

“Marketing strategies for Indian IT industry (software products and services) for development of exports”

1) Rational for topic selection:

Immediately after the Year 2000(Y2K) the IT industry went through the time of slowdown and depression (popularly called the **IT dotcom bubble burst**). Whereas the IT companies were looking forward to great business opportunities and so they started preparing and investing, unfortunately, it all turned out to be a great hoax and no work was called for towards the great transition from the year 1999 to 2000. Coupled with several other factors such as lack of innovation, visa restriction, threat from emerging economies, the industry in India suffered a great vacuum and things came to a grinding halt. The growth rate in the IT software market fell to 18% in 2001-02 and then fell further to 13% during 2002-03.

Objectives:

A need was felt to carry out research in this area to assess the present status of IT industry in India, estimation of global share of Indian software and IT/ITES industry, Identification of the factors of success of exporting nations, predict future potential for development and growth of exports and suggest a few global marketing strategies for development of exports **leading to global market leadership.**

2) Research Methodology used:

Exploratory research methodology has been used consisting of literature survey, the experience survey and the analysis of "insight-stimulating" examples such as case studies. Cluster sampling was used. A sample size of 300 was constituted based on kerlinger and morgan table

constituting: -10 Top IT companies, 190 SMES, 100 experienced IT professionals.

i) **SWOT analysis** was carried out to identify weaknesses and convert them in to strengths, identify threats and convert them into opportunities.

ii) **The Questionnaire** was administered in 3 phases to elicit responses in 3 steps namely I) assessing strengths, weaknesses, opportunities and threats, Identification of dimensions for development of exports and 16 dimensions for development could be identified. II) The 16 dimensions were sent to the respondents for grading on a scale of 1 to 10 for ranking .III) The top 6 dimensions were seen to cover all the attributes for making export development strategy. The third phase of questionnaire focused on Identification of action points for export development and implementation methodologies.

iii) **Case studies were carried out on IT major firms such as TCS, HCL, Infosys**: - Comparative studies were made on strategies of IT major firms and also the strategies of S/W exporting nations including identification of characteristics of S/W exporting nations and IT industry in India.

3) **Major findings**:

Some critical observations about the Indian IT industries includes: -
Lack of Branding initiatives, lack of IPR initiatives, Onsite work is more and much less Offshore, more coders than programmers, More men workers than women workers (body shopping), Top 5 firms exporting 40% of all export and top 20 firms exporting 70% of all exports. Indian software exports are more of services oriented rather than goods, The S/W industry follows the clustering pattern. Out of a total of approximately 3000 companies, there are 558 S/W companies in 7 cities. 25% are in Bangalore alone. Other findings are: -

- i) Race to the bottom of wage scale is not a solution
- ii) India's position on certain factors such as productivity, infrastructure is far behind USA, UK, Japan, Korea, Germany, Ireland, and Israel etc.
- iii) The new markets would be towards continental Europe, Russia, Japan, Asia
- iv) The new products/ services will include newer business models such as GDM (Global deliver model), RIM (Remote infrastructure management), off shoring etc.

The export development model propounded includes the following six pronged strategy: -

- i) Development of work force with Foreign language skills
- ii) Encourage Innovation
- iii) Setup ITIRs (clustering)
- iv) Facilitate IPR
- v) Strengthen IT security
- vi) Develop High end IT skilled manpower

4) Directions for future research and things not covered:

IT hardware sector is not covered in my research Work, which can be included by next researcher in this area further research could be taken up through possible segmentation to the thesis in terms of Product based segmentation, services based segmentation (BPO/KPO), and region based segmentation. Knowledge processing outsourcing has very high potential for exports growth and research work.