

# Wipro's hr strategy

Business



Wipro Limited is a \$5 billion Indian conglomerate. According to the 2008-09 revenue, Wipro is the second largest IT Company in India. Wipro Ltd has interests varying from information technology, consumer care, lighting, engineering and healthcare business. Azim Premji is the Chairman of the board.

Wipro technologies provide integrated business, technology and process solutions on a global delivery platform. Wipro employ 100, 000 people across 56 nationalities. Wipro Limited was incorporated in 1945 as Western India Vegetable Products Limited under the Indian Companies Act, VII of 1913, which is now superseded by the Companies Act, 1956.

Some of the offerings of Wipro Technologies are:- Services Industries

- Consulting
- Telecom Service Providers
- Package Implementation
- Financial Services
- Application Development ; Maintenance
- Retail
- Testing Services
- Energy ; Utilities
- Technology Infrastructure
- Manufacturing
- Business Process Outsourcing
- Technology, Media ; Transportation Services
- Product Engineering

Table 1 : Offerings of Wipro Technologies Wipro is also the first IT services company in the world to achieve the highest level of quality certification, the SEI-CMM Level 5. Since 1997, Wipro's revenue has grown by an average of 26% a year while profits have grown by 69%.

Geographical Locations Fig 1 : Geographic mapping of presence of Wipro Technologies 1.

1. Growth Over The Years Fig 2 : Growth of Wipro Technologies 1. 2.

Corporate Brand WIPRO is an acronym of Western India Products. The acronym Wipro was selected by Azim Premji himself in 1979. The name

Wipro was unique and gave the feel of an “ International Company” Brand Identity Wipro Identity was rearticulated in 1998.

The new Identity represents the diverse businesses of Wipro Limited and its Values. It consists of 3 elements which have to be used together always.

They are : 1.

Rainbow Flower 2. ' Wipro' (written in black) 3.

' Applying Thought' (written in black) These 3 elements together is Wipro's Brand Identity. Rainbow Flower signifies : Fig 3 : Logo of Wipro 1. Youthful ; Energetic 2. Multifaceted 3. Innovative 4.

Large - diversified 5. Vibrant Applying Thought stands for : 1. Powerful 2. Intellectual 3. Futuristic - Visionary 4.

Maturity 5. Commitment to Innovation Significance of Colours in the Wipro Brand Identity » Red : Blood, Life giving, Dynamic, Auspicious » Green : Fields, Prosperity, Freshness, Growth, Youth Yellow : Sun, Warmth, Vitality, Aspirations » Violet : Intelligence, Innovation, Shrewdness, Mystery » Blue : Sky, Sea, Transparency, Natural 1. 3. Wipro's Mission, Vision and Values  
Mission : Quality : According to Wipro: “ No longer is Quality perceived to be just a buzzword in the corporate aisles, it's touching our customer's lives in more ways than we can imagine. ” Vision : Having already achieved the pinnacles of process and quality credentials (through ISO 9000, SEI CMM, PCMM and Six Sigma), Wipro's Vision is focused on attaining leadership in the areas of Business, Customer People and Quality.

#### Fig 4 : Vision Statement of Wipro Technologies Values Wipro Beliefs (1971)

Wipro as an organization had the following beliefs for a long time. These were

- Respect the individual. People are our greatest asset.
- Achieve and maintain a position of leadership in each of the businesses we are in
- Govern individual and company relationships with the highest standard of conduct and integrity
- Serve our internal and external customers through Defect free products, services and processes

## 2. ORGANIZATIONAL STRUCTURE

### 1. Organizational Structure

#### Fig 5 : Organizational Structure of Wipro Technologies

Wipro as shown above has 7 directors who come from diversified backgrounds and bring along with them to the organization their rich experience and an image of respect ; integrity. The present Directors have served on the boards of reputed organizations like Bata, Nortel, Unilever Plc , British Airways Plc, ICICI Bank to name a few. Wipro is one of the few organizations to have two CEO's. Most of the Top Management is all home grown and have worked their way up the organization and have been rewarded suitably for their dedication to the Mission, Vision and Goals of the Organization over the past few decades.

Suresh Senapaty heads Legal, Business Planning, Treasury and Controllershship for Wipro. His association with Wipro goes back to Wipro Consumer Care where he was the CFO. Girish S Paranjpe is the new Jt. Chief Executive Officer of Wipro's IT Business alongside Suresh Vaswani and is an Executive Director in the Board of Wipro Limited. He jointly carries the overall responsibility for the strategy and operations of Wipro's IT Business. Suresh has been with Wipro for 23 years in various leadership positions and

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has been responsible for Wipro's leadership position in differentiated global practices and emerging markets.

Pratik Kumar has been associated with Wipro for the last 17 years and has contributed significantly to its global people practices. Principle - Agent Problem : As seen in the above chart which represent Board of director and senior management team, which are agents of the shareholder. Mr Premji being the largest shareholder is also one of the agents. With a principal being one of the agents the chances of moral hazard is less and therefore chances of Principal agent problem is nil. 2. 2Organisation structure Article I.

