



Paradigm Shift for Japan-India IT Relations **(Managing the Gaps)**

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My association with India

Kiichiro Ohya

1964—1977 JGC Corporation(Eng. Contractor)

1977—1982 McKinsey & Co. Inc.

1982—1985 VP, Celanese Japan Ltd.

1986—1997 President, Raychem Japan

1997—2002 President, JASDIC Park

2002—2004 President, Deloit Outsourcing

2004—2006 Chairman, Microhard Corporation

2006—present President, Winsys Corporation

2007-present CTO, Inoac Corporation

JASDIC Park

- Founded by Kenichi Ohmae to utilize Indian IT capability for Japanese system development
- Initially aiming at Y2K issues, later on being involved for offshore development of various business systems, ERP, embeded software, etc.
- Joint venture with Indian top IT companies
- Merged with Deloit Tohmatsu Consulting in 2002

- Selection of partner companies
- Negotiated JV and agreed with DCM, Infosys and Satyam
- Annual shareholders meeting
- Hired and trained Japanese staffs
- Coordinating, guiding and educating Indian partners
- Trouble shooting against Japanese clients
- Developed and implemented Standard Operating Procedure
- Visited India more than 25 times and established top management contacts



Today's Subject

- Gaps Hindering Healthy Indo-Japan IT relations
 - Perception Gap
 - Value Gap
 - Cultural Gap
- Solutions to overcome gaps
 - Approach change
 - Structure change
 - Enablers: People and tools

1. 3Gaps hindering the relation

Perception Gap

Manufacturing Industry

- In Automotive, Electronics, etc.
- Enabled quality products through production and quality control (Kanban, Kaizen, etc.)
- Established fully automated production process through robotic technologies



Excellent Level



Developing



IT

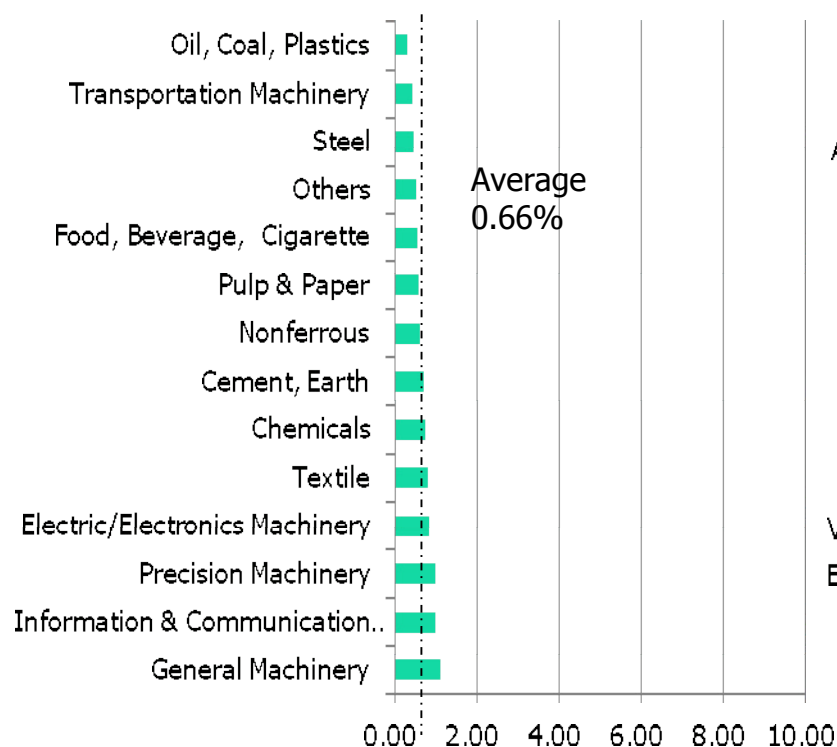
- Large market
- Low IT expenditure against revenue
- Low IT investment mind
- Very few CMM qualification



