



Why Indian IT has been unable to develop Products?

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Abstract: Indian IT has been unable to develop products because of low investment in marketing and innovation, which Peter Drucker called chief functions of an organisation.

Honestly while rest of India was proud of Indian IT sector, we in Indian IT sector were rather dissatisfied. It rankled and hurt a lot that Indian IT was still about 'Body shopping', providing cheap labour. Indian IT sector despite its stupendous and spectacular success has not been able to position itself against Microsoft, Oracle and SAP for that matter. Question is Why Not?

That India is a formidable force in IT services is well known. After all, 180 billion dollars of IT services of which around 135 billion dollars are exported is not something to laugh at. However, what the spectacular success in IT services hides is the abject failure in software product development.

After all, you don't have a database from India, an Operating System from India, or Browser from India or a Search Engine from India. Why is that so?

Now let us compare two companies - Microsoft and Infosys. Microsoft is a global software product giant. Whereas Infosys is a software services giant from India.

Now Infosys had 1300 sales and marketing employees in 2019. That amounts to 1% of Infosys employees. Whereas Microsoft had 40000 employees in sales and marketing which amounts to 22% of the Microsoft employees.

Secondly, Microsoft had 60000 employees in research and development, which amounts to 30% of employees in Microsoft. Whereas Infosys had just 600 employees in research and development and that amounts to 0.5% of its employee strength.

Thus Microsoft a product company in software has 20 times more marketing focus and

almost 50 times more innovation focus than Infosys a services company in software.

Peter Drucker says that the two functions of the organization are innovation and marketing. Clearly, Infosys seems to be lacking in these.

That is obviously why India has not established itself as a software product superpower while India is no doubt a software services superpower.

Products require greater spending on marketing and sales, whereas services require far less expenditure on marketing and sales.

Now initially when India started in 1991, India did not have deep pockets to spend on sales and marketing. However, now the Indian IT sector is 200 billion dollars strong and there is no excuse that Indian IT companies do not have adequate financial resources required for funding strong IT product sales and marketing.

And Indian IT companies are creating software products - for instance, Finacle from Infosys is a competitive product in the banking sector.

All that Indian software companies need to do to create a miracle in the software product segment is to increase marketing expense and spend equally on innovation.

Indian IT sector is long content with being a labour provider. Just like Nike gets its shoes stitched in Vietnam and Cambodia, IT departments in the USA and Europe use cheap Indian software labour for menial work.

However Indian IT companies need to move to the next paradigm and start creating software products. However, for this IT companies will have to invest in innovation and spend on marketing before the cash flow.



But Indian IT companies barely have 1% of employees in sales and marketing and equally less than 1% of employees in innovation.

Indian companies are playing it safe, deciding to count their eggs after hatching. Indian IT companies need to count their eggs before hatching.

Indian IT companies need to invest in innovation and marketing of software products confident that revenues will justify investment in software and marketing.