

CORNER OFFICE

GANESH LAKSHMINARAYANAN, PRESIDENT, DELL INDIA

'India is the engine of Dell's global growth'

Sujit John & Mini Joseph Tejaswi | TNN

In late 2006, Dell lost its lead in the PC business to Hewlett-Packard globally. Last year, it slipped further, to No. 3, as Acer barged into the No. 2 spot.

Surprisingly, in India, roughly during the same period, Dell was moving precisely in the opposite direction. It went steadily up the ranks and became the biggest seller of laptops in the second quarter of this year. In the third quarter, it also became the biggest seller of desktops in India, toppling HP from the spot it had retained for five years.

The fact that this happened in a relatively short period, and against competition that also includes aggressive Asian players such as Lenovo and Acer and Indian players like HCL, makes Dell India's achievement all the more creditable. This, combined with the \$53-billion company's previous record of establishing a successful global customer service and support division in the country, has raised Dell's ambitions in India. The company now wants to challenge the likes of IBM, HP and the Indian IT majors in the services and solutions space.

To that end, Ganesh Lakshminarayanan, who helped create Dell International Services a decade ago and who now heads the global consumer, small and medium business (CSMB) services for Dell, has just been given an additional role—that of president, Dell India. It's a new position for the company, and the 42-year-old Lakshminarayanan will have the responsibility of leveraging all its divisions—manufacturing, sales, contact centre, analytics, managed services, R&D, IT, and back-office processing—to offer complete solutions to Indian enterprises, not just PCs and servers.

Lakshminarayanan, a US citizen but born and brought up in India, can speak good Tamil and a bit of Malayalam as his "parents are from Kerala". Last week, when we met Lakshminarayanan soon after he took on the new role, he was excited. "India is at the top of Dell's strategic geographies. If there is a time to be in India, it is now, and if there is a place to be at Dell, I would say India is that place," he said. India, he said, is called the engine of Dell's global growth, and noted that 23,000 of Dell's global employee base of 96,000 or its every fourth employee is now based in India, and every arm of the company is represented in the country.

Since the news about Dell becoming No. 1 in PCs in India is still fresh, we decided to begin with that. He attributed the success to, more than anything else, Dell's talent in India. "The first is we built a phenomenal team. People underestimate the talent we have built over the last five years," he says.

He refers in particular to Mahesh Bhalla, the head of the CSMB business in India; Sameer Garde, GM of Dell's global OEM solutions segment; and Ravi Bharadwaj, responsible for sales of software & peripherals and after point-of-sale products in the Asia-Pacific region. "All these guys that we

hired in the first phase of our operations in customer service, they went on to lead market facing divisions in India, and are now in global or regional roles. So we are a local Indian brand, building the local India market. Companies often bring in expats, external leadership teams. But we have no expat, other than me, and people don't consider me an expat," says Lakshminarayanan.

Investing in a manufacturing plant is seen to be the second big reason for the company's success in the PC segment. Dell invested close to \$30 million in its Chennai plant. Today, it produces around a million units a year. That has helped bring costs down significantly. "It also enabled us to cut our cycle time by half."

The innovations in the distribution network were another differentiator. Dell is globally known for its direct business model, under which it bypassed traditional distribution channels and sold PCs directly to customers. This helped the company save on costs like reseller margins and high inventories. It also helped in giving customers customized products.

That model worked well in selling to the Indian corporate sector. But from 2008, when it started focusing on the Indian consumer and SMB (small and medium business) markets, Dell recognized that the Indian consumer, unlike the one in mature markets, was wary of buying online. So the company began several new initiatives. It launched retail stores and introduced a direct model within retail, which allowed you to walk into a store and configure your PC. You see only a red laptop there but you want a blue one, you could get it the way you did through Dell Direct.

"Consumers often want to see and touch, but after that they want to have the experience of configuring it to their requirement. And within 5-7 days, it is delivered to them. Others don't have a supply chain that allows them to do the kind of direct model we do," says Lakshminarayanan.

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'We have a phenomenal distribution network'

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Dell also found that people in tier II and III towns are often intimidated by large companies and that they prefer to buy from channel partners. So it abandoned its traditional strategy of avoiding channel partners and embraced them. "We have built a phenomenal distribution network. We are present in close to 600 cities," Lakshminarayanan says. The company is now building its own service network. If you have a problem with your PC, the company sends a service person to your place. Several players in the industry still follow a carry-in service policy, where you need to take your PC to a service centre if something goes wrong with it; onsite service is provided at best by a channel partner.

Some of Dell India's brand campaigns are also seen to have worked very well. Many still remember the 'take your own path' campaign, which (unusually for technology brands then) featured people like Raman Roy, often called the father of India's BPO industry, and P Rajendran, co-founder of NIIT. The campaign, focused on small businesses and entrepreneurs, suggested that if you take your own path, Dell was the brand that could empower you, and you could have a success story to tell. It did so well in India that it was taken to several of Dell's other markets, including France. The company is now about to launch a campaign in

the consumer space, but is tightlipped about the details.

There are bigger plans for the hardware business. The company has launched smartphones, and tablets are on the way. We ask him if Dell will make more investments in the Chennai plant? He's tightlipped, and heightens the suspense on being pressed: "We will announce something soon. It will be a big announcement. Can't say anything now."

Will Dell make smartphones or tablets in India? Hard to tell, but if it does, that will be a big one.

Lakshminarayanan notes that when Michael Dell was in India in March, he told the Prime Minister about India's need to be a hardware manufacturing destination as well. "What was interesting for us was that immediately after that, a task force was set up to look at making India a hardware destination. Dell has been a big input provider to that task force. If the plans take off, it's an opportunity for India, and it will enable us to provide more affordable PCs, help in our PC penetration."

Services & Solutions

But it's the future in services and solutions that Lakshminarayanan is particularly excited about, and it is also his biggest challenge. In the course of our conversation, the term 'services and solutions' was used at least a couple of dozen



Ganesh Lakshminarayanan

times. The idea is that Dell must provide everything to the customer—from consulting to IT services and hardware to support and backoffice processing.

The ground for that, as he sees it, is now well laid out. A powerful customer support machinery is already in place—a segment that Dell started in India and which in the last decade has gone on to acquire very specialized skills. The company has built a global analytics team in India. "They do supply chain analytics, pricing analytics, online analytics for our global operations." The Indian R&D centre is said to be playing a significant role in the development and testing of Dell software. About 70% of the development and testing of the online platform Dell.com happens here. "The R&D division alone produces over 200 invention disclosures every year."

Over the past two years, Dell has made several acquisitions globally—Equallogic, Scalent,

Kace and Boomi—that has given it strengths in areas like data centre management, storage management and cloud computing. The biggest play towards IT services came with Dell's acquisition of Perot, which was announced in September last year. Perot came with significant strengths in the healthcare and government verticals. And it had a strong presence in India.

"There is a huge growing need for healthcare IT in India, and Dell today is the No. 1 healthcare services/solutions provider in the globe," says Lakshminarayanan. Two months ago, Dell announced a big deal with Max Healthcare, under which it moved Max's entire IT infrastructure to a Dell-managed cloud. "We manage the hospital information systems for eight of their hospitals. So we are talking about combining our expertise in healthcare with other horizontal technologies like virtualization, cloud, etc."

IBM, TCS and Wipro have dominated the domestic market for services and solutions, and they are strong in multiple verticals. Others like HP and Infosys are also ramping up. It will be interesting to see if Dell can do in this space what it has done in PCs in India. At the moment, it looks like a tall order. But then, five years ago, if somebody had said Dell would be No. 1 in PCs in India by 2010, few would have believed that too.