

# RADHIKA DHAWAN PURI

Radhika Dhawan Puri has over a decade's experience in Business Journalism. As a journalist, she has specialized in corporate reporting, management concepts, economic and public policy, and investigations. She has freelanced for international organizations and government departments including the World Bank in Jakarta, Indonesia. She is currently taking a sabbatical and is based in Singapore. Radhika started her career in 1992 with Business Today as a Bureau Assistant. Her contribution to Journalism won her the World Press Institute Media Scholarship (instituted by the World Press Institute) in 1999. She then moved to Businessworld where she drove conceptualization and ideation for the magazine.

Radhika won The PoleStar Award titled, 'Best Feature in IT Journalism', for 2002 for her article, 'E-Sourcing', that appeared in Businessworld.

# e-SOURCING

Buying magnesium, a metal used in the making of aluminium, is a fresh challenge each year for Hindalco's purchasing team. Nearly 1,200 tonnes of metal have to be imported and purchasing managers have to scout for agents, across Australia, the US and Hong Kong. Last year, e-sourcing specialist Commerce One stepped in and offered to help Hindalco source the metal from a wider pool of global suppliers, especially from China. It said that through rapid-fire reverse auctions Hindalco's sourcing costs could be reduced.

**The procurement function is all set for a big shake-up as India Inc. takes to e-sourcing**

But Hindalco's purchasing team was uneasy. Says K.K. Patodia, Vice-President, Hindalco: "We were quite skeptical as to whether the projects savings would actually accrue or not." That's when A.K. Agarwala, a director at the company, stepped in. He urged the team to try out the new way of sourcing.

Eventually they organized an auction to buy six months' worth of metal. The result: a 4% or Rs.10 lakh saving. Excited, the team held another auction for out-bound logistics and managed to shave off 10% of the costs.

Hindalco now hopes to widen the ambit of its e-sourcing initiatives. Says Patodia: "Our procurement team is now developing suppliers for more strategic items like a special form of coke which is difficult to get in India.

"The team is also developing a software which will allow the company to hold its own auctions and automate the buying of various materials. Impressed, Group Chairman Kumaramangalam Birla has declared e-sourcing a group initiative.

A similar movement is taking place in other companies in corporate India. That very unsexy back room function called purchasing is undergoing a paradigm shift. Suddenly, the skill sets required, the vocabulary used, even the job profile itself, is changing. No one is quite sure yet what the new role for the purchasing man is going to be, but one thing is clear – the relationship between the purchase manager and the supplier stands changed today. Says VS Krishnan, President of the RPG group: "Kingdoms will be challenged".

The driver of this change is technology. Organisations like the RPG group and power and fertilizer maker DCM Shriram Consolidated (DSCL) emerged from process improvements a few years ago. E-sourcing – the act of buying and ordering materials through the Web - offered a new opportunity to drive inefficiencies out of the system. The size of the online sourcing pie in India has expanded to Rs.5,000 crore, from a zero base last year. Even six months ago, most e-sourcing specialists in India - India-Markets, Commerce One, Free Markets and 01 Markets - had a hard time selling the concept to Indian corporations. However, now, there is a clear buy-in. Says Rohan Ajila, Managing Director, India Markets. "We hit the inflection point about four months ago." Says Vivek Agarwal, COO, Commerce One: "The pull factor for corporate India has kicked in."

## Consider the evidence

- Tata Engineering (Telco) has signed a Rs.1,500 crore e-sourcing deal with Free Markets, the largest sourcing deal in India. Telco's Rs.362-crore pilot project generated savings of Rs.22 crore last year
- Seven firms that are a part of the Pune-based Kirloskar group have set up India's first private sourcing network. The reverse auctions worth Rs.50 crore have resulted in savings of Rs.7 crore
- Manufacturers like Birla Tyres, ITW Signcode, Hindustan Motors, Goodlass Nerolac, Ballarpur Industries. Indo Rama Synthetics and Heinz India have started reverse auctions. Says O.P. Lohia Chairman, Indo Rama Synthetics: "We are trying to see what else we can do with this process in the company?"

