
Event Report

Blurring Borders: The Global Rise of Tata Consultancy

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On February 17, 2010, N. Chandrasekaran, CEO and Managing Director of Tata Consultancy Services (TCS), spoke on managing global enterprises to the Columbia community and guests as part of the Nand and Jeet Khemka Distinguished Speaker Forum sponsored by the Chazen Institute. Chandrasekaran showcased TCS's growing global reach as an example of the rise of borderless business and discussed challenges and opportunities with its growth.

With interests in everything from tea to titanium, the vast Tata Group, an Indian holding company and conglomerate, owns businesses in sectors throughout India. Each of the Tata Group companies operates independently, and they are bound together only by their common perspective, quality and compliance necessary to retain the Tata brand, human resources policies and financial discipline. Tata Consultancy Services (TCS) is part of this national Tata empire, but, as its CEO N. Chandrasekaran explained, TCS is also an increasingly global enterprise and part of the worldwide rise of borderless businesses.

By leveraging human capital comparative advantages in India, TCS provides service solutions with broad functionality at affordable prices to international clients. In 2000, as demand for services had outpaced supply, India was well positioned as a country to help address this global business gap, and TCS became an industry leader. As India moved into the service solutions sector, its involvement improved technological development, helped develop a skilled labor force and expanded local knowledge, fueling a positive feedback loop. Chandrasekaran explained that initially “we had to convince people that India could do technology work”; however, “we’ve come a long way from that.” Today, TCS looks at some 7,000 U.S. banks building their own internal systems and optimistically believes that sooner rather than later, they will adopt TCS solutions that compete on cost and on quality.

Indeed, TCS has seen rapid growth in recent decades. Founded in 1968 in India, the company today operates in 44 countries, generates over \$6 billion in annual revenue and employs over 150,000 people. It is the largest software research and development exporter in India, and it shows no signs of slowing down. Its annual growth rate over the last decade has consistently reached between 30 and 40 percent, and it operates in a global market of \$1.6 trillion.

Today TCS competes with, and is often compared to, Accenture. When asked about the differences between the two, and whether one was more down-market than the other, Chandrasekaran wisely observed, “People always know you as they used to know you.” In the case of Accenture, their consulting past influences how they are perceived in India. For TCS, their off-shoring mainstay has arguably influenced how others perceived their more recent move into “high-touch” consulting services. Whereas Accenture retains a consultancy reputation, TCS is working to counter a history that suggests to many that it is still merely an off-shoring back-office option. Thus reputational path dependence can be both a challenge and a blessing.

Today, TCS’s greatest challenges include building the brand, sustaining relationships and making strategic decisions with patience. As in any business, strategies take time to yield results, and Chandrasekaran underscored the importance of patience in decision making and the need to set a reasonable timeline to assess impact so as not to disengage too early. In other words, Chandrasekaran suggested with a confident smile and nod to the audience, “Just be cool about it.”

Though TCS is known as an “Indian” company, it is hardly confined to political borders. While many employees are based in India, Indian clients account for only 8 percent of TCS revenue. However, due to India’s smaller aggregate market size, TCS is still the largest company in the domestic industry vertical. Today North America provides over 50 percent of TCS’s business, and the company’s presence extends to Europe and Latin America. As TCS clients continually expand into new markets, the imperative that TCS anticipates these needs impels them to become an increasingly global company. As Chinese clients demand services in Brazil, TCS is there in advance. With increasingly frequent global acquisitions, global presence and a network of international relationships allow TCS to seamlessly adapt to an ever-changing landscape.

Chandrasekaran highlighted that while TCS will continue to utilize the Indian demography, the company will increasingly blur borders, demonstrating its commitment to clients in all corners of the globe. Though its roots are Indian, and Tata is a ubiquitous name from the shores of Kerala to the mountains of Ladakh, the TCS brand is now worldwide.

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