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## NEWSLETTER

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## Editor's Note

# Tall Ambition and Dwarf Execution

### Ed Nair

The author is Editor of Dataquest & Global Services

to champion the government's success in achieving these milestones.

Comparison between India and China is inevitable in discussions like these. China's economic success, razor-sharp execution of national projects, and formidable ambition pales in comparison to India's stodgy planned approach to development. An irrepensible Swaminathan S. Anklesaria Aiyar, Consulting Editor, The Economic Times championed the success of individual achievement over government driven initiatives. He said that Nasscom itself is a good example of how private individuals achieved what government would not have been able to. Other examples cited were the success of the auto and auto ancillary industries in research and design and the pharma industry in dealing with the patent regime that restricted access to global markets.

It is not that Aiyar does not see a role for the government. He said, "The role of the government is to facilitate positive reform to enable business and provide governance." He bemoaned India's lackluster showing in global ranking for business-friendliness. India ranked 134 out of 183 in 'Doing Business', 166

out of 183 in 'Starting Business', and even worse at 182 out of 183 in 'Enforcement of Contract'.

Pilot's retort was that rankings don't matter, they don't tell the whole story. Countries like Macedonia and Colombia have leapt up even 40 ranks by focusing on a few parameters that determined the ranking, he said. Instead, delivery and overall economic and social impact is what matters, Pilot stressed.

Janamejaya Sinha, Chairman- Asia Pacific, The Boston Consulting Group pointed towards a global reset in the offing. He said that the western world will beat towards Asia's doors in the next 20 years. Sinha said that in the next seven years, \$15T of additional consumption is expected to happen out of Asia, of which \$2.6T would be from India alone. He stressed that the opportunity is India and that this is the best period in its history.

The discussion did not really get to deliberating the issue about India's dwarfed execution. While gaps in execution were identified, painting pictures of a rosy future was the dominant theme. It left one wondering whether we agree at all at India has tall ambitions, but dwarfed execution.

**T**he panel discussion on 'Reality Check- Is India Suffering From Tall Ambition and Dwarf Execution' threw up divergent, but nonetheless thought-provoking views.

Sachin Pilot, Hon'ble Minister for Corporate Affairs debunked the label that India has been a non-performer. He lauded the faith amongst Indian people that the future belongs to India. He cited the success of many national projects and its economic performance despite global economic meltdown. Pilot seemed



### Jeff White

President- India and SAARC, Cisco

## Cisco to align with the national agenda

**J**eff White took over the reins at Cisco India barely four weeks back. On the sidelines of Nasscom Leadership Forum, in an exclusive interaction with Dataquest, Jeff gave a quick peek at his mandate and his first impressions about Cisco in India.

#### How have the past four weeks been for you?

I got a good sense of the opportunity in India and my appreciation for it has grown. I would like to reaffirm our commitment to India and we would continue to invest here.

#### Your uppermost priorities?

Growth, developing the employee base, and driving innovation. I have seen significant innovations happen out of India. I am very optimistic, energized, and excited about these opportunities.

One big part of my mandate is to align Cisco to the national agenda, the priorities of the government. These include broadband access, healthcare, education, and social responsibilities and we would want to take these to the next level.

#### What was the biggest surprise?

The market opportunity is bigger than what I thought.

There is massive urbanization, rising middle class, and demographics of one-third of the population below 15. The potential for broadband in Tier-2 and Tier-3 cities is huge.

Secondly, I was incredibly impressed by the talent of the people here. I had heard about it- that we had around 10,000 people, but their quality was equally impressive.

#### What's on your plate right now?

I am in the midst of defining the company's priorities here with my senior team. We will eventually create an India board comprising people from all across Cisco.

