

Infosys®

Win in the flat world

# Inside the Japanese IT Business

Samson David

Vice-President & Head of Delivery APAC & Canada



# First, lets look at some numbers...

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## Japanese IT Market

- World's second largest IT market
- Nearly US\$ 100 billion in 2006-07
- Expected to be US\$ 102 billion in 2007-08
- BFSI and Manufacturing largest spenders, accounting for over 40%
- Mature IT market with demand for services across product engineering, end to end consulting and SI, ADM and staff augmentation

## Indian IT Industry

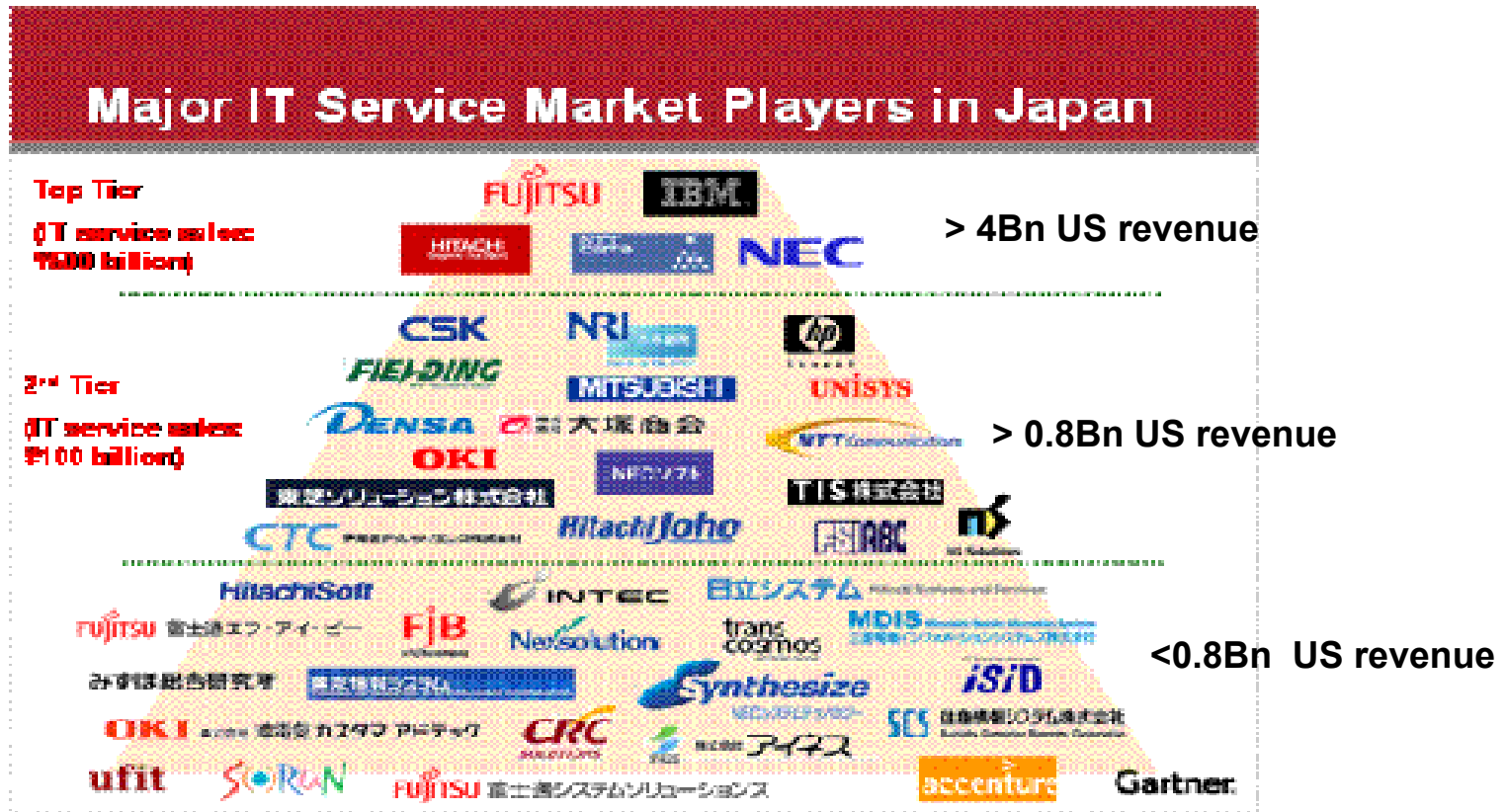
- US\$ 70+ Billion exports in 2006-07, will be US\$ 87 Billion by 2007-08 (McKinsey)
- Despite origins as a low cost manpower base, has moved up the value chain providing full range of services
- However revenue disparity vis-à-vis US and European markets, while India has over 10% share of the western markets only 0.33% of Japanese market



