# Will cloud computing make Indian-origin IT companies into sub-contractors?

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Cloud's response to Chaplin

Western history's last 100 years prove that they never approved of excessive human interface in business to avoid disparity in quality, human slavery and trade union problems.

In the 1930s, filmmaker Charlie Chaplin highly criticized auto-mechanization and robotic human interface introduced in factories at that time. His film 'Modern Times' shows how factory workers remain stationary while repetitively performing a single function so the assembly line never stops. He illustrated automation for eating lunch. A machine is brought to the other side of the assembly line; its extended arm, aimed at the standing worker's head height, puts food into his mouth so his hands can continue to perform his mechanical task. After taking a bite of food that touches no plate or cutlery, the rotisserie-like feeding machine rotates the food to facilitate his chomping the other side.
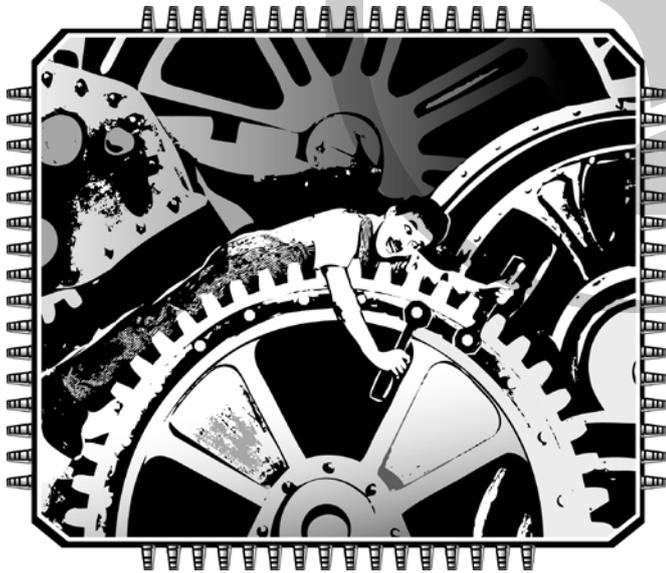
This was the vision of a genius who was much ahead of his time. He mimicked the ridiculous, de-humanizing heights automation can be used for.

Hence it was only natural that Western society found digital technology to cut excessive human interface in the business. Of course in its early stage it required lots of manpower, but cloud computing (in ways that Chaplin predicted with mechanization) is reducing human interface to the bare minimum.

Global IT brand kings may sandwich others with cloud

India may be touting cloud computing as the next "in" thing without really considering where they stand in the pecking order of the industry. So it may sound absurd that new computing paradigms like cloud can radically diminish the profitability of India's $60 billion IT industry. Sunset may be knocking on the door of the golden time when Indian-origin IT companies provided demand-led IT services to developed countries.

At the macro level, globalization and digitalization are affecting all industries, at the micro level, cloud computing and social networking will impact all companies. Since the Industrial Revolution, Western nations have ruled the world's markets using talent pool from their colonies. My thinking is that global brand IT biggies will colonize the IT world leveraging their brand worth and localizing in every country by ingeniously commanding business solutions using emerging technologies like cloud computing. Aside from several emerging technologies, they will command the powerful "cloud reservoir" to become the central hub monopolizing the IT eco-system of global companies. Majors like Accenture and IBM, among a few others, have tremendous clout as they already drive their clients' IT strategy on investment, innovation, solutions and applications at the strategic CEO/CFO and Board level. They even manage their clients' other IT application sub-contractors, including Indian vendors, so clients can sleep easy. Companies

like Google and Microsoft, who are not big "service providers" in the Accenture, IBM sense, have access to almost every PC/Internet user in the world. They too will try and leverage their position to gain traction in the cloud world. I am sure emerging players like Facebook with 500+ million members are already working on devising strategies to have their play in the new world of cloud. Thus Indian IT majors are squeezed (or perhaps sandwiched) between the global IT biggies with their brand and customer trust on one hand, and players with deep pockets and reach like Google, Facebook and Microsoft on the other. A sandwich typically ends up being lunch.

Recession has made global companies extremely price sensitive. Today's chief information officers (CIOs) are compelled to focus on business beyond technical requirements, converting the IT function from a cost to profit centre. When technology is commoditizing yet advancing so rapidly, cloud computing may become the CIO's cost effective solution to de-risk IT investment. Here shared resources are available on demand, the way we draw our electricity or water supply from a common grid effectively democratizing it and freeing it from rigid and insular silo-like structures.

I foresee global brand IT majors inventively solving today's cloud barriers such as security risk and 24/7 service availability. Capitalizing on their brand worth and reducing their own cost to be competitive, they will gain volume by delivering business value with strategic interface. They will use several IT companies, including Indian-origin IT, to run that marathon of providing commoditized services with huge employee numbers. Clients will naturally trust the global brand as intermediary to cut their cost, reduce the complexity of synchronizing several vendors, and advance their business growth.

