

BerkeleyHaas

Case Series

HCL's Digital Open Innovation:
Enhancing Business Model Effectiveness
through Talent and Customer Acquisition,
Development, and Retention

Solomon N. Darwin

© 2015 by The Regents of
the University of California

Publishing Partner:



BerkeleyHaas Case Series

Haas School of Business
University of California Berkeley

Date: July 31, 2015

SOLOMON N. DARWIN

HCL's Digital Open Innovation: Enhancing Business Model Effectiveness through Talent and Customer Acquisition, Development, and Retention

The era of Digital Darwinism is upon us. Businesses have no choice but to adopt digital technologies or disappear. Traditional businesses, which do not leverage digital technologies, risk becoming irrelevant or losing business to native digital companies that understand technology better.

—SANDEEP KISHORE, CORPORATE VICE PRESIDENT, HCL TECHNOLOGIES AND GLOBAL HEAD, LIFE SCIENCES/HEALTH CARE INDUSTRIES AND PUBLIC SERVICES

On a crisp and clear Spring morning in May 2015, Sandeep Kishore and his fellow HCL Technologies colleague, Amit Varma, met in the first-floor boardroom of their offices in Sunnyvale, California—located in the heart of the Silicon Valley—to discuss the company's mobile strategy and its supporting Starting Point platform. Kishore was a corporate vice president of HCL Technologies—a worldwide information technology (IT) services provider headquartered in Noida, India, that supplied application development and infrastructure support to many businesses, organizations, and government units. In addition, Kishore was the global head of two key industry verticals that the company served: Life Sciences/Health Care (LSH) and Public Services (PS). Varma, who had spearheaded the Starting Point project from its inception, was the Head of Strategy for these two same verticals, which accounted for a combined 20 percent of the company's annual revenue (**Exhibit 1**). Over the past eight months, the proprietary Starting Point platform had been rolled out to employees within the LSH/PS verticals in two separate phases, beginning with the required "Basic" module that was introduced in Autumn 2014 and then, with the optional "Advanced" module that became available in early Spring 2015. Starting Point gave HCL employees within LSH/PS the ability to receive introductory onboard training and to access vital information for clients seamlessly on their mobile phones or tablets, anywhere and anytime, through a centralized digital platform. The expected benefit of Starting Point was that employees would have more effective business discussions with customers sooner, leading to potentially more sales. Prior to Starting Point, employee on-boarding within these two HCL verticals took a traditional approach: managers provided new employees with face-to-face training when their schedules allowed. There were two limitations with this analog approach. First, the training experience across-the-board was not uniform. Second, new hires were not immediately productive due to the timing of in-person orientations. Furthermore, no centralized digital platform existed where marketing information could be spontaneously delivered to all employees in the field on their

Lecturer Solomon N. Darwin is Executive Director of the Garwood Center for Corporate Innovation at the Berkeley-Haas School of Business and prepared this case study with Case Writer Dickson L. Louie of the ClearLake Group as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

Copyright © 20xx by The Regents of the University of California. All rights reserved. No part of this publication may be reproduced, stored, or transmitted in any form or by any means without the express written permission of the Berkeley-Haas Case Series.

handheld mobile devices, with sales collateral material still requiring the cumbersome task of being downloaded first through a personal computer from a non-mobile-friendly website.

With Starting Point now being considered as a company-wide initiative, Kishore and Varma reflected upon the lessons learned from the platform's initial rollout and its next logical steps. What were the quantifiable and qualitative benefits of Starting Point? What metrics should be used to measure its success? What might have been done differently? What new tools should be added? How could they encourage more employees to take advantage of Starting Point's digital features on a more constant basis? How can Starting Point take advantage of other new mobile technologies? And how might Starting Point keep HCL ahead of its competition?

As mid-day approached, both Kishore and Varma wondered how they might best summarize their thoughts on Starting Point.

History of HCL and Background on IT Services Industry

Shiv Nadar founded HCL in India in his *barsaati*—or the equivalent of a garage startup—with five other engineers in 1976, using their collective savings.¹ The impetus for HCL's start was the passage of India's Foreign Exchange and Regulation Act two years earlier that disallowed foreigners from holding more than 40 percent equity in any India-based firm and required any source code for all computer products had to reside in India.² This Act led to IBM's eventual departure from the Indian subcontinent and allowed HCL—its initials standing for Hindustan Computers Ltd., with *Hindustan* being the Hindi word for India³—to enter India's hardware market by developing and selling a multi-processor UNIX computer. After HCL entered the U.S. market in 1988 through its establishment of HCL America, it quickly discovered that American companies were not interested in purchasing its computers, but instead had a need for highly skilled programmers to solve various customized software problems.⁴ This led to the creation of HCL's IT services and its growth reflected the boom of the offshore IT software development and support industry in India over the past quarter-century. In 1998, HCL reorganized into two divisions. HCL Technologies and HCL Infosystems. HCL Technologies focused on becoming a global IT services company while HCL Infosystems focused on hardware, network, and software integration.⁵ In 2000, HCL went public and has become one of India's leading technology and IT service providers, currently ranking fourth after TCS (Tata Consultancy Services), Infosys, and Wipro. From the outset, HCL had always sought to maintain its innovative culture, often calling its employees “Ideapreneurs” and willing to support and fund the best business ideas generated internally. Said Nadar: “We believed that if something was feasible but had not been tried before, you should try it. We believed that you should not be afraid of failure.”⁶ According to *The Economic Times*, India's English-language daily newspaper, HCL's alumni base included hundreds of executives who had left the company to become CEOs of startups or other organizations over a 30-year span⁷.

Building upon HCL's history of internal entrepreneurship and on its three key corporate values of Employees First; Trust, Transparency, and Flexibility; and Value Centricity (**Exhibit 2**), the company has since adopted a “Relationship beyond the Contract” philosophy (**Exhibit 3**). This was first introduced in 2014 by HCL's CEO, Anant Gupta, as a way for the company to differentiate itself from

¹ Vineet Nayar, *Employees First, Customers Second* Harvard Business School Press, 2010.

² Linda Hill, Tarun Khanna, and Emily A. Stecker, “HCL Technologies,” Harvard Business School case (9-408-084).

³ Gary Loveman and Jaime O'Connell, “HCL America,” Harvard Business School case (9-396-030).

⁴ Ibid.

⁵ Linda Hill, Tarun Khanna, and Emily A. Stecker, “HCL Technologies,” Harvard Business School case (9-408-084).

⁶ Ibid.

⁷ Ibid.

⁷ Vinod Mahanta, “Wanna be a CEO? Join HCL,” *The Economic Times*, April 15, 2005.

other IT service providers. It also emphasized HCL's "inverted pyramid" style that would often empower employees to make decisions that would strengthen its relationships with its customers. Gupta explained in July 2014:⁸

It's not just the rapid adoption of new mobile technologies that can make a business contract irrelevant. Social media networks are causing radical changes in customer behavior. Big data analytics and cloud computing will reshuffle many companies' IT priorities in the next few years.

So how do contracting parties reconcile the need for an agreement that clearly delineates responsibilities with an awareness that those very responsibilities may suddenly and surprisingly become outdated?

Let me offer a suggestion.

We all know that the most satisfying and mutually beneficial relationships are not defined by words on a page. They are defined by mutual respect. And trust. And transparency. And flexibility.

This is as true in the business world as it is in our personal lives—though that truth usually gets lost in the sterile language of disclaimers and SLAs (service level agreements) and "parties of the first part" that govern business contracts.

I've already noted that in business such formal agreements are necessary. But in my experience, these agreements merely provide the legal basis for a relationship that goes beyond the contract. I believe such a relationship is so important—more important than technology (often commoditized) or solutions (often similar from provider to provider) or promises of innovation (often lacking in detail)—that we now emphasize in our communications the value that we, as a company, place on this type of relationship.