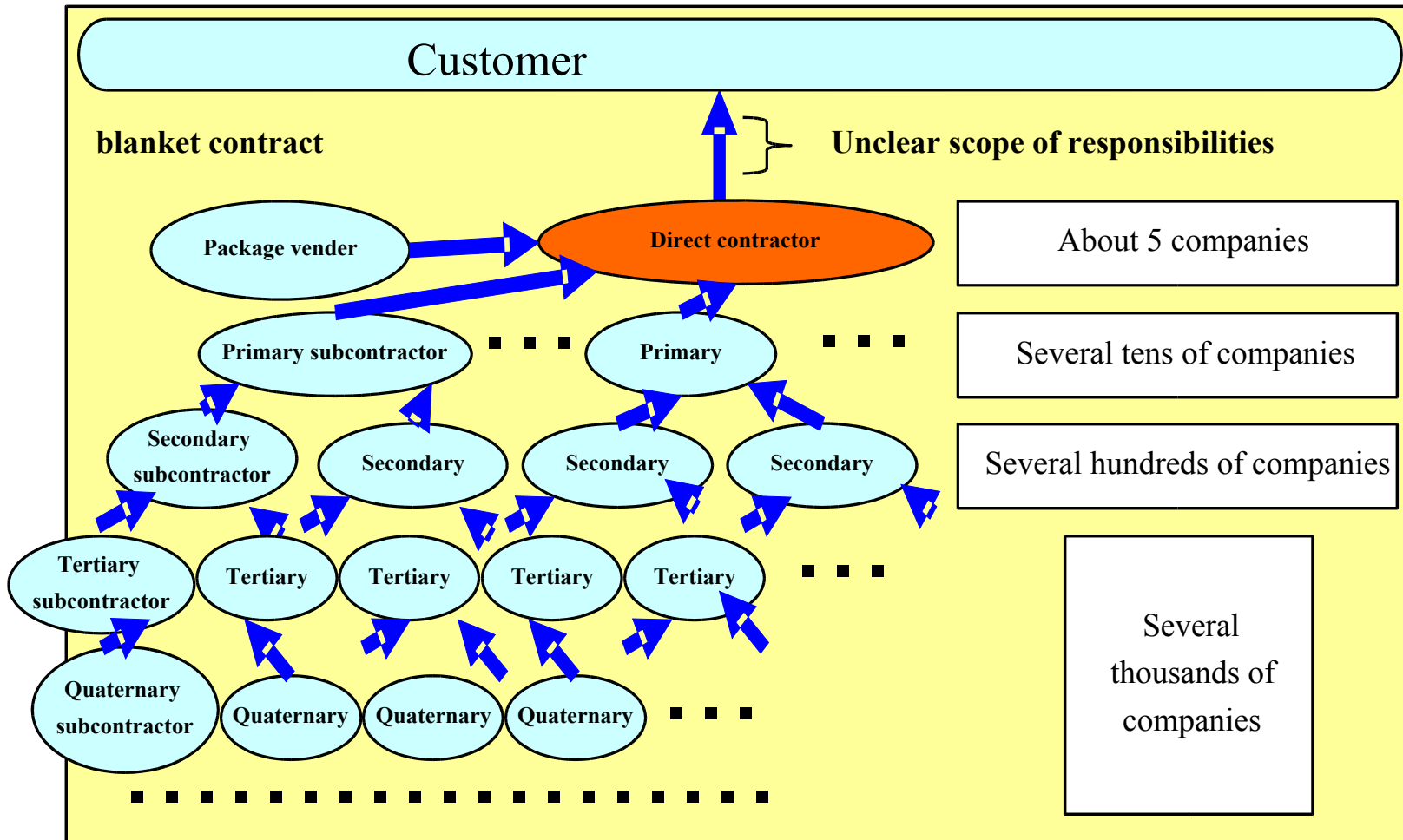
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Now, lets take a quick look at the  
Japanese “market anatomy” ...

# The IT service providers are grouped across 3 tiers...



...with a fairly complex supplier ecosystem...



