



The Whale Strategy

By Robert Janssen

It has been for some time now that the Indian companies have taken the lead in the world market for providing IT services. In the last ten years, they rapidly developed the skills set combined with the capability of producing mass output with the millions of professionals they certified every year. Now they are the world reference for providing just about every type of ITO and BPO service in every corner of the globe.

With a total market estimated at around U\$ 70 billion, the Indian companies are reported to be responsible for approximately U\$ 50 billion. That is roughly 70 %. The "**TWITCH**" companies (the 7 families: Tata, Wipro, Infosys, TCS, Cognizant and HCL), which alone, according to Gartner Research, have 36 % of the US IT services market, and 51 % of the European market, are the real big players, and also according to Gartner are proving to be IBM and EDS's greatest competitors.

But there are other some 250 companies in India that generate hundreds of millions of dollars each every year, making the Indian companies the most cash rich companies on the globe. This means that, even though they are seeing more competition from other country destinations and companies, they can simply buy the market. Specially in the current times where cash is king.

Because of this, we are seeing the Indian companies move into all markets where there is a justifiable return on investment. Be it by the ways of the local market, such as Brazil or Poland, be it to use it as a nearshore platform to markets like the US and Europe.

Certainly, with the current economic downturn that companies are having to face, IT services organizations from upcoming countries like Czech Republic, Mexico, Brazil, Poland, Russia, besides beginning to face fierce competition from the Indian companies in their own back yard, are also seeing the Indian companies, in the process of establishing global delivery centers around the globe, simply being able to buy out contracts in order to secure projects and gain customer loyalty in these new markets.

So what can these organizations from other country destinations, other than China, that very soon will certainly have a chapter of its own, do to step up to the challenge imposed by the cash rich Indian companies ?

Some companies have sought to establish strategic alliances with financial partners in order to overcome the lack of cash, but doing so, most times at a very high price, where they not only surrender a great chunk of equity, but also control, and all of a sudden they find themselves subject to financial dynamics rather than focusing on services and market development.



Just recently, however, Brazilian companies have adopted a collaborative approach, which I call the “whale strategy”. In the early 70’s, Walt Disney released an animated flick called Fantasia, considered one of his first masterpieces’s. In one of the scenes, a hungry big whale is after a large group of fish, which find shelter under a big rock, where they stay trapped, since the hungry whale stayed put patiently waiting for its main course.

This is when, one of the smarter fish, comes up with the idea that, if they came out of underneath the big rock in a formation that reproduced a whale, the hungry whale would be made to believe it was another whale too.

Aside from an animated tale, the concept applies to situations when big stakes and big players are part of the game. Furthermore, these are new trying times, where the collaborative mentality is at the forefront of change.

Many Brazilian companies, a country where the collaborative spirit is strongest, have initiated several different consortium, building “whales”, so they can have greater critical mass, combine different competitive advantages and capabilities, and also have a more financial clout.

The consortium is a model that has been in use for many years and it is part of the mankind's longtime human nature for co-existing in groups. The challenge is to create a greater common good that the personal interest, in order to maintain every ones commitment and stamina. In this case, the greater need to become a relevant international player plays a bigger role for every company, that if were to go alone, probably would not survive the first year.

An International go-to-market strategy in a consortium model allows companies to reach in further to the markets and leverage opportunities that by itself would not be possible. It gives the consortium participating companies the ability to play ball almost on the same level as the cash rich Indian companies and have access to greater opportunities, that can help provide company growth and possibly the pave the way for the possibility of playing the 1st division with their own company.