Now, if you're a service provider, a relationship beyond the contract doesn't simply mean doing more work more quickly or more cheaply than you promised—though that may be part of it. It means that you respect and understand the value of a lasting relationship enough that you constantly strive not just to meet the terms of the contract but to create sustainable value for your client.

That might involve agreeing, mid-engagement, to a new set of deliverables in order to achieve the original result, despite a major client restructuring. Or making your compensation contingent upon the business benefits you generate for a client. Or recommending a plan that will benefit your client, though it reduces your revenue stream or even makes your current services redundant—proactive obsolescence.

Of course, such a relationship is likely to flourish only if it is part of a company culture that embodies those same ideals of trust, transparency, flexibility, and value creation. But flourish it must, if a service provider and client are to thrive, not just survive, through multiple generations of technology evolution and a succession of long-since irrelevant contracts.

Today, HCL—with both HCL Technologies and HCL Infosystems combined—is a \$6.8 billion⁹ company, with over 110,000 employees in 31 countries (**Exhibit 4**). HCL Technologies' business

⁸ Anant Gupta, LinkedIn Posting, July 2, 2015.

⁹ \$6.8 billion represents HCL's total revenue for the four most recent quarters, covering the 12-month period from April 1, 2014 to March 31, 2015. During this period, HCL Technologies accounted for \$5.8 billion of the total revenue. HCL operates on a fiscal year basis, from July 1 to June 30.

was made up of several service lines: application services (44.2 percent of revenue); infrastructure services (34.2 percent); engineering and R&D services (16.2 percent); and business process outsourcing services (5.1 percent)¹⁰. Broken down by geographic location, during the third quarter ending March 31, 2015, of the 2014-15 fiscal year, the Americas accounted for 57.5 percent of the revenue; Europe, 31 percent; and from rest of the world, 11.5 percent.¹¹

In 2014, the global IT service business was a \$1 trillion industry and accounted for approximately one-third of all IT expenditures, including money spent on data centers, devices, and software. Besides its Indian counterparts, HCL Technologies' other key global IT services competitors included IBM, HP, Fujitsu, CSC, and Accenture. Between 2014 and 2018, the worldwide IT services industry was projected to grow at an annual rate of 5.2 percent (**Exhibit 5**).

Recognizing the Need for Starting Point

At the same time HCL was rolling out its “Beyond the Contract” philosophy corporate-wide in mid-2014, rapid and disruptive technological changes—social media, cloud computing, and big data analytics—were putting pressures on HCL businesses to be constantly innovative and remain relevant to their customers. Exponential growth in smart phones and tablets now provided a huge platform to capture these digital innovations. Kishore—a 27-year HCL veteran who had just taken over his new position in July 2014—and several of his executive team members, including Varma, realized then that these digital devices provided a great opportunity for the LSH/PS verticals to significantly improve business agility and effectiveness in a relatively short period of time. Externally, HCL employees and customers were already leading “digital lives” on a variety of social networks—Facebook, Google, Yahoo, Linked-In, and Apple (**Exhibit 6**)—and the average number of hours that a typical adult spent with digital media—using the U.S. as an example—had increased from 2.7 hours per day in 2008 to 5.6 hours per day by mid-2015 (**Exhibit 7**):

Hence, innovation on a digital platform could significantly help HCL businesses secure competitive advantages and build sustainable business models. There were other factors that helped the business case for creating Starting Point—both internal and industry-specific (**Exhibit 8**). They included:

The business was not agile. The IT services B2B space (the sales and business development function) was more complex than it is in other industries. There were multiple stakeholders involved at all levels of the sales process. For example, a single deal involved the sales team, solutions, sales support (presales), marketing, delivery, and customer support teams. Coordinating with six or seven different functions/teams could become overwhelming and was time consuming. Moreover, these teams were located in different geographies in different time zones (**Exhibit 9**). So for a business leader to get content or a response, he or she had to wait one-to-two days before they could go to the next step. This was impacting HCL's ability to win large deals and close deals quickly, despite the company's 95 percent renewal rate with existing customers.¹²

Business effectiveness and efficiency was low. HCL's business leaders were constantly travelling. An average business leader traveled 15+ days a month. These leaders spent a significant amount of time in commuting (at airports, on a plane, or in taxis) so it was difficult for them to access content on either a laptop or desktop. It was imperative that business leaders have a digital platform that could be accessible on a mobile phone/tablet where they could access content on a real time basis.

¹⁰ HCL.

¹¹ Press Release, HCL Technologies, Third Quarter 2014-15 results, April 21, 2015.

¹² HCL, “Articulating HCL's Relationship Beyond the Contract” video, www.youtube.com/watch?v=6p0beVxwmMw.

Sales leaders were not having seamless interaction with customers, thus impacting business growth. There was no tool available that enabled sales leaders to access content in real time and have seamless interaction with customers; this was significantly impacting business growth.

It took significant amount of time for a new employee to become productive. HCL was a large and complex organization with over 100,000+ employees in 31 different locations with businesses in different horizontal and verticals. On average, it took 180+ days for a new employee to show some results. This was adding to the cost and the company was losing revenues.

There was no consistency in employee on-boarding. Employees were often on-boarded with three- to five-day, face-to-face interactions with leaders, using presentations that were often PowerPoint-heavy. In every induction there were different people presenting, and thus the information shared with new hires was always different.

When employees left, business continuity was affected. When an employee left HCL, he or she took away their entire knowledge of the customer and industry with him/her. There was no way HCL could retain the knowledge.

There was a significant gap between Baby Boomers, Generation X, and Generation Y employees. Business and Sales leaders who have been with the company for a longer time had distinct advantage over new hires in their knowledge of the firm, its services, and solutions. Older employees knew whom to connect with if they needed any information whereas the newer employees would struggle for that information. Starting Point could provide a “level playing field” between the older and allow younger employees (**Exhibit 10**) and allow Generation Y (Millennials) employees to take advantage of their ever-present mobile devices (**Exhibit 11**), a mainstay of their “digital lives.”

Business leaders were not constantly aligned to business goals and objectives. All business leaders carried a specific target for the year. It was important for them to be constantly aligned to these goals so that the business's overall target could be achieved.

Kishore reflected on the opportunities and challenges presented by Starting Point and trying to bridge that gap (**Exhibit 12**):

Starting Point as a concept had been around for a while and in different parts of the organization. One of the biggest opportunities which we are trying to solve with Starting Point is how do we enable our team—which is interfacing with the customer and has to be well-informed—so that they have the tools and capabilities to add continuous value to those customer discussions. Our business is to collaboratively find solutions for our health sciences and public services customers. With rapid changes in technology, there is always that cusp which is available and it is in that cusp that we often find opportunity...so how do you enable an organization on about what's happening in the marketplace? With information on what's happening with that industry segment? On what's happening with my customer? There were two dimensions to addressing these questions. The first dimension was when you looked back we didn't have in one place where all this information was available. The second dimension was that the world has rapidly become more digital in the last couple of years than it has before—with the onslaught of the mobile devices—and we wanted to make sure that we enabled our people with their devices that they carried with them 24/7.

A March 2014 telephone survey of 2,300 CIOs conducted in the U.S. by Robert Half, a management resources firm, found that despite the widespread use of mobile digital devices, 58 percent said that

their company did not have a mobile app or did not plan to offer one in the coming year.¹³ Another research study conducted by the Yankee Group in mid-2014 discovered that one-third of the companies surveyed did not even have a mobile strategy.¹⁴ Corporate security, lack of uniformity across multiple mobile platforms (iOS, Android, Windows, and Blackberry), and employee reluctance to access company information on their personal handheld devices—or a BYOD policy¹⁵—were among the many barriers why many companies did not immediately embrace a mobile strategy.¹⁶

Implementing Starting Point

Identifying the key stakeholders and core-team members. By late summer 2014, an internal core team (**Exhibits 13 and 14**) representing six different stakeholder areas—strategy, sales, marketing, human resources, solutions, and delivery—was established to oversee the implementation of the Basic module for Starting Point. These six core team members, located in different parts of the globe, met formally each week via teleconferencing, but more often communicated daily, via e-mail or by telephone. In addition to the core team, over 70+ HCL employees eventually worked on some aspect of the project. With the strategy department coordinating the project effort, Varma explained:

Our goal was to create a unique platform on mobile and tablets that would be both world-class and be the gold standard. It would significantly improve business effectiveness and agility in the shortest period of time. To do this we needed to develop a platform where content could be accessed anytime anywhere thus improving the business effectiveness and agility.