## ...and here is how they stack up...

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- Top 20 companies are Japanese except IBM
  - No Pure play Software services as in North America
  - No Foreign origin company in services
    - First data, Sapient, Cap Gemini - all withdrawn
    - EDS, CSC, Bearing point very limited success
  - Accenture data
    - Accenture world wide (2005/8)
    - *Number of people: about 129,000 (Revenue \$15,5 billion)*
    - Accenture Japan (2005/8)
    - *Number of people: about 2,500 (Revenue \$0.5 billion)*
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- Major programs - mainly confined to the Japanese big 5
  - Along with Infosys - Wipro & TCS have material presence
  - There is no other Indian company with significant presence
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- A lot of Chinese players in body shop mode in Japan

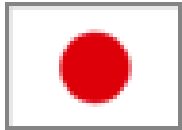
## ...some basic principles ...

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### Relationship Orientation

Engagements are built on long standing relationships of trust and credibility. There is a need to shift from transactional mindsets to relationship development.



### Language and Culture

Japanese as the language of business and technical communication poses a challenge, requires significant investments to overcome.



### Stringent Delivery

Stringent time and quality expectations – need to follow Kaizen principle all the time!



### Solutions not software

Not surprisingly, for a country that produces so much innovation, innovation by the vendor is just as important.

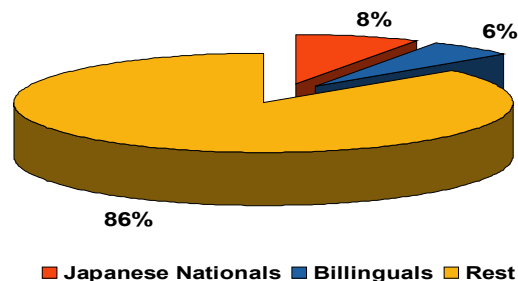
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The Infosys journey in Japan so far  
&  
a peek into somethings that have  
worked for us...

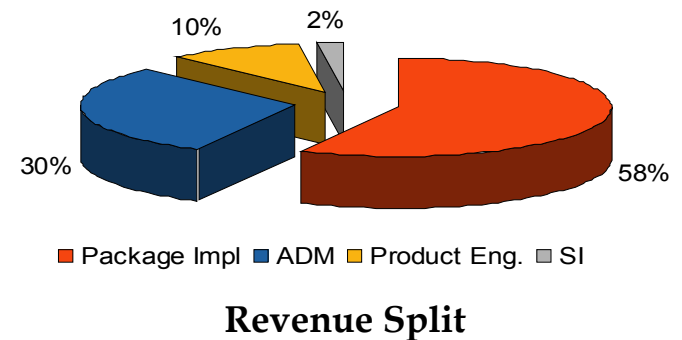
# An overview...

- 1996 - Infosys began its Japan operations.
- 1997 - Started the Infosys Tokyo office.
- Grown from 2 to 1000+ personnel in past 9 years.
- 250 + onsite, 750+ offshore.
- A good mix of native Japanese (125+) and bilinguals (50+) working in Japan operations.

