A strategic plan for infosys global it industry marketing essay

World has seen evolution in Information Technology from big bulky PCs & Servers to Laptops, tablet PCs and iPhone and iPad. Information Systems are integral part of the global businesses since development in Operating System from Windows 95 to 2000 to Windows7. Increasing business demand has made IT a driving force of global business. Even though recession slower the growth for IT, it started spending spree by business worldwide. (Gartner, 2010)

There is lot of potential for growth in IT/IS sector as increasing demand for global reach, availability, security, better collaboration and business leverage. Gartner predicts that IT spending to increase in 2010 and 2011. (Gartner, 2010)

Indian IT Industry

Source: Nasscom, 2010Indian IT industry has outperformed in last decade and shown resilience even through global economic downturn. Indian IT industry is considered biggest contributor in country's growth and became identity of India's capability.

In FY2010 IT export revenue accounted for more than 65% of the total revenue of USD 73. 1 bn which is approximately 6. 1 of national GDP. (Nasscom, 2010)

There are many companies like Wipro, TCS, Infosys, Cognizant, HCL, Techmahindra, Satyam, fighting for IT pie but Infosys catches our eye for the growth they have shown, for the contribution they made to Indian IT industry during last 5 years.

Source: Nasscom, 2010

Infosys background and history

It all began before 29 years in 1981, when Mr. Narayan Murthy along with six engineers have established Infosys with a vision to become a global IT company. Company has its headquarters in Bangalore and offices all around the globe. Company started with initial capital of just USD 250 and achieved growth of USD 100 million in 1999 to become a first Indian IT company to be listed on NASDAQ. (Infosys, 2010)

Major milestones were achieved by Infosys when revenues touched USD 1 billion in 2004 and USD 3 billion in 2007. It stands on US$ 5. 38 billion of revenues, more than 122, 000 staff with market capitalization of approximately US$ 33 billion. (Infosys, 2010)

Source: Infosys, 2010

Infosys – vision, mission and values

Infosys has vision to be the best and respected global IT Company by proving business leverage using cutting edge technologies. With core value and a mission to be fair and honest towards clients, employees, suppliers and society Infosys delivers the best quality using recipe with best global talents and best global processed. (Infosys, 2010)

Infosys delivers next generation solutions for global companies with a mission to help them getting winning advantage over competitors. Truly " Powered by intellect and driven by values". (Infosys, 2010)

Source: Infosys, 2010

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Infosys Business Lines

Our focus will be on the following area (irrespective of industries) where we think we can compete better than the best.

Technology Services

IT Infrastructure service

For today's competitive environment every business needs reliable and cost effective IT infrastructure. Our ability and expertise will help enterprises to build robust, scalable and effective IT Infrastructure. With our understanding we develop strong SLA (Service Level Agreement) based managed service and ITIL (IT Infrastructure Library) compliant standard practices ensure efficiency. (TCS, 2009)

We offer...

Data Centre Management

IT Help Centre

Enterprise System & Network Integration

Disaster recovery

Data / Network security services

Digital Commerce

Internet made buying and selling of product and services very easy and we don't want to lag behind in enabling digital consumer in every possible way.

Source: Wikispaces, 2010

We enable business with all-in-one digital commerce solution including website, design, payment gateway integration, search engine optimization (SEO) and marketing.

Infosys SWOT Analysis

We will use SWOT (Strength, Weakness, Opportunities, Threat) analysis of Infosys to develop our corporate / business / international strategy. SWOT analysis should be focused on what is important and what is not and also properly investigate in order to take future action. (Johnson, Scholes and Wittington, 2009)

Strengths:

Most admired / Respected IT company in India and worldwide

Pioneer in Global Delivery Model

Headquarters in India, so operating cost is law

Penetrated internationally

Training and growth potential for staff (attractive staffing policy)

Strong Management, resources and Sustainable growth / revenue

Weaknesses:

Brand not strong worldwide

High salaries, almost 45% of revenues

More dependency on US market (2/3 of revenue)

Less domestic focus

Focus on big client like BT could be lethal (8-9% revenue from one client)

Opportunities:

Emerging and developing markets like South America, Africa, Asia-Pacific

Growing IT demand from domestic market (India, China, APAC)

BPO sector has more potential of growth

Threats:

Financial meltdown in the US and around the world

Rise of dollar and fall of revenue margin

Obama administration against outsourcing

Strong and High level rivalry from Other IT services company TCS, Wipro, HCL, IBM, and Accenture

Source: (Shivkumar, Anushree, Shahid, Ravi, 2009)

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Strategic Plan

Our main objective and vision is to give Infosys strong global position with sustainable business leverage. Major focus areas will be market expansion around the globe, strong global brand positioning and achieve more domain/product competencies.

Based on our SWOT analysis and capabilities of Infosys, here is our strategic plan.

Business Level Strategy (Divyesh)

We are focusing our business level strategy based on our external market and internal capabilities based criteria.

Competitive strategy

Differentiation

Competitive advantage is determined by satisfying customer need, more efficiently than your competitors. Customers will always look for perceived value for money for the products or services they buy. We believe that IT service industry is highly competitive and we can make our head high by being different. Infosys has capabilities which will make a difference while fighting to the competitors. We can make choose to be different by charging

Source: Strategy Clock – Bowman & Faulkner (1995)

premium price or without charging premium price to our customers (Johnson, Scholes, Wittington 2009). As shown in the strategy clock, we will keep Infosys into medium price based differentiation, so that pricing and value both will be justified to our customers.

Strategy against key competitors

This is one of the factors where Infosys has to work hard. There are many competitors like TCS, Wipro, IBM, Accenture, HCL, Genpact etc. giving tough

fight to Infosys by securing revenue share. That's why we decided to go for acquisition in the markets where we cannot reach in short timeline. By doing that we gather more market share and enhance our global reach.

Understanding strategic customer

Infosys know whom to target and our strategy is based on focusing on key strategic customers, we call it partners. Infosys has top client contribution of 4. 8% and top 5 clients' contribution of 15. 5% and top 10 clients' contribution of 26. 4% (Infosys, 2010), which shows how important is to understand the strategic clients. Infosys is always ahead of competitors to maintain strong strategic relations with big fishes.

Market Segmentation

It is difficult but not impossible to satisfy every customers need. We have decided to segment market based on industry, geographies and product/service requirements. Infosys is specialized to provide solutions for Financial, Manufacturing, Telecom, Retail, Media, Health care and High technology. Infosys has global reach in North America, Indian Sub continents, Europe and APAC. When there are specific needs from customer, Infosys is ready to take up the challenges and give the solution to satisfy the need of individual customer. (Johnson, Scholes, Wittington 2009)

Sustainability

It says " it is hard to digest success than failure" (anonyms). Once started to get profit and success, company has to be careful to inertia. It is like a

disease, prevent it or suffer it. So, sustainability is very important to maintain it on long run.

Inimitable

The strategy works only if it cannot be copied by competitors. We are always concern about non tangible assets like Brand, Skills and Ability, which we think are difficult to imitate. Infosys today seen as respected employer and reputed company by stakeholders. Infosys has built empire based on the abilities of her intellectual property (people). Infosys understands that it has to be enigmatic in every possible way to make legacy work. (Johnson, Scholes, Wittington 2009)

Lo Cost

It does not work all the time but positioning a lower cost than others will help company to gain some profit which can be reutilized for differentiation. Infosys has to focus on capturing low budget and high volume projects from small and medium clients to increase cash flow. (Johnson, Scholes, Wittington 2009)