Man : Manufacturing; RCTS : Retail; Consumer goods, Transportation Services; FS : Financial service; EU : Energy and utilities; Tech : Technology; H; S : Healthcare and Services; Tele : Telecom Equipment; WCS : Wipro Consulting Services; EAS : Enterprise Application service; FCG : Foundation Competency Group Fig 6 : Organizational Structure of Wipro 2. 3Companies under Wipro Umbrella Fig 7 : Companies under Wipro Umbrella 3. ENVIRONMENT 3. 1Wipro: Exploring the external environment Fig 8 : External Environment of Wipro 3. . 1Demographic and cultural forces Wipro being a multinational operates across different continents and variety of cultures.

One of the major challenges for Wipro is to adjust to and sustain common organizational culture in the world of Mergers and acquisitions across geographies. 3. 1. 2Environmental forces The various environmental forces viz. Natural forces such as calamities and other forces such as various social factors such as Anti Outsourcing demands in US affect Wipro's day to day business. 3.

### 1. 3Economic forces

Various Macroeconomic factors such as Forex rate, Inflation effect Wipro's working. 3. 1. 4Technological forces:- Wipro being a Technology oriented firm has a major impact of change in Technology on its business.

Some of the key stakeholders in Wipro's Business are:- Customer Wipro being a service organization believes in the theory " Customer is King". As per there guiding principle " Spirit of Wipro" they believe in making customers successful. With its prominent presence across economies, Wipro boast of several Fortune 500 clients. Competitors

Wipro faces competitions from home companies such as Infosys, TCS as well as some of American giants such asIBM, Accentureand other IT Services organization Employee With around 100, 000 employees across 56 countries, employees form the critical part of Wipro's business. There are several employee empowerment programs conducted as well as employees are provided ESOP options. Government and regulatory bodies In India Wipro is guided by IT Acts as well as by Nasscom. Various government decisions such as SEZ policy, STPI policy, Forex Rate affects Wipro's business. 3.

Wipro: examining the internal environment: SWOT Strengths: Global R; D facility twice as large as TCS and Infosys. Retention of the man-power is the best in the industry. Impressive list of clientele. Relatively lower receivable compared to the industry average. Weaknesses: Low operating margin of the other group companies Free floating stock is very less. Over dependence on US and European markets.

Opportunities: In the branded product category. In the consultancy area. In the emerging technology areas like Blue Tooth, WAP etc. Threats: Increasing cost of human capital.

Slowdown in the US economy. Will face fierce competition in the areas of e-business and ASP services.

Increase in English speaking people in china Table 2 : SWOT Analysis of Wipro While strengths and weaknesses of the Indian software sector have been an outcome of the past decisions and initiatives, what lies ahead is well captured in the opportunities and threats. While India's share in the global technology marketplace continues to remain miniscule (at 1. 8%), this presents an opportunity for Indian software companies to increase their penetration into newer markets and newer domains.

Further, as more global companies are looking towards outsourcing their tasks to Indian software companies with a view of becoming more cost competitive, the imperative for the former (Indian software companies) lies in moving rapidly up the software value chain, into high-end domains like telecom and banking services. In this initiative of moving up the value chain, Indian companies are then likely to benefit from the scale advantages of the selling and marketing expenditure that have been made in the past.

Talking about probable threats to the fortunes of these Indian tech companies, the most serious being the ' successful' replication of the Indian off shoring model by the global tech biggies like EDS, IBM and Accenture. While, at present, most of the managements of Indian software companies are of the belief that it would be rather difficult for these global giants to

completely replicate the Indian model owing to the changes that they would have to make in their revenue and cost structures, as and when these MNCs are successful in the replication process, it would pose tough times for the Indian companies.

Finally, Indian software companies, in retaliation to increasing pressure due to global economic slowdown, have reengineered their business models and widened their service base through moving up the software value chain. Not only have these changes helped these companies in improving their financial performance, even the stock markets have rewarded them as seen by the rally that these stocks have been witnessing since their April 2003 lows. However, there have been several bouts of volatility in between this rally and the rapid rise witnessed in the month of November raises some serious questions regarding the sustainability of this rally. .

2. 1Shareholding pattern Fig 9 : Shareholding Pattern The company has an equity capital base of Rs. 45. 8 crore and the number of shares are 22. 92 crore.

The face value per share is Rs. 2. The share is currently, as on 18th May, 2001, is trading at Rs. 1642. 60. The market capitalization of the company is Rs.

37648. 39 crore. The Indian promoters are holding 75% stake in the company. The free float available in the market is 18. 5%.