Of course, firms like Telco have long understood how smart sourcing helps prune costs. Through the 1990s they rationalized their vendor base so that they could work closely with fewer suppliers and reduce transaction costs.

Then the Internet became a reality. Online connectivity with suppliers became feasible and cheap. As James Abraham, Director of the Boston Consulting Group (BCG), puts it: "The tools that technology offered were simple."

After finishing its ERP implementation in 1999, Telco connected online with 700 suppliers. Orders were placed, purchase orders generated and delivery tracked – all on the Web. That slashed 35% of transaction costs. Last year, it piloted reverse auctions of Rs.450 crore through Free Markets and is now extending that to cover Rs.1,500 crore of its annual purchases of Rs.4,000 crore. That makes Telco the only India firm with both the segments of e-

### Achievements

Telco has gained Rs.22 crore of savings by putting Rs.362 crore of transactions through the reverse auction process. Online procurement with 700 suppliers has been on since 1999

### Challenges

- Getting employees to internalize the e-sourcing process by promoting widespread use of the auction tool
- Reorganising the purchase functions – like managing aggregated buying across business units or plants
- Taking the e-sourcing process wider and deeper into the organization by extending it to a larger portion of procurement

sourcing up and running. Not only has it addressed online sourcing (what to buy, from whom and at what price), but has also tied up online procurement (the ordering and buying) for many materials. But Telco is still an exception. For most of corporate India, the buzz is only just beginning.

The compelling objective is to cut costs in a recessionary market. Direct materials, the ingredients that go into making everything from trucks to soaps, account for about 60% of the costs of a finished product. Companies have slashed anywhere between 5% and 25% of these costs by using tools like reverse auctions. Last year, Heinz held six auctions for commodities like outbound freight and laminated packaging and saved 10% off its costs. Says Pradeep Poddar, Managing Director, Heinz India: "E-sourcing is, perhaps, this decades way of managing costs better".

Most corporations are currently experimenting with pilot auctions so that they get a feel of what the process entails. However, early adopters are gradually moving a step forward. Says Mythily Ramesh, Head, Wipro's

## MOVING UP: Hindalco, Heinz, DSCL

### Achievements

- Have piloted reverse auctions worth hundreds of crores. Comfortable with the tool.

### Challenges

- Putting together a comprehensive online sourcing and procurement strategy
- Planning the automation of the procurement process, e.g., which materials and suppliers should go online
- Deciding the tools for the kind of procurement required

marketplace, 01markets. "Some firms are trying to move from the proof of concept stage in internalizing e-procurement."

That is exactly where a frontrunner like Telco is poised today. Now that it has understood the auction process. It has begun trying out on its own Free Markets has sold Telco a software solutions called Quick Source. This is an auction engine that allows the company to conduct its own auctions for simpler items like hotel and taxi bookings – items where Telco knows the market and vendors are largely based in Pune. Managers can organize the auctions themselves and train the suppliers.

On the other hand, Telco gets Free Markets to pitch in for items that require specialized vendor knowledge or global access. For its new car, Magna, Telco partnered Free Markets because it needed to access a vendor base from all over the world. But hiring e-sourcing consultants like Free Markets can cost a lot. (Free Markets is far more expensive than the others since it runs its auctions out of Pittsburgh.) That's why Telco has chosen to bring in

consultants only for mission-critical items. Says Amit Kalyani group: "If companies start controlling the process, then a part of the savings that is transferred to us can entirely be retained by them."

Most e-sourcing solutions are headed this way. Recently, India engineering set up a common online sourcing hub for the Kirloskar group. Typically, none of the Kirloskar firms (average turnover Rs.100-crore) could have borne the cost of an e-sourcing hub. But, as a group initiative, it was affordable. Says Vilas Panse, Associate Vice-President, materials, Bharat Forge: "I get 100% of the benefit at a fraction of the cost. I'm a purchasing guy, that deal appeals to me."

