How did India and China create their competitive advantage?

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The Indian IT services landscape, 1990

Direction of Evolution

High Value

High Volume

Strength

Growth Focus

- IS outsourcing
- System integration
- Network consulting and implementation
- Application development, maintenance and outsourcing
- Packaged S/W support & integration
- IS consulting
The Indian IT services landscape, 2006

**Future growth Focus**

- **IS Outsourcing (110 Bn)**
- **H/w support and Installation (120Bn)**
- **Application development, maintenance and outsourcing (60Bn)**
- **Packaged S/W support & Integration**
- **Network Infrastructure Management**
- **System Integration**
- **IS Outsourcing (110 Bn)**
- **R&D Services**
- **Training & Education ($50Bn)**
- **Processing Services (80Bn)**

**Current Strength**

- **Network Consulting and Implementation**
- **Network Infrastructure**
- **H/w support and Installation (120Bn)**
- **System Integration**
- **Training & Education ($50Bn)**
- **R&D Services**

**Direction of Evolution**

- **High Value**
- **High Volume**

**Technology & Domain IP**

**IS consulting**
<table>
<thead>
<tr>
<th>1980</th>
<th>HQ</th>
<th>2004</th>
<th>Founder, education</th>
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<tbody>
<tr>
<td>TCS</td>
<td>Mumbai</td>
<td>TCS – M</td>
<td>Kanodia (MIT)</td>
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<tr>
<td>Tata Infotech</td>
<td>Mumbai</td>
<td>Infosys – B</td>
<td>Murthy (U. Mysore)</td>
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<td>Computronics</td>
<td>Mumbai</td>
<td>Wipro – B</td>
<td>Premji (Stanford)</td>
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<td>Shaw Wallace</td>
<td>Kolkata</td>
<td>Satyam – H</td>
<td>Raju (Loyola)</td>
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<td>Hinditron</td>
<td>Mumbai</td>
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<td>Nadar (PSG, Coimbatore)</td>
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<td>Indicos Systems</td>
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<td>Patni (MIT)</td>
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<td>i-Flex - M</td>
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<td>38</td>
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</tbody>
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Second stage (from 1990)

• 1990s: Database platforms invented, Internet is established, India welcomes foreign participation
  – ‘Process’ work, not just ‘project’ work, can now be done in India
    • Call centers
    • Accounting, other back-office work
    • Remote Information System management
• 2000s: Diaspora returns, VC flows and the education system starts turning out large numbers
  – Product startups and contract R&D established
CRM application: India does 40% of work

Hub & spoke: Project Mgr in Germany, rest in India

Component (sub-project) manager in India: engineers report locally

SAP India becomes COE for oil & gas, telecom, steel and a global dev center. Matrix Model: at least 2 centers per product. Engineers report locally, managers report globally

Increasing sophistication

2000
2003
2004
2006

Source: SAP India