3. 2. 2Wipro : Financial Analysis Revenue Breakup of Wipro Table 3 :

Revenue of Wipro Stock prices for past 3 years Fig 10 : Movement of Stock Price of Wipro

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Balance sheet of Wipro Table 4 : Balance sheet of Wipro of past 5 years  
Some Profitability ratios Table 3 : Profitability Ratios of Wipro 3. 3BCG Matrix:  
Wipro SBUs Fig 11 : BCG Matrix of companies of Wipro Question marks are growing rapidly and thus consume large amounts of cash, but because they have low market shares they do not generate much cash. Cash cows use large amounts of cash and are leaders in the business so they should also generate large amounts of cash. However if needed, any attempt should be made to hold share, because the rewards will be a cash cow if market share is kept.

. WIPRO'S SIX - DIMENSIONAL STRATEGY Fig 12 : 6 Dimensional Strategy of Wipro The six key market facing dimension's of Wipro's strategy to grow, and to help make customers successful are : Comprehensive Service Lines Their differentiated Services, Infrastructure Management Services, Testing Services and Package Implementation will help them to continue their rapid growth. They are building on their leadership in high-value and niche area like Security Consulting and Outsourced R; D Services. They have recently acquired Info crossing will help manage long term Managed Services contracts.

Technology Investments They have knowledge of the new technologies that are changing the fundamentals of doing business. They have made significant investments in technologies like SOA, Unified Communications, Rich Internet and Web 2.

0. These are geared to leverage these for customers. Applied Innovation Key to sustainability of success would be the drive for Innovation and continuous improvement. Investments and focus on driving Innovation to cut costs,  
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reduce time to market and improve reliability for the customers is a significant differentiator.

Innovation is a culture that needs to be created consciously and pursued assiduously by the organization, and everyone in Wipro can contribute to this effort. Market Expansion They are continuing to invest in all their markets.

They have announced new development centers in Monterrey, Mexico, Detroit and Atlanta. They are looking for places where they can be close to clients, places that have a good education and are affordable. As their mix of business is changing and they are moving up the value chain, they need more face time with the Customer - and these centers are a great strength for that. See figure 4 appendix.

They also have headroom for growth in emerging markets like India, the Middle East and Asia.

They have recently created a joint venture in Saudi Arabia and announced plans to enter Egypt. Some of other key markets like France, Germany and Japan are maturing very fast on outsourcing and will fuel future growth.

Strategic Alliances As the industry matures and resources are constrained, partners become even more critical in Capturing client mindshare and addressing the market need for new solutions. As Wipro is best Positioned to be the global system integrator, they have identified alliances as an area for market Differentiation.

They already have three key strategic partner relationships and expect that revenues from this channel to contribute at an increasing pace. Customer

Engagement They are systematically investing in a stronger account management team for all the key accounts.

The Mega/Gama Account Management initiative launched last year, targets both at larger accounts and those which have the potential to become large accounts. Again, in this effort each one in Wipro can contribute - by seeking opportunities to create value for these customers and by executing better and better.

The backbone of all the market facing initiatives by Wipro is its deep commitment to execution and organizational excellence - driven by the Wipro Way, and to the Spirit of Wipro, which each and everyone demonstrate in their action every day. 5. GLOBALISATION STRATEGY 5.

1Past strategies: Growth has four faces: organic; acquisitions; diversifications and joint ventures. Premji's growth strategy over the past years shows a marked change from earlier patterns. Between 1966-2000 Wipro grew through diversification, partnerships and organically, through innovations it pioneered.

Today, growth is also through acquisitions and borrowed ideas, and there are fewer partnerships. Interestingly, Premji's entry into the BPO (business process outsourcing) was remarkably late in coming, and seems to be a somewhat knee-jerk reaction to slowing growth rates in his core businesses. In July 2002 Wipro acquired Spectramind in a Rs4320mn deal.

The takeover caused a few rumblings amongst analysts who felt that Wipro overpaid for India's largest non-captive call-centre (GE's operations in India

are estimated to be larger) but Spectramind is already a growth driver, contributing about 4% to Wipro's total revenues.

Moving up the value curve is another growth strategy. It is no secret that Premji would like Wipro to join IBM and Accenture in the sophisticated and lucrative tech consulting business, helping customers design their IT systems, and not labor in the lower level space of offshore coding. Moving towards this goal, he bought NerveWire Inc, a financial services consultancy located in Newton, Massachusetts, for Rs912mn. The next shot in the arm was the November 2002 acquisition of American Management Systems Inc, a Boston based 100 person energy practice, for Rs1152mn.

Today research led consulting represents 7% of Wipro's revenues, up from zero two years ago. Enroute he has made some impressive gains: in April 2002, Wipro won a contract to provide tech services to the Scandinavian TeliaSonera, beating world leaders like Oracle Corp on their own turf. 5. 2Recent strategies: IT Services and Products segment accounted for 69% of the Company's revenue during the fiscal year ended March 31, 2006 (fiscal 2006). Wipro provides its clients customized IT solutions in the areas of enterprise IT services, technology infrastructure support services, and research and development services.

The Company provides a range of enterprise solutions primarily to Fortune 1000 and Global 500 companies.

Wipro addresses the banking and financial services segment, the manufacturing sector, and the retail, energy and utilities industries through its range of service offerings. The Company's enterprise solutions division

accounted for 63% of its IT Services and Products revenues in fiscal 2006.