Seven of the group's largest companies have put 7,000 vendors on this network. Non-strategic items like cutting tools and electrodes, used group-wide, were chosen. Companies could contact the suppliers and conduct their own auctions. Already, Rs.50 crore of transactions have resulted in savings worth Rs.7 crore. This hub also helps in sharing supplier knowledge. If one company has sourced from a particular vendor, then the others don't have to spend time validating the supplier again.

Often this kind of aggregated buying helps weed out gross inefficiencies in the procurement process. Consider the example of DSCL Fresh from its ERP implementation, DSCL ran a check on the purchasing pattern of 35 categories of indirect materials like conveyor belt components and earth-moving parts, typically the cogs that kept their 12 plants humming smoothly. To their shock, 13,000 purchase orders (pas) were raised in one year for these items. That meant a purchase man had made the effort of finding a supplier, running a quality check, negotiating a price, confirming with his superiors and ensuring delivery of a part, 13,000 times in one year. All this for items worth Rs.20 crore, a fragment of DSCL's annual purchase value.

Last April, 21 suppliers for 17 categories were chosen, typically those who had adhered to deadlines and quality, and invited to join a private sourcing hub created by DSCL. The purchase department decided annual pricing and standards upfront and put up the product catalogues on the Web. Each supplier and 60 people at DSCL were given rights to access the system. Each time an item was needed, a person logged into the system, hunted up a supplier and sent the request online. Since the prices and standards were pre-approved, the orders needed no authorisation by the purchase department. Says Prem Das, DSCL's additional General Manager: "The time from deciding to buy an item and buying it is now down to zero." DSCL now plans to move strategic items like naphtha to the system.

The hub also allowed DSCL to significantly reorganise its purchase function. The company had four strategic business units: sugar, chemicals, power and fertiliser, each handling its own sourcing. But certain items like lubrication oils were common. Therefore, the items were divided into five categories and one man was made responsible for negotiating long-term price. Says K.K. Kaul, Vice-President, DSCL: "Purchasing managers can now concentrate on managing relationships with suppliers."

Yet, DSCL is ensuring that it does not end up biting off more than it can chew. Its efforts to redefine the procurement function is so far still limited to its indirect materials and a select group of suppliers. But others like Hindustan Motors and Hindalco are trying to implement full-scale e-procurement. Both of them have worked with a variety of B2B sites last year to get comfortable with reverse auctions. Now both Hindustan Motors (with Commerce One) and the Kumaramangalam Birla group are developing the software solutions internally so that it can be shared across the entire group.

Once the system is up and running, it will greatly speed up the procurement process. Every time a purchase man needs a part, he can hunt up suppliers online and email them the request for quotations (RFQs). Once the bids are returned, the company can invite the suppliers to a reverse auction. Or, if the part is specific to the company's requirements and cannot be bought through an auction, an offline negotiation will be done. Once the vendor is finalised, a PO will be raised, the vendor will signal that he has received it. He will also be able to signal when the delivery is made. Thus, the entire paperwork is eliminated. Says K.Chandran, General Manager (Corporate Planning), Hindustan Motors: "The whole feeling of purchase is different. All the manual intervention is gone." The auto company saves Rs.3,000 per transaction with each supplier since it automated the procurement process.

All of this is easier said than done. It all depends on how far the e-sourcing initiative is entrenched in the company. For instance, Telco has set a benchmark that three months is the maximum length of time it will take for each auction - in deciding on a category, finalising the suppliers, holding the event and awarding the contract. Also, where new suppliers are identified, the evaluation process would be quick and thorough. For example, for a toolings auction for Magna, the Chinese suppliers were the lowest bidders. However a visit to China revealed that aesthetically the Chinese designs were not up to the mark.