*In an interaction with Ed Nair*

#### Project Team

Ed Nair, **Editor**

Satish Gupta, **Head Sales & Marketing**

Shrikant G, **Associate Editor**

Smita Vasudevan, **Operations Editor**

Shilpa Shanbhag, **Sr Correspondent**

Prerna Sharma, **Correspondent**

Pramod S Rawat, **Design and Layout**



# In the Spotlight



# 330 CITIES. 100 COUNTRIES. 1 MILLION BUSINESSES



## The Global Network

Taking on the unique advantages of the WTC model, a world class integrated business city at Manesar is all set to jump start commerce and new opportunities.

The World Trade Centers (WTC) symbolizes global trade and it has acted as the 'platform of commerce' since its inception in 1939 in New York. Through its years of existence WTC has remained true to its name. The WTC is clearly a source of inspiration for entrepreneurs across the globe.

As we browse the facts - one is bound to be amazed at the scale and size of WTC. Headquartered in New York, the network comprises office complexes across 330 cities in 100 countries and serves over 100,000 member companies.

However, WTC's reach spans the world- far and wide beyond NYC in cities such as Chicago, Tokyo, Rome, Beijing, Frankfurt, Las Vegas, Athens, Miami, Mexico, Tokyo, Dubai, Moscow, Sydney and so on.. list is endless.

WTC exists for the unilateral purpose of aiding the development of the business of its members through the ever changing climate of commerce. It does this by creating a closely meshed network of entrepreneurs that acts as a platform in promoting and fostering opportunities for its members. Also by fostering a community approach, it creates a sense of security as well - like creating homogeneity out of heterogeneous business goals and aspirations.

As we look at trade networks on a common unified platform, it promotes prosperity through international trade and at the same time it augments development of local business communities. It does so by providing

a host of reciprocal services to help foster partnerships. It also promotes knowledge dissemination on broad areas like: facilitating trade missions, access to global businesses and capital; trade information services and market research services for local business knowledge; trade education services; world class office complexes; expo and conferencing facilities; short term office space; stay facilities and much more.

Today world trade is of the order of US \$12 trillion (including both goods and services), of this, an estimated US \$4 trillion (i.e. one -third) trade flow through World Trade Centers. The WTC therefore is at the pulse of the changing dynamics of the business every day, giving its members access to opportunities no other network can.

While India is not new to the concept of WTC - How about looking at North India's 1st operational WTC...

## North India's 1<sup>st</sup> operational WTC

WTC Manesar is a 1.6 million square feet complex which is also India's first mainstream green building, holds a Leed platinum certification & was awarded - World's best office development, by CNBC.

The complex is now operational is ready to host the operations some of the best international & national brands across industry sectors. Being a member of the elite global WTC network, and a place for business networking, WTC Manesar is already high profile events including the upcoming - Indo-Japan Strategic Summit on 19th February.

Apart from being an ultra modern structure in terms of design and layout, it incorporates whole lot of modern amenities in one place. Clearly, these are modern buildings, efficient with interesting design.

Quips Gaurav Bansal, Sr. General Manager (Marketing), "More than a building or a complex, WTC as a networking platform strives to bring together various stakeholders such as Corporates, Associations, Government Agencies, SMEs & Other institutions. Going forward, WTC Manesar will be hosting various industry events, B2B matchmaking sessions & discussions".

During his recent visit to India, Mr. Eric Dahl, CEO, World Trade Centers Association said, "While there are many industry and trade associations in India, WTC serves a complimentary function. When Indian firms reach out to the world, the typical routes are through Indian Consulate or through their foreign business partners. But small firms can't afford these. That's where WTC chips in as well. I like to call

it the United Nations of Business".

According to Khair Ull Nissa, Senior General Manager, WTC Manesar, "The complex aims to provide a comprehensive eco-system that fosters business growth and revenue enhancement for companies operating from the campus. Manesar, being a strategic location, have excellent connectivity, planned amenities and infrastructure which makes it a favored business destination for several multinationals. We are happy to associate with World Trade Centers Association and operate under the brand name of World Trade Center."

## WTC Services

### WTC International Trade Services & Facilities

A WTC offers its members and tenants a wide range of facilities and international trade services. Since WTC services are reciprocal, members can access them at all operating WTCs around the world. Here are the services and facilities that are offered to companies seeking to expand international markets.