Wipro Technologies is expanding its portfolio of IT services by offering high value services such as IT consulting and systems integration, bringing it into direct competition with global IT consulting giants like Accenture.

Wipro's strategy revolves mainly around three points: Service line expansion - Wipro will build a full portfolio of technology services. The company has already added a number of new services such as package implementation, infrastructure outsourcing (including remote network management), business process outsourcing and so on. Quality leadership - Wipro has been well-known for embracing cutting-edge quality standards such as six sigma.

It has also begun six sigma consulting in an effort to become a global six sigma leader.

Investing in human capital - Wipro Technologies is investing a lot in training, not only on the technical side but also on teaching its engineers how to be consultants. The company's employees, who several years ago were basically "code cutters", have demonstrated the ability to take on large, complex projects and run them out of India. Now, they must be able to develop a peer-like relationship with customers, persuading customers instead of just accepting direction and doing a good job of execution.

The Company develops strategies and implements solutions for its clients to manage multiple sources of data for use in their decision-making processes.

Wipro uses its expertise in package software to architect, implement and maintain client-specific solutions. The Company also provides consulting services. Wipro provides offshore testing services. The Company's service

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portfolio in testing covers the entire gamut of user needs from product concept to deployment, across the stages of the product/application life cycle.

Effective as of July 1, 2005, the Company reorganized the Global IT Services and Products segment into two operating segments: IT Services and Products, and BPO Services. In December 2005, Wipro acquired mPower Software Service Inc.

and its subsidiaries. Pursuant to the terms of this acquisition, the Company also acquired MPact India, a joint venture between MasterCard International and mPower Software Services Inc. In December 2005, Wipro acquired BVPENTE Beteiligungsverwaltung GmbH and its subsidiaries (NewLogic Technologies AG), a European system-on-chip design company. In April 2006, the Company acquired cMango Inc. a provider of business service management (BSM) solutions. In May 2006, Wipro acquired, subject to completion of certain closing conditions, Enabler, a Europe-based retail solutions provider.

In the same financial year, Wipro Technologies announced yet another acquisition — Finland-based Saraware Wipro's third acquisition this financial year. The company has spent over Rs 400 crore on the acquisitions and added around 1, 600 employees In May 2006, the Consumer Care and Lighting segment acquired North-West Switches business from North-West Switchgear Ltd, an Indian company engaged in the business of switches and sockets.

Wipro competes with Accenture, EDS, IBM Global Services, Cognizant, Infosys, Satyam and Tata Consultancy Services. Wipro GE Medical Systems Private Limited is a joint venture with General Electric. General Electric holds 51% of the equity in the joint venture and Wipro holds 49%. The joint venture provides customers in South Asian markets after-sales services for all GE Medical Systems products sold to them.

Products offered in this market consist of GE Medical Systems products manufactured worldwide and portable ultrasound equipment manufactured in India by this joint venture for the global markets.

The Company competes with Hindustan Lever, General Electric, Philips, Hitachi Ltd. , Hyundai Motor Company, UT Limited (India), Danfoss Group, Komatsu Ltd. and Siemens. 5. 3Strategy for Middle East: Middle East forms a critical component of our global strategy,' says Wipro.

Being a rapidly growing IT services market, Middle East forms a critical component of our global strategy,' said Suresh Vaswani, President, Wipro during his visit to the region. Wipro Limited (NYSE: WIT), the Global IT Services Company, has further consolidated leadership position and has extended its commitment in the region by implementing two projects in Qatar.

Wipro announced the successful completion of two projects in Qatar. The company has successfully completed the Engineering Consultancy and IP Telephony testing project for Qatar Petroleum for the proposed QP Complex and also implemented an Enterprise and Desktop management suite for College of North Atlantic-Qatar campus. This 11-month project involved

Wipro consultants working on designing, architecting and testing the solution in Qatar Petroleum. The IT major implemented the project on time and within schedule.

Furthermore, the company also implemented HP Openview Enterprise Management suite for College of North Atlantic in Doha, Qatar.. Some of its customers in the region include-Doha Bank, Gulf Insurance Company, Sharjah Electricity and Water Authority, Dubai Metal and Commodity Center, SPC and Dubai Municipality among others. Wipro delivers high end IT services and consulting services to its client in the Middle East region through its two regional offices. One in Dubai Internet City handling operations in UAE, Qatar, Oman and Kuwait, and the second at Al Khobar catering to Saudi Arabia and Bahrain.

. 4Strategy for west Asia: WIPRO sees a tremendous synergy in the Indo-Gulf markets and it aims to further strengthen this relationship in the years to come, according to Mr Rajat Mathur, Vice-President, International Operations. Speaking at the recently-concluded India-Gulf Partnership Summit in Dubai, Mr Mathur said that West Asia and the Gulf were moving into higher value services as IT was increasingly relied upon to drive business momentum. He said this region formed a critical part of Wipro's global business strategy. Wipro as a company is extremely committed to building a strong customer base in the UAE and across the region.