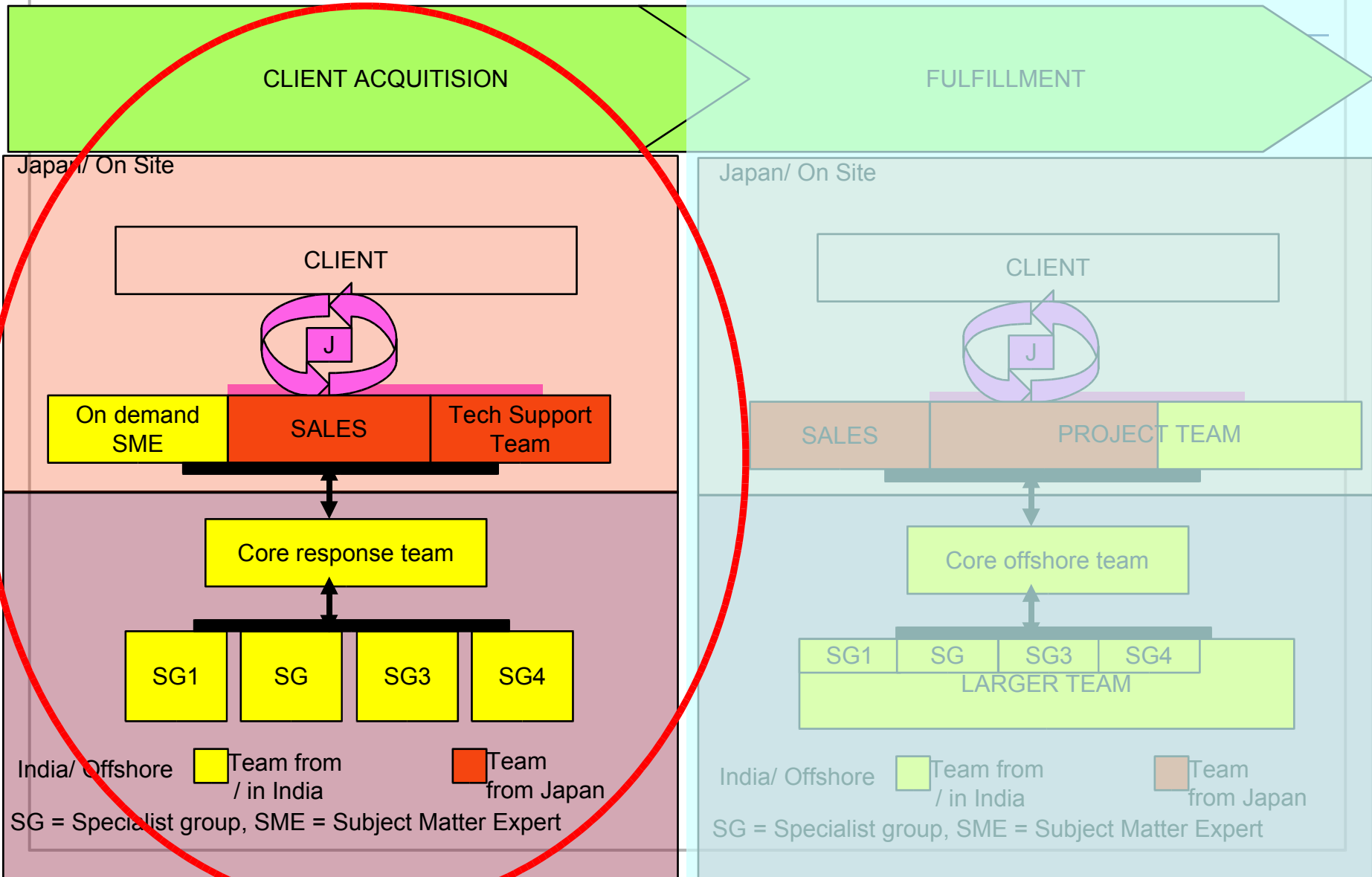
Plan to take the total ratio of natives + bilinguals to 30-40% in next 2 years.



- Offering diverse solutions



# Engagement Model (Client Acquisition)



# Key points in client acquisition

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- Budgets and schedules may be pre decided on the basis of very preliminary study
- A structured RFP may or may not be there
  - Problem definition may not be detailed enough to give a firm solution
- Interaction between business and IT is quite different compared to west
  - IT is still mainly a service provider and a cost center in most Japanese companies
  - IT has to deliver to its customer the business (no matter what)
  - CIO role is not the same as in the west
- A very interactive way of solution definition/ information collection
- A very suggestion driven approach
- Works on a lot of assumptions when information is not these
- Vendors have a more SI outlook as opposed to consulting/ ADM view
- Small but good starts are important
  - Perception of risk is quite different