Varma continued:

Because we needed to hit certain financial targets as a public company, the one thing that could not be moved after we decided upon the six-week implementation schedule (**Exhibit 15**) was the target completion date of mid-Autumn 2014. This was not negotiable and had to be met. This deadline generated a sense of urgency for completing the project.

Setting the vision and overcoming initial objections. Varma's strategy department devoted the first two weeks of the fast-paced implementation schedule to setting the vision for Starting Point and to seek buy-in from all of the departments on creating the Basic module. Many of the initial objections came from the sales area, which had questioned the amount of resources that would be taken away from current projects to finish Starting Point on time. These objections included:

- Why are we doing this, what is the value addition to us, how will we benefit from this?
- Our key job is to drive business growth/revenues, why are we spending so much time on something that is not directly related to sales?
- If we miss our business/revenue target, will our bonuses be affected?
- Can't we do it on a smaller scale, why do it at such a large scale, in such great details?
- Most of the information on the platform is very confidential, what if your competitors got access to it? How will you protect the integrity of the data?

¹³ Joshua Brost, "1 in 4 CIOs Say Their Organization Has No Mobile Strategy," Robert Half, press release, March 25, 2014.

¹⁴ David Weldon, "Building a successful mobile strategy," fiercemobileit.com, July 10, 2014.

¹⁵ BYOD = Bring Your Own Device.

¹⁶ Bob O'Donnell, "Mobility in the Enterprise: Proactive or Reactive," Harvard Business School Publishing Webinar, June 25, 2015.

- How will our customers react if the integrity of data is breached?
- Other businesses are not doing it, why are we doing it?

To overcome these internal objections, Varma noted:

The key to our success was to explain our vision (**Exhibits 16 and 17**) to the key stakeholders in this project. The key question we had to answer was why we were doing what we were doing and what was the incremental value that this would bring. Answering this question satisfactorily was the key to our success and for getting the support of our key stakeholders.

Choosing the Design. The marketing area was given the task of designing Starting Point. While different designs for the Basic module were considered, the core team eventually decided upon using two different sports metaphors—golf for LSH and tennis for PS—because they would have worldwide appeal and still be engaging to employees—in India, the U.S., and Europe—as new inductees went through each step of Basic or Advanced modules. The “Starting Point” name was chosen for the program because of its universal simplicity. Other program names considered included “Inception,” “Jump-start,” “Head Start,” “Intium” (“Start” in Latin), and Aarambh (“Start” in Hindi).

Building the Content. Madhulika Ghosh, head of human resources for the LSH/PS verticals and a member of the core team, remembered that creating all of the multi-media content—a mix of PDFs, PowerPoint slides, and recorded video presentations given by senior HCL executives—for Starting Point was the biggest challenge (**Exhibit 18**). Each senior executive was allowed to decide how to best present his or her content online. Ghosh explained:

Obviously, Starting Point is a content-heavy program. Each day has quite a few hours of training. You have a business leader or solution leader talking about their area and you have a presentation. Getting all of that content together was a challenge.

For a short period of the time, building of the content fell slightly behind schedule. To keep the project back on schedule, an internal competition was set up between the presenters, with a small monetary prize awarded to the best content in several different categories. Varma added:

This has been one of the most complex and challenging projects I have done in my 10-year career at HCL. On one hand, we were driven by the Organization’s pursuit of Gold Standard, best-in-class digital platform. On the other hand, we had to coordinate with over 100 people in sales, delivery, and other functions across different geographies and different time zones to get the content. The six-week timeframes to complete the Basic module and then the Advanced module was quite challenging for a project of this magnitude and complexity. The Apple Store itself takes about one-to-two weeks just to approve the app, so we basically had to do it in only four-to-five weeks.

Adding the Advanced Program in Spring 2015. Creating the Basic module gave credibility to the Starting Point project and made the implementation of the Advanced module in Spring 2015 a bit easier, but still aggressive within a six-week period. “A successful completion of the Basic module gave us the buy in of several people to ensure that we got content for Advanced phase,” said Varma. “The sheer logistics of this would have been impossible to implement in one go for both programs.”

Evaluating Starting Point

While many HCL executives believe that it's still too early to quantify the benefits of Starting Point, such as calculating the ROI or an increase in new employee retention, they point to the anecdotal evidence.

Establishing more consistent onboarding training. Ghosh noted that using Starting Point for onboarding has made it more consistent throughout the organization. Ghosh explained:

The delivery of any training or introduction often depended on the quality of the team that was in place or how much investment we had done in them. We wanted to bring in a bit of standardization here. We noticed that some pockets of business leaders that were really keen and made a better effort to ensure that their team members were inducted properly. Those teams did really well. However, there were other pockets, either where the business leaders did not have a focus or because of internal structural changes that were going on, some of the other new hires took months to really get a clue of how to operate in the organization...so there was this difference and delta in the quality of the business line that they were joining. So we wanted to bring in a bit of standardization in this area through the platform.

A 2013 Aberdeen Group study found that 86 percent of the nearly 800 companies surveyed agreed that employees often decided to stay or leave an organization within the initial six months.¹⁷ Having a digitally enhanced on-boarding process was expected to reduce this attrition.

Learning to navigate the organization more quickly. Another advantage was that new employees were able to find their way around HCL more quickly. Ghosh added.

Another of the challenges that any new hire faced, other than their supervisors and some of the people in their team that they were introduced to, is that they didn't know whom to reach out to and for what. So it would be maybe a month or two later a person, after going through so many people, that they would then come to me and say "I don't know who to reach out to for this." But right now, the feedback that I get is that they get the initial information from [Starting Point] itself on how we are structured and who reports to whom for what. Now, when they need to reach out to a specific team for their work, they will know whom to ask for. They may not always get the right person immediately, because people change from one responsibility to another or people join and leave the organization, but at least they know the right direction to go toward.

Todd Crandall, sales head of Public Services believes that Starting Point helped new employees find their way through HCL's complex organization more easily, especially since HCL has a matrix-type organization, with horizontal business functions (such as marketing, sales, and solutions) interacting with industry verticals. Crandall explained:

We're in a matrix organization. All of the industries are group into five verticals. Then we got a whole series of horizontal packages that we interface with, but we bring the industry expertise and sales and solutions for all the industries that we work in. It's a large complex organization to work in. And when we bring somebody new in, it's often difficult to navigate across all those organizations.

¹⁷ "New Hire Retention Trumps Productivity As Top Factor Driving Onboarding," *Small Business Digest*, www.2sbdigest.com/New-Hire-Retention

Increasing Sales Productivity Immediately. Crandall also observed that Starting Point has helped his people become productive almost immediately. He explained:

We don't have to wait till the end of next month to get everyone together or wait until we get a certain number of people to be on-boarded that we've recruited, or wait until we get to 10 so we can justify bringing all those leaders together. We can immediately send someone to Starting Point and get him or her going. Speed-to-market is probably most significant to me. As soon as I get someone up to speed, the sooner they're out in the field and representing us and ringing in sales.