We are confident that our efforts in bringing best practices will spur healthy growth of ICT industry in UAE,". In 2004-05 alone, Wipro had year-on-year growth of 85 per cent in APAC/Middle East region. In Q2, 2005-06, the company had a growth of 28 per cent in the Asia Pacific/Middle East region.  
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In Q2 ending September 2005-06, Arab National Bank, Saudi Arabia, selected Wipro as its partner for managing the data centre operations of the 'Disaster Recovery Centre'.

In addition Manso Group, a diversified business group in KSA, having interests in petrochemicals, steel, laminates and transportation business has chosen Wipro to Implement Enterprise Application Platform - SAP Enterprise Version. 5.

5European market perspective: (1) Fragmented market: Distinct streams of customer behaviour across Europe High cultural and linguistic diversity (2) Regulated market: European Union and country-level regulations Global Delivery Model adoption is lower (3) Demographic profile: Ageing work force Decline in computer science graduates in Western Europe

High adoption of telecom technology (4) Customer uniqueness: More detailed and demanding on service delivery IT groups focusing more on business value and Return on Investment 5. 6Strategy for future growth Fig 13 : The effect of acquisitions on Wipro's stock price Wipro, a leading India based provider of IT services, has drawn up its strategy to become a world leader in the field. The company has stated in its latest annual report that the markets addressed by it are undergoing rapid change due to the pace of technology development and change in business models.

It believes that these trends provide significant growth opportunities. Wipro expects to significantly grow its global IT services business and the percentage of its total revenues and profits contributed by this business over the next few years.

It hopes to achieve this objective by identifying and developing service offerings in emerging growth areas as separate business opportunities, such as infrastructure support services, business intelligence services and telecommunication, internet and application service providers.

It is also planning to aggressively develop the research and development services by focussing on high growth markets such as telecommunication, mobile communication and the internet and high growth technologies such as embedded software. Also, the company will be leveraging its experience in providing IT services in the Indian market and its access to existing clients outside India to provide global support services. The intention is also to increase the number of clients through a dedicated sales team focussed on new client acquisitions and increasing its presence in Europe and Asia.

The goal is to make every new client account earn over \$1 million in annual revenues within twelve months.

Also the company intends to increase its share of business with existing clients by expanding its range of IT solutions and by increasing its knowledge of industry segments and individual client businesses to allow it to better understand client requirements. The focus would be on improving operating margins by increasing the revenue per IT professional by providing higher value added services, increasing the number of productised services and increasing the proportion of the company's fixed price contracts.

In India, the growth plan includes offering a full service technology solution including systems integration, support services, software and networking solutions along with branded hardware products which the company hopes

would enhance profitability significantly. The company is also planning to pursue selective acquisitions of IT service companies that would allow it to expand service offerings and acquire additional skills. This would strengthen its relationships with clients and allow the company to realise higher revenues from them.

In pursuing acquisitions, the focus would be on companies where a significant portion of their work can be moved offshore to India to leverage the company's low cost offshore delivery model and realise higher margins.

Traditional business: The Company has been in the consumer care business since 1945 and the lighting business since 1992. The consumer care business has historically generated surplus cash for the company to be able to grow in other businesses.

The strategy is to maintain a steady growth in operating income through efficient capital utilisation, strong brand name recognition and expanding nationwide distribution network. It has put through half a dozen acquisitions over the past 12 months. There are three types of regions we want to be in. One is emerging markets, such as India and the Middle East. The Middle East is a huge growth area.

In places like Dubai and Saudi Arabia, there are no players who hold a monopoly and we have long ties there, so it's a good market for us to target.

We're also looking at developed countries where the outsourcing market has not matured yet, like Japan, Germany and France. And the third is new markets like Canada or Mexico. If you're looking at why we open specific development centres, sometimes it's purely to get access to certain skills in

that particular market. We did some acquisitions in Austria and Finland because we do a lot of wireless work.

Another reason we might open a specific centre is for proximity reasons. We're looking for places where we can be close to clients—places that have a good education system and are not terribly expensive.

As our mix of business changes and we move up the value chain, we need more face time with the customer. That's why we're opening the centre in Atlanta and we're looking for two other cities in the U. S.

We're growing so much—we already have over 8, 000 employees in the U. S. —it made sense to have a dedicated centre there. Similarly, we have locations in Portugal because it's a lower cost centre to serve the European Union market and it has a retail focus. A third reason we might go into a specific area is because clients want us to have operations there.

We're opening a centre in Mexico because one of our clients had a presence there.

It's a client-centric strategy. 6. ACQUISITION AND RESTRUCTURING

STRATEGY : STRINGING TOGETHER PEARLS Wipro has embarked upon a clear acquisition strategy to fill up gaps in its service offerings. The strategy entails adding pearls to the string to create a string of pearls, implying a complete set of services technology and domain expertise that the company endeavours to build to offer to potential clients. Each of the companies it acquires operates in niche areas where Wipro did not earlier have a presence.