# How does Infosys manage this?

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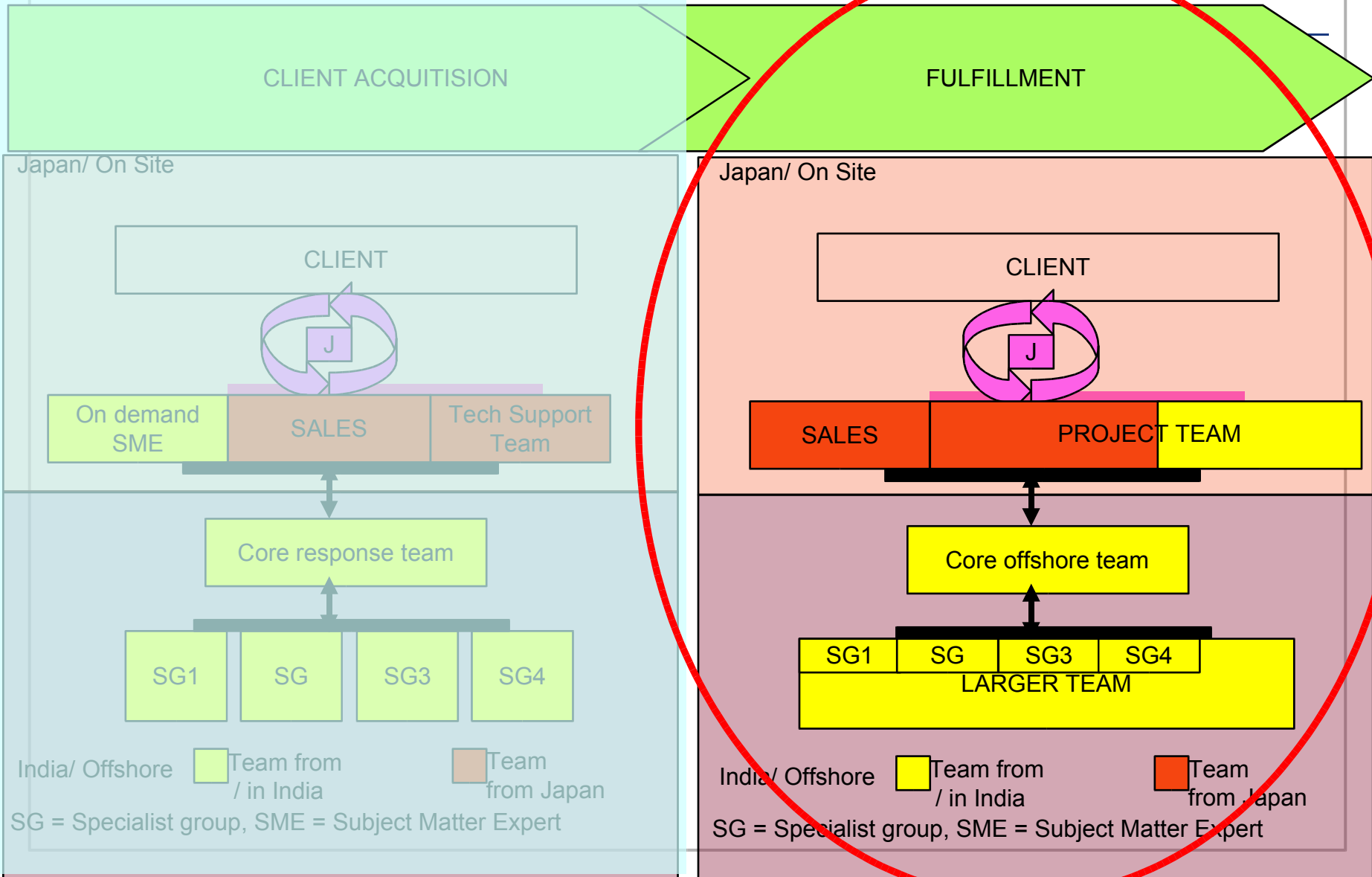
- **People related**

- Hiring people with Japanese skills and with genuine interest in Japan and its culture
- Ensuring that communication with the client is mostly in Japanese
- Do the interaction in 'Japanese way'
- Always have a combination of technology and sales people for meetings