### Trade Information & Market Research

WTCs provide up-to-date information about their respective regions, including local products and services, market conditions, government regulations and business culture. WTCs furnish detailed profiles of local business contacts, including manufacturers, distributors and services providers. They also perform market research tailored to specific needs. The WTCA's internet website (<http://www.wtca.org>) is a marketing tool for the WTC's around the world, promoting events and businesses.

### Business Services

WTCs offer state-of-the-art support facilities. This includes video conferencing, internet access, word processing and more. Flexible arrangements for temporary office space, meeting rooms, secretarial and translation services are also available.

### Trade Education Services

WTCs organize practical, interactive international trade workshops and seminars on key local and global business issues.

### Group Trade Missions

Includes taking part in outbound missions to explore new markets and receiving incoming business groups.

### WTC Clubs

Promote business networking by providing comfortable lounge and dining services for members and their guests. Offer private rooms with general office services for various types of business gatherings. Networking forums are arranged on specialized subjects to facilitate business contacts.

A World Trade Center is a recognizable symbol of locally focused economic strength in world commerce. Anchored by a unique combination of tenants and visitors, a World Trade Center is bustling hub of export activity. Membership requirements and cost vary according to each World Trade Center.



World Trade Center at Manesar



**Som Mittal**  
President, NASSCOM

"India is at the forefront of change in the technology and business process outsourcing space. Today our industry operates out of 75 countries; we have hundreds of development centers across the world. Onshore, right shore, near shore- global sourcing has come a long way"



**N Chandrasekaran**  
Chairman NASSCOM and  
CEO of TCS

"When we look at this year's theme - Imagineering the Future "- people would wonder on it given that the entire world is talking about recession, recovery etc. It is in that context this theme makes all the more relevant. Moreover the adoption of various key technologies is happening at a rapid pace. If we look at the last four years, it has been a spectacular run with several disruptive technology innovations"



**Anand Sharma**  
Hon'ble Union Minister of  
Commerce and Industry

"We have seen how the world has been redefined and in the last few years the discourse has been totally different. Earlier tablets were administered to cure ailments but today tablets have become the friend of every child"



**Prithviraj Chavan**  
Hon'ble Chief Minister of  
Maharashtra

"IT is redefining lives. Considering the population of a state that touches an approximate figure of 100 million (a figure that is almost the size of Mexico). In such a scenario, the - projection of a growth of 12-14% offers huge opportunities"



**Mike Walsh**  
Futurist & Author

"Companies of the 21st century will compete on their networks, not of devices or distribution, but on connected platforms that allow their people and partners to collaborate and create value. In order to be different and proactive, Walsh also suggests enterprises on implementing internal social networks and encourage best performers to use it to drive innovation and for employee engagement and communication"



**Patrick T Harker**  
President, University of  
Delaware

"There is a clear move towards creating manufacturing jobs in the US. Innovation is kicking in and there are some good signs. There is a big opportunity to maximize impact and quality in the service sectors like energy and higher education with the use of technology"

# Outsourcing Destinations



**Julian Robinson**  
Minister of State

## Jamaica Advantage

Jamaica's unique positioning and resources allow for several advantages to doing business. The most prominent being:

- A large native English-speaking population, of which Jamaica is the third largest in the Western

Hemisphere following the United States and Canada.

- Close geographic proximity to U.S markets allows for shorter travel times to key markets. For example it is only 1.5 hours' flying time from Miami to Jamaica, and 3.5 hours between New York and Jamaica

- Similar time zone with North America allows for harmonised business hours. Jamaica is located at GMT-5, which is the same as Eastern USA with the time difference between Jamaica and any other country in the Americas being no more than 3 hours.

- In terms of telecommunications, Jamaica has advanced, reliable on- and off-island networks with three active submarine cable systems connecting us with the rest of the world. Fibre optic networks are fully redundant with low latency, and with up to 5 TB of unlit capacity and local providers offer a full suite of bandwidth IP services, including R1, DS3, MPLS and Ethernet.