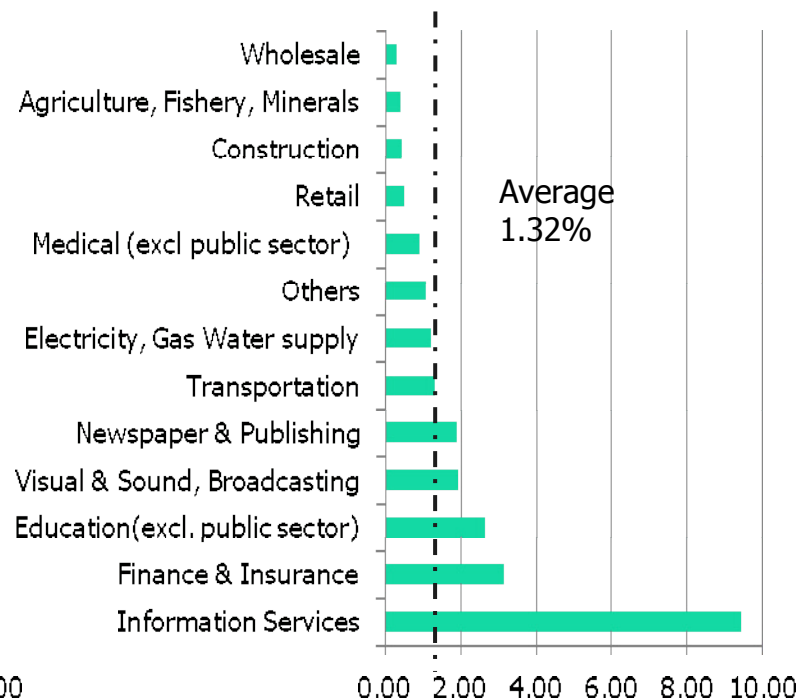
Still very low level of IT spending

IT spending as % on revenue by industry

(Manufacturing Sector)