Updating Sales Material Right Away. In addition to serving the onboarding function, with a centralized digital platform, sales information could be communicated almost immediately to the sales teams. Ghosh explained:

Starting Point has also become the platform through we can communicate with our sales force...if there is new solution offering that can be taken to your customer, go to Starting Point, get a sense of it, and if you have any further questions, this is the person that you should be contacting...We are now trying to use Starting Point not only to induct new people into HCL but also to distribute any new material and content that gets created within the business. We are using the Starting Point platform to disseminate the material to the teams that out in the field.

Crandall added:

There's also an agility component to it. We have to change pretty quickly in our environment. So every time new sales information is introduced into our organization, we're much more agile if we can add it into Starting Point to get people oriented or to get my sales teams onto a particular solution. They can leverage Starting Point to get them a delta from the baseline that has already been established. That agility for me is to know that I have one place that I can orient my team around. Agility plays into the fact that it is available on every mobile device (**Exhibit 19**). So someone can be working on Apple environment, an Android environment, or on his or her laptop. It doesn't matter to me.

Getting an edge on the competition. Paresh Vankar, head of marketing for LSH/PS noted:

It has been amazing to implement this organization-wide initiative, which has transformed employee onboarding within HCL. Many of our recent sales hires, who have joined us from our competitor firms, have stated that a similar initiative doesn't exist anywhere else in the industry. Starting Point has come up with a great showcase of how business problems can be solved using technology and it's heartening to see the adoption and business transformation it has managed to achieve in such a short time.

Strengthening the customer relationship with great and timely content. Balaji Natarajan, a newly hired European lead for the LS group, believes that the content has helped strengthen his customer relationships:

Very useful. I started with the initial content that was PDF and PowerPoint and things like that. One of the more interesting features that I liked was the video aspect—I think [there were] 25 to 30 videos altogether. There are some phenomenal videos. And this is what I now do these days: I have several conversations with customers and the first thing that I do before I come in and tell the customer something, is say

“here is a quick link to a video that we have” and the customer can go and see it anytime. And several customers have come back and told me that its very interesting and that it gives them a quick sense of what we are trying to communicate in a quick capsule—extremely useful.

Varma believed that HCL’s innovative culture and its emphasis on the “inverted pyramid” to empower employees helped the Starting Point concept get adopted very quickly. He explained:

[Implementing Starting Point] was like a startup. We had five to six people at the leadership level that had learned about this idea and then implemented it. There was no bureaucracy. We didn’t have to wait for someone to approve it. It was like a new business idea that we just implemented. Our corporate culture supported it. In many hierarchical-type companies you need someone to approve it first before you can act. We didn’t have to do that.

Closing

As Kishore and Varma rose to leave the conference room for their next meeting, Kishore recalled a blog posting that he wrote recently on Digital Darwinism:

The ever-expanding global internet penetration, new platforms and technologies, mobile and wearable devices, industrial and consumer IoT, cloud, analytics, big data, social collaboration, etc. will accelerate digital adoption across the globe and impact all industries. All businesses must fast become digitized. Either be digital or be extinct. Digital is the new D—Darwin.¹⁸

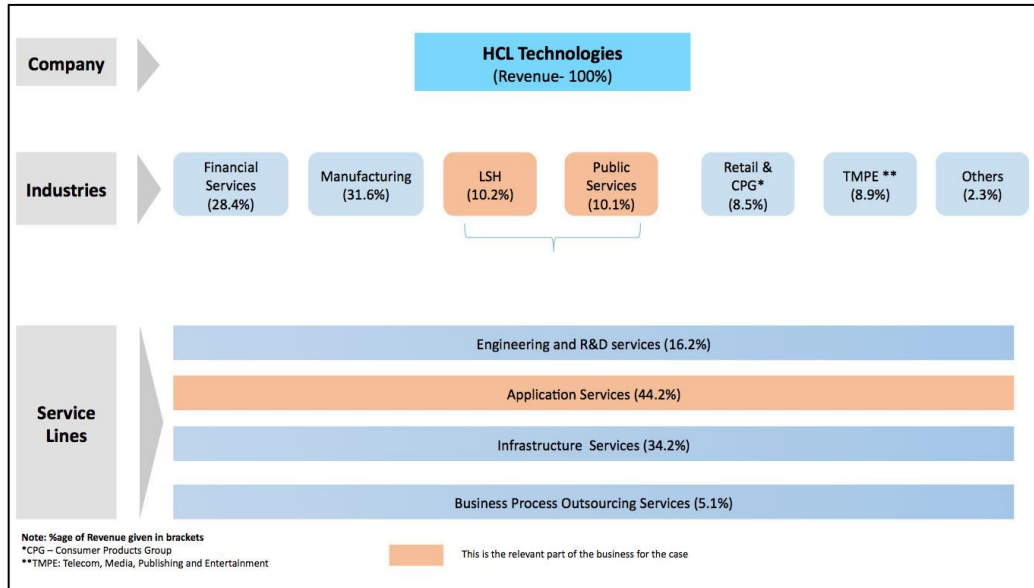
Now he knew that with Starting Point, his team had taken a giant leap from being analog to becoming more digital. But the key question remained: Going forward, how could Starting Point help keep HCL agile in a fast-changing and hyper-competitive industry? And how could HCL best take advantage of this “first mover” opportunity?

¹⁸ Sandeep Kishore, “Be Digital or Extinct—the existential question,” blog posting.

Case Discussion Questions

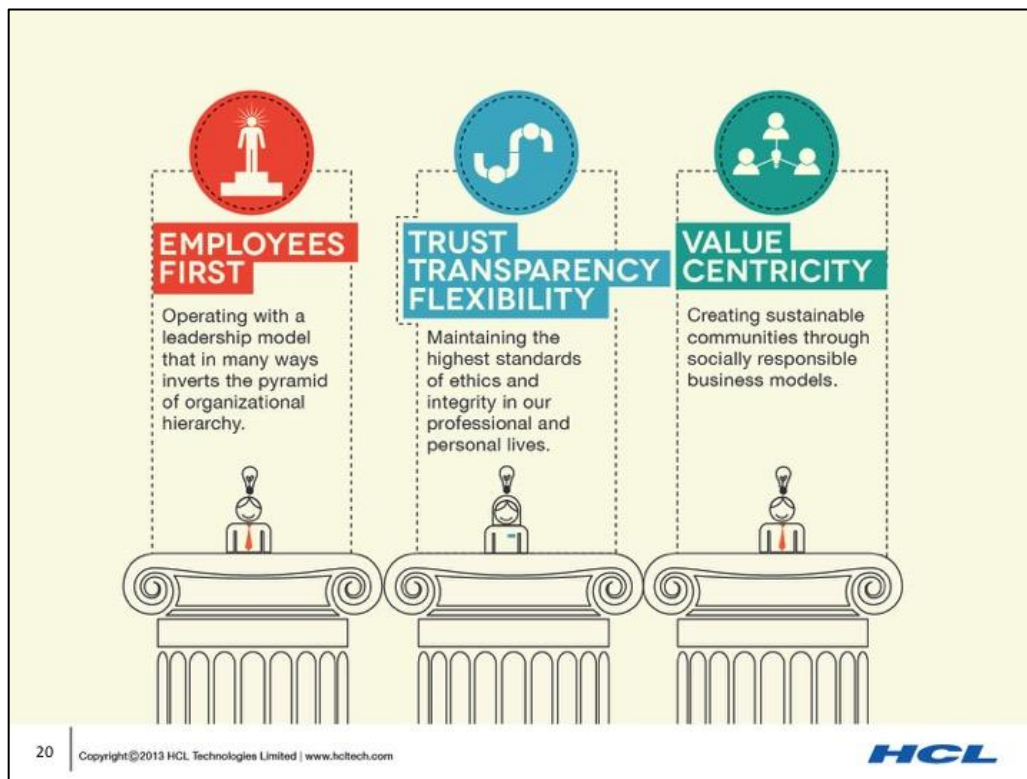
1. Employees and customers are leading “Digital Lives,” why would it be necessary to leverage a digital platform to improve business effectiveness and interactions with the customers
2. How did HCL’s “Beyond the Contract” philosophy influence the creation of Starting Point? How might Starting Point help differentiate HCL from other IT service providers?
3. What processes would you recommend for the newly trained employees to provide feedback to improve and sustain the ongoing effort of the new platform? What alternative methods or tools can HCL utilize to further improve the proposed methods to acquire and retain talent?
4. Propose an incentive system that will more directly align the sales leaders’ objectives with the Starting Point platform.
5. What other metrics would you suggest to measure the effectiveness of the ongoing process?
6. Given the effectiveness of the model thus far, what are the next steps?

