

Small fry, big catch

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IBM talks to eWorld on the key players shaping the Indian market for the company.



TAKE a small independent software vendor (ISV), with 15-20 employees, developing and marketing software in a B class Indian city - the owner-CEO-CTO is catering to city-based customers with an accounting software and not necessarily looking at a regional or national market. That is just the company IBM wants to find and sell to. Why?

"We have realised small and medium business will be driving the market for us here in India, and are shifting our resources from resellers to 'influencers', to enhance our total addressable market," says Jeff Krider, Vice-President, SMB Software Sales, IBM Software Group.

Indian medium businesses spent over \$2.9 billion on IT products and services in 2004, Krider says, quoting an AMI Partners study, which also found over 46,000 such SMBs generating \$625 billion in revenues in 2004, with an IT spend of \$2.91 billion.

"IBM's core strategy in the Asia-Pacific is to go to market with business partners to deliver complete solutions addressing our client's priorities, such as RFID (radio frequency identification technology) applications for retailers, or enterprise resource planning (ERP) in manufacturing or supply chain and inventory management in wholesale distribution," says Nick Redshaw, Director, Channels and SMB, IBM software Group, Asia-Pacific.

During the year, IBM plans to focus on banking, retail, manufacturing (which includes electronics, automotive, fabrication and assembly), financial markets, insurance, wholesale, consumer products and healthcare/life sciences, he says. In India, IBM customers in the SMB segment (Education and Government included), include the Maharashtra Government, the AP Government, Mother Dairy, Karnataka Urban Infrastructure Development Corporation, The Indian Institute of Technology (IIT), Kharagpur, Indus Ind, Yes Bank, Microlabs etc.

For the SMB market, IBM has designed the 'IBM Express portfolio', based on requirements expressed by partners and customers, says Krider.

The Express line has 75 offerings, and "we are seeing SMB is a coverage model." In the first quarter of 2005, for instance, Redshaw says WebSphere,

Lotus and Tivoli had double-digit growth and the spend was \$98 billion, growing at 20 per cent.

"ISVs have really come to the fore," says Krider, and in a \$3-billion market, with about 400-500 ISVs in India, the company is focussing on them and system integrators (SIs) to drive the substantial middleware spend that is projected to happen by smaller banks, insurance sector, and manufacturing.

"A key criteria is to go through partners," says Neil Isford, Vice-President, Worldwide Channel Sales, Software Group. "Right now, about 40 per cent of our sales is through partners and we expect that number to go up to 50 per cent," he says, adding that partners were being integrated into local sales teams. "Clients too want local presence, apart from local industry knowledge and technical inputs."

With continued relationships with value-added resellers, and an increased focus on influencers - system integrators such as Wipro or TCS - IBM expects the 500-odd ISVs in India to play a major role.

"We are putting more and more resources into building them out."

IBM has identified 12-15 non-metros and is working with about 40-50 partners in these cities to enable it to reach the SMB segment. The company says it has invested about \$500 million in partners and plans another \$500 million investments in advertising in the mid-market segment in collaboration with partners.

Partners include Matrix Systems, On track solutions, L&T Infotech, Preemptive, Futuresoft Solutions, Microtec, Jupiter Systems, Sonata Software, Sobis, AWPL, Ram Infomatics etc.

"Every part of IBM is participating in Express, we know that we need to show one IBM face to the SMB marketplace.

The Express Portfolio is by no means a cut down version of our Enterprise products, it has been specifically designed for the mid-market focused partners, is easy to install, competitively priced, and not resource-intensive," says the company.

Independent software vendors can build applications on top of Express products.

"We have taken the enterprise quality and packaged it down without compromising the essentials - for, an SMB customer relies to a very large degree on the organisation's IT systems and can least afford slip-ups," emphasises Krider.