BUSINESS ANALYST EXPERIENCE PROGRAM

Project-1

Overview

The Company under study is an Indian IT Service and Product company with an international customer base. The Company operates with more than 5000 employees and contractors, gathering good margins from the US and Europe. However, the margins could be better in India and the Asia Pacific than in the US or Europe. The Company's revenue comes from maintenance services and pre-made softwares, with BFSI and Healthcare Sectors contributing majorly. The essential details of the Company are shown in the figure below.

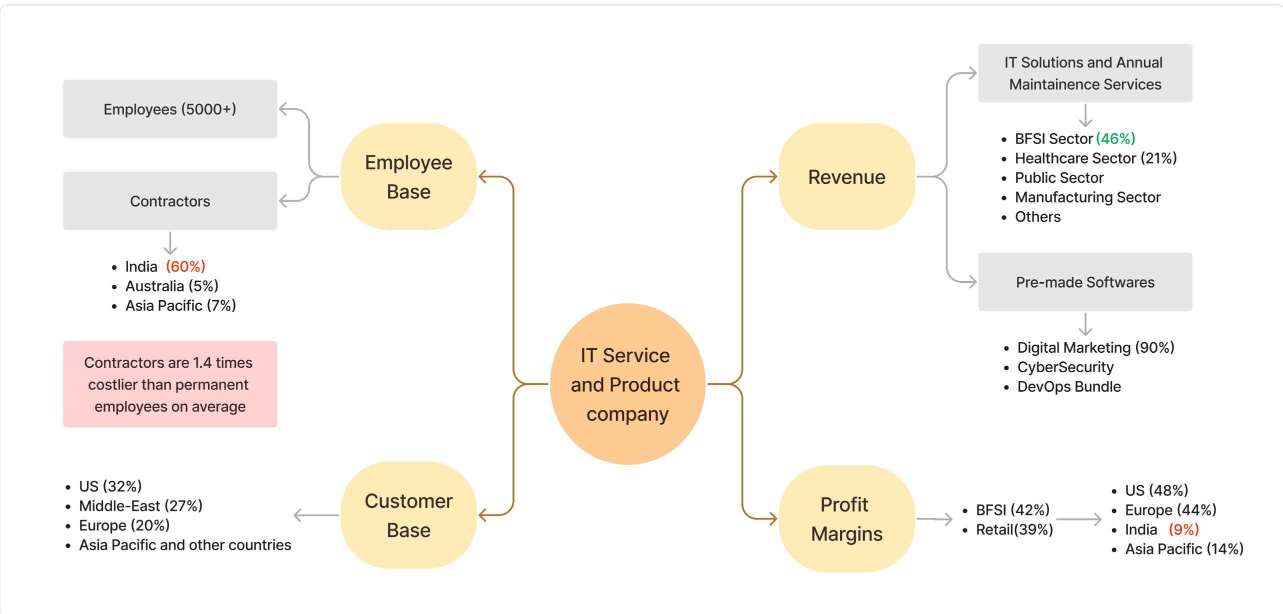

Fig-1. Overview of the Indian IT Service and Product Company

Problem

The IT Service Company's year-on-year margin improvement rate is 11% in India, whereas its competitors have 26%. In order to address this, the Company is considering acquiring smaller firms which specialise in niche technologies, thus widening its customer base in India and expanding the business with cross-sell opportunities.

Solution

The IT Service and Product Company is performing exceptionally well in foreign markets like the US and Europe, with profit margins close to fifty per cent. It faces issues in the Indian and Asia Pacific markets, so let us focus on solving this problem. The market demographics of India are significantly different from western markets, and thus companies successful in the western world need drastic changes to make a significant mark in the Indian market.

The problem mentioned in the previous section can be broken into various aspects using the MECE (Mutually Exclusive, Completely Exhaustive) principle, as shown in Fig-2. Firstly, the branching of Profitability can be done into Revenue and Cost. Increasing the Company's revenue can be done by increasing the number of customers in Asia Pacific, where it has low-profit margins or by increasing the prices of its services in countries with high-profit margins, as the Company is well established in those markets. The fixed cost reduction can be made by reducing the use of contractors, as they cost 1.4 times higher than permanent employees.