Exhibit 1 Areas of HCL Impacted by the Starting Point Platform



Source: HCL

Exhibit 2 HCL Core Values



Source: HCL

Exhibit 3 Going Beyond the Contract



Source: HCL

Exhibit 4 HCL Overview



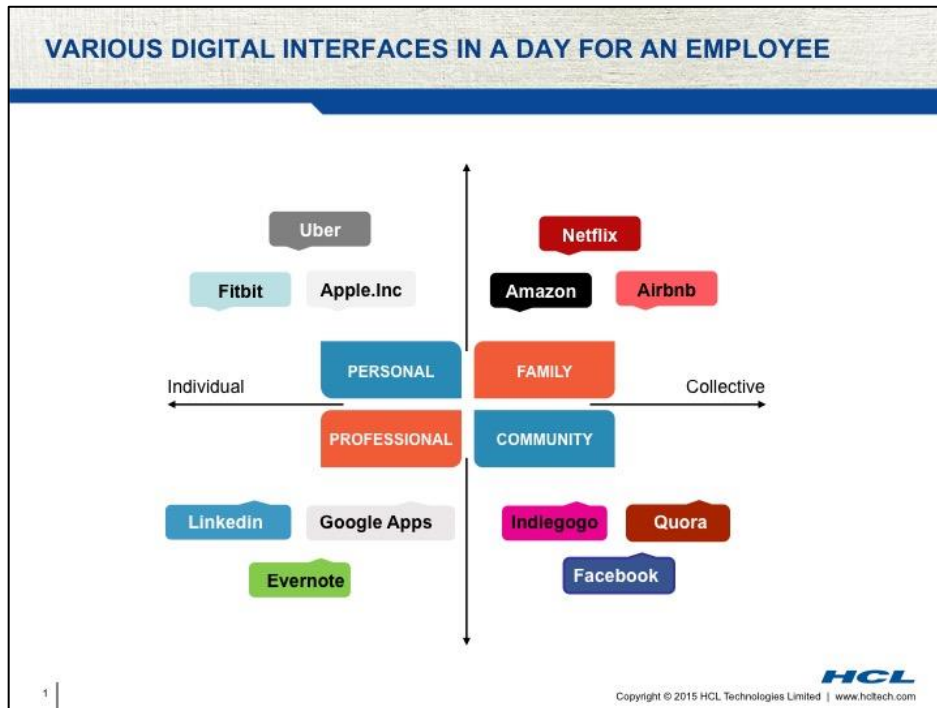
Source: HCL.

Exhibit 5 Total global IT Services and IT spending (2014 to 2018)

(\$ millions)	<u>2012</u>	<u>2013</u>	<u>2014F</u>	<u>2015F</u>	<u>2016F</u>	<u>2017F</u>	<u>2018F</u>
IT Services	\$905,769	\$921,914	\$964,330	\$1,011,596	\$1,062,382	\$1,116,861	\$1,177,034
Total IT Spending	2,660,596	2,681,121	2,756,698	2,854,506	2,959,158	3,070,413	3,190,708
Percentage of Total	34.0%	34.4%	35.0%	35.4%	35.9%	36.4%	36.9%

Source: Gartner Group, 1Q 2014.

Exhibit 6 Daily Digital Lives Interfaces



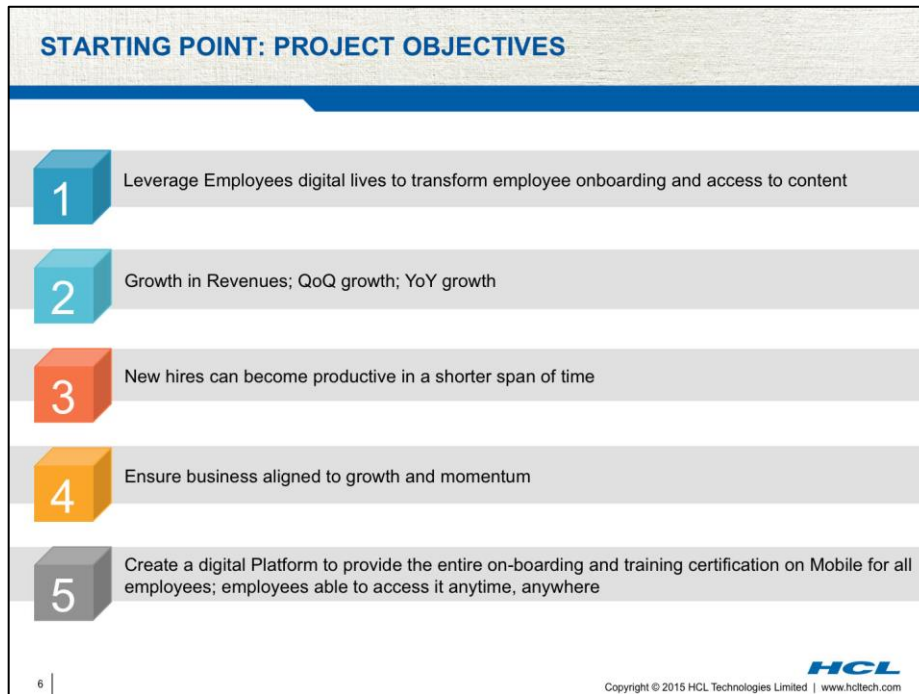
Source: HCL.

Exhibit 7 Time Spent Per U.S. Adult User per Day with Digital Media (2008 to May 2015)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015YTD</u>
Mobile	0.3	0.4	0.4	0.8	1.6	2.3	2.6	2.8
Desktop/Laptop	2.2	2.3	2.4	2.6	2.4	2.3	2.3	2.4
Other Connected Devices	<u>0.2</u>	<u>0.3</u>	<u>0.4</u>	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>	<u>0.4</u>	<u>0.4</u>
Total Daily Time Spent (hours)	2.7	3.0	3.2	3.7	4.3	4.9	5.3	5.6

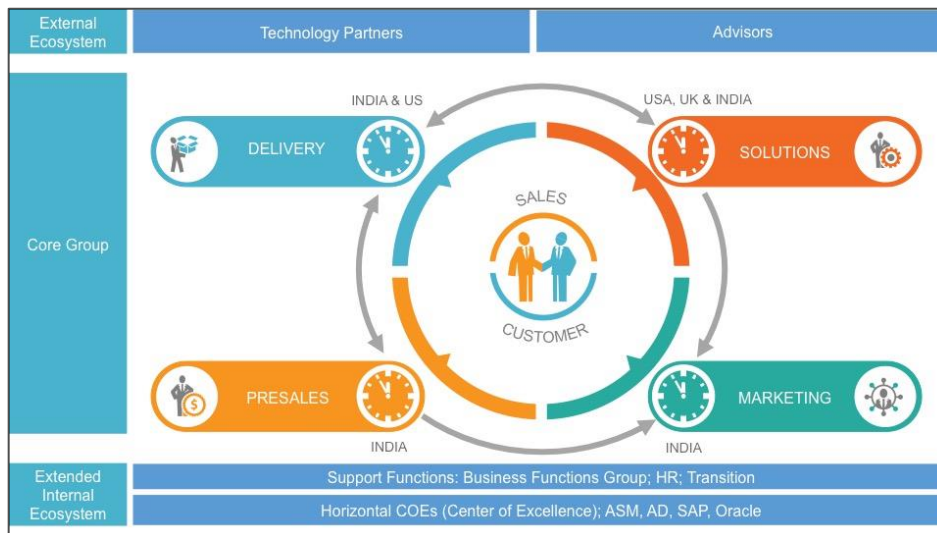
Source: Mary Meeker 2015 Internet Report, page 14, KPCB.

