

Software cos focus on team play for big deals

Tap Global Cos For Edge

By Shelley Singh,
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Tech Logic Cut Time to Market

Indian software services companies are increasingly embracing global alliances to grab large contracts right under the noses of foreign tech powerhouses such as IBM, Accenture and Hewlett-Packard.

Last month, Infosys Technologies bagged a three-year, \$100-million contract to manage the internal systems of Microsoft in partnership with US-based Unisys Corp. Rival HCL Technologies won a series of service contracts from Nokia, Xerox and Electrolux by partnering global tech companies such as SunGard, CompuCom, Infocare, Interxion and Sun ITS.

India's largest software exporter, Tata Consultancy Services, has business solutions partners, including Tibco, Netezza, Informatica and Ingres, spanning global systems integration to consulting projects. Likewise, Wipro Technologies delivers services across the globe by allying with foreign companies such as Worldwide TechServices, Phoenix IT Services, CompuCom, Getronics, SunGard and CTC.

Such tie-ups, which marry technology and logistics as well as negate the pervasive reach of an IT multinational, provide a glimpse into the future of India's \$60-billion outsourcing industry.

"Partnerships will be the key for Indian companies, as it's difficult to build competencies in all areas," says Zinnov Management Consulting CEO Pari Natarajan. Partners expand the ambit of Indian tech providers and reduce the time to market. Indeed, an easier option than building a global footprint organically. "Some of the global vendors have been around for 3-4 decades and have built a global delivery capability. For us, global and regional partners help bridge that gap," says Infosys Technologies vice-president and infrastructure management services head Anand Nataraj.

Infosys, the country's second-largest IT company, has nearly 15 alliances with global technology providers like Unisys, BMC, VMware and Tibco.

Partners help IT cos cut manpower

IT has a similar number of 'team agreements' with regional players such as Colt for hosting services like web hosting in Europe and KVH for infrastructure management services in Japan. These partners are critical for onsite desk-side support and multilingual services.

In the Microsoft contract too, Unisys plays a key role. Infy operates in only 40-odd countries, but the tie-up with Unisys raises its presence to 405 locations in 104 countries. When Microsoft invited bids for the contract about a year ago, Infosys was one among the many vendors with less than 10% of the work. Now, the complete internal systems maintenance rests with Infosys, thanks to its alliance with Unisys. The company will rely on Unisys for desk-side support, or onsite work.

"As Indian majors look to increase the number of large deals, they may need to pitch in with a partner," says Gartner India principal research analyst Diptarup Chakraborti.

Infy's rival Wipro needs no prompting. The company is in the process of expanding alliances in the US and European markets to emerging markets such as Latin America, Asia-Pacific and the Middle East.

Wipro clearly understands the value of global tie-ups. Of its partners, CompuCom has a strong presence in North America, Infocare in Europe and Sun ITS in Asia-Pacific while SunGard is a global leader in data centres and disaster recovery systems. US-based WWTS offers onsite support for servers to networks in more than 50 countries. "Global delivery alliances complement our strengths (read, low-cost, high-skill global delivery model). Partners give us hands and field support," says Wipro Technologies senior vice-president & global head of technology infrastructure services Deepak Jain.

Vendor partnerships are not a fresh concept for Indian tech companies, however. Global IT majors such as Oracle, Microsoft and SAP have been developing solutions for customers by collaborating with Indian companies for many years.

Even so, the difference in recent years is that these alliances are stretching beyond core technologies like procurement on the SAP platform or Microsoft's cloud computing offering, Azure.

Also, deal sizes in the earlier days hovered in the \$1-billion range for a tenure of up to 10 years. Today, the average big deal size has risen to up to \$200 million while the tenure has been cut short to around five years.

For Indian companies chasing large contracts, fleetfooted marketing is key rather than building delivery capability organically.

Analysts say the partnership model will gain further currency as Indian majors continue to dent the hegemony of global IT majors in large global contracts. Indian companies typically face few problems in sewing up a global alliance. "Partners also gain, as they get additional business in their markets," says HCL Technologies infrastructure services president Anant Gupta. Such partnerships also help companies delink revenues and manpower. "You don't need to add more bodies for the work. The partner shares them," says Mr Natarajan.