




Global Software Outsourcing : An Indian Perspective on challenges and opportunities in partnerships with European Companies.

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“Europe has been no less than a well-guarded fortress for Indian IT Players. The region has so far resisted the cost pressures ushered in by globalization and the strain of its own reducing population.”

Nasscom-PwC Report

Indian IT & Software Services 2012 (Estimates - Nasscom)

Total Indian IT Industry..... US \$100 billion

IT Software Exports \$69 billion
(58% of Global Outsourced Software Work)

US \$43billion(62% of exports) UK \$12billion(17%)
Continental Europe \$8 billion(11.5%)


- TCS had initiated outsourcing work in the 70's
- Texas Instruments satellite linked centre in Bangalore - 1986
- Motorola's CMM level-5 certified centre in Bangalore -1993

(First non-military/non-space top quality certification in the world)

US Orientation of Indian software Industry

- Common Language, Similar educational and legal systems and familiar business structures.
- Significant Indian diaspora and academic links contributed to easier development of relationships with firms in the US.
- U.S firms very driven by quarterly numbers, very agile in business approach
- Focus on bottom line translates to relative tolerance to cultural differences.

- For India therefore US work was a ‘Low hanging fruit’
- A much longer perspective needed for development of work with European countries

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- In Europe, several distinct regional economies characterized by different languages, business practices, industry structures and cultures imply significantly different approaches to development of outsourcing relationships.
 - With continental Europe culture bridging individuals are less common, academic links rare, and institutional commonalities exceptional

Germanic Countries (Germany, Austria, Switzerland)

Total Outsourced IT & Software Services US \$46 billion

US Firms (IBM, HP, Accenture) 57%

Regional Players (SIEMENS, T-Systems) 40%


Indian Companies 3%

Nordic Countries

IT & Software Services US \$12 billion

US Firms (IBM, CSC, Logica, Accenture) 55%

Indian Vendors 4~5%



-Indian Firms learnt Software work and related business practices from the US companies

»This approach is not very effective with European businesses.

Large European firms have their technology related decisions from US Center (Eg. Deutsche Bank)

People Differences


Typical Scenario: An European in 50's with more than 20 years of multiple function experience

Vs

An Indian IT person in mid 20's with only programming skills

“ When I went over to work in Germany, it was four weeks before a colleague came over to lunch with me. Invitation home is practically unthinkable.

In US, in less than a week's time I was having lunch with coworkers practically every day”

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- Indians: Process driven only in Software work
 - Europeans: Quality, Rules & Process valued in all domains
 - Indian Companies focus on minimizing costs. This will not work in Europe
 - Language skills to be developed to a larger extent
 - Cross-cultural training weak at Indian Companies (BOSCH Vs TCS)

Industry structure

- Many more Small and Medium companies (75% in Germany)
- High domain expertise needed
- Near Shore capabilities

Privacy laws, labor unions etc., imply different work practices

Bosch Software India Vs German implementation for Desktop /Server Management system (Pilot)

agent in each desktop/Server

Login/ Logout time data

One copy for Labor union

Project delayed for one week. Some fields had to be masked

Indian IT in Nordic countries

- Nordic Countries are the most outward looking with non-discriminating and open markets
- Offshoring currently very limited (< \$1 bn)
- Acceptance of English, lower resistance to offshore and large public sector spends
- Can benefit from value systems of Quality, Functionality, eco friendliness through partnerships or acquisitions
- Can Serve as entry point to Europe (Reference Sites)



Thank You