Cost plays major role in infosys success

In the early part of the 1990s companies in India recognized the importance of cost factors and introduced a good strategy to increase their business. There are instances that a particular company is giving shape to an industry. Though during the mid-twentieth century there were a number of United Kingdom-based business groups, who have outsourced high-cost works to India, it was in the late part of the century that this has emerged as a major service industry. The emergence of the service industry has also helped India to become a global powerhouse of knowledge-based industrial activity.

Infosys Technologies is a major Indian company working in the field of information technology. They are considered pioneers of business process outsourcing in the country. Understanding big opportunities in the sector they had laid out a clear strategy to win over others. Today Infosys has emerged as one of the most respected IT companies in India. Their share prices are soared tremendously during the last two decades. High skilled labor, highly professional management team, low-cost work environment, best management and HR practices, innovation, understanding of the industry, and security measures are the major strengths of the organization. Most of these strengths are adopted by them do to the particular character of the outsourcing industry. In the early 1990s, the industrial scenario in India was quite different from that of western countries. Here companies were least bothered by good corporate governance practices, HR management, cost, profitability, security, and customer satisfaction. The state protective measures and license raj made the industry inefficient. Companies got huge subsidies for everything and anything. But the Infosys Technologies followed a different growth path and succeeded.

The success of the Infosys has to be seen in a different context. The

organization has followed a different industrial path due to the particular characteristics of the business processing outsourcing industry. They had to cater to the needs of the western companies and policies were taken from that perspective. For western companies outsourcing business to India, the cost is a major factor. So Infosys has to work out a new cost analysis, increase efficiency, and improve the quality of the job. They had introduced innovative practices due to the compulsion of the industry. This has given a cost advantage to Infosys among other competitors. But as the outsourcing industry developed, more companies have entered the sector. The competition increased naturally. With supply increased to a stage to satisfy the demand from western countries, existing companies have to introduce new methods to reduce costs. They quoted low and increase productivity back home by following best practices. So Infosys Technologies still continues as one of the most profitable and professionally managed business entities in this sector.