- Competitive wage rates for a call centre agent in Jamaica are about a third lower than in the United States.

- Continuous and available electric supply from the grid is constant and continuous to both domestic and commercial customers. Electricity generators are not requirements but are only recommended in the event of supply interruption from a severe hurricane.

## Emerging Locations in 2013

### Quotes



**Manoj Punja**  
Senior Vice  
President & Global  
Head, Wipro BPO

"Latin America is a 'must have' in the list of emerging destinations, especially for BPO. Philippines is also growing at a fast pace, in terms of voice based processes"



**Krishna Baidya**  
Industry manager,  
APAC, Frost &  
Sullivan

"Amid currency devaluation, Baltic states-Estonia and Latvia moves up in the preferred destination list. Improving fundamentals helped Egypt and United Arab Emirates (UAE) gain prominence"



**Andrew Lewela**  
Project Manager, Kenya ICT Board

## Kenya Advantage

The size of the local ICT market is estimated at US\$ 500 million and it is of note that companies such as Spanco, followed Airtel into Kenya to continue servicing them. Statistics show that the current government spends on ICT is just 1 percent and this is bound to increase to reach global benchmark of 3 percent. Given Kenya's relative sophistication compared to neigh-

bouring markets, many more Multinational companies have invested in the country.

- **Stable pro-investment government:** Our new Constitution that became law on 1st Aug 2010 has cemented the stability and guaranteed investors and citizens alike rights that promote economic and social growth.

- **Availability of Skills:** Country of about 40.5 million people of which 47.5 percent constitute the working population. The country also has the highest 15 + literacy rate in the region (90 percent). Investors have access to a large pool of highly qualified professionals in diverse sectors at competitive rates within a very flexible legal framework.

- **Innovative culture:** The country has been identified in recent times as one of the countries to watch in Africa as far as technology and innovation goes. Dubbed the 'Silicon Savanna', Kenya is rising fast as a technology powerhouse on the African continent. There are many incubation labs that have set up in the recent past to precipitate growth. Areas covered are:

- **Strategic location:** We are at a strategic location as a regional financial, communications and transport hub - Our strategic location and well developed business infrastructure makes us a natural choice of location as a base for your regional offices and operations.

### Expert Speak



**Michael Crowley**  
Senior Economist,  
Bank of Ireland,  
Global Markets

"The economy is expected to remain weak in the opening months of 2013.

Measures being taken by government to strengthen Economic and Monetary Union (EMU) should result to an improvement in consumer and business confidence and a gradual recovery in spending and investment."

# The Lure for New Geographies

Changing wage rates and currency fluctuations will influence location preferences. Krishna Baidya, industry manager, APAC, Frost & Sullivan, says, "Amid currency devaluation, Baltic states - Estonia and Latvia moves up in the preferred destination list. Improving fundamentals helped Egypt and United Arab Emirates (UAE) gain prominence."

Latin America is a 'must have' in the list of emerging destinations, especially for BPO. Its multi lingual capabilities and cultural affinity with the West makes it a promising outsourcing destination.

"Despite the economic volatility, European market has been very good for us in the recent past. We have grown our strengths there," says Shantanu Ghosh, Sen-

ior Vice President, Practices, Solutions and Transitions, Genpact. According to ISG, half of the mega deals signed in 2012 happened to be in the European market which shows revival of interest and confidence building up. Service providers are also confident about their performance in the region. Romania, Poland and Bulgaria are the promising locations.

# Reinventing the Wheel

**A**fter years of outsourcing and pioneering global delivery, Indian IT is at the threshold of a major transition. And to make the most out of the transition, the companies need to reinvent and innovate- this is the strong message NILF 2013 is driving at

The 21st edition of the NASSCOM Leadership Forum (NILF) 2013 started with the theme: "Imagining the Future". Som Mittal, president, NASSCOM set the tone by saying, "How does the next US \$100 billion look like? In the last few months much has been written about the stagnant traditional outsourcing model and way forward for the industry to scale up from here. India is in the forefront of change in the technology and business process outsourcing space. Today our industry operates out of 75 countries; we have hundreds of development centers across the world. Onshore, right shore, near shore- global sourcing has come a long way. Today many trends are changing the entire IT outsourcing landscape and with ever changing dynamics, IT partnerships hence assume critical proportions and NILF is getting bigger and better with each passing year."

