



Feature | By Sharad Sharma

Lenovo in China; Samsung in Korea; Acer in Taiwan; Converse in Israel; and Infosys in India. What's wrong with this picture? Except for Infosys, the rest are all hi-tech product companies. When will India have its own NASDAQ listed hi-tech product company?

Soon! After many fits and starts the time is coming. India is now a vibrant market for hi-tech products meant for mid-tier companies. India's unique industry structure in Asia-Pacific means that it's an ideal laboratory to debug a product, and deploy its go-to-market strategy, in the mid-tier segment. This is akin to the role that Japan played for consumer products in the mid-80s. This means that in many market segments one can now start local, and go global. It's a whole new ballgame.

Some notable thinkers like C.K. Prahalad, in his book 'Bottom of the Pyramid' and John Hagel, in the McKinsey Quarterly article 'Disruptive management practices from Asia' argue that product companies must explicitly view emerging markets, like India and China, as platforms for product innovations. They believe that "emerging markets in fact can become powerful platforms for attacker strategies on a global scale". In fact Hagel says, "capturing the full offshore experience" in this way could be "critical to survival back home". They also warn that companies, which ignore this, are "likely to be blindsided by companies that are more alert to the opportunities created by these emerging markets".

In this otherwise bright picture, many people see a fault-line. The common point is that we don't have enough product and technology innovation, taking place in India. This is true. Except in pockets, the IT industry has focused mainly on process innovation.

A unique Indian problem is that IT services companies have sucked out the oxygen from product companies. Their success has not only drained away talent, but has created an instruction-led and risk-averse mindset. They have turned our smart guys into mental coolies. After all, even now most IT Services companies get paid for head count and so there is not much business incentive to promote world-class technical talent. It's only in product companies that technical talent is really appreciated and rewarded.

In a product company one has to be at the cutting edge of technology. Product and technology innovation is the currency that you bring to the market. It requires risk-taking, a market focus as opposed to a customer focus. It requires being out in front with your ideas. It requires an ability to evangelize. It is a different DNA.

It's time for software product companies in India to break free from the IT Services ecosystem. They need to

Product Innovation

- the way to go

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establish an environment tightly coupled to other product companies in the U.S, Israel and Taiwan. Luckily some of this is already happening. Over 100 Israeli hi-tech companies now have R&D operations in India. Taiwanese players are also coming in. And US startups and MNCs are now developing their emerging products entirely in India. All this activity is pulling-in added venture capital as well. I believe the next big thing in the IT and Telecom industry is not going to be a new category of products. Instead, it will be how products and associated services are designed and delivered using a global footprint. This new trend will change the industry landscape in the next 7-10 years. Even if people like me are wrong and it doesn't end up being the biggest idea for the

industry in the next 7-10 years, it will certainly be a significant trend. It's time for us to ride this next wave.

If you are a student wanting a technology-rich career, make sure you decide to stay in India and be part of a product company big or small—it makes sense like never before. If you are an experienced employee in the U.S. and have angst to come back home, take the plunge now. This is the best time. There is a shortage for world-class people to fill the front-end at product management, back-end roles like release/program management, and technology roles like product architects. And what if you are an entrepreneur-in-waiting? Well, we will explore that in the next column. Till then, take care.



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