CHAPTER – 4
PROFILE OF SAMPLE UNITS
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4.1 Introduction

As already explained in the chapter on Research Design, 50 units have been considered for the research by the researcher. These units have been into the business for quite some time and have been marketing their products and services nationally and internationally. The primary data collected from them has been insightful and hence have played a significant role in arriving at the findings of the research. It is but in order to profile these sample units in view of these reasons. This chapter therefore profiles the sample units in the subsequent paragraphs.

4.2 Business Experience

Business experience does play a role in the growth of a company. An experienced company has definitely weathered many a storm and to that extent, the company has insulated itself from crises, actual or potential. A review of the business experience of the respondents is therefore in order. Table-4.1 and Figure-4.1 break down the sample units by their business experience.

Table 4.1 - Business Experience of the Sample Units

<table>
<thead>
<tr>
<th>Experience</th>
<th>Number of Units</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 10 years</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Above 10 and below 20 years</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Above 20 years</td>
<td>41</td>
<td>82</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>
Table 4.1 and Figure 4.1 reveal that as many as 82 percent of the respondents have been in the business for over 20 years. 10 percent of them have been in the business for a period of up to 10 years. Eight percent of them have been in the business between 10 and 20 years. Companies with over 20 years of experience are conspicuous in the sample.

4.3 Sectoral Composition of the Sample Units

Generally, the sectoral composition of a sample is examined since in some sectors like the core sector (steel, power, etc), public sector and private sector units are very active. In the case of the sample units being considered for this research, all the units are from the private sector. The reason is understandable – the initiative to venture into the IT field after all came mostly from the private sector. Since the field is not necessarily capital – intensive, the public sector may have preferred to stay away from it by and large; after all, capital formation is not a problem here.

The sample is composed of private sector companies to the extent of 100 percent.
4.4 Turnover of the Sample Units

Turnover is an important aspect from the point of view of policy and strategy formulation. Margins being typically low in the sector (but for a few exceptions), it is necessary for the respondents to scale up their operations failing which they are bound to fail. Table-4.2 and Figure-4.2 capture the turnover slabs the individual units fall into.

Table 4.2 - Turnover of the Sample Units (in INR)

<table>
<thead>
<tr>
<th>Turnover</th>
<th>Number of Units</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 100 crores</td>
<td>9</td>
<td>18</td>
</tr>
<tr>
<td>Above 100 and below 500 crores</td>
<td>19</td>
<td>38</td>
</tr>
<tr>
<td>Above 500 crores</td>
<td>22</td>
<td>44</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.2 - Turnover of the Sample Units (in INR)

Table-4.2 and Figure-4.2 reveal that 18 percent of the sample units enjoy up to INR 100 crores by way of turnover. 38 percent of the companies enjoy
turnover in the range of INR 100 and 500 crores. 44 percent of the companies have a turnover in excess of INR 500 crores.

4.5 Profitability of the Sample Units

Profitability is an important indicator of a company's performance. It is thus necessary to review the profitability of the sample units. But for listed units, the relevant information could be collected only orally from the respondents. The information so gathered is furnished in Table-4.3 and Figure-4.3.

Table 4.3 - Profitability of the Sample Units

<table>
<thead>
<tr>
<th>Profitability (%)</th>
<th>Number of Units</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 20</td>
<td>31</td>
<td>62</td>
</tr>
<tr>
<td>Above 20 and below 30</td>
<td>13</td>
<td>26</td>
</tr>
<tr>
<td>Above 30</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.3 - Profitability of the Sample Units

Table-4.3 and Figure-4.3 reveal that 62 percent of the units register a profitability of up to 20 percent. 26 percent register profitability in the range of 20 and 30 percent. 12 percent register profitability in excess of 30 percent.
Most of the companies register profitability levels of up to 20 percent.

4.6 Actual and Potential Exports of the Sample Units

Although it is well known that our IT industry is export-dependent, it is necessary to ascertain the percentage of their business that is export-oriented. When queried to this effect, the respondents were not forthcoming. However, they disclosed that between 65 and 80 percent of their turnover is export-oriented. The potential for exports also obtains more or less at the same level, according to them.