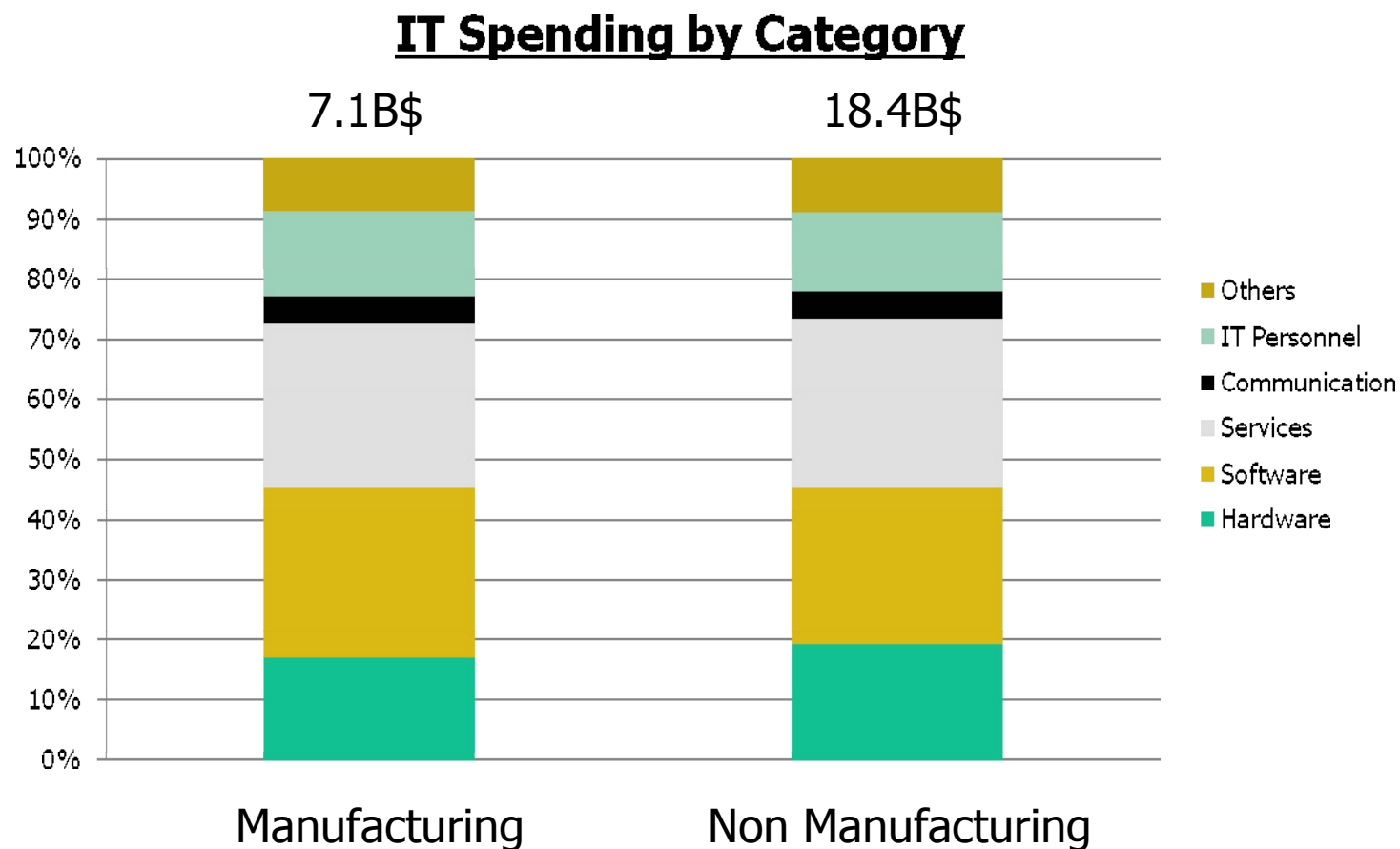


(Non manufacturing sector)



Source : METI survey of 3,800 companies, 2006
ICT Sept. 12, 2008

High IT spending in Non manufacturing sectors



Source : METI survey of 3,800 companies, 2006
ICT Sept. 12, 2008

In IT investment mind, Japan is not even top 10

IT Investment Mind Ranking by Country

Rank	Country	Relative Score
1	India	100
2	Singapore	82
3	Spain, Portugal	74
4	Malaysia	71
5	Australia	68
6	China	67
7	France	64
8	Korea	60
9	USA	60
10	Northern Europe	58
11	Germany	51
12	UK	49
13	Canada	47
14	Netherland, Belgium	45
15	Italy	43
16	Japan	13

7 factors affecting the score

IT investment growth in 2007 against previous year
IT spending as percent on revenue
Percent of companies with CIO in the management team
Percent of companies with top management understanding IT
Starategic IT investment to gain competitive edge
IT investment for internal improvements
IT investment for new technology

4 items out of 7, Japan ranked worst

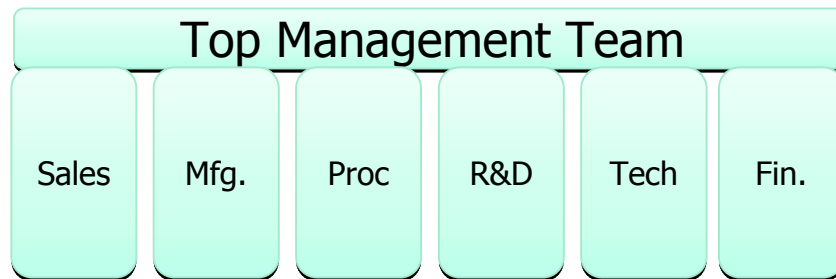
2 items out of 7, Japan ranked 2nd from the bottom