"NILF has gained significant prominence and has become a global forum of coming together of the industry," says Natarajan Chandrasekaran, Chairman NASSCOM and CEO of TCS. "This year delegates had come from across 35 different countries. When we

getting more prominent. "However one of the most important trends is the impact of IT on the society, it is not CSR - it is the actual benefits of IT percolating to the masses. Initiatives like UID are the ones that will impact the society in a big way."

Reflecting on how IT can make a difference, Anand Sharma, Hon'ble Union Minister of Commerce and Industry said, "We have seen how the world has been redefined and in the last few years the discourse has been totally different. Earlier tablets were administered to cure ailments but today tablets have become the friend of every child." Having set the tone for the day, he further added that key developments have the ability to disrupt production cycles, from which stems the belief that this journey is a continuous travel. And this becomes equally important as most pronounced changes have been witnessed in the last three years.

## Right Time

Echoing Anand Sharma's optimism Hon'ble Chief Minister of Maharashtra, Prithviraj Chavan said "Maharashtra has been a major destination for attracting IT investments all these years." He said, "This is important in an age where IT is redefining lives and making a plethora of a difference and also considering the population of a state that touches an approximate figure of 100 million (a figure that is almost the

ment systems are now ready to accept the change and internalize services that the IT industry offers. These services are aimed at using it in sectors that will help to improve the lives of the common man. Together the government (both state and national), civil services, and the IT industry can make a huge difference.

## Advantage Maharashtra

This comes at a time when the Maharashtra state is beginning to open its doors for IT adoption. In fact the state has been ranked as numero uno on the scale of e-readiness in the words of the CM. On the Adhaar front, the state has already enrolled 52 million citizens and has already rolled out the Direct Beneficiary Transfer System. The efforts of the state in the face of State Resident Data Hub, have received praises alike. Approximately, 60% of key citizen services amounting to 80% in volume have been rolled out marking a huge difference. Maharashtra has become the first state to implement cloud services apart from the fact that the state with the joint efforts of NIC has implemented eoffice.

## Invest Right

"The State CM also emphasized that the IT industry can invest in new emerging locations that offer more scope. Cities like Nasik, Nagpur, Aurangabad, Kolhapur, among others. With the joint efforts of the industry and the government, the industry can capi-



**Anand Sharma**  
Hon'ble Union Minister of Commerce & Industry

look at this year's theme, people would wonder on it given that the entire world was talking about recession, recovery etc. It is in that context this theme makes all the more relevant. Moreover the adoption of various key technologies is happening at a rapid pace. If we look at the last four years it has been a spectacular run with several disruptive technology innovations."

Chandrasekaran averred that the key trends like the rapid escalation of tablets, consumerization of IT, emergence of new technology infrastructures, and organizations trying to create a new base line for IT investments with an aim to future proof themselves are



**Natarajan Chandrasekaran**  
Chairman, NASSCOM

size of Mexico). In such a scenario, the projection of a growth of 12-14% offers huge opportunities.

Chavan elaborated, "About 25 years ago, there was a choice to make between products versus services and local versus exports. Today, we are at a stage where a quarter of India's exports revenues are generated from the IT industry. The Indian market is opening and offering huge opportunities and the time has come for the larger players to make renewed efforts in conjunction with the state governments and play an instrumental role in taking the nation to new heights."