Exhibit 8 Project Objectives for the Starting Point platform



Source: HCL.

Exhibit 9 IT services B2B relationships and complexities



Source: HCL.

Exhibit 10 Descriptions of U.S. Generational Cohorts

Greatest Generation—Also known as the GI Generation. They are born from about 1901 to 1924. Defining experiences: the Great Depression, the New Deal, and the Roaring Twenties.

Silent Generation—Also known as Traditionalists, Veterans, or the Mature Generation, their birth years are between 1925 and 1945. Events that shaped them: the Great Depression, World War II, and the Korean War.

Boomer Generation—Born from 1946 to 1964, their defining experiences include the 1960s, the Vietnam War, the Civil Rights Movement, and the Women's Movement.

Generation X—Commonly referred to people born from 1965 to 1981. Events that shaped their lives: latchkey childhoods and rising divorce rates.

Millennials—Also known as Generation Y, Net Generation, or Echo Boomers, their birth years are from 1982 to early 2000s. Events that shaped their lives: 9-11 attacks and the rise of the Internet.

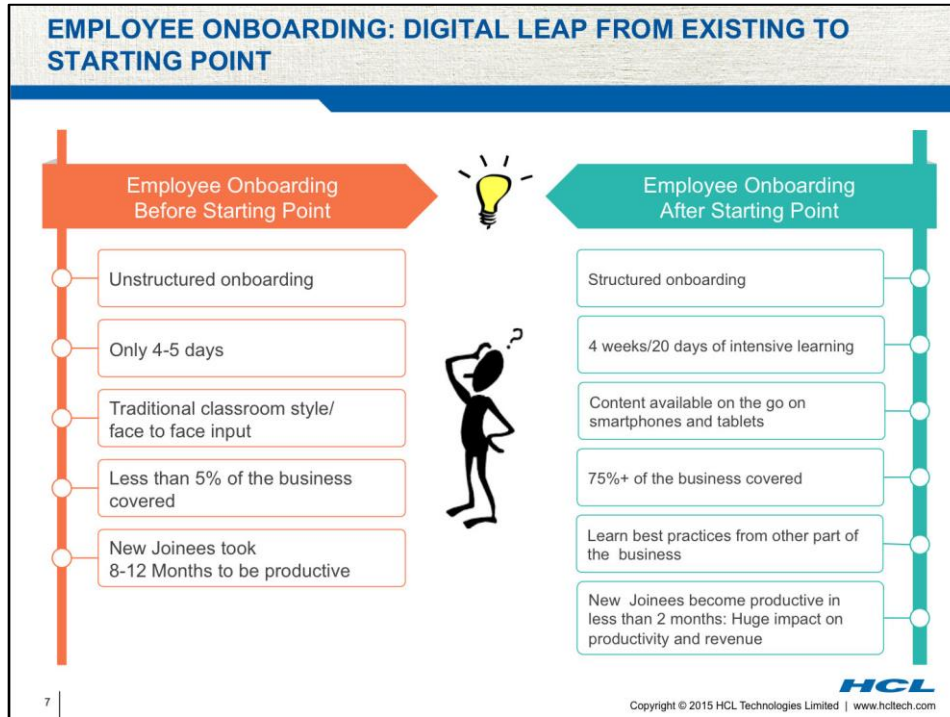
Source: USA Today, May 4, 2012.

Exhibit 11 Characteristics of Mobile Phone Usage by Generational Cohort

	Baby Boomers	Generation X	Generation Y
U.S. Number	76.4 million	65.5 million	86.2 million
Mobile Phone Users	66.7 million	61.8 million	79.6 million
Mobile Internet Users	28.8 million	38.4 million	50.3 million
Smartphone Users	28.3 million	37.3 million	49.0 million

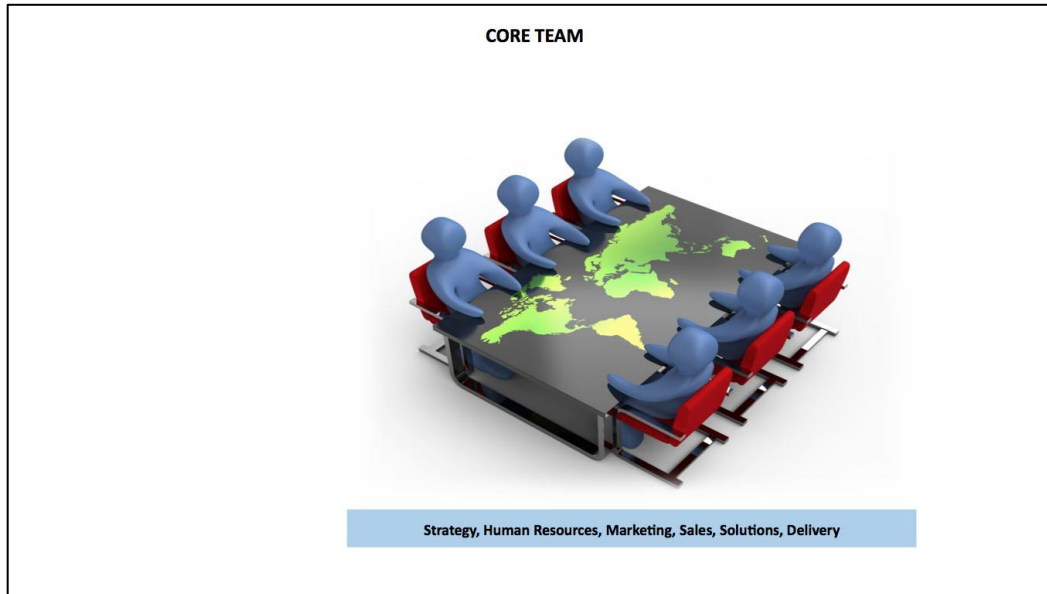
Source: e-Marketer, 2013.

