



Taking technology to Mid-size Enterprises and SMBs

The Mid-size Enterprises and small and medium businesses (SMB) have played a pivotal role in India's growth story. Right from auto-ancillary vendors in Chennai and Delhi to animation studios in Bangalore and Pune, mid-size enterprises and SMBs are putting India on the global map.

Today, Mid-size Enterprises and SMBs are looking at adopting technologies that will help them scale their business and give them a competitive edge. While a significant number of them are still at a basic technology adoption level, others are fast moving to more mature levels and new age technologies like collaboration — especially video, data centre and virtualization, cloud and cloud based services are fast becoming preferred investment options among Mid-size Enterprises and SMBs. There has been a clear change in the mindset of small and medium businesses who now view IT investment as a strategic deci-

sion enabling them to fulfill their business needs.

As more global players set up base in India and the economy integrates with the global economy even more, competition for Mid-size Enterprises and SMBs will rise. A piecemeal approach to optimization and efficiency will certainly hit the growth trajectory of these businesses across all segments. To address these challenges and compete at a global level, India's Mid-size Enterprises and SMBs must embrace advance ICT solutions to streamline their business and increase competitiveness.

What is preventing adoption?

The low adoption of ICT solutions is primarily attributable to three factors. Unavailability of customized solutions occupies the top spot here followed by the high-cost perception and the lack of technical knowhow.

Over the years large enterprises have dominated the attention span of ICT solutions providers. This made perfect business sense as

Mid-size Enterprises and SMBs represented low revenue customers, who demanded high resource allocation in terms of personnel time. Given the skewed return on investment, IT solutions have been directed towards large customers; however this situation is fast changing and large players like Cisco have significantly increased focus on this growing market.

The winds of change

The global economic situation has significantly reduced incremental demand from the large enterprises. Technology vendors are scouting for new avenues for growth and experts believe that Mid-size Enterprises and SMBs offer the next growth opportunity. A significant quantum of management time and organizational resource of technology vendors around the world are being invested in building solutions specific to the segment. For example, Cisco, to better address needs of Mid-size Enterprises and SMBs conducted an in-depth study to understand their business needs and develop products based on customer feedback. Since then, they have made investments to develop products for small businesses and Mid-size Enterprises. Today, they offer a wide variety of products focused on satisfying essential business needs in security, connectivity and productivity. These products are designed to meet the needs of Mid-size Enterprises and SMBs and also offer flexibility to scale up when required for Mid-size Enterprises and SMBs. This is a welcome change, not only from the perspective of the present opportunity but also from a future growth standpoint.

Engaging the customer

Identifying an opportunity is one thing and addressing it quite another. ICT companies thus far have found it difficult to increase penetration in the Mid-size and SMB segment. As outlined above, small ticket buying and low ROI have been the primary reasons. But companies like Cisco are bridging this gap with a unique customer engagement model that they refer to as Partner-Led. Partner Led is a scalable go to market model which empowers and rewards partners in markets in which Cisco's partners lead Cisco's sales cycle – Mid Market and SMB. Given the diversity and fragmented market in India, it becomes very difficult for any technology vendor to reach out to the core audience and understand their needs and requirements. This is where Cisco's partner-led model comes to play, their network of partners across the country enable them to be on ground and speak the local patois, giving them an intimate understanding of regional sentiments/attitudes which are more often than not the biggest hurdles to overcome when catering to mid-small tier markets. Another problem that vendors usually face is that Mid-size Enterprises and SMBs in India are still largely unaware of the ROI that they would get by implementing IT solutions. This problem is again addressed through Cisco's channel partners by creating awareness amongst the Mid-size Enterprises and SMBs about IT implementation and its advantages. Moreover, Cisco's involvement with its Partners goes far beyond buying and selling solutions as it provides partners with

Patrick Mathias, VP, Cisco, India and SAARC, outlining his views about the adoption of technology in the Mid-market and SMB segment and the success of Cisco's Partner-Led model.

Do you think that innovative ICT solutions are an economically viable proposition for the Mid-size Enterprises and SMBs in the present context?

ICT Industry as a whole has evolved into offering innovative solutions that can create tremendous business value to mid-market and SMB customers. Cloud Services and Asset & Application Virtualization are a few examples of technologies that can far outstrip the costs involved in deployment. Applications that were earlier expensive to invest in terms of license costs are now available in a services portfolio where you "Pay by use". The pay as you go model helps the customers keep a tighter lid on the cost of doing business and their expenditure on a service. This consequently enables them to be more efficient in their use of technology.

What are the key attributes of the Partner Business Group (PBG) model that have made it such a success, worldwide for Cisco?

Partners are a key stakeholder in the success of delivering value to the customers and this understanding is built into the Partner-Led Business model.

The business model for the large breadth of Mid-market and SMB customers is Partner led customer interaction and intimacy. Technology and Solutions enablement for partners play a significant role in ensuring that the customers get the right solutions, and partners get the capabilities to sell in newer markets as well as expand their portfolio of offerings. Also, extensive reward mechanisms are in-built into the program for advanced technology adop-

critical technical, marketing and analytical support through comprehensive partner engagement platforms.