This is important considering the fact that govern-



**Krishnakumar Natarajan**  
Vice Chairman, NASSCOM

talize on the abundance of technocrats, huge number of educational institutes, etc. The government of Maharashtra is keen to invest in an ecosystem that will support the manpower industry culture. Take the instance of Mumbai that has crossed the mark of \$10 billion in investments in infrastructure. We were behind time on investing in the direction of infrastructure and now it has been plugged. We have pulled our strings and are in the right direction. And hence, we need the support of the industry in terms of investments to paint a better picture of Maharashtra that today is the important part of the Indian economy."



# Outsourcing 2013: Top 3 Trends



**Prashant Ranade**  
CEO and President,  
Syntel, Inc.

**1** First would have to be the impact of digitization and mobility, which has created new opportunities for enterprises to interact with their customers and redefine the traditional workplace, as well as new ways for their outsourcing partners to add value.

**2** I also expect that we will witness the continued shift to a multisourcing model. Fewer and fewer buyers are looking for a “one-stop shop” to supply all their IT needs. They are turning to providers that offer domain-focused solutions and the deep skills and knowledge required to create really compelling value.

**3** In a dynamic business environment, the ability to develop and deploy new enterprise applications can be a game changer. Companies that are able to bring new apps to market quicker will have the advantage, so look for enterprises to turn to an Agile model and a multi-skilled workforce to make that a reality.



**Bhaskar Ghosh**  
global lead of Application  
Outsourcing, Accenture

**1** The pace of externalization and industrialization of applications, business processes and infrastructure will continue to increase in 2013. Cloud and SaaS will accelerate this trend further.

**2** The role of the CIO organization will shift from being just service providers to their businesses to that of technology brokers who bring in the best talent and technology from multiple sourcing partners and enable collaboration between these providers for exploiting IT to its full potential.

**3** Offshoring will continue to expand not only due to increased client acceptance and cost savings but also to drive organizational flexibility through next generation IT services driven by industry skills, consulting, agile methodologies, platforms, assets, tools, accelerators and most importantly, access to niche skills in emerging technologies.

## Transforming Customer Service



**Rajesh Subramaniam**  
MD & CEO, Firstsource

**1** Customer Insights/Analytics- Organizations want their partners and vendors to leverage power of customer analytics and provide actionable insights. This is an emerging trend we are observing and this will see a lot of traction in 2013.

**2** Transformational approach: In general, customer experience would be one of the important transformational themes for organizations apart from revenue growth and cost reduction goals.

**3** Home based agents: Organizations would invest into this area considering cost factors, flexibility and manage fluctuations in call/chat volumes. Organizations need to look at softer aspects (training, team building etc) as well as harder aspects (security, risk and compliance, fluctuation patterns etc) of the business.

## Contact Center Innovations



**Rajeev Mittal**  
Managing Director  
India & SAARC  
Avaya

The shifting paradigms and expectations from customers are driving lot of innovations in the contact center space. Some of the recent innovations that have happened in the recent past and are underway are:

■ **Experience portal:** The ability to create personalized IVR for each customer thus driving customer experience, being able to reach out to customers proactively across multiple channels, providing call back assists during long wait times are some unique innovations in this area.

■ **Multi-channel:** The options for customer to be able to handle customer requests in the form of not only voice, but also email, chat, sms, video and applications on smart phones to interact with the customer service center thus driving customer experience.

■ **Analytics:** The ability to capture customer feedback and analyze customer interaction in almost near real-time thus giving the organization the ability to improve customer experience



## Redefining outsourcing the cloud way

As the hype and confusion over co-mingled public and private cloud starts to dissipate, more CIOs are joining the cloud computing party. This will have an impact on the IT outsourcing service providers, who will see their business models and customer value propositions disrupted. Service providers in the IT outsourcing space have, after all, profited significantly by taking on their customers' highly complex, one-off collections of IT assets and finding ways to manage them more efficiently than their customers can. But the essence of cloud computing is a move towards highly standardised racks of commodity servers and a software environment that together make for a highly efficient use of resources. Cloud computing, when done right, has the potential to actually replace, and not just augment, legacy environments while adding value by reducing costs and increasing agility.