Hence the sample units, it can be safely assumed, export in the region of 65 to 80 percent of their turnover.

4.7 Pioneering a New Generation of Strategic Offshore Outsourcing

All the respondent companies that are into exports use a low-risk Global Delivery Model (GDM). This helps them to accelerate questionnaires with a high degree of time and cost predictability. They leverage the global trend of offshore outsourcing.

Some of these respondent companies provide end-to-end business solutions that leverage technology. They provide solutions for a dynamic environment where business and technology strategies converge. Their approach focuses on new ways of business combining IT innovation and adoption while also leveraging the organization's current IT assets. They work with large global corporations and new generation technology companies - to build new products or services and to implement prudent business and technology strategies in today's dynamic digital environment.
Adopting an offshore outsourcing model should be about more than seeking cost reductions - it should establish a framework to drive continuous improvement. These companies enable one's business to leverage the combined benefits of IT Outsourcing (ITO) and Business Process Outsourcing (BPO) by adopting a unified view of the client's processes and applications.

Generally, the Application Development and Maintenance Methodology deployed by them, caters to the best of breed processes, which helps in a successful on-time and above-expected delivery. Stringent quality procedures clubbed with benchmarked practices and experienced delivery skills help clients get maximum return on their IT spending.

Respondents work with the clients typically to:

- Outline the solution
- Define the solution architecture
- Develop prototypes for demos to users
- Design the framework of the solution
- Build the solution
- Validate the solution against requirements
- Roll out the solution across your organization
- Extend continuous support for the solution

In addition, the client enjoys access to the best global talent, which increases its chances of innovation.

4.8 Business Drivers

Regulatory pressures and investor activism are forcing companies to demonstrate predictable performance. At the same time increased
competition and uncertainty emphasizes the need for improved decision-making with operational efficiency and nimbleness in response to internal and external stimuli.

4.9 Respondents' Approach

Executives spend ample time in making incremental improvements in processes viz. planning, budgeting and forecasting, but isolated implementations fail to create organization-wide alignment and deliver required results.

Few respondents use the Corporate Performance Management (CPM) approach which focuses on incorporating best principles of corporate performance management than a mere implementation of popular frameworks, and is based on Performance Management Cycle or other strategies that helps an organization to execute upon its strategies effectively and efficiently.

Corporate Performance Management (CPM) is an approach to bring in systematic and integrated improvements in the management processes to ensure efficiency and effectiveness in strategy execution. At the core of CPM is:

- A metrics-based strategic planning and execution framework that helps align strategic plans with resource allocation and strategic initiatives
- Strategic goal alignment through enhanced communication and focusing processes / resources towards organization objectives
A structured information based review mechanism that provides the feedback loop and connects strategic planning to operational performance measures

4.10 Outages in Applications

Outages in applications that run a client can at best be embarrassing; at worst, they can cripple. Today, businesses demand quick delivery, constant feature enhancements, and a high level of confidence in the quality of their software, at a price that is not just economical but also highly profitable. Independent Testing is the process of ensuring the quality, interoperability and usability of products, applications, systems and web sites. It brings a fresh perspective and an unbiased opinion on issues of software problems and risks. The independent testing solutions evolved by some of the respondents involve rigorous verification and validation methodologies that reduce defects in every stage of the System Development Life Cycle (SDLC). These are achieved through Return On Investment (ROI)-based verification and validation strategies, and risk-based test effort optimisation.

Generally, independent testing solutions ensure:

- Increased productivity through automation
- Enhanced delivery confidence
- Predictable time to market
- Lowered cost of ownership

4.11 Solution Teams

The solution teams of the respondents typically include testing professionals with close domain expertise and the ability to tailor independent testing solutions for the client across all industries. Respondents provide solutions
that combine the rigor of corporate and project quality requirements with the real-world need to minimize development costs and time-to-market. This ensures the client a flexible, adaptable, speedy and yet thorough approach to testing, verification and validation.

