.

But the last five years have seen a dramatic change. In the UK alone, there are close to 40 Indian companies operating through joint ventures, associates, branch offices, partnerships etc. In the continent too, this is visible through the large number of companies operating or undertaking software contracts.

These range from the big established names such as TCS, Larsen & Toubro Information Technology (LTITL), Sonata, Infosys and PentaFour to the new entrants who have recently started operations such as BIPS Infotech Ltd from Jaipur. Many other smaller companies from India are on the threshold of setting up their operations here.

There are several thousand Indian software professionals working at reputed blue chip companies all over the UK from London to Edinburgh and also in Dublin, Ireland. Ireland is currently a hotbed of software activity for many international software companies, Microsoft being a major player.

Indian companies are maturing and



Coasting along on European waters won't do anymore: a solid foundation is needed

some have realised the need to be less conventional and adopt a more local approach. Several of them have now abandoned the traditional approach of letting the 'resident manager' do the frontend marketing and instead have employed local marketing talent. This has started bearing results for some. Although Indian managers may be good at marketing, they are at a loose end in a foreign market and have absolutely no contacts or presence of a network in the local software community.

Traditionally, the problem with Indian companies has been that they do not budget adequate and qualified resources for marketing. This is gradually changing. In a recent *Financial Times* IT supplement it was encouraging to observe eight Indian companies advertise quite prominently.

Companies such as LTITL and Sonata have already bagged projects for euro conversion from companies in Europe and have consolidated their presence over the last few years.

Indian companies are beginning to understand the idea of compatibility. Large UK companies inevitably tend to outsource their work to large Indian

companies or to the likes of established medium-sized software houses or large European ones such as CapGemini, EDS, Hoskyns, Logica, FI etc.

Large companies tend to share several similar working practices so that whether Indian or European, they seem to have a mutual understanding of the problems such as multiplicity of departments, delays in decision making processes, hierarchy etc. Subsequently, smaller Indian companies tend to work with smaller European software houses/product developers rather than smaller end-users. This is primarily because small/medium sized end-users generally do not have structured IT processes and are also unfamiliar with outsourcing.

Indian companies conventionally commence their operations in London. Few companies have however started to set up their offices in smaller towns outside London and the stronger and larger ones have offices in London as well as other cities such as Edinburgh, Bristol, Manchester and Birmingham. Setting up an office outside London is an important factor to consider in terms of getting business from a dif-

ferent sett/mix of companies and also the cost of operation which tends to be lower.

Currently, Indian companies face competition from each other, apart from local British software houses. It is not uncommon to find professionals from several Indian software houses working at one client site such as P&O or British Gas. Since the number of Indian companies has increased, the marketing pie has to be shared by a larger number of players. This has resulted in frustration for some companies who are not so well organised and have still to structure their long-term approach to the markets in Europe.

The rush to capture the Y2K workload without proper market research and without professional help in areas such as marketing and sales has led to disappointment for some of the new entrants. In the melee, those with sustained growth and an already established base have prospered with revenues growing substantially.

With larger number of professionals being deputed abroad, problems of

quality are also surfacing. This covers a whole range of issues from presentation, interpersonal and communication skills to depth of technical knowledge for the particulars assignment in question. Indian companies need to safeguard themselves and the software community as whole from the consequences of such lapses.

The inadequacy of all-round skills has become more perceptible because Indian companies are moving up the value chain. This has increasingly become a sensitive and thorny issue. These were of less importance when all we did was code.

This is also because the government in the UK and major companies are building partnerships to impart training to several thousand youngsters with government grants. In fact the Blair government has pledged to train 20,000 millennium bug busters to alleviate the problem.

Some Indian companies have been operating in difficult business terrain such as Switzerland. One such is Ramco with an impressive set-up in

Basel Switzerland. A large number of German companies are already using Indian software expertise Scandinavia is seeing a boom in Indian software especially Sweden, where several projects from prestigious end-user companies have been bagged by Indian software houses.

In spite of immigration barriers and talks of fortress Europe etc global sourcing is becoming an increasingly important phenomenon in attracting the best of talent. Many European companies are directly recruiting from India.

At a large American recruitment company in the UK (which has offices in more than 30 countries), one of the directors said that many of his clients were simply looking for talent and having identified, evaluated and recruited that talent would then consider exploitation of the same to enrich their organisations. He said that 'talent' is the resource in short supply, not people. India lacks neither.

• *The author is a London-based software marketing strategy consultant (sunit@btinternet.com)*