

## Infosys

*'Infosys must have a clear value proposition. If three to five years from now, when there is a \$25mn project, if the CIO were to ask his or her next in command whether the company had received the Infosys proposal, then I would feel that we have arrived'*

*--Narayana Murthy*

*"IBM is legacy, Infosys is the future"*

*P.Chidambaram*

In the year 2007, Infosys crossed the \$3bn revenue mark and according to the company officials, it expects its sales to surpass \$4bn by the end of March 2008, which would rank it alongside the major European and North American players like LogicaCMG, Bearing Point, and CGI group. Infosys generated a huge amount of revenues from the foreign sales. As per the company officials; in 2006 out of the total amount of revenues generated from sales, 98% was from the USA. In 1998, if we will look at the revenues generated by the company according to the geographical segment then also USA was at the top with having 82%, while India is 3%, Europe is 9% and rest of the world comprises of 6%. This factor indicates that Infosys is aiming at the global market and it has already started its internationalization process. The company which is into the international market in today's context, started by a middle class person in his own house with a very small investment.

In 1981, Mr. Narayana Murthy established Infosys with the help of 5 colleagues from Patni Computers and his wife, but in the later part he had separated his wife from Infosys. Mr. Murthy started his own company with a dream to supply the best software to the world, with a capital of Rs. 10,000. When the company first went public in 1993 the stocks were offered at Rs. 95. In 1998, the share price of Infosys was around Rs. 2,610. As on March 31, 2007 the employee strength of the company was 72, 241 which was 60, 000 in September, 2007 out of this 60, 000 10-12, 000 are foreign based and 3000 are foreign nationals based in foreign countries. Started the operation in 1981, Infosys opened its first overseas office in the year 1987 in the US. This is also regarded as the first international office of Infosys. Successively Infosys has set up first office in Europe

in Milton Keynes, UK in 1996 and after that in Toronto, Canada in 1997 and so on. In this process Infosys has offices in more than 35 countries.

Most of the Infosys customers were located in the United States. Infosys generated most of the profit from foreign sales. In the year 2006 Infosys had foreign sales of 98% of its total sales. Infosys has succeeded by producing where it is cheapest and to produce and selling where it is most profitable to do so. As most of the clients of Infosys were located overseas, the company has developed a new business model, Offshore Software Development Centre (OSDC) in Bangalore and at the same time it has also set up marketing offices around the US and Europe. By 1998, Infosys achieved a compounded annual sales growth of 65%.

Infosys wants to invest in the areas like consulting activities, to develop new perspectives, new solutions, and to develop strong relationship with the clients. Infosys is very open in the matter of relationship with their clients, according to the officials, we would like to our professional to acquire skills to develop relationship management at all levels and be proactive to tell the problem if any to the clients without shying away from the problems. In the process of international expansion Infosys has followed a strategy of inside-out that is make everything explicit in the system and process. This has been aimed by standardizing processes and systems and training of the employees so that it can have predictability of the work outputs. In the view of Infosys to become an international player the company/firm need to balance people “workforce” from different countries.

The internationalization of business has started by Infosys during the liberalization policy of the Indian Government in the year 1991 and Nasscom has also played a major role in making the Indian companies acceptable in the industry. It has also successfully lobbied for visa for the Indian employees. Infosys believes that to become an international player it needs to concentrate on certain objectives like; focus on excellence, place the customer first in the decisions, develop confidence in market and think global.

In late May 1998, it was listed in the NASDAQ (US Stock Market). The NASDAQ Asia-Pacific head, Patrick Sutch mentioned Infosys is an American company in India, and the

unique feature of the company is that while it was very American in some aspects of its operation, it was very Indian in its heart and soul. Looking at the dynamics of work in the company a middle manager of the company emphasized, Infosys not only had American process discipline but also an 'Indian middle-class' heart. Though the company is located in India, the inside view is not like India. When an outsider will walk into the campus he/she will definitely have a very unique experience. The new experience will be like coconut trees with cybercafés, playground with mostly furnished work place. Here the company likes to symbolize the Indian culture with western pattern. To make the company a global one the Infosys officials realized that the most powerful way of building global brand equity lay in developing domain-specific knowledge. For that reason they started concentrating on the domain-specific knowledge.

### **Questions for Discussion**

1. How did the company begin its internationalization process?
2. What have been its hurdles in the process of internationalization process?
3. What are its sustainable strengths?
4. What are the internationalization strategies of the company?
5. How was Mr. Narayana Murthy's leadership critical for the internationalization activity?
6. How do Infosys source the talent pool?
7. What are the policies implemented by Infosys for retaining the human resource?
8. How have the social and cultural factors helped Infosys in meeting demands of international customers?
9. What role has the government played for the internationalization of IT companies like Infosys?

## References

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