4.12 IT Infrastructure Outsourcing and Management

Infrastructure is the foundation on which a strong IT function is built. IT infrastructure outsourcing and management demands not only the right infrastructure in place, but also its proper management for a client’s smooth operation. So the challenge lies in ensuring that the client’s:

- Infrastructure outsourcing requirements meet the desired standards for security, reliability and availability
- Choice of technology and allied IT infrastructure management processes is right
- Existing technology infrastructure is performing at optimal levels
- Total cost of ownership is comparable or even superior to industry benchmarks
- The team has the right blend of skill and expertise to maintain the infrastructure domain

The blend of research and practice adopted by the respondent companies has helped manage their clients' complex IT infrastructure, across the globe. The respondents' IT Infrastructure outsourcing services provide the client the people, processes and perspective to reliably deliver application availability, security and performance of the client's IT infrastructure. They simplify IT
Infrastructure Management by aligning the client's ongoing IT infrastructure with its overall business strategy — without locking it into rigid infrastructure outsourcing models.

The comprehensive and flexible infrastructure management services of some of the respondent companies give the client the freedom to out-task as little or as much of its IT infrastructure as it thinks necessary. Besides, the infrastructure management services offered by the respondents are flexible — the client can select service modules for tailored solutions that are best suited to its requirements.

4.13 *Infrastructure Management Services*

Typically, Infrastructure Management services include:

- Infrastructure Management Consulting
- Planning and setting up IT infrastructure
- Network Support
- Processes Management
- Management of Servers, Databases, Applications and Networks
- Operations Support
- Infrastructure Auditing
- Mission-critical Security

Respondents first understand the client's IT infrastructure outsourcing and management requirements. Then, they incorporate advanced tools and processes to design, develop and implement solutions to decrease costs, improve productivity, and increase customer satisfaction — allowing the client organization to focus on core business competencies. As an extension of the client's infrastructure outsourcing support structure, the respondents monitor
and manage the client's networks, telecommunications, applications and systems. Thus, the respondent acts as the single point of accountability for service delivery and support for client's end-users.

4.14 Seamless Package Implementation

Package implementation can prove quite daunting. However, the IT infrastructure package implementation services of the respondents can help the client automate its value chain through off-the-shelf application packages to seamlessly achieve the desired benefits. Through package implementation, the respondents help the client harvest value through package-centric solutions, which are innovative and configurable.

4.15 Packaged Applications

Respondents' services and alliances generally cover packages for supply chain management, customer relationship management, enterprise application integration and enterprise resource planning. The services around packaged applications include, in general:

- Strategy and IT Roadmap Consulting
- Business Process Re-engineering services
- Package Selection
- Package Implementation and Global Rollouts
- Customization
- Version Upgrades
- Sustenance Services (enhancements, maintenance and production support)
4.16 Engineering and R&D Services

Some respondents also provide product engineering and R & D services for product companies. The product R & D services cover the concept-to-market needs of the product and include product design and conceptualization, development, testing and automation services. Another key service is the offshore product development centre that provides an offshore extension of the client's engineering setup in a seamless, low-risk manner.

Network System Integration is generally addressed from two perspectives:

- A research focus
- A practitioner's approach
- The System Integration Services normally cover the areas of Business Intelligence, Enterprise Content Management, Enterprise Portals, Migration and Rehosting and Identity Management.

Some respondents also offer business process outsourcing solutions to their global clients by leveraging process, domain and people management expertise. They build their organization around managing risk for their clients through a scalable, cost-effective and predictable delivery platform. They bring their expertise to bear around the domain areas they know and understand best. The commonest domain areas are: Banking, Securities & Brokerage, Insurance, Telecom, Enterprise Services (Finance & Accounting, Quote to Cash, HR Services, and Procure to pay), Knowledge Services and Healthcare.
4.17 Revenue

The revenues of the respondent companies range from 50 crores to over 1000 crores. As already said, the respondents have their operations in Bangalore.

4.18 Growth Rate

The growth rate logged by the respondents ranges from 24% to 66%.

4.19 Segments Addressed

The segments addressed by the respondents are: PCs and Notebooks, Servers and Workstations, Storage, Storage Peripherals, Services, Packaged Software, Software Export, Software Products, Training, Networking, Wireless, IP, Software Export, Peripherals, Entertainment, Gaming, Distribution, Engineering Design and Services, Internet, Security Services.