Source : Gartner Survey, 2008

Value Gap based on structure

Typical IT related organizational structure of Japanese companies

User



In house IT

Dispatched IT

Vendor

IT Mega Vendors/Consultants

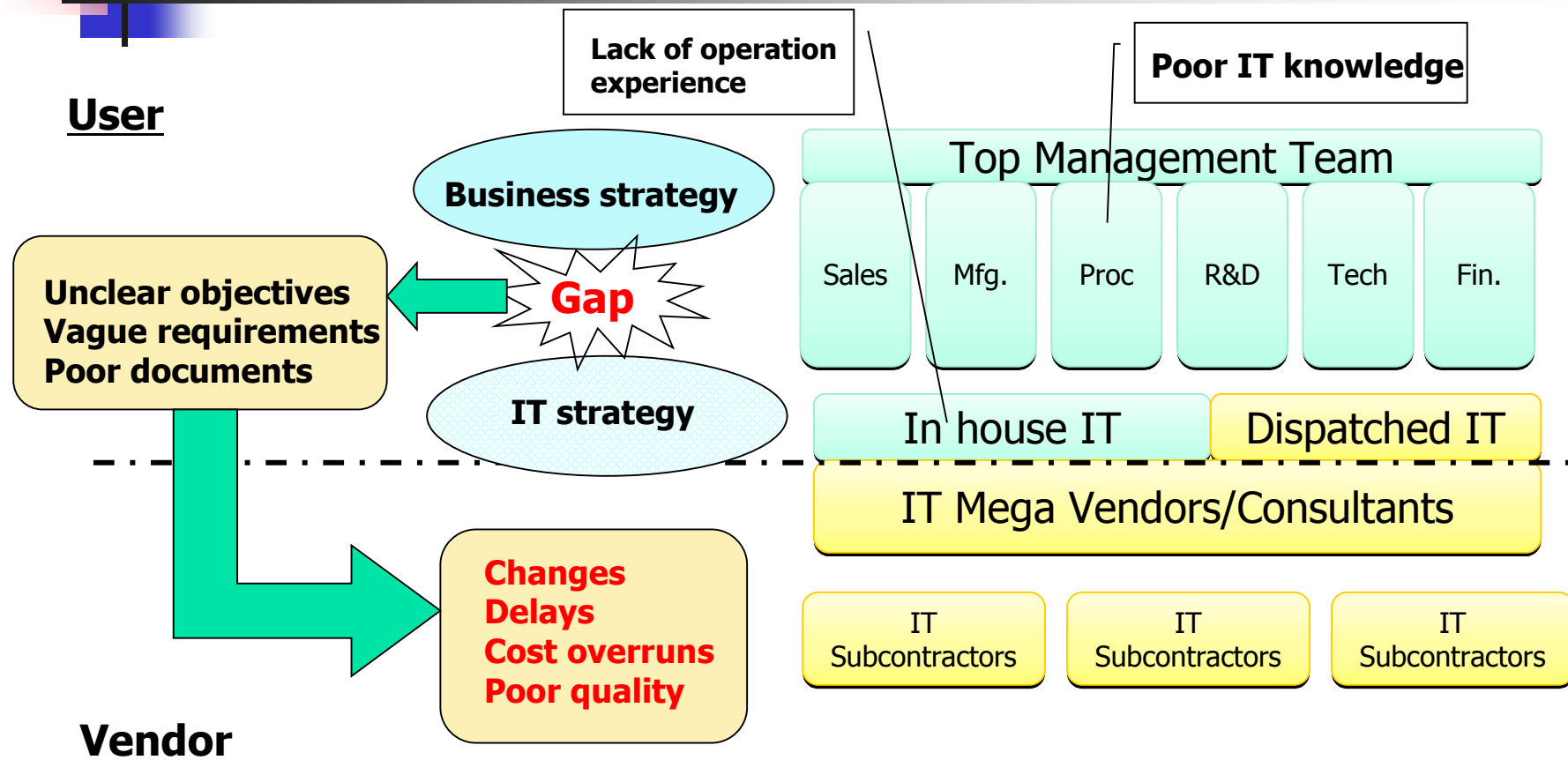
IT
Subcontractors

IT
Subcontractors

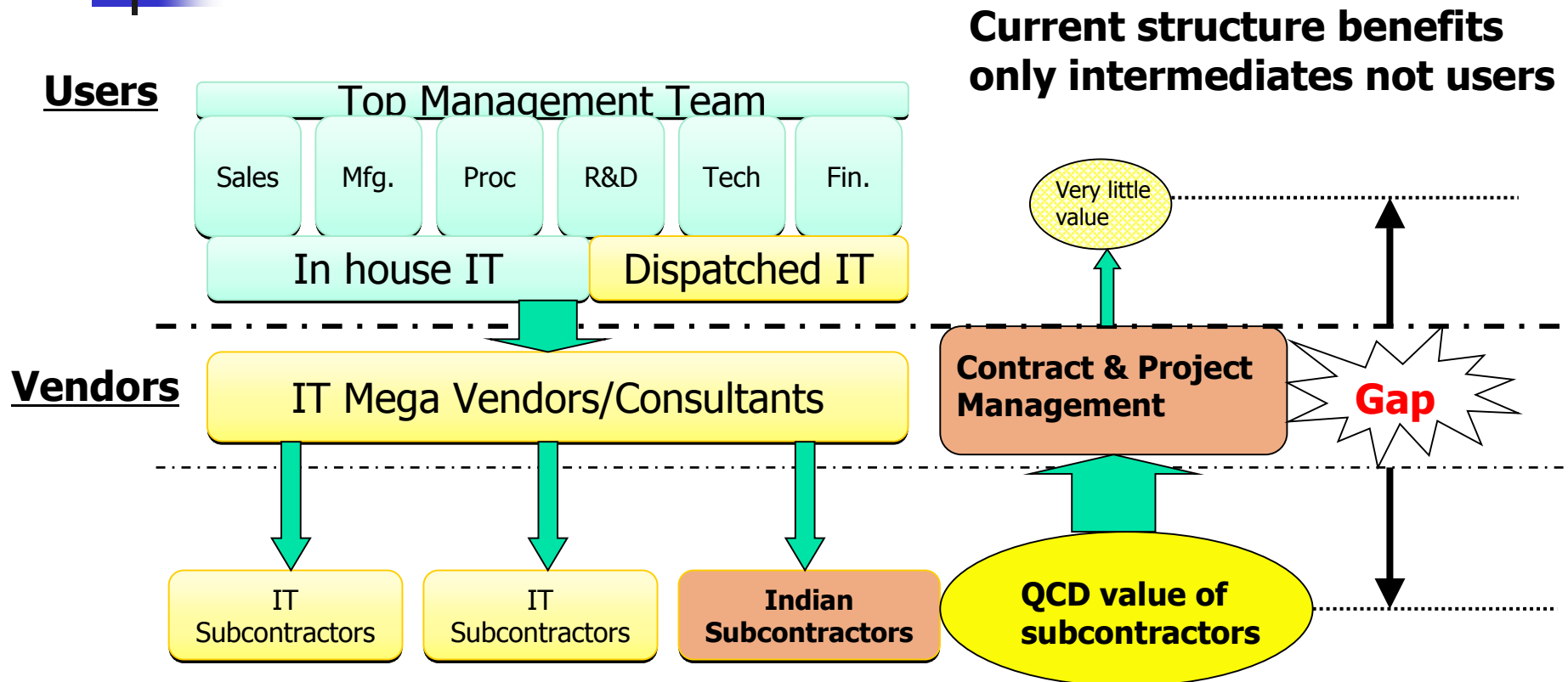
IT
Subcontractors

- Business team and IT team somewhat isolated and limited communications
- Having CIO is a rare case
- Dispatched IT from Mega vendors "live" with internal IT and this eliminates complicated documentation works
- Mega vendors are mostly traditional hardware vendors
- Mega vendors use subcontractors to cover insufficient resources and cost
- Indian vendors often takes subcontractor position

Value Gap (user internal issue)



Value Gap (User external issue)



Cultural Gap

Japanese Culture

- Uniform, Average, Discipline
- “Coming out nail will be hit”
- “Common sense” based on single race, implicit statements (Japanese)
- Minimum lawyers, simple contract
- Less vocal, listeners
- Conservative approach
- Analogue sentiment (Gray)
- Poor English (especially IT)

Indian Culture

- Diversified, Individualistic
- Explicit statement (English)
- Western style contract
- Debate oriented
- Aggressive
- Digital sentiment (Black & White)
- High linguistic capability