PwC surveyed 489 business executives to understand the real state of data center management today, how fast business executives expect to move to cloud infrastructures in the future and who they will turn to—traditional IT outsourcing providers, new cloud-oriented providers or internal staff—to make the shift. Individual interviews with vendors offering traditional IT outsourcing and new cloud-based offerings, including infrastructure-as-a-service (IaaS), complemented the survey.

The PwC IT Outsourcing and Cloud Computing Survey suggested that many, if not most, functions of the traditional data center—internal or outsourced—will gradually migrate to the cloud. The survey revealed a growing interest among IT outsourcing customers and non-customers for infrastructure in the cloud, especially private cloud; and a slight preference for new cloud-focused service providers over traditional IT outsourcing vendors to manage the private clouds.

As a result for the next several years, IT outsourcing providers will face the dual challenge of delivering traditional IT infrastructure services while trying to meet the growing demand from their own customers to migrate to cloud computing, including IaaS. IT outsourcing providers not ready or able to move with their customers could put the entire relationship at risk. This provides an opportunity for younger cloud-based IT infrastructure providers to aim at the enterprise market for IaaS.

The survey indicated that the migration to cloud will be gradual and the cloud will coexist with traditional infrastructure for a long time. In the near future there is likely to be enough demand for both traditional IT outsourcing and cloud services to keep everyone busy. However, besides deep pockets and trusted brands, one major differentiator for established IT outsourcing providers is the vast experience many of them have with consulting services. Since the IT resource landscape will be a mix of traditional infrastructure, private cloud, and public cloud, customers will need help to determine the when, what, where and how of migration.

## How insider threats change when applications move to the cloud?



**James R. Slaby**  
Research Director,  
Sourcing Security  
& Risk Strategies,  
HfS Research

Changing insider threats in a cloud environment. When assessing the risk associated with migrating applications to cloud services, buyer should focus first on how the insider threat environment changes, as follows:

The most privileged users with the power to wreak the most harm are no longer your employees. The cloud provider's IT staff are now the ones with unimpeded access to applications, their sensitive data, and the systems they run on. They may be endowed with far-reaching access and powerful privileges in order to do their jobs. And they are by definition more highly skilled and knowledgeable of system vulnerabilities.

Your applications will likely be part of a much larger-scale, more complex IT operation. The typical cloud provider operates in a multi-tenancy environment with many customers. If they have not taken adequate steps to ensure tenant isolation, your applications and data may be exposed to security threats from other co-tenants. The cloud environment embodies new technologies that may present new attack surfaces. For example some buyers may be unfamiliar with emerging threats like virtual machine breakout exploits attacks, in which malware is able to break the containment of the virtual operating system to attack the host environment or adjacent virtual machines.

Questions of jurisdiction may arise based on where IT insiders reside. A potential inside attacker may be operating in a physical location where the legal sanctions against criminal activities are weaker than in your own jurisdiction. This can remove some of their disincentives to criminal behavior and make court injunctions more difficult to obtain. Cloud security measures may conflict with some of your native threat mitigation systems. For example, the use of end-to-end encryption to protect sensitive data in transit to and from the cloud may render some of your own security countermeasures inoperable, e.g., network-based intrusion detection and prevention systems and data loss prevention systems.



**Rajesh Rajan**  
Leader, Emerging  
Technologies,  
PwC India



**Ritesh Pal**  
Senior  
Consultant, PwC  
India

# Outsourcing Lessons From 2012



Over the last couple of years the ‘uncertainty’ element has been a constant for the outsourcing industry. The volatile economic environment, political uncertainties and shift in regulatory policies is has been weighing down heavily on the minds of CEOs.

So as we have stepped into a new year, can the industry breathe a sigh of relief?

The answer is no. It will continue to be a rough ride but one with interesting opportunities. A change has already started reflecting in the way enterprises are realigning their IT strategies in line with the new realities. While it is a good change, it will also create new

challenges for the industry. Service providers that are able to proactively deliver innovative technologies through advanced sourcing models will be able to sustain and those stuck in the old world will be wiped out.