Indian-origin IT getting 'clouded'?

So will Indian-origin IT companies eventually lose their direct customer base? Will they become third party sub-contractors of global brand IT biggies? Historically Indian-origin tier 1 to tier 3 IT service has not paid attention to helping shape their client's business strategy through technology solutions.

With strong horizontal competence, Indian IT companies have successfully grown by fulfilling the vast IT demand-supply gap when manpower was scarce and expensive for clients. Providing low cost, basic technical services, they considered this advantage would always be theirs, and expected to continue growing volume and 30% bottomline annually. This is total misunderstanding of the Western world.

It's true that global companies cannot survive without IT support tomorrow, but moot point is whether India's current IT service model will remain indispensable. Global clients have always associated Indian IT as cost advantage from diligent service providers having scale and cost advantages. They consider them 'order takers' rather than consultative approach vendors who enhance the client's business. Indian IT's current focus on global delivery model chases volume growth, scale, utilizing capacity resources to maxime market share from current leaders. In going after quantity, they fail to strategize and invest qualitatively in imbibing best practices for long-term sustainable brand worth for better growth and net worth.

In working directly with clients when technology has become competitive and commoditized, a huge cost reduction is expected. Work volume could become very high, but bottomline will plummet to 5%.

Emphasize human intelligence in basic coding interface

The days of 25 to 30% bottomline in this cloudy world may be a thing of the past. A dramatic mindset shift is required towards becoming client business centric.

The only choice is vertical centricity, diving in-depth into the client's industry to shape his business strategy with high quality IT execution

Eighty percent of India's delivery execution people comprise the Zap generation, below 30 years. They don't like to be software coders. After 3 to 5 coding years these IT professionals want to become managers who control teams.

The IIMs have geared up MBA courses for them, but omit to teach how they can help enhance the client's business in a global marketplace.

So these engineering MBAs do not imbibe high quality technical skill or global marketing skills, eventually falling into the "order taker" trap.

Indian-origin IT enterprises also need to emphasize on making their brand globally accepted as a value differentiator. They fail to engage at a strategic level because of soft skills deficiency among employees.

All companies claim they have soft skill training. Unfortunately that's an ISO-type certification that clients fail to perceive. A further gap is non-usage of best practices and their vast knowledge experience that already resides in the company to build a globally reputed brand.

Scant attention is paid to collecting the company's historical data and managing it for easy retrieval for usage when required.

Indian managements give special consideration to the time employees spend at work rather than to productive quality. Just people numbers may not justify the man-hours a given subject requires. Western culture may rationalize these areas by taking the advantage of cloud computing among others.

Be sensitive to menu than thali

To localize solutions, Indian-origin IT companies may borrow a leaf from how big star restaurants in the West serve customers. Using same ingredients, different chefs create their brands by embellishing dishes differently to sell at different prices. Western cuisine does not mix food like we do in the Indian thali system.

From pre-starter to starter, the main course, dessert and digestive, all are served separately by changing plates every time to restore each taste. My point is to understand cultural differences, not criticize either eating system. Indian-origin IT companies serve like the thali where everything can be mixed.

This generic IT service with several service lines caters alike to different industries. It does not sharpen focus for specific business requirements of customers. Volume business with standardized basic technology is processed to benefit customers with reduced cost and people arbitrage. Such service is commoditized today, like our water or electricity requirements.

All customer touch points that engage the customer professionally and psychologically, in marketing, sales, PR or delivery execution are in a thali today.

Clients don't care for sales and marketing people, or large service lines numbers. They just need to enslave technology in their own industry to grow their businesses better than their competitors.

Execution excellence dive will certainly recognize Indian IT as global brands

Indian-origin IT enterprises will gain respect as global brands of IT intelligence if they drive this menu:

1) Exceptional localization in each country they operate in, from culture, business and resource perspectives

2) Seamless blend of different human races of the world at work.

3) Employees should be trained to become gold mines themselves, unlike the current transactional training for gold hunting. This global human capital practice ensures people stability.

4) Deep-down focus on the client's business vertical with superior quality execution, the way Japanese and Koreans promoted their brands into new lands very successfully.

They have globalized several brands with high execution quality, rather than claiming to innovate. This should be the grand route for Indian-origin IT; innovation and inventions are buzz words that the world is not yet ready to accept from them. Every effort of global clients is to build the worth of their own brands for gaining proximity of their products and services to their end-customers.

Global IT biggies are totally in sync with that and cloud computing may be an accessory. Unless Indian IT thinking, execution excellence with human intelligence and interface are superbly relevant to their clients' business growth, will you still find Indian IT millionaires tomorrow, or will they all become 'clouded'?

Surface swimming to spread the horizontal services only

Deep dive into client's industry to shape their strategy to execution excellence