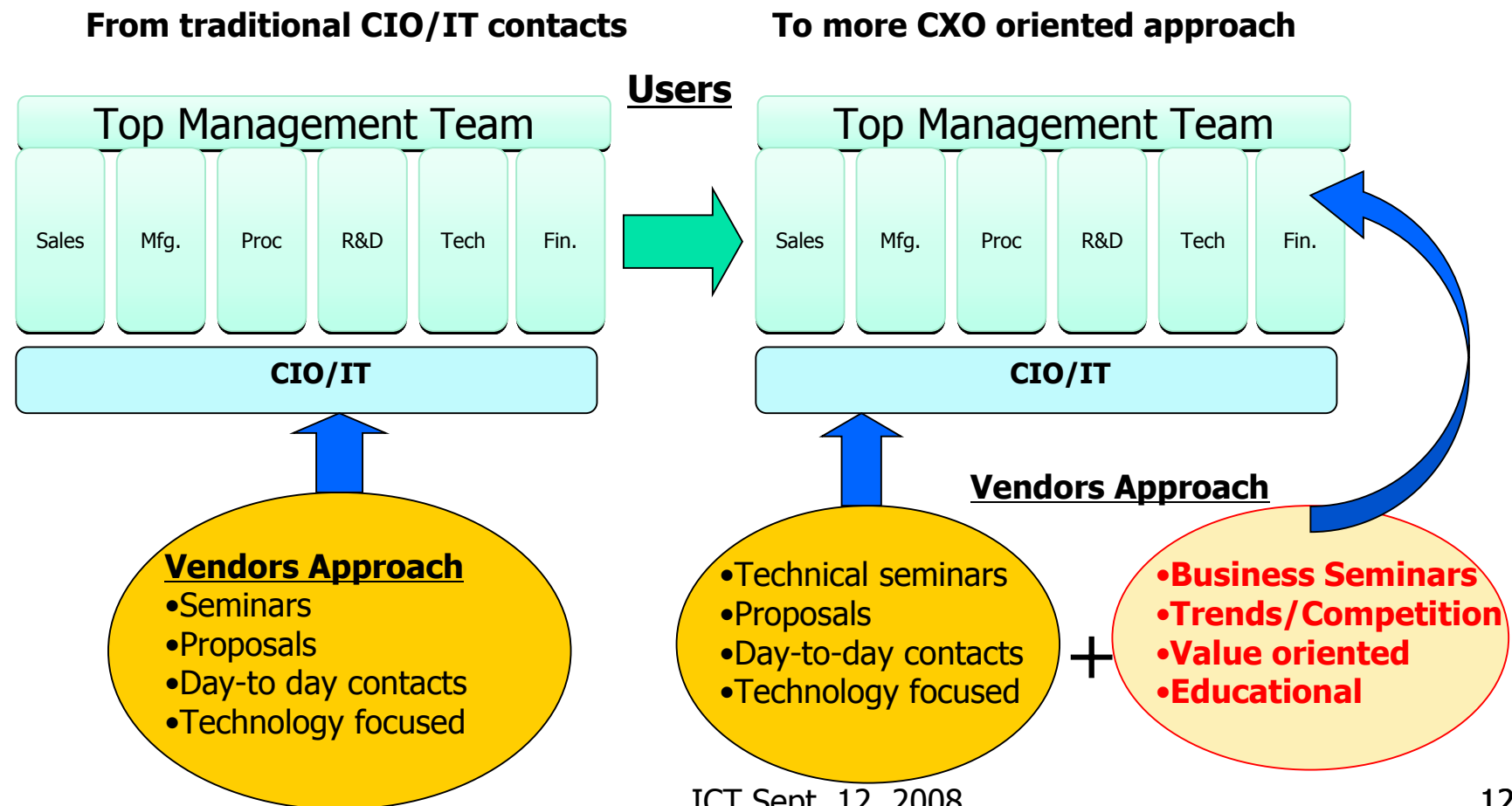
Gap

**Misunderstandings
Miscommunications
Lost communications**

**Changes
Delays
Cost overruns
Poor quality**

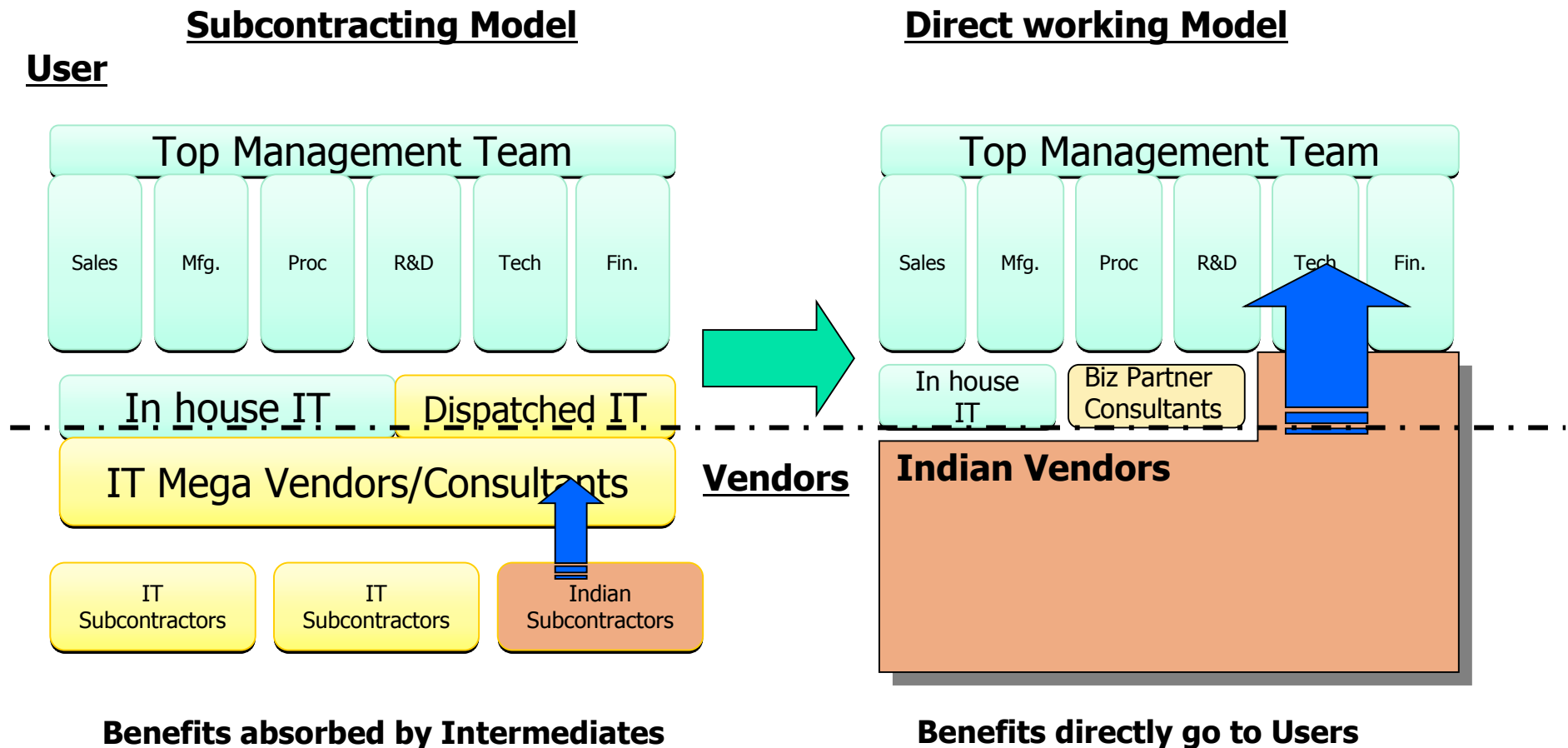
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2. Solutions Approach change



Structure change

From subcontracting model to direct working model





Enablers: People and Tool (for Indian vendors)

People

- 3 areas of focus
 - **Business consulting** including strategy who can translate user's top management concerns to IT requirements
 - **Bilingual project management** who understands business practices, process and culture differences of both sides and can control QCD of the project
 - **Japan representative** who can really represent your own company and can network with Japanese top management of users
- Look for qualified people broadly
 - Should not restrict within IT Industry
 - Should not restrict to Japanese
 - Horizontal Partnership could be an option