Wipro planned an aggressive inorganic growth strategy based on acquiring entities in new markets and geographies.

Working closely with the Cisco® Internet Business Solutions Group (IBSG), Wipro crafted a comprehensive strategy for building the internal competencies and capabilities to integrate new companies rapidly and ensure that new acquisitions deliver desired results. Wipro executives recognized that to fully integrate a new company into a single, global Wipro culture, the assimilation had to be comprehensive and begin on day one, starting with combining disparate IT systems and processes.

For a growing and global company like Wipro the complexity of integrating processes across different cultures and geographies into a single corporate environment posed an enormous challenge. Developing a strong philosophy toward acquisition integration was the most important step in building a comprehensive integration strategy. Furthermore, this philosophy had to start at the top of the organization.

1. Treat acquisitions as an ongoing corporate program fundamental to the company's success—and not as an event-specific response to a particular transaction. . Work with business-unit leaders in sales, IT, human resources, finance, and other areas to reinforce these ideas, sharing best practices to help leaders develop the necessary capabilities to support the acquisition integration program 3. A comprehensive IT playbook is one of the most significant outcomes of the CISCO IBSG partnership with Wipro. This playbook formalizes Wipro's IT integration approach and encompasses infrastructure, applications, and security elements.

4.

Wipro's new acquisitions integration philosophy supports the structure and people that each functional area needs in order to seamlessly incorporate newly acquired organizations into a single, global Wipro culture. Different acquisition carried out by Wipro over the years:-

- 2001-Wipro acquires American Management Systems' global energy practice
- 2002-Wipro acquires Spectramind
- 2003-Wipro acquires Nervewire
- 2005-Wipro acquires mPower to enter payments space and also acquires European System on Chip (SoC) design firm NewLogic
- 2006 - Wipro acquires Enabler to enter Niche Retail market .

Also acquires Finish Company called Saraware

- 2007 - Wipro acquires US's Infocrossing for 600mn.
- 2008 - Wipro acquires Gallagher Financial Systems to enter mortgage loan origination space.
- 2009 -Wipro buys Yardley businesses for \$45.5 million

Acquisition Of Infocrossing In August 2007, Wipro announced its acquisition of Infocrossing, a US based provider of business process outsourcing and infrastructure management solutions.

The deal was worth approximately USD 600 million, and is the largest acquisition by an Indian software solutions provider.

This was also the first listed company that Wipro has acquired. Infrastructure management services was identified by Wipro as an area of good growth, and hence the acquisition. Through the deal, Wipro has gained access to five data centres in the US and expertise in the areas of server management, mainframe outsourcing etc. Extract from a Forrester research report ' The move separates Wipro from its offshore competitors like Satyam and Infosys

Technologies and, more importantly, represents a new threat to the incumbents, such as IBM, Hewlett-Packard, EDS, Computer Sciences Corporation (CSC), and Dell.

With the acquisition of Infocrossing's data centers and infrastructure outsourcing business, Wipro has gained instant credibility and a strong US presence from which to continue its expansion of services beyond applications development and maintenance. ' The acquisition has already started producing results - Wipro Infocrossing recently won a deal worth USD 275 million outsourcing deal. The deal is to provide business process outsourcing and IT services to Missouri HealthNet Division. The above cases show how Wipro's reading of trends and its proactive approach to change has benefited it in the long run. 7.

**CORPORATE GOVERNANCE: THE 5 DIMENSIONAL FRAMEWORK** Wipro has to its credit a 60 year heritage of success, stability ; high levels of corporate governance.

Apart from adherence to statutory and regulatory requirements, Wipro can claim a lot of firsts in adopting voluntary corporate governance practices in India. These include setting up an Audit Committee way back in 1986 and having its internal audit function ISO 9002 certified in 1998 Fig 14 : Five Dimensional framework of Corporate Governance at Wipro

1. Transparency - Transparency and effective communication creates a bond of trust between the Organization and its Stakeholders. . Independence of Board ; Auditors - Wipro has had independent directors on its board since its inception, and before Company Law made this mandatory.

Many of these non-executive independent directors head critical committees such as the Audit Committee, Board Governance and Compensation Committee and the Shareholders/ Investor Grievance Committee. 3.

Corporate Disclosure Practices - Wipro defines a Corporate Disclosure Policy for dissemination of information to the Press, Investors ; Research Analysts, with appropriate Forward Looking Statements. . Management Ownership of Corporate Actions - Wipro believe that the management must present an objective, dispassionate analysis of key business decisions taken and should take responsibility for the execution of the business decision. 5.

Ethical Business Practices - Unyielding integrity ; following ethical business practices are the pillars of Wipro. Role of corporate governance in acquisitions: With increasing globalization more and more companies are looking at inorganic growth models.

Under such circumstances, adhering to high levels of corporate governance is of utmost importance. Wipro's criteria, when evaluating M&A opportunities, include deepening the company's domain competence, expanding the company's service lines, obtaining access to a new market, and enhancing technology footprint. The company's M; A strategy comprises a "Stringing together Pearls" approach to deals, focusing on plugging gaps in Wipro. In addition the final decision for M; As is based on the company's "three-fit" approach comprising Strategic Fit, Cultural Fit and Financial Fit.

