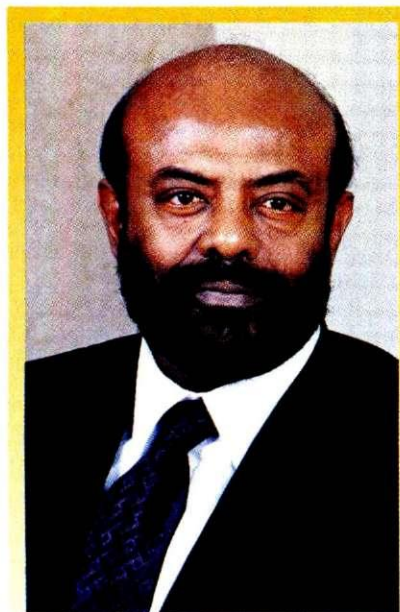
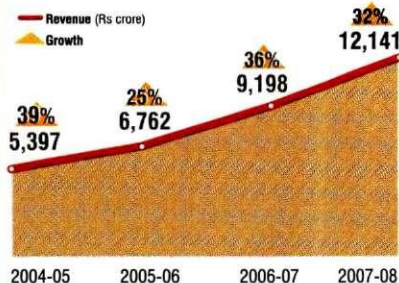


The DQ 20 | HCL Group



Shiv Nadar, chairman and chief strategy officer, HCLT

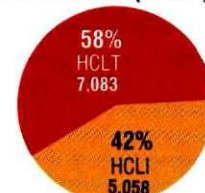
Group Revenue



- ◆ The group reached 55,000 employee strength, with HCLT crossing 50,000
- ◆ Invested over Rs 30 crore on intensive branding exercises to promote the HCL group. Launched a new series as a part of the "Tech Touching Lives" campaign

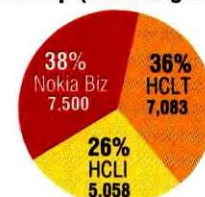
Group Revenue

HCL GROUP (IT Only)



Total HCL Group (Without Nokia Biz)
Total Revenue: 12,141

HCL Group (including telecom)



Total HCL Group (Complete)
Total Revenue: 19,641

(Revenue in Rs crore)

Coming of Age

A slew of high profile global branding initiatives and an increased focus on system integration were the highlights for the group entities

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When the dollar crisis was taking its toll on most Indian IT players, the HCL group seemed to be bracing up for bigger targets and higher growth margins. Which reflects in its growth rate: HCL group managed to clock 32% growth over FY '07, the highest (from its IT business only, excluding Nokia) in the top five club. Its approach to do things 'differently' and not get influenced by what others are doing, seems to be working well.

As evident, all players with a greater focus on exports, like Infosys, suffered this year. HP, with predominantly domestic focus though managed to grow strong at

29% (the second highest amongst the five groups). That the HCL group had a balance between its domestic as well as exports strategy—with domestic accounting for 42% and exports 58%—kept it going strong. The 'mature 30s' is reflected in the way the group has steered clear of the herd and established a synergy between the different entities.

The right mix of big deals involving group synergies, brand initiatives, and significant people movement seems to have achieved far more than just 'binding the group together.'

On the Move

The HCL group at present is a \$4.9 bn enterprise, primarily comprising

the two listed companies: HCL Infosystems and HCL Technologies. Interestingly, this India's original IT garage start-up, has not always been a 'group'. It started off as a domestic hardware player, and later, in 1996, split into HCLI and HCLT. While HCLI was to be a domestic player, the latter was to concentrate on the services exports business, where three big players already had a stronghold.

Both had been pretty much doing their own thing till recently, when the need to have group synergies started getting reflected in not only their branding initiatives but also in the deals signed (specifically in the last fiscal). During FY '08, HCL worked out synergies, and looked at markets

that were unexplored.

HCLI made use of its strength in the domestic market to reach out to customers attempting entry into the Indian market. The domestic wing of HCL also pitched for product engineering work from companies foraying into the Indian market.

The recent partnership with the Pan-Africa e-Network project to connect 53 African countries for Tele-education and Tele-medicine was a significant deal. HCLI is developing the ICT infrastructure part of the project, which will connect all 53 African countries into one network.

During FY '08 HCLI redefined its strong focus on system integration in an effort to break away from the product-based company image. The fact that its pure services (which includes system integration) revenues increased by 43% from last year, speaks volumes about the company's renewed focus on the SI business, as well as its strategy of looking at newer business opportunities. "There were several projects during the year that involved the active participation of both the group entities—HCLI and HCLT. In domestic projects, HCLI led the way with back-end support from the latter, while the reverse happened in case of the global deals. Therefore, while HCLI was handling the entire IT management for Escorts, HCLT was running SAP at the back. Ditto for the Haryana State Electricity Board: while HCLI deployed an innovative billing model for Gurgaon on a SaaS model, HCLT was running SAP at the back.

HCLT, on the other hand, led the way in the \$100 mn deal with CA; the two entities combined assumed all research and product development connected with CA's threat management security business. The projects with NEC (dating back to 1997) and Fujitsu were other examples of the synergistic model between the two group entities (HCL though being the major partner).

The Fujitsu deal is another which

followed the synergistic model between the different group entities.

HCLT too saw new focus areas, primarily from engineering and R&D services (ERS), infrastructure services, and custom applications. While engineering and R&D contributed 25% to HCLT's revenue, infrastructure management services accounted for 15% in FY '08, again a significant growth of 40% over the previous year.

For HCLT, the revenue mix coming from IMS, which was a key component in many large outsourcing deals that came to IT majors last year, gave an edge to the company over all the other tier-1 players. HCL Comnet (a \$215 mn HCLT subsidiary) handles a lot of IMS and remote infrastructure projects.

There is some overlap in places, especially in HCL Comnet, which does a fair bit of domestic business and holds a license for VSAT services in India. It has strong synergies with the SI business of HCLI, even though it also gets a large chunk of revenue from remote infrastructure management work for the global market.

There is a common marketing and support team at HCL now, following the synergistic model, specially created to forge synergies between HCLI and HCLT by acting as a delivery point for deals. It is also responsible for identifying new business opportunities. The five people HCL Enterprise team is headed by Saurabh Adhikari, who reports directly to Shiv Nadar.

Brand HCL

Whether it's their global branding initiatives or more aggressive pitching, HCL Enterprise seems to be coming of age. HCL's entire global branding

initiatives were conceptualized in Jan '05 with an objective to unify the global enterprise and connect with all stakeholders. It continued over the previous year.

HCL was a little late in leveraging the group's size and strength. There was no common identity, no common website, till 2005. Neither Shiv Nadar nor Ajai Chowdhry (the heads of HCLT and HCLI, respectively) saw it as a group. Over the past three years, HCL has tried to change that, using branding as a vital weapon. The group's efforts to portray itself as "One Giant HCL" has now taken wings.

Three major campaigns: "FEARless", "Zeroes and Ones", and "Tech Touching Lives" apart from building the brand have also been trying to get the message across that HCL has a range of offerings which span across product engineering, custom & package applications, BPO, IT infrastructure services, IT hardware, systems integration, and distribution of ICT products. There is also the fact that the enterprise has over

55,000 professionals working across 18 countries including 360 points of presence in India.

This 'One HCL' identity continued to enjoy support of the entire top management—Shiv Nadar, Ajai Chowdhry, Vineet Nayar, and others. The two companies leverage on some of each other's ventures. When HCLT participated in the Paris Air Show in June '07 with its own chalet to showcase its aerospace expertise, HCLI officials went along and explored deals for distribution of ATC and avionics equipment in India.

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