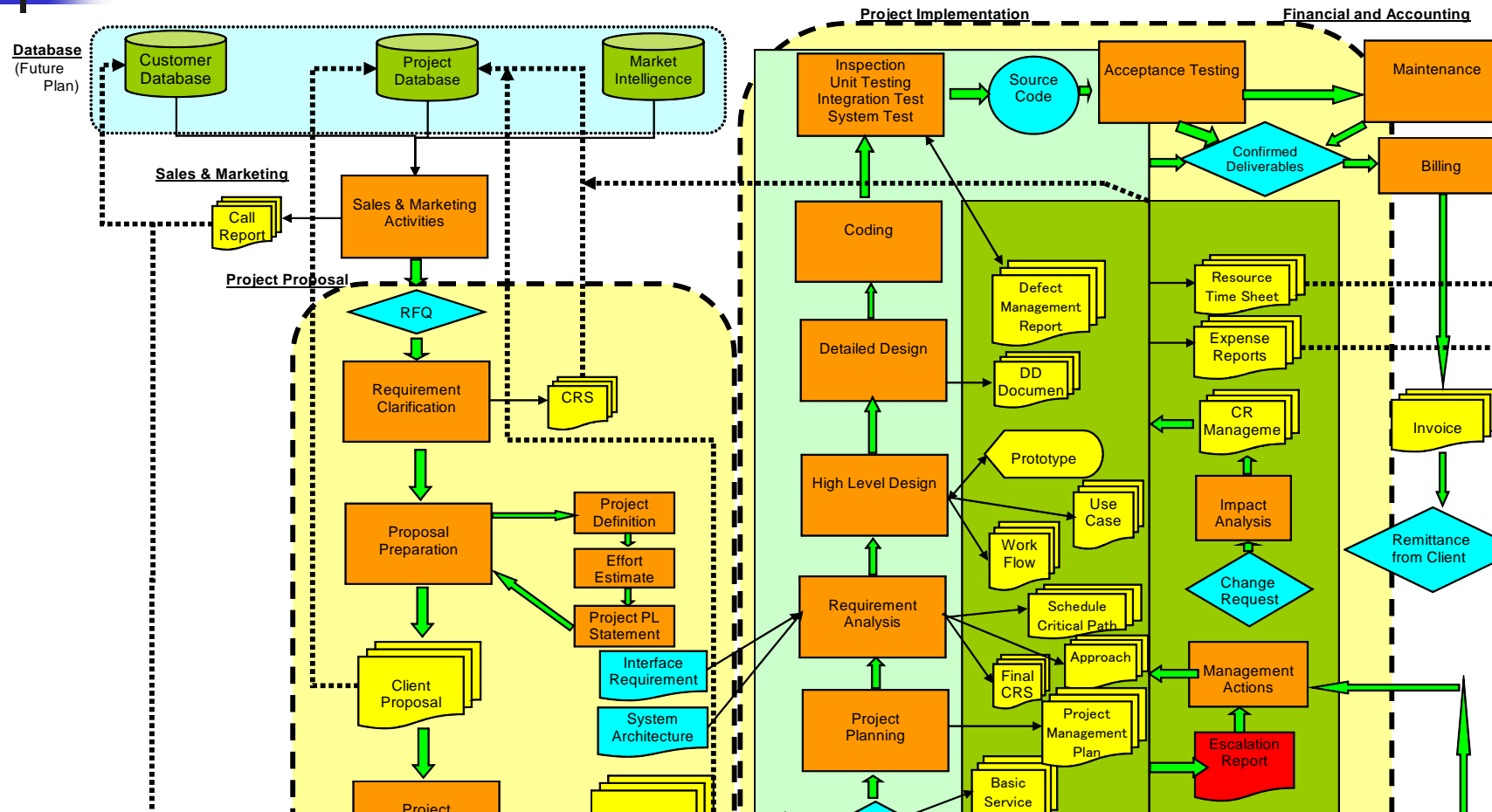


Tools (Standard Operating Procedure, SOP)

- Sharable tool in managing those gaps will be required and Winsys owns a SOP which currently used in working with Indian vendors
 - Developed through troubles, failures and mistakes
 - Incorporated all the fixes into process, templates and formats with frequently occurring cultural traps and knacks to avoid them
 - Covers not only implementation, but also negotiation, Project proposal, maintenance and upgrades
 - Shared, tested and refined with Indian partners
 - Documented both in Japanese and English
 - Becoming project manager's Bible

SOP

Agreed upon process flow and complete sets of formats and templates with knacks to avoid troubles





Indo-Japanese relationship needs to be enhanced with efforts and patience

- Global IT needs for Japanese companies to keep competitive edge
- Scarce IT resources both in quantity and quality in Japan

Thank you!
ありがとうございました