

'We are seeing huge growth in the Indian SMB market'

TODAY with technology becoming more affordable, small and medium businesses in the country have secured a more level playing field. Sensing huge market potential in the small and medium enterprises (SME) sector in India, global technology giant IBM is expanding its footprint across the country. Nipun Mehrotra, vice-president, general business, IBM India/South Asia tells Debojyoti Ghosh the company's plans for the market. Excerpts:

How does IBM see business from SMB growing in India? Which are the verticals that are seeing good traction?

Yes, definitely we are seeing huge growth in the SMB market as more and more organisations are realising the importance of IT and how technology can help organisations increase profit, increase top line and decrease expense. Presently small and medium enterprises (SME) account for a "reasonably large size" of IBM's business in India. The number of regular clients in the SMB space runs into a few thousands. We would like to double that footprint in the next couple of years.

IBM specifically is growing twice the market growth rate and we are expecting to continue this trend to gain share. General business unit now accounts for about 20% of the company's total revenue worldwide, and contributes significantly to the business

here in ISA (India South Asia) region. The SMB market is, and will remain, a key focus for IBM. The sectors that offer most promise are manufacturing, financial services and telecom support services, auto ancillary, textiles and pharma.

What special traits do you see in the Indian SMB sector?

Our SMB market is primarily partner based—everything packaged for partners. The hardware offerings include predominantly low-end servers, services, software and basic infrastructure and network related consultancy. IBM has done a lot of software acquisitions in last two years many of which are suitable to SMB clients. Hence we are leveraging those as packaged solutions. To address the SMB segment we are expanding our presence and reach into more markets within country. Setting up offices and local presence in tier three cities and non-metro locations so that clients can be reached faster, better. Presently we have offices in 22 locations across country but aim to grow up to 45 locations by 2013. Our geo-expansion focus involves setting up virtual branch offices, enhancing our Web and business partner presence in tier two, three cities and taking more services to hundreds of prospects that can engage IBM in a one-off transaction or long-term IT deals spanning from three to 10 years.

How important is the India market for IBM in terms of business?

IBM plans to invest and focus in more cities across sectors, bringing in new products and strengthening the channel network through expansion. The plan is to increase coverage by having sales offices in tier two and three cities with specific templates and offerings across the spectrum for SMBs.

Mid sized business represent an important growth engine for IBM. It is largely an under penetrated segment and presents opportunities for growth. With our strong network and ecosystem, we are uniquely reaching out to mid sized businesses with our range, variety of solutions in products, services, consulting, software and with integrated solutions. Solutions represent a big opportunity than point products in mid sized businesses, so IBM with its range is uniquely positioned to address and we are tapping this growing and under penetrated segment.

Are you exploring any new verticals in the SMB sector?

We are closely observing the ability to handle complexity, specific capacities being sought and built by companies to innovate with tight budgets.

Mid sized business is engines of smarter planet. There are few emerging segments like micro-financing institutes in finance sector, pharma, retail companies, hotels and hospitality industry, BPOs and ITES.

What will be your strategy going forward for the India market?

IBM's strategy for the Indian market is to expand the market, client coverage, and depth of offerings. Penetrate into smaller towns and more customer segments. This is a key focus for IBM as part of our geo-expansion plan and we are aiming to establish reach in many more Tier two and three towns in India beyond the existing footprint. We are heavily investing in training, enabling and skill training of our partners in geo-expansion territories to offer best solutions and service to clients.