All acquisitions to date have been carried out with strict adherence to our corporate governance policies & guidelines. 8. INNOVATION STRATEGY Applied Innovation The fact that innovation is incorporated in Wipro's



statement of purpose is indicative of the importance given to innovation in the organization. Wipro has strived consciously to make innovation a part of everything they do in the organization. Wipro recognizes that innovation leads to better value creation for customers, and as such, drives initiatives that they think will lead to ultimate benefit for the customer.

This emphasis on innovation lead Wipro to conceptualize the ' Lab on Hire' model, which laid the foundation of the now ubiquitous global delivery model for software services.

In order to ensure that this focus on innovation remains constant, Wipro has constituted two formal bodies to deal with innovation. One of these bodies makes strategic decisions on all matters pertaining to innovation, while the other assesses the potential of ideas received from employees. Several channels are open to employees to provide new innovative ideas and take them to fruition.

The internal employee self help portal can be used, the business unit to which the employee belongs can be used, and innovation teams can be setup to implement new ideas. All of these are proof of the importance of innovation at Wipro.

Wipro has recognized quite clearly that in order to survive in the highly competitive business environments of today, creating continuously improving value for the customer is essential. This can be done through the improvement of existing processes and systems, or the setting up of new ones.

Innovation cannot be 'owned' by a business group or a group of individuals. It needs to be driven by all the employees in the organization, and the culture of innovation needs to be ingrained in the employees. This dedicated attitude to innovation has yielded impressive results, from a cross industry rapid application development framework to a Business Process Management framework that reduces the cost of running a business and increases agility and productivity.

8. 1Source of innovations Big ideas often come from customers.

Big ideas can emerge from constant interaction. Several unsaid things can be elicited and developed making way for big innovations. Meaningful dialogues with customers will go a long way in delivering excellent products.

Innovation also comes from hiring hire people who are from different work cultures and see to it that they grow in the organization and are not pushed out in the long run. Complacency kills creativity. Complacency should be rooted out of all levels of management. 8. 2Difference between innovation and creativity According to Wipro's Chairman Mr.

Azim Premji there is some subtle difference between Innovation and Creativity.

While innovation is 'doing' things differently, creativity is all about 'thinking' differently. Innovation is essentially the application of high creativity. It need not be restricted to just products; it applies to services, employee attitude and across all levels. Innovation is a fundamental mindset pursued seriously by an organization. It is imperative to imbibe the culture of innovation. There is a need to include more people with a creative bend.

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India is known for its great art and literature.

The same spirit must be incorporated in business and economics. 8. 3Innovation at Wipro Wipro has three types of innovation: technology innovation, process innovation and delivery innovation. At the apex end, they have an IT management council, where normally all decisions about breakthrough innovations or quantum innovations are taken.

To assist the IT management council, they have an IT innovation council, where they go through four gates before an IT project gets done. At Wipro, 5% of the total revenue of \$3 billion comes from innovation projects.

And to top it, Azim Premji, Chairman gets involved in key innovative projects. At Wipro every year a fixed amount of revenue per year is earmarked for innovative projects, largely for quantum innovations and those that lead to process innovations. Wipro is working on building brand awareness in the U. S.

According to Paul, CMO Wipro, " It's driven by a need to differentiate. In the past, we could say we're an Indian offshore provider. Now everyone else has set up shop in India, so now we have to figure out what makes us different not only from Infosys and TCS, but also from Accenture and IBM. " We did a study to figure out what we could use that others hadn't talked about and was relevant to us. One of the things that differentiates Wipro is that for the last nine years we've had an innovation council. Any employee could say, " I have a great idea," and we would fund it for three years.

We had some real success with that initiative as a way to get ideas from the ground up. " " At the corporate level, we're one of the few service providers <https://assignbuster.com/wipros-hr-strategy/>

who has a target for revenues from innovation. We have a goal of 10 percent by 2009.

At the end of [March 2007], we had 7.5 percent of our revenues generated by innovation, so we think we'll hit our goal. " " The other thing is that one-third of our IT services revenues comes from R&D outsourcing, which allows us to offer end-to-end IT service and gives us access to new technologies.

" " Putting it all together, we came up with the message of " applied innovation. "" " It's not pure innovation. It's not new technology or IT patents for their own sake. It's innovating for clients to cut costs or reduce time to market or improve reliability. " For example, Wipro invests in building techniques for software quality such as lean software development [a translation of lean manufacturing principles and practices to the software development] and Six Sigma, but in the past you never really knew what the benefit was. Now we can say that we've done it on 600 projects and seen an average cycle time reduction of 20 to 30 percent.

So we're able to say when we share this innovation with you, this is how much you're going to save. " " We can talk about delivery model innovation. For one of our clients, we set up an outsourced CTO office to help them drive technology change.

