Digital
DYNAMOS

A global provider of IT services, Indian company Tech Mahindra is focusing on Continental Europe for growth opportunities.

Images by Ritam Banerjee

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Founded in 1986, Tech Mahindra has been in the telecommunications and information technology business for almost three decades. The company has its headquarters in the city of Pune, India, but has a worldwide reach with operations in more than 51 countries. With more than US$4.6 billion in revenue annually, Tech Mahindra is one of India's largest IT ventures and has developed a reputation for expertise in business consulting and outsourcing as well as standard IT services.

Rajesh Chandiramani is Tech Mahindra's Senior Vice President of Continental Europe. "The way Tech Mahindra is structured now, we do almost about 30 per cent of our business in Europe," Rajesh explains. "That's close to about US$1.1–1.2 billion in Europe, and I am responsible for Continental Europe, which is anything outside of UK and Ireland. That's close to 50 per cent of what we do in all of Europe." Rajesh came to his role two years ago, after a brief stint at management consulting company Capgemini. He had previously worked at Tech Mahindra for six years, which he says meant he was able to hit the ground running.

"Before joining Tech Mahindra, I was the group sales officer of Capgemini. I knew Tech Mahindra from the past as I had been working with them in various management roles from 2005 until 2011. Primarily, my responsibility across those six years was running the European sales; then I was responsible for Asia–Pacific regions. I was also the Chief Marketing Officer of Tech Mahindra for six years and that gave me good visibility and connection with the management team, so coming back, it was very easy to establish myself. Also from a Tech Mahindra perspective, Europe was targeted as a high-growth market, and we needed more energy and more trusted people who could build on that. Since I came back, we have really built a stronger local team, and arguably one of the best performing regions within our company has been Europe. The choice was very clear—I knew the management team; they are a very entrepreneurial organisation and I was looking for that kind of an environment to succeed together."

Coming into his role as head of Tech Mahindra in Continental Europe, Rajesh said he wanted to really optimise the potential for growth by focusing on culture. ❯

Although the company is Indian-owned, Rajesh wanted to ensure that the staff were local when possible, to ease the minds of potential clients who preferred to work with local companies. "One of the major things we did in Europe was to localise ourselves as much as possible," Rajesh explains. "We hired a lot of local leadership and local client engagement managers and client partners, because we believe when you want to sell in France you've got to be a French company; when you sell in Germany you have to be a German company.

"We made a lot of effort in terms of localising Tech Mahindra and making sure that we are seen by our clients not as a purely Indian company but more of a European company who can be the gateway for them to take projects into India. We also partnered a lot with local small IT companies in most of the European countries. And most of the large projects which we have won in the last six or seven quarters have been because we have partnered with the right kind of local companies—whether it's in Switzerland, Germany, France, or Nordics. We have really created that kind of value system for our customers so that they can see that and be comfortable giving business to an Indian company."

The cultural differences and understanding between Tech Mahindra and local European companies goes both ways. Rajesh and his team work to ensure that whenever there are Indian Tech Mahindra staff working with local European staff, team activities are planned to enable employees to understand each other and work together in a more harmonious way. "For instance," Rajesh explains, "we do a lot of cultural get-togethers between the employees and the partners. It means there is an understanding and coaching so that we can respect each other's culture. And the benefit of that is that there is more harmony in the local European projects which we deliver. It's not 'us versus them'; it is working together to achieve the common objective of the business."

Part of Tech Mahindra's strategy in localising is to ensure that the company follows all the rules and regulations of each country, and employs as many local staff as possible. "As I said, we as a company are trying to be as local as possible. We follow the local law of the land wherever we are present, whether it's in terms of dealing with compliance or governance; it becomes a mandatory part of our engagement. For instance, when I engage with one of the top tier-one auto-manufacturing companies in Germany and we are one of strategic Indian IT partners for them, they are very particular about which kind of suppliers they will on-board, and have standards in areas from governance, to corporate social responsibility, to being local, handling the local set of employees.

"In a lot of our business we take over assets; we take over assets in terms of people, in terms of infrastructure. In one of the finished deals, we took over assets in 39 locations because they had factories in 39 locations. If we have to exist in Europe, we have to pretty much follow the law of the land. We follow all the strict governance and social responsibility laws as an organisation to make sure and give that comfort to our large customers. We are quite regional or quite country-specific when choosing partners. We have a set of local partners, and we have a different set of global partners. For instance, when I am doing an infrastructure deal, I will have a partnership with a Cisco or IBM or Hitachi, but, for example, in France, now I have local partners like Feel Europe."

These changes that Rajesh made, and the culture he implemented in the company, helped combat a problem Tech Mahindra was encountering in Europe—a scepticism towards international companies and a belief they would not understand the local European or country-specific environment, something Tech Mahindra needed to overcome to be successful. "I think one of the big challenges is

there hasn't been big outsourcing out of Europe into India when you look at markets like Germany and Nordics, but it is opening up.

"Just recently, I had a meeting in Sweden with one of the top energy companies and they were talking about the comfort to business when you are able to represent how you are taking the local knowledge and just not copying and pasting something which is more international. There are lot of Europe-grown companies that have business moving east, and bigger shares of their revenue are coming from the Asia–Pacific. They're seeing the demand to go there, and that it's a low cost centre, but they also want to maintain their culture, heritage, and beliefs. And that's where I think our strong partner ecosystem within each respective geography has made a very big impact."

