

The competition just won't wait

Indian software companies need an aggressive marketing strategy if they want to conquer Europe

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Most computing magazines have become slimmer; many of them have been reduced to almost half their previous size. This may help the postman, but is a reminder of the difficult economic times currently being witnessed. Advertising spend has reduced - so too have the number of job vacancies advertised. But in spite of the downturn, the dotcom bust, September 11, emerging competition from China and other countries, Indian software exports recorded a growth of about 29 percent from Rs. 28,350 crore in 2000-01 to Rs. 36,500 crore in 2001-02.

So, while there have been enough stories of gloom and doom, software exports continue to maintain a respectable rate rise. The one silver lining has always been the creativity, innovativeness, responsiveness and flexibility of Indian companies. Sadly, this cannot be said of the majority. For a small number of companies, strategy has always been the key to achieving and maintaining a successful industry position.

On a positive note, the downturn in onsite consulting has thrown up the potential for more offshore work. End-user companies cannot stop critical development work. Innovative and cost effective solutions for their business is the only way for these companies to survive and retain market share. Some of the offshore work has taken the form of IT-enabled services. That is why we see the growth in IT enabled services increase from Rs. 4,100 crore in 2001 to Rs. 7,100 crore in 2002; a phenomenal increase of more than 70 percent.

That British and European companies have increased their IT spend in outsourcing to India has been borne out by the number of new deals being struck all the time. Even those British companies who were at first hesitant of taking the offshore route have now realised that it is almost an imperative factor for business success. Another positive development in this direction has been the number of seminars, exhibitions and conferences that are being held for the IT services sector - not software.



However, just having 'outsourcing off-shore' events does not bring in business for Indian companies. Outsourcing is all about relationship building that cannot be built overnight. Invitations to showcase at outsourcing events are increasingly being thrown far and wide to more competition. At the recent 'Outsource World' event held in London last month, companies from Pakistan, China and Russia were also present. Over the last one to two years, Russian companies have been organising free road shows for British companies across all major cities of UK. This places pressure on Indian companies to evaluate and reshape their strategies. Some of the smarter Indian companies have already developed a successful strategy to deal with the East European market by moving into countries such as Hungary.

Some Indian companies have decided to focus on their existing customers and try to gain different perspectives on retaining and increasing their revenues through providing a broader portfolio of services. Simultaneously, British and European companies are cutting down on their number of Indian suppliers, to reduce the overheads of managing multiple relationships.

Customers are looking at economical but sustainable alternatives to their existing ways of doing business in every area of their operation.

This is both a challenge and opportunity for Indian companies. One major British company has brought down its number of sup-

pliers from five to two, streamlining its value chain. In fact, just two years ago, the some company was planning to increase the number of suppliers from five to seven!

These market dynamics and changing external pressures calls for sharp thinking by Indian companies and an occasion to revisit their market and business strategies.

After the events of last September, many Indian companies are constantly looking to UK and Europe for new business. But it is unfortunate that most Indian companies still do not provide adequate resources for marketing overseas. When looking after affairs at home. Indian companies make considerable investment in setting up infrastructure and smart offices and development centres.

When it comes to marketing expenditure overseas however, most Indian companies step back and cut costs - a major limiting factor. The point to be made is that all the investment made in India could go to waste if there is no business to feed off that infrastructure. There are several ways of setting up lean and mean marketing fronts in UK.

In times of recession and especially when Indian companies wish to carry work offshore, a local presence even if virtual, is a prerequisite. One of the reasons for the international success of films such as Lagaan has been their market savvy approach to doing business overseas. The Indian film industry has been getting considerable exposure in the western world, but for individual films to be noticed, it requires individual marketing spend.

Similarly, although Nasscom, the ESC, CII and other organisations have been doing a world of good for the Indian IT industry abroad, individual companies have also to wake up and contribute their marketing mite to be able to ride on this wave.

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