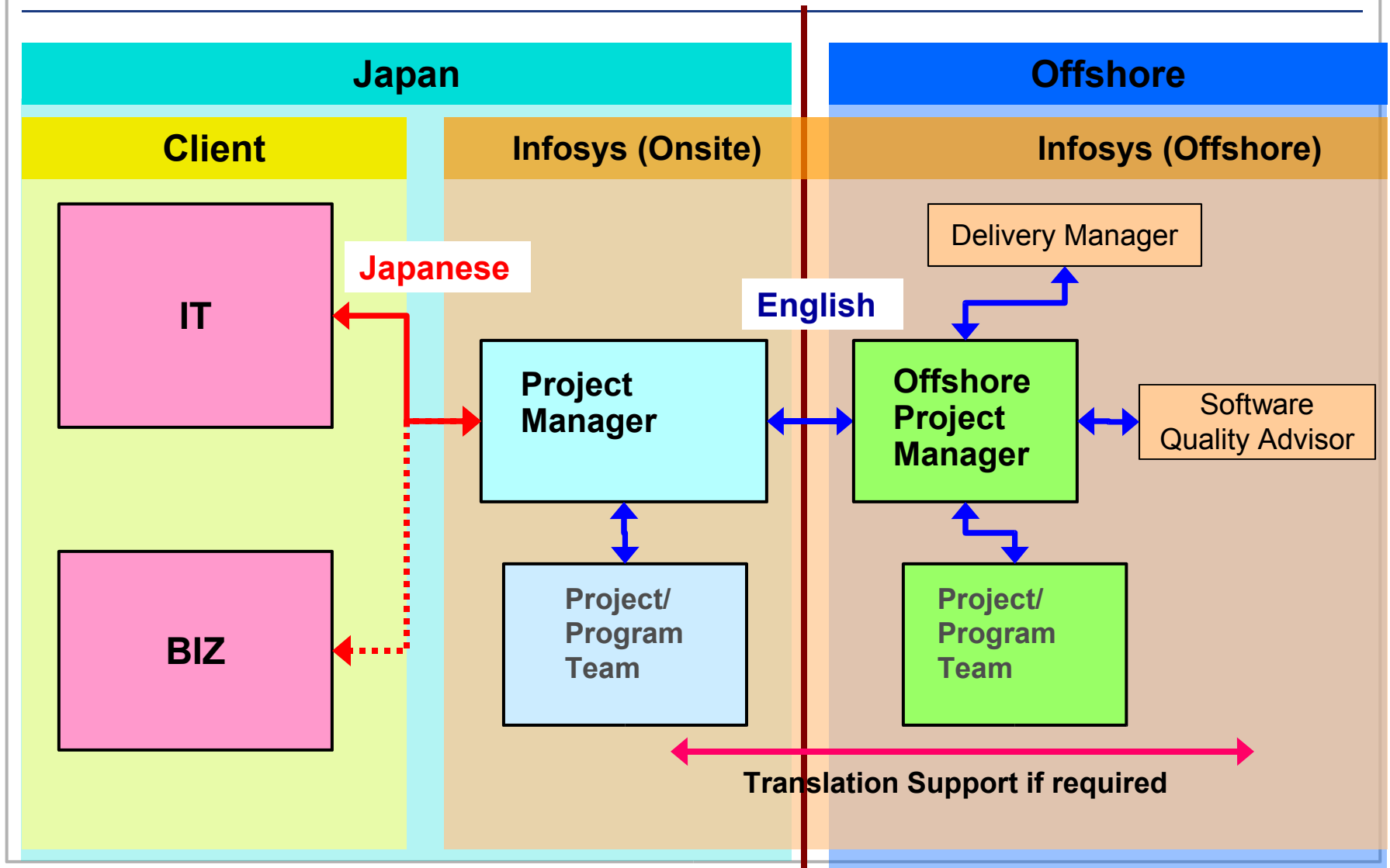
- **Process related**

- Core pursuit team to be fully Japanese enabled
- Ensure continuity of this team to the extent possible
- Minimise conversion to English by doing as much as possible with Japanese input
- Drive the solution approach along with the client wherever possible
- Think of multiple options
- Be open to more meetings
- Re use as many components as possible
- Take a more SI view than we need to as compared to other markets

# Engagement Model (Fulfillment)



# How does it work?



# Key points in fulfillment

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- Japanese thinking way is more iterative in nature as opposed to classical waterfall model
  - Shifting requirements
- Expect the vendor to provide advice from experience
  - Multiple options
  - Drive consensus
- Help client IT organisation with managing scope
  - Help the client make some decisions
  - Constant reprioritisation happens
- Minimise execution risk
  - Tight - some times unrealistic schedules
  - Expectation of quality is different
- Keeping the end “image” in mind all the time
- Minimise overhead on the client

# Some things that have worked for us...

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- **Invest more time at start phase (Requirements analysis)**
  - Explain Global delivery model, Way of working, Deliverables, Escalation paths, Check points, etc.
  - Spend more time on RA phase to understand customers' project objective & requirements
  - Show more reviews to Japanese customers (Infosys capability, facilities, deliverables)
- **Changed testing process**
  - Infosys understands the test process for Japanese clients
  - Plan for more rounds of test
  - Invite client for testing at Infosys site
- **Identify right type of engagement model**
  - Time & Material vs. Fixed Price
  - Phase wise approach vs. Big bang
  - Prototype / CRP vs. Non-prototype / CRP
- **Establish Risk and change management strategy**

# Some things that have worked for us...

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- **Focus on language and cultural aspects**



- Hire engineers with Japanese skills
- Form alliances
- Network of translators
- A local center Train people on DBCS handling all character sets
- New graduate program

# Thank You

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