Wiper evolution

Science, Biology

The company is very proof-table, earning $363 million in net income in the year ending March 2005. Wiper's move intotechnologybegan in 1989 when General Electric entered into a Joint venture with Wiper, Wiper GE Medical Systems, to make and sell GE ultrasound scanners under license in India. At the time, Wiper's technology revenues were tiny, Just $ 1 5 million. While sales of GE scanners in India did not take off as quickly as expected, GE quickly realized it had found a cheap source of talented engineers and programmers.

India has a solid base of technology- soused universities and colleges that turn out many engineers every year. The vast majority speak English. While software programmers in the United States with two to four years of experience make $64, 000 a year, similarly skilled individuals in India can be had for is little as $2 an hour, and programmers at Wiper on VA-rage earn $10, 000 a year. That might not sound like a lot, but in India, where the annual per capita income is still less than $500, it can translate into a very good living.

GE quickly set aside $5 million a year to hire Wiper software programmers to write code or Gee's ultrasound machines and its CT scanners. By the mid-asses, seen-ROR GE managers began to encourage other units to fool-low the medical division's lead and outsource information technology work to Indian companies. As a result, at one point during the mid-asses Wiper was getting as much as 50 percent of its revenues from Gene-end Electric. However, along the way GE taught Wiper a hard lesson.

GE was soon contracting out work to other Indian information technology companies, play-inning them off against each other in its drive for ever lower costs. To hold onto its GE equines, Wiper found that it had to improve its own operating efficiency, so Wiper looked ar what GE was doing, and copied it. Wiper's Joint venture with GE helped in this regard, since it gave Wiper a window into Gee's relentless push for operating efficiencies. Thus, following Gee's lead, Wiper was one of the first Indian companies to adopt the Six Sigma process for improving operating feel-sciencemade famous by GE.

Today, Wiper executives -credit much of their success in the international market to the hard lessons it learned about efficiency as a GE voodoo. By the late asses, GE Egan to turn its attention from simply buying software from India, to using the country as a base for data entry, processing credit card applicant-actions, and other clerical tasks that could be performed over the Internet. About this time, other Western com-pansies such as American Express and British Airways be-mean doing the same thing. GE estimates that it cut operating costs $300 million a year by shifting such work to India.

Wiper, was a major beneficiary. Today Wiper's 39, 000 technology employees write steward, Integrate knack-outlet solutions, eagles semi-conductors, bug applications, take orders, and field help calls for some of the biggest companies in the world. Its customers still include General Electric along with Hewlett-Packard, Home Depot, Monika, Sony, and Wee-reassure. By using the Internet, Wiper can maintain and manage software applications for companies all over the world in real time. Typical is Wiper's relationship with Weyerhaeuser, one of the world's largest timber companies.

Wiper's involvement with Weyerhaeuser be-gang in 1999 when two employees conducted a modest on-site analysis at Weyerhaeuser U. S. Quarters Just south of Seattle. By 2003, Wiper was supporting a broad array of Weyerhaeuser information systems including logistics, sales, and human resource applications from Bangor, India. Overall, Wiper estimates it can save clients as much as 40 percent of the cost of maintaining such systems. In a highly competitive global economy, the imperative for companies such as Weyerhaeuser to outsource is compelling. Wiper, however, is nor content to remain in the low-margin end of the software business.

The company in-creakingly is moving upstream into gig value-added applications. For example, in 2002, Wiper signed a deal to design and engineer tape storage devices for Storage Technology. In 2004, Wiper took overresponsibilityfor all development work on this product line from 200 employees in Minneapolis. Wiper is also moving rap-idly into high value-added software services, such as sees-tabulating global supply chain or billing systems for large corporations, a business that is currently doom-anted by Western consulting outfits such as MM, DEEDS, and Accentuate.

As Wiper expands its business, it is also taking steps to become a ore global company. Around the world, Wiper has been hiring local nationals to lead its sales push. The company now has a direct sales presence in 35 countries, most of which are staffed by local nationals. By 2005, the company hopes that three- quarters of the employees that customers see will be local nationals? in Europe the figure is already 90 percent. According to a Wiper spokesman, using locals " provides the cultural and linguistic ties that make

clients smile, and help us build stronger relationships. Wiper is also buying local com-pansies to give it instant industry resent. In November 2002, Wiper paid $26 million for American Management Systems, buying not Just credibility but also 90 consult-ants and 50 existing client relationships in the energy business. While these consultants will manage contact with U. S. Customers, much of the software development work will be moved to Bangor. In something of a departure from its historic strategy, since 2000 Wiper has also been moving sonic product development work our of India to developed nations. It now has nine development centers in Europe and the United States.

These enters focus on product develop-meet work where inurecommunicationbetween Wiper engineers and the client is required than with the typical outsourcing contract, and where language is an issue. In Germany, for example, Wiper has found that it can win more business if not only its salespeople are German, but also some development work is done locally by German engineers. Case Discussion Question 1 . How did outsourcing work to Wiper improve Gene-real Electrics ability to compete in the global icon-mom? Does such outsourcing harm or benefit the American economy? 2. Did General Electric help to create Wiper?

How? 3. If Indian's information technology companies con-tinge to prosper, over rime what ay you thank well napped to ten Income Torrential Detente steward programmers in the United States and India? What are the implications for the American economy? 4. Since 2000, Wiper has moved abroad, establishing sales offices in 35 nations and design centers in nine.

Why is Wiper doing this? What would hap-pen to the company if it did not follow this strategy? 5. What does the rise of Wiper teach you about the nature of the global economy in the first decade of the 21st century?