We work with the client to make sure the technology is best for their business, and we're able to do that because we have complete input. " " We invested early in a Linux operating system for cell phones, so when the market was ripe we were able to give that to the client with customization at a lower cost to market than if they had done it on their own. " " We've

started an applied innovation advisory council, limited to 10 of our client company CIOs.

We'll provide them with content that they find relevant, and they'll also provide input on our innovation strategy. " 8. 4Awards For Innovation

Awards recognizing Wipro's approach and results in the area of innovation have been numerous - dating as far back as 1993. Fig 15 : Innovation Awards for Wipro 9. GREEN STRATEGY In September 2009, Wipro Ltd (Wipro), a global corporation in the Information Technology Enabled Services (ITES) industry which was head-quartered in Bangalore, India, was reviewing its Green IT plan. Wipro had been taking steps since 2006 in the larger context of climate change.

Some of them were in the only measures of their kind in India. The company had articulated a goal of becoming carbon neutral by 2014.

It had set up a governance council, called EcoEye, comprising seven senior managers three of whom were reporting directly to the company's chairman in their functional roles. The council had endorsed 120 projects aimed at carbon neutrality. Wipro had also diversified into manufacturing and marketing computer hardware it called Greenware.

The company had identified Green IT as one of its ongoing innovation themes which were meant to unearth opportunities for ? getting into businesses and product lines that will make a big difference to our customers.

It had set up a team, spun off in June 2008 from the EcoEye pool and expanded gradually into a 35 member enterprise-wide virtual squad, led by Raghuraman Kalyanaraman, a Wiproite since 1994. 9. 1Drivers of Green IT Green IT was defined as ? optimal use of information and communication technology (ICT) for managing the environmental sustainability of enterprise operations and the supply chain, as well as that of its products, services, and resources, throughout their life cycles. The concept had acquired global recognition with the release in December 2007 of a report entitled ?

Green IT: The New Industry Shock Wave by Gartner Inc, a US-based IT research firm. The report was the first to reveal that the ICT industry accounted for 2% of worldwide carbon dioxide (? CO2) emissions, equivalent to the airlines industry, which had long been perceived as the single largest contributor, at about the same percentage.

CO2 was one of four types of greenhouse gases (? GHGs)—the others being methane, nitrous oxide and fluorinated gases—which trapped heat in the atmosphere, leading over time to the phenomenon known as global warming.

The Gartner report provided a breakdown of the contribution of each component of the ICT sector to overall CO2 emissions. The emissions came primarily from data centres housing monitors, servers and other components, which were integral to the operations of IT companies. 9. 2Strategic Role While quantifying the contribution of the ICT industry to CO2 emissions at 2%, the Gartner report pointed out that the industry was also strategically positioned to bring down 98% of CO2 emissions caused by non-IT industries.

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The influence of computing and communications technologies that it commanded could help non-IT companies in myriad industries that were regular users of IT to bring down their carbon footprints.

For example, they could substitute travel with teleconferencing, reduce employee commutes with telecommuting and minimise transactional delays with e-governance. Each step, however small, helped in achieving the larger goal of reducing emissions. Green IT was thus not about IT industry alone. It was a lot about non-IT industries discovering better ways of doing business.

Green IT was also not about reducing the overall carbon footprint alone.

It was about a world of opportunities for IT companies to generate new streams of what was being called Green revenue. Green IT thus had a spin-off - IT for Green. At its simplest, Green IT helped IT companies reduce their own carbon footprint while IT for Green enabled them reduce the carbon footprint of their clients. Ever since the Internet made a debut during the early 90s, the IT companies had been in a rush to deploy the fast-paced advances in web and mobile technologies.

As a result, although they were helping clients improve their efficiencies, they were hard-pressed to pay attention to the efficiencies - or otherwise - of their own internal processes. For example, for every 100 kilo-watt hours (kWhs) of electricity supplied by a power company to a typical data centre, only three kWhs are actually doing productive work.

The remaining 97 kWhs are consumed by first powering and then cooling under-utilised hardware. It was the cumulative effect of such micro-level

wastages that had led to the ICT industry's contribution to global warming as highlighted by the Gartner report.

Fig 16 : Green Initiatives of Wipro 10. SUGGESTIONS AND RECOMMENDATIONS Product Diversification : It can move to related-diversified towards telecommunication and Mobile handsets in India, which is a 3rd largest user for Mobile phones and other emerging countries Strategic Business Units which are right now in question Mark (BCG Matrix) should increase their market share by implementing long term strategies to become in the star mark (BCG Matrix). It should strengthen the domestic market as well by taking the advantages of liberalisation and Globalisation.

Establish presence in emerging markets such as Brazil, China, Korea, where there is a huge potential for further growth.

Since being the first player in the market results in market leadership in subsequent years when the market is more open and attractive for other investors. Wipro should try to improve net profit margins to improve its valuations in the coming years. Wipro can take the strategic advantage of growing market demand of retails which is booming in Indian Market by having strategic alliance with different Retail Companies.