Exhibit 12 Making the Digital Leap



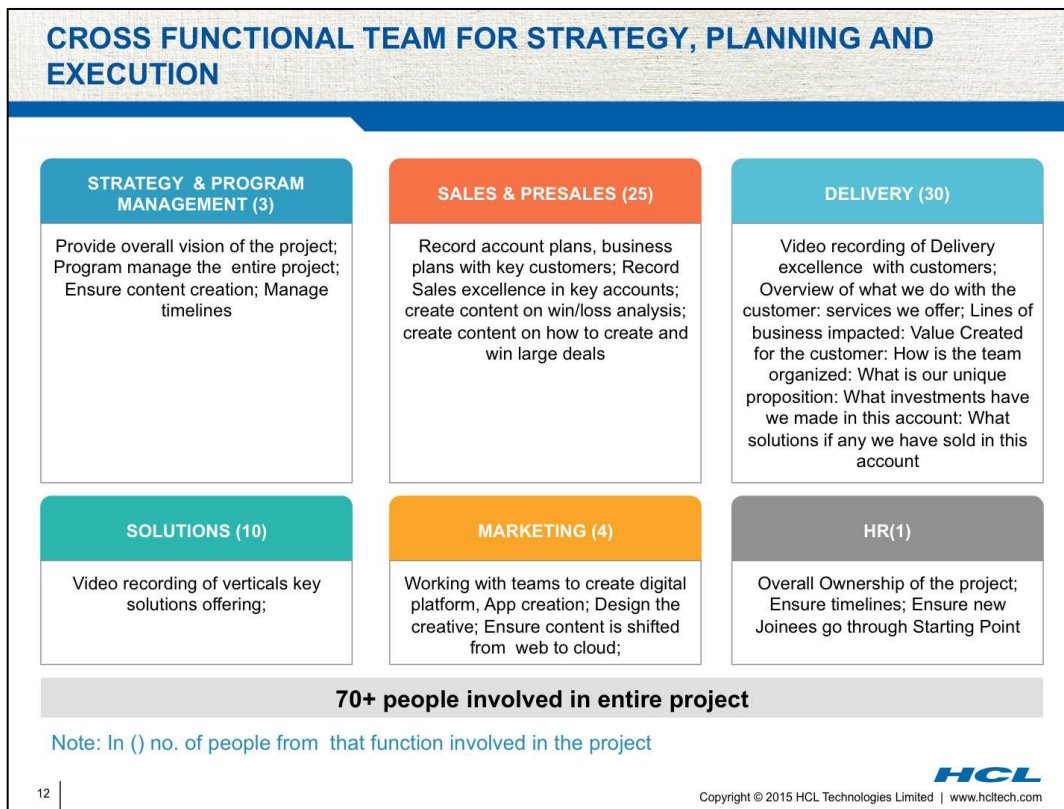
Source: HCL

Exhibit 13 Cross-Functional Core Team Representation



Source: HCL.

Exhibit 14 Cross-Functional Core Team Responsibilities



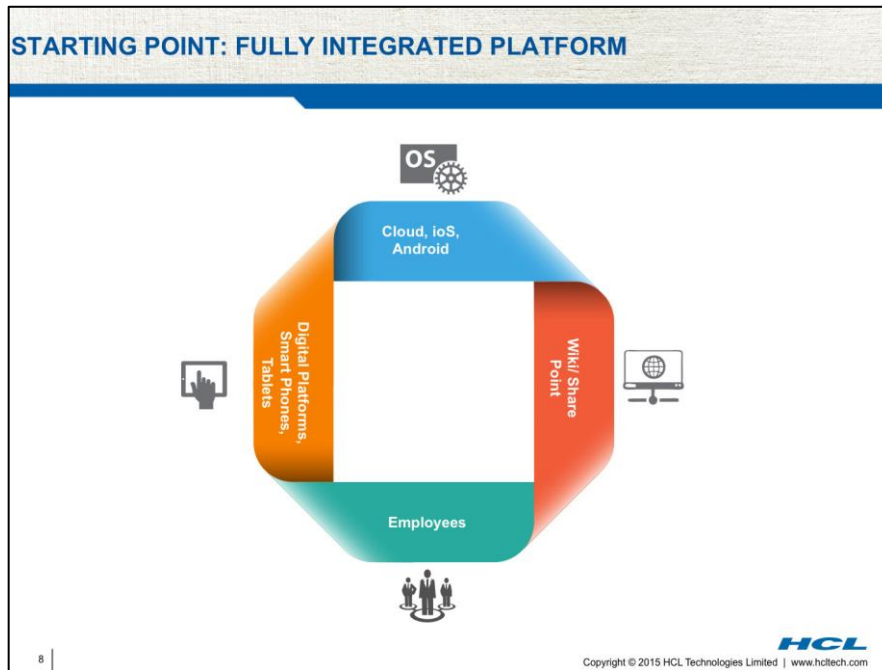
Source: HCL.

Exhibit 15 Implementation Timetable - Basic and Advanced

Starting Point Implementation Timelines												
Functional teams	Basic						Advanced					
	Wk. 1	Wk. 2	wk. 3	Wk. 4	wk. 5	Wk. 6	Wk. 1	Wk. 2	wk. 3	Wk. 4	wk. 5	Wk. 6
	Strategy & Program Management											
Setting the vision and the program objectives	█											
Articulate the vision to key business leaders and get their buy in		█					█					
Reaching out to sales leaders for content			█	█	█							
Reviewing the content and ensuring that the content is as per requirement			█	█	█				█	█	█	
Monitoring that the project meets its deadline and milestones		█	█	█	█	█	█	█	█	█	█	█
Sales												
Creating the content			█	█	█							
Solutions												
Creating the content			█	█	█				█	█		
Delivery												
Creating the content								█	█	█	█	
Marketing												
Designing the creative for all the pages of Starting Point			█	█					█	█	█	
Work with the technical team to create the mobile app for both Android and iOS				█	█				█	█		
Follow up with Delivery to get the content for advanced								█	█	█	█	
Push all the content from the web to the Mobile App					█						█	
Upload the app on Google Play and Apple store						█						█
Human Resources												
Give inputs on the content to ensure that the content is relevant for new joinees			█	█	█				█	█		
Work with Corporate teams to get content from the Corporate Office			█						█			
Design the Mid-Term and the Final assessment test				█							█	

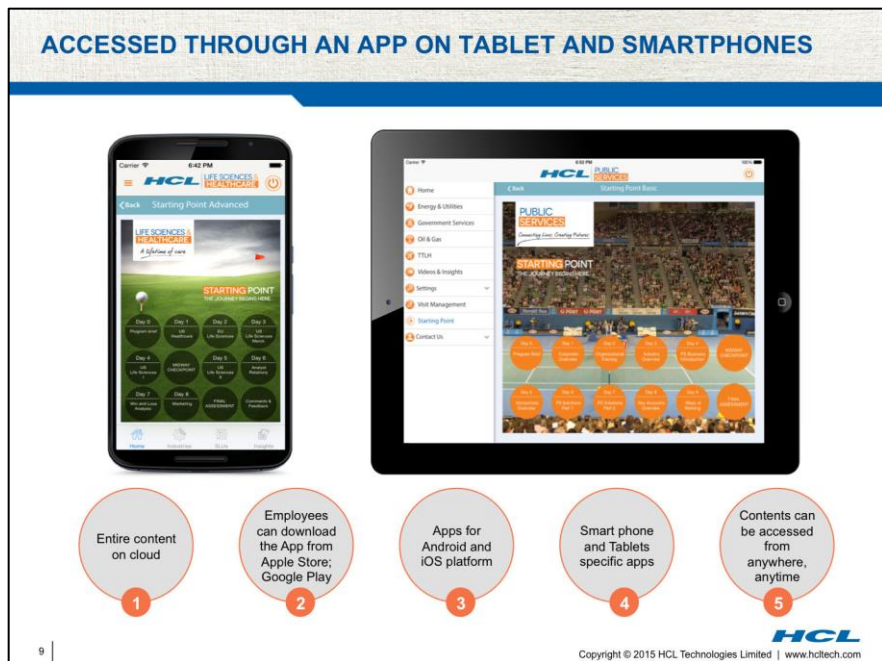
Source: HCL.