Over the past few years, Cisco has experienced remarkable growth in the Partner Led segment. Today, this segment is a major contributor to Cisco's revenue in the country; with significant headroom for market development and expansion, particularly in tier II and upcountry markets. Patrick Mathias, VP, Cisco, India and SAARC says, "A substantial percent of our revenue comes from channel partners. These partners significantly expand Cisco's customer reach around the world with innovative solutions and services based on Cisco technology and are the fastest growing division."

This provides three critical insights. Firstly, it highlights the tremendous potential that this segment holds for global leaders like Cisco. Secondly, it points out the massive growth that small solution providers are seeing by serving the Mid-size Enterprises and SMB customers with tailor made technology solutions, from large vendors like Cisco. Lastly, the success of the model indicates that the end-customers are satisfied by the benefits of solutions provided by Cisco's partners, which ensures that both the partners and Cisco get incremental revenue opportunities going forward.

Delivering the benefits

The success of the PBG model is directly pro-



Patrick Mathias,
VP, Cisco, India and SAARC

tion, marketing and increasing geographical coverage.

Partners are enabled with tools and processes that help them to increase their business efficiencies and lower operational costs.

They have also been enabled with a single point of contact for every function and this helps them interact better with Cisco.

The PBG model has immensely benefited the customers, as they get solutions that are fine tuned to their needs. This has resulted in a positive spiral of business for our partners.

What are your plans for the Indian market growing forward?

We believe that there is significant growth potential for Cisco and its partners in the Mid-market and SMB segment. Our priority is to increase geographical reach, build partner capability and drive business for products, solutions and services specifically for the India market. With the right mix of solutions and strategy, we are focused on opportunities to grow the business for our partners and will make the investments needed to accelerate growth and effectively address this market.

portional to the value that it provides for all stakeholders in the value chain right from Cisco to the partner and the end customer. Mid-size Enterprises and SMBs have unique problems and demand customized solutions that can only be articulated through continuous and comprehensive engagement. Often the needs of these companies demand an integrated solution using products and services of multiple vendors. Independent solution providers, like the channel partners for Cisco are able to deliver all these customized services through their interaction with multiple vendors. Given their close engagement with the customer, they understand each and every aspect of their customer's business and are able to pinpoint the best solution for them.

Apart from being technically backed by multiple solution providers like Cisco, these players often enjoy the patronage of the promoters and key management personnel in Mid-size Enterprises and SMBs. This enables them to not only provide a comprehensive yet customized solution, but also serve the customer with several new solutions as they grow. This model provides the customer with scalable solutions that are backed by world-class technology and a trusted team of professionals to support them. On the other hand it offers a stable stream of revenue for large vendors like Cisco while ensuring the partners of a stable growth path in partnership with global leaders.

CASE STUDY

KPIT CUMMINS

KPIT Cummins is an end-to-end product design, engineering and IT services company with a workforce of around 7000+ globally and business presence in many countries including US, UK, Germany, France, Japan, South Africa, Korea and China. It is the world's second company to have achieved the SPICE level 5 certification and is home to the largest third party Offshore Development Center (ODC) in automotive and semiconductor industry globally.

Managing the growth

KPIT's exponential business growth demanded a massive scale up in its IT infrastructure alongside renewed focus on improving the operational efficiency of the business. The company was looking for robust collaboration solutions that could enable its employees to access corporate data from anywhere and over a broad range of end-user devices without compromising security. Highlighting the key needs of KPIT, Mandar Marulkar, Head, IT Infra-



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Head, IT Infrastructure and CISO,
KPIT Cummins

structure and CISO, KPIT Cummins says, "In order to keep pace with our growth plans, we wanted to upgrade our compute and collaboration infrastructure. While we wanted to embrace the latest technology, optimum utilization of the existing physical infrastructure was also a critical objective. Being a dynamic organization, KPIT sought an advanced yet cost effective solution."

The solution

Given their issues with infrastructure manageability, KPIT decided to implement

virtualization at the desktop level instead of refreshing PCs in a traditional way, as was the norm every once in four years. The datacenter architecture and the UCS framework from Cisco along with the VCE Vblock platform appeared to be the ideal way forward to cater to both technology and business challenges. The VDI solution helped KPIT achieve greater manageability, security and efficiency. The biggest benefit of choosing the Cisco solution was that it enabled scalability, interoperability and provided a single point of contact for support. The implementation helped KPIT to simplify and accelerate virtualization and enable the transition to private cloud infrastructure. From a quality perspective since Cisco servers are designed for the cloud, KPIT can add on virtual desktops with ease while also reducing costs, carbon footprint and the need for administrative personnel. Since the solution is scalable and flexible, it helps achieve op-



Shrikant Kulkarni,
Sr. Vice President & CIO,
KPIT Cummins

erational efficiency with growth, reduce downtime and improve business agility.

Commenting on the success of this initiative, Shrikant Kulkarni, Sr. Vice President & CIO, KPIT Cummins said, "The benefits have been both qualitative and quantitative. On the one hand the implementation has helped us right-size our infrastructure and improve its utility while on the other it has enabled much faster provisioning/de-provisioning of desktops and applications irrespective of the number of users."