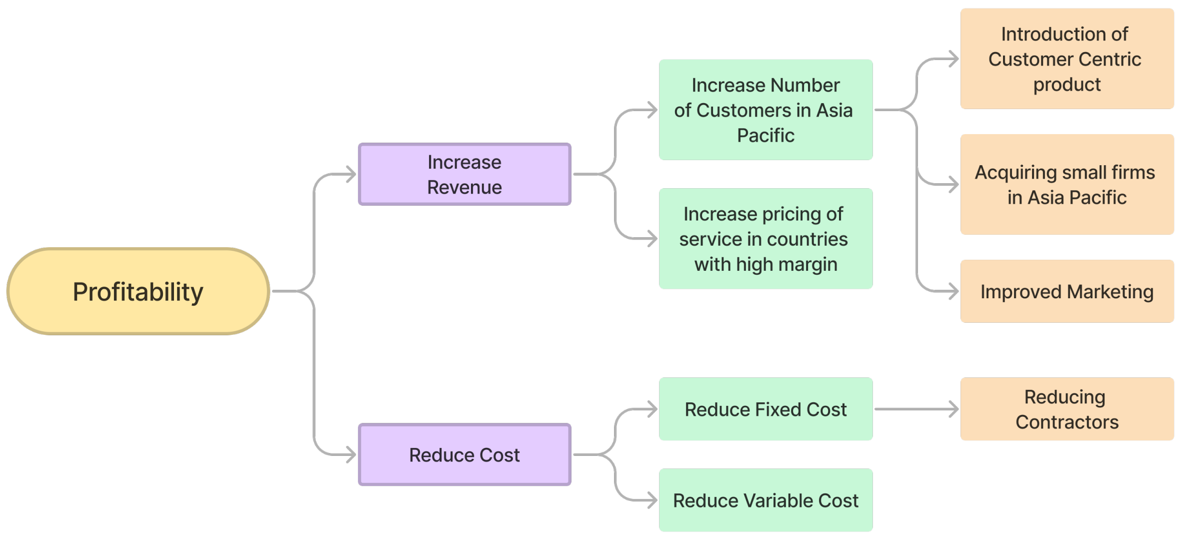

Fig-2. MECE (Mutually Exclusive, Collectively Exhaustive) issue diagram of problem.

The Company is looking forward to investing in India, US and Europe. The sectors that seem promising in the US and Europe are Healthcare and Finance. They are well-established and digitalised sectors, and providing IT services and solution seem promising as the governments of the US and Europe spend nearly $1.2 trillion and €1073 billion yearly, respectively. Therefore Company's investment in the healthcare and finance sectors of the US and Europe will lead to positive outcomes. With now its "Digital India" scheme, India is digitising almost all sectors. BFSI is the fastest to catch the pace of technology. Therefore the demand for IT services and software will increase in the Indian market as the scheme reaches completion.

Conclusion

It is clear by profit margins in India that the IT company needs to gain its reach into the market. The possible workarounds are

(I) Reducing Contractors in India as they needs to be paid more (1.4x) does not provide satisfactory results.

(II) Investing in new pre-made software or modifications in existing ones by using the Customer-Centric approach in India.

(III) Deploying MVP (Minimum Viable Product) strategy on the product and analysing results.

(IV) Improving Marketing Strategies for the Indian audience.

The IT company is looking to invest in the acquisition of smaller organisations in order to increase its customer base. At first, this proposal may seem essential for Company's penetration into Indian Market. However, the above-stated four points can also act as a solution. The Company can also go with acquiring a small firm and study the numbers, such as the number of customers, sales, Etc. Before going full-scale. By studying and analysing results, we can predict whether this acquisition could be scaled instead of enormous investments at the start.