Exhibit 16 Starting Point Platform Vision



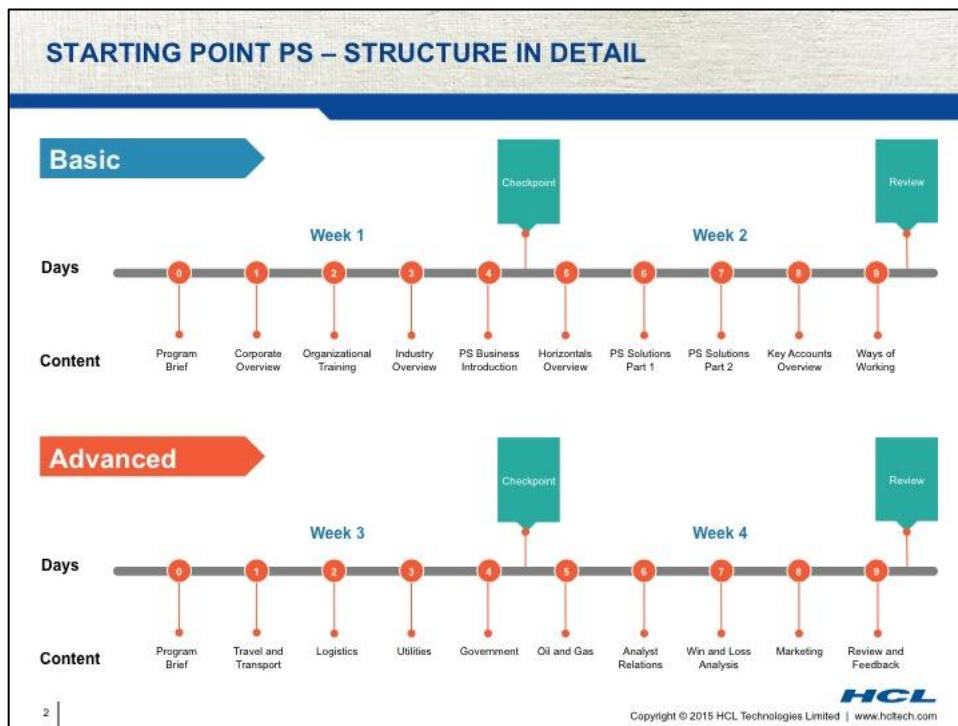
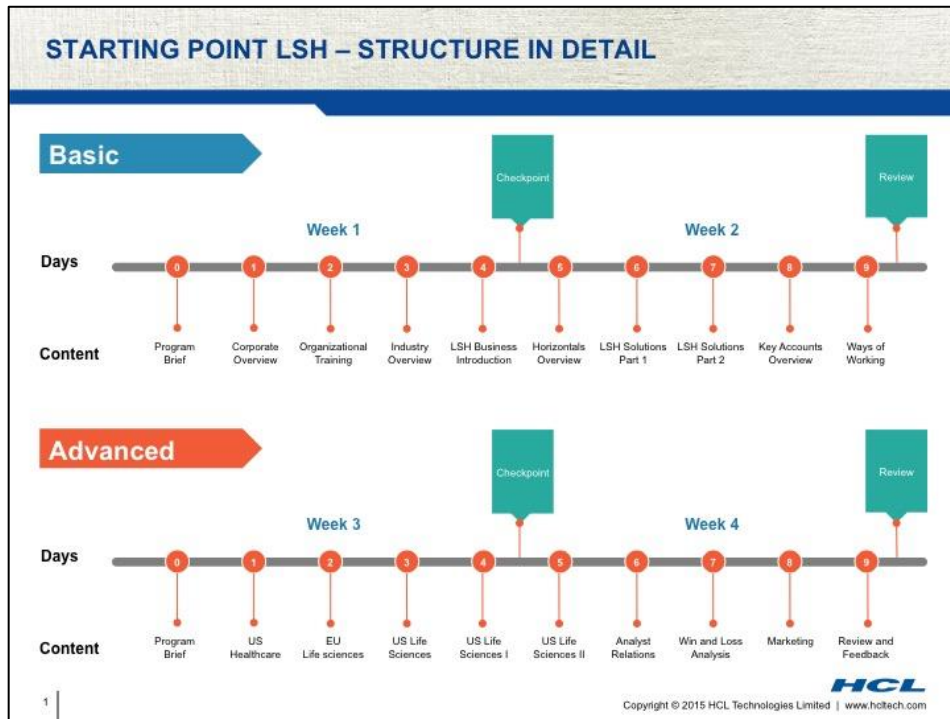
Source: HCL

Exhibit 17 Starting Point Platform Vision



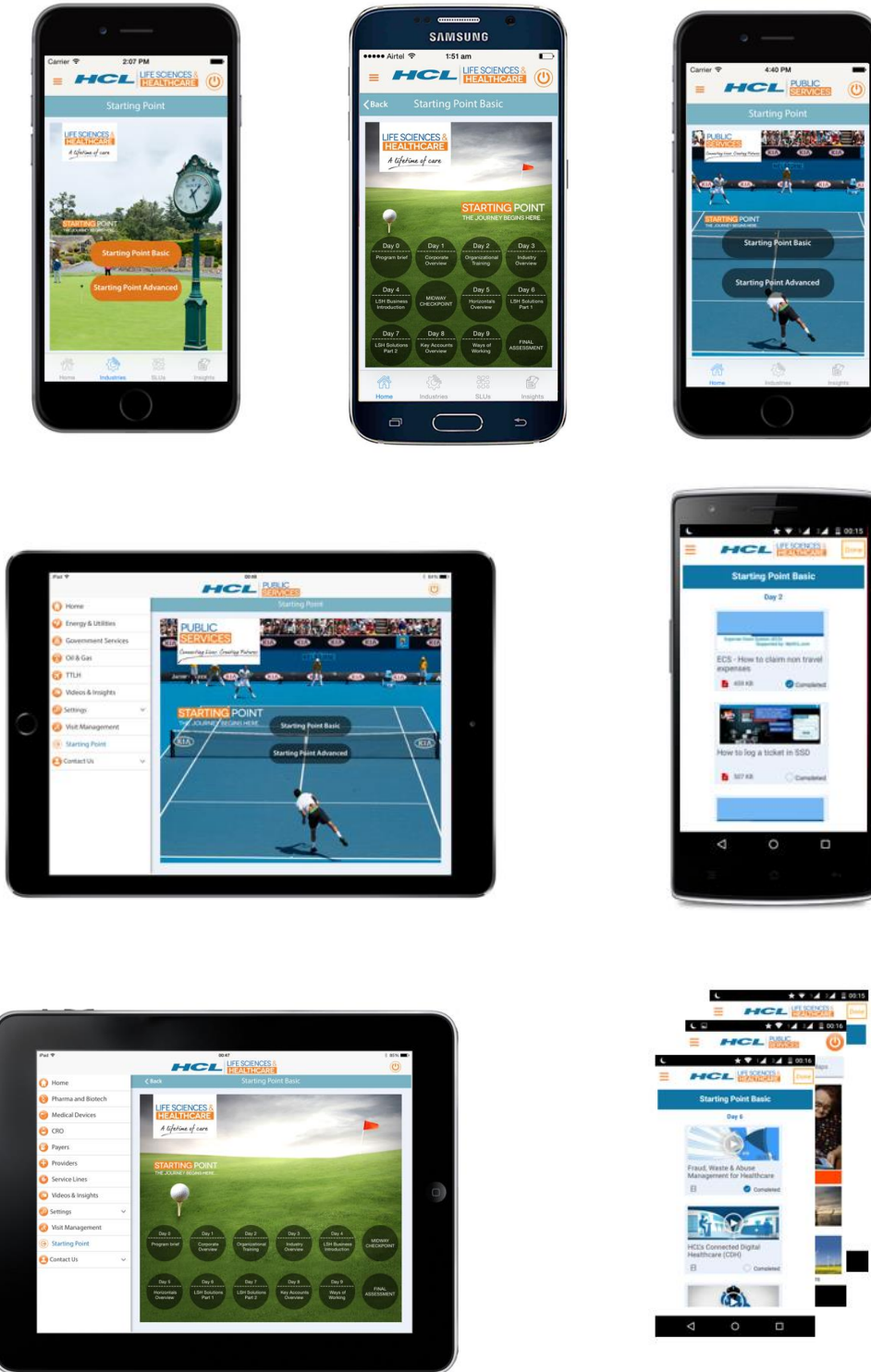
Source: HCL

Exhibit 18 Basic and Advanced Content



Source: HCL.

Exhibit 19 Starting Point On-Screen Content on Multiple Digital Devices



Source: HCL.

Copyright © 2015 by The Regents of the University of California. *All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means – electronic, mechanical, photocopying, recording or otherwise – without the permission of the Berkeley-Haas Case Series.*

For more information, please visit us online:

cases.haas.berkeley.edu