Tech Mahindra offers both nearshore and offshore IT services to European companies. This model works well, as some of Tech Mahindra's customers want to outsource services but want to keep the offshoring within Europe. It also means that Rajesh and his team can customise solutions for clients to ensure individual company needs are met. "Some customers, after they visit India and they see the kind of projects India delivers, they want to fast-track moving offshore, whereas some customers want to take a slower pace," Rajesh says. "It's also related to the maturity of the customers, but I do have some German customers who are taking a bigger leap. Some of the big automotive companies are taking really big steps and they don't want to lose on time or savings just because they want to do a two-step process.

"It's kind of a mixed feeling. I just outsourced a very large manufacturing company in Finland—Ahlstrom—and we pretty much did not go with the two-step approach. They were actually dealing with a very local IT company and they went ahead and said, 'We really don't want to do a

two-step because of our business needs and the cost savings upfront; we would rather take the risk of moving right away'. And they are quite happy with the Tech Mahindra services. We are almost 10 months into the service transition and operations, and they are quite happy. It's really about the maturity of the customer, which influences how we want to behave. We have both options; we have a nearshore as a gateway to the offshore, and we have a complete offshoring model. Of course, the benefits to their business varies depending on how they want to approach it."

One of Tech Mahindra's other specialities is in helping companies take their entire business digital. Rajesh explains that the company has been doing this for so long, for so many large international companies, that he is extremely confident in their ability to provide a solution for almost anyone. "If you look at the pedigree of my organisation, we had been a telco

service provider for almost 20 years," he says. "We started in 1986 and until about 2009 we were actually quite focused around the telcos. So we used to service in a big way, a tier-one American telco provider. We do now as well with some of the well-known global tier-one telcos, like Vodafone, with BT, KPN, with Telenor, TDC. With all of these telecom operators we were able to convince them—and globally, like Telecom New Zealand, Vodafone Hutch Australia, Hutchison Group—to let us manage everything from end to end.

"Tech Mahindra, because of its pedigree, is very confident when converting an enterprise into digital. And we feel there is a very high need for every industry to become more digital. Customer buying behaviour is changing. When I talk to all the CIOs of auto companies, they say that in five years all of our cars will be connected online. Everything will be connected so that we are able to optimise the maintenance,

usability, and the consumption of the product. For instance, in the health industry, working with Philips, we are building a digital health platform with them, which basically allows all the information of someone to be centrally located and available for the peers."

This really is where Tech Mahindra shines: connecting a company in all areas of its business and providing ›

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services that make it easier and cheaper for their digital and IT solutions. The company may have started as a service provider for telecommunications companies, but with the advent of the Internet of Things, all industries need to go digital or fall behind. "What makes us special is our knowledge of connected solutions. Tech Mahindra has a tagline of 'Connected World, Connected Solutions'. And we see that every industry is now wanting to get connected—trains are getting connected, health solutions are getting connected."

Tech Mahindra has already worked with a number of companies in a number of industries on this issue. Rajesh says his staff are experts at understanding what needs to be done to bring a traditionally non-connected business into the digital space. Everything from health care to cars to air-conditioning and watches is going online, and if companies don't want to end up like the next Kodak, they need to think ahead. "For example," Rajesh explains, "I have a global medical devices customer in Europe whose business is in making diabetes machines, and today their business comes from selling the sugar measuring strips for their machines globally.

"Now at the moment, you have a digital device, and a personal device which is connected to the user 24/7, and is giving them sugar level information on a round-the-clock basis. Their business will come into big change because they may soon no longer be selling traditional strips. So the company has a demand to actually get their product changed, to make it real-time connected, with sugar levels measured on a real-time basis to make decisions in real time. And because of our experience working with mobile devices and real-time connectivity with these kinds of connected devices, we think that we have a very good chance of helping them create a new business model by operating in the digital space for them,

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because we are able to convert these enterprises—whether it's a manufacturer, or an auto company—to a new digital world.

"We bought a company in Germany which basically converts old-generation cars into connected cars. We have an IP and we are selling it into lots of rental car companies that have old cars and into courier companies which have big logistics management. So all the products are these days either getting consumed as a service or they are getting connected to some other device. When you look at the home, the home is getting more connected; you want your heaters

to be connected remotely, the air-conditioning and the refrigerators. The Internet of Things is something which we have understood for many, many years and digital is a space where we have been operating for 25 years now. So we think that we are very well positioned in the Internet of Things because we are primarily a digital enterprise."

Moving forward, Rajesh says that he believes Europe has a lot of potential for Tech Mahindra's business model, and will be a large focus for the company. Because of the cultural issues and hesitation of European companies to go the full outsourcing route straight away, Tech Mahindra's European branch will be focusing on near-sourcing first, then moving companies to a full outsourced model in the future. "For the next three to five years, Europe will continue to be a strong focus. That means that we will have more and more delivery centres coming into each of the geographies. We also have a nearshore location in Budapest, a partner location in Poland, and we are looking at some other eastern European countries as potentials for our nearshore delivery centres. We see that lots of our customers have this comfort of having a nearshore to be the gateway to offshore.

"We have been saying to European companies, 'If you really want to do big offshoring to India, let's do a two-step approach. Let's first go to a nearshore location where you can do smaller projects.' The scale is still a challenge, and when you go to Budapest or Bratislava and Poland, you cannot get 500 or 600 SAP experts at the drop of a hat. There is a shortage of skills but there is enough skills to be able to take the first level of outsourcing and then when you do the major wave of outsourcing you can use it as a gateway. A lot of our customers are looking at Poland, Hungary, Bratislava, and Czech Republic as the first gateway into the offshoring, and that's pretty much what we are showing. So we work with our nearshore centres to take projects and then move them." ○