

# RECESSION PROOF TECH

As the economic tsunami spreads to more sectors and geographies, 2009 is promising to be a volatile year. We ask captains of leading Indian knowledge economy majors like HCL Technologies, Bharti and Dr Reddy's and Indian operations chiefs of global tech and telecom majors like Hewlett Packard, Google and Nokia to cherry-pick bright spots in new economy

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## It's time to look beyond the bend

As any athlete might tell you, a bend on the race-track represents an opportunity—a chance to move ahead, to step up the speed and overtake those ahead. This is particularly true if you are a middle or long distance runner.

The present global economic scenario is exactly this bend on the road ahead. It all depends on how you view it. You can either get intimidated by the dark clouds and wait for the skies to clear. Or you can keep your eyes focused on the silver lining and stay steadfast with your foot on the accelerator.

I personally believe that this recession represents a very large opportunity to the Indian IT services industry. Yes, IT costs are being trimmed in the short term. We in the IT industry cannot be immune to the pain our customers are experiencing. But make no mistake, off-shoring is a long term story and it is for us to spot new exciting opportunities that will pay rich dividends in the mid-to-long term.

There are multiple factors at play within the present global economic scenario. Viewing it from the perspective of the IT services industry, there is a cross current of both negative and positive influences.

In a scenario as volatile as this, what ultimately matters is where an organisation is today and where it desires to see itself in the future.

That will decide whether it holds on to its cash reserves to 'survive' or invests them sensibly and grab the opportunity to leap frog ahead.

A McKinsey report that studied nearly 1,000 companies over an 18 year period, which included the 1990-91 recession, throws



### BILLION DOLLAR BETS

- Enterprise application services
- Engineering services
- Remote infrastructure management
- Platform-based BPO

up some interesting observations. The study identified companies that either remained industry leaders or became successful challengers and then investigated their attributes during the recession and in healthier economic times. Successful challengers, it found, maintained a greater appetite for acquisitions during the recession than did their less successful former peers. When other companies simply battened down the hatches, seeing only risk during the recession, the more successful competitors found opportunity and pressed their advantages. The results led researchers Richard F. Dobbs, Tomas Karakolev, and Francis Malge to conclude that as companies today look to the end of the present downturn, they should consider that managing risk doesn't mean avoiding it altogether.

And investing sensibly involves scouring what we at HCL call the 'Blue Ocean' for big opportunities that have not been taken. We

have had success with this strategy when we decided to move our focus from the crowded application development space to four focus areas: engineering services, RIM, enterprise application services and platform-based BPO. These we believe are emerging areas representing a \$1-billion market opportunity each.

Among these, we have already entered the engineering services space—an area where we are reaping the fruits with a growth rate that is twice the level of the industry.

Similarly, we focused on the remote infrastructure management space at a time when the global economy was coming out of the last recession. It helped streamline costs for many of our customers. Once again, the strategy paid us with an accelerated growth rate.

The next wave, according to us, is the enterprise application services space, a \$100 billion industry. Within this, SAP services stand at \$26 billion, of which \$7 billion can be offshored. With India occupying just \$1 billion in this, it represents a huge opportunity. This is where the Axon acquisition catapults us to the top league among SAP service providers worldwide, putting the Indian IT industry back on the global leadership map.

So we have to listen intently to what the market is telling us. Today, our customers want to move away from providing IT solutions to partnering in real business problems. As we look ahead into 2009, we are doing just that. The idea is not to spot technologies or industries or companies that will see growth. Instead, we must empathise with the pain that each of our customers are experiencing and help them develop new solutions that will reduce their business costs significantly through the power of technology. There is only one way ahead for the IT industry: Helping our customers to help ourselves.

The writer is CEO, HCL Technologies