Decisions are still made with an inherent cost saving objective, but at least enterprises are more open to new alternatives like business outcome-based and revenue sharing models, and greater inclusion of cloud-based services for more flexibility. As Shantanu Ghosh, Senior Vice President - Practices, Solutions and Transitions, Gen-

erent, puts it, “What will matter to customers, especially in back office functions, is how do you create flexible capability and Scale scale up/capacity in a variable model.”

2012 was an interesting year for the industry as it laid the foundations for some disruptive changes. Organizations went a step ahead in making their outsourcing relationships more strategic. Cloud and IT outsourcing convergence was another important trend that started shaping up this year. One of the big trends in 2012 will be the movement of Infrastructure to the Cloud largely private but some public as well.

## ‘Geographic diversification now an essential part of outsourcing’



**Anupam Govil**  
Partner, Avasant

**Last year was interesting and challenging for the sourcing industry. What is the impact that is likely to be carried forward into 2013?**

2012 was a year of inflexion for the Outsourcing industry. With the economy showing signs of recovery, companies moved ahead with their strategic plans. The impending US Presidential elections may have been a cause for some pause, but did not materially impact any decision-making. However other Technology and Market factors did influence the industry.

**What was the biggest trend that the industry witnessed in 2012?**

One of the big trends in 2012 that has gathered momentum is that of movement of Infrastructure to the Cloud (largely Private but some Public as well). Accordingly, outsourcing transactions have become less asset intensive and also shorter duration (3 to 5 years). Vendor Delivery and Pricing models have been shifting and trying to align with the new market realities. One of the main lessons learnt in 2012 is that as the market finds a new equilibrium, it is prudent to keep your options open and not be locked into very long term contracts with vendors.

**As organizations are visibly becoming more hesitant in taking risks, what will be the role of geographic diversification in the sourcing industry?**

The other major learning from 2012 is that geographic diversification is now an essential part of Outsourcing. While Offshoring continues to gain steam, its growth (especially in India) has been tempered by concerns of rising costs and attrition. With growing maturity in the Nearshore region and emergence of lower cost onshore options, organizations have started to re-balance their sourcing portfolio. Whilst there is no large scale pull-back from major offshore destinations, many firms are allocating newer projects to providers with nearshore/onshore capabilities. Some of this is also driven by the growth in software requiring agile development methodologies and mobile skills, which are more naturally aligned with nearshoring.

## The Search For ‘Newness’ Will Continue



### New Technologies

The three big forces Big Data, Cloud, Mobility are expected to transform the industry in a big way. There is a lot of hype around these technologies but is adoption really picking up?

“Despite a lot of hype around it, right now there isn’t much happening on the analytics part right now. Clients are not asking for it much,” says Partha De Sarkar, CEO, Hinduja Global Solutions.

In the BPO space, the way organizations are interacting with their customers is giving way to new technologies. Customers are interacting in multiple ways-email, web, chat, voice and so on. The use of so-

cial media and mobile devices is surging like never before. “By monitoring key search terms related to their industry, brand, products and services, organizations can engage their customers to create buzz, build loyalty and resolve issues proactively,” says, Andrew kokes, Vice President, Global Product Management & Marketing, & Mandy Edwards, CIO, Sitel.

### New Sourcing Models

The industry is clearly moving away from the conventional offshore-centric model to a more balanced and geographically dispersed sourcing model.

Offshore locations are visibly facing pressure as political ‘anti-offshoring’ interests and the rising attractiveness of onshore and nearshore locations are coming up as a big threat. With some Indian IT majors like Infosys and Wipro also going through a challenging phase, the pure-play offshore model seems to be losing its charm.

Organizations are looking for the ‘right-shoring’ approach that gives them flexibility and cuts down risk. Service providers will have to strike the right balance between onshore and offshore. “Firstsource has rightshore model with 65% of revenues coming from onshore”, says, Rajesh Subramaniam, MD & CEO, Firstsource.



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