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## Event Report

# A Transforming Experience: Learning from Girish Paranjpe of Wipro Technologies

MAY 11, 2010

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*Change is not a new challenge by any means for business leaders; the innovation lies in how companies face change time and time again. Girish Paranjpe, joint CEO of Wipro's IT Business and Executive Director on the Board of Wipro Limited, offers innovative experiences from his company's vantage point as a leader in technology services, an industry often seen as both a cause and a solution for change. As part of the Nand and Jeet Khemka Distinguished Speaker Forum sponsored by the Chazen Institute of International Business at Columbia Business School, Mr. Paranjpe shares his thoughts on managing transformation in today's economic environment. "Unless corporations reinvent themselves periodically and continue to transform their operations, these corporations will either cease to be relevant or be caught with too many resources which will make them unviable."*

A fundamental change facing corporations—especially multinationals—has been the shift in focus from established markets to emerging markets. While emerging markets still account for a relatively small percentage of overall corporate revenue, Mr. Paranjpe contends that this is changing. Because these markets are characterized by a consistently high GDP growth rate, companies will need to address emerging markets in order to ensure sustainable growth.

Through trial and error, multinationals have discovered that what works in developed markets does not necessarily hold in emerging markets: Products sold in developed countries are rarely suitable for emerging economies, unless they are adapted. Mr. Paranjpe offered the audience the well catalogued example of General Electric's entry into China in the 1990s. GE attempted to sell \$100,000 ultrasound machines and found it difficult to tap into the market. Sales did not take off until 2002, when a local Chinese team, using smart-software technology, developed a product for GE that could be priced at \$15,000—and still deliver 70 percent of the original functionality.

This leads to the first of five key points Mr. Paranjpe offered those interested in successfully traversing this changing global environment: Companies must continuously rethink and transform their value proposition. For any company, understanding local customers is essential in addressing the different market segments; otherwise, a sizable portion of the market may never be reached and companies will not reach their full potential.

Next, Mr. Paranjpe challenged those organizations interested in creating a competitive advantage through transformation to think critically about what is core to their business and what is not. As an example, Mr. Paranjpe shared with the audience the decision reached by one of Wipro’s clients, a university in Australia. This particular university wanted to increase its investment in faculty research but faced limited funding. In order to free funding for this purpose, it had to redefine what was central to the organization. While most would consider the admissions process core to any university, this client outsourced admissions, thereby generating resources for areas it deemed most important—research and upgrading facilities and technology.

Mr. Paranjpe continued by underscoring the importance of agility and speed when entering emerging markets. While emerging markets have been underserved for years, competition is moving fast and companies must do the same. As an example, Mr. Paranjpe shared the success of another of his clients, a European wireless telecom company. When this client came to India 18 months ago, incumbents had already captured the market and dried up traditional channels. Under enormous pressure to do something different, the client bypassed traditional channels and focused directly on retail. In an unprecedented period of only nine months, this client went from setting up its operations in India to going live through subscriber activation. Agility, speed and thinking outside the box were key to this unprecedented launch.

Thinking differently about cost proposition, Mr. Paranjpe believes, is another essential area companies need to consider. Mr. Paranjpe argued that thinking about cost proposition in terms of low wages alone is not only unsustainable, it can be misguided. To illustrate this point, Mr. Paranjpe noted that Wipro, as part of its IT services, used to offer clients annual maintenance contracts whereby Wipro employees would relocate to client sites and assist with IT maintenance. But as computer prices and maintenance contracts collapsed, this model quickly proved unaffordable. To address this problem, Wipro invested in new technology and improved automated processes, allowing it to handle the majority of client IT maintenance remotely and cost efficiently.

Finally, Mr. Paranjpe proposed that effectively managing the people supply chain is paramount for continued growth, especially for those companies in the service industry. As a case in point, Mr. Paranjpe reminded the audience that in the last 10 years, as Wipro grew from a \$100 million to a \$5 billion revenue-generating business, it accordingly increased its workforce tenfold from 10,000 to approximately 100,000 employees. During this same period, not only did Wipro’s peers grow at a similar rate, but multinationals began entering the market—all of which contributed to a surge in demand for talent. It was clear that securing quality employees was key to Wipro’s continued growth. Many organizations would simply provide better incentive packages to attract and retain talent. Wipro took a different approach with two unprecedented initiatives to overcome this constraint in the labor supply.

First, Wipro tapped a new channel from which to draw talent. While competitors were hiring solely from engineering schools, Wipro augmented this source by hiring science graduates. In a highly competitive education landscape, science graduates in India have traditionally been students who did not get into engineering schools. Furthermore, Wipro partnered with top engineering schools to create a masters in science program: These newly hired science graduates would work at Wipro during the day, and on weekends earn their masters degree at top engineering schools. According to Mr. Paranjpe, today this team of people is the best group in the organization in terms of loyalty, knowledge and contribution. In fact, he feels these employees want to prove themselves and outdo the engineers. Second, Wipro recognized that the labor resource constraint facing the industry was due in part to the lack of quality faculty. As such, the company partnered with universities to create a teaching program to educate the next generation of engineering faculty. Mr. Paranjpe believes that a relatively small effort on the part of Wipro led to a significant increase in the supply of talented engineers, which helped meet the labor demand of the industry as a whole: another example of thinking outside the box.

Mr. Paranjpe concluded his remarks by noting that during these turbulent economic times, adaptability and transformation are constant themes that will continue to be relevant for companies striving to succeed. Mr. Paranjpe challenged the audience to reflect on the words of Charles Darwin, who suggested that it is not strongest of species, not the most intelligent, but the one most adaptable to change that is going to survive.

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