For companies like Hindustan Motors and Hindalco, training and convincing hundreds of suppliers to actually start using the network will be a tough task. DSCL had quite a job getting 21 suppliers online. Each time the supplier transacted on the DSCL system, he had to pay a fee of Rs 50 to Commerce One. Most suppliers were reluctant to pay.

It isn't just suppliers who have to be convinced by the e-sourcing logic. Quelling the internal resistance from the procurement department is no less crucial. Most e-sourcing initiatives bring in a measure of transparency and are, therefore, seen as a threat by purchasing managers. It is important to anticipate these organisational blocks.

The RPG group offers an important lesson on how this can be done. Two years ago, President V.S. Krishnan called the purchasing heads of six companies and tried to aggregate buying across the group for some items. As a result of the reorganisation, one person became the purchase manager for plastics for the group and another one for synthetic rubber, and so on. Krishnan himself headed the panel in which there was a knowledge management person to facilitate the sharing of information. The structure worked, says Krishnan, because it was simple, without any of the bosses overseeing the process. "We did not alienate the purchase manager by taking away his authority. We've just changed his job," he says. His advice to his chief executives is they should ensure that the purchase manager gets his due place.

But that may not always be possible. So far, the purchase manager's main role has been to negotiate with suppliers and track delivery deadlines. Now all that has changed. Hindalco's Patodia says: "There is all this psychological warfare, gestures, body language and suddenly you have to get used to working without that."

#### **The elimination of jobs is inevitable.**

Take DSCL which had to redeploy two people from its purchase unit who became redundant when the hub went online. Says Panse of Bharat Forge: "We hope that the savings created by this process will generate the funds for redeploying of people."

Yet much of the notional savings are often generated by raising a new set of questions. Explains Darryl Rolley, Managing Director (Asia-Pacific), FreeMarkets: "What we find in many companies here is that they will set up a contract only for three months and will do it for four times a year. That's four times as much work."

Instead, he says, the questions to ask is: What is the company's spend on this item? How many times should we source it in the year? Will a prenegotiated annual contract work?

As soon as these questions are asked, Rolley says two things will happen: less resources will be applied in redoing the same contract. And more savings will accrue by locking in a supplier or even entering into a long-term contract.

For RPG's reorganisation to work, an annual purchase plan had to be made and then shared with the group purchase panel at the beginning of the year. This inevitably forced the individual purchase departments to think in terms of long-term contracts. The Purchasing Head of Telco's Pune plant Y.N. Bedekar, finds himself putting in longer hours at work and his job profile has changed significantly.

He now has to aggregate purchases from not just the Pune plant, but the Jamshedpur plant as well, so that the firm can derive maximum benefit from the reverse auctions. FreeMarkets' Rolley says: "It raises the sourcing function to another level and brings the purchase man upfront."

But is the Indian purchase manager ready to step into the limelight?

# We are in the business of creating competition

In 1994, Glen Meakem presented an idea to his bosses at General Electric. Why not create an Internet-based platform, where sellers could openly bid for buyer contracts and put an end to the traditional way of haggling over contracts? GE rejected it. That was a big mistake. Meakem left and eventually set up the online auction firm, FreeMarkets. Today, it is quite easily one of the biggest and the only profit-making B2B company in the world. It auctions any and every sort of industrial component or material. Excerpts from an exclusive interview with Businessworld.

**Your view seems to counter the belief that true value can be generated via partnerships with suppliers. In the last few decades, the success of the Japanese model has been linked to this.**

You don't have to let long-term supplier relationships go. If I have a long-term partner, that's great if they are providing world class pricing and quality. So they shouldn't mind being put into a competitive environment. Corporations in a long-term relationship have no idea what the global market costs are. You can't be transactional in these relationships.

You need to go out and benchmark at a minimum whether you are at global market cost, not a build up cost and a supply-based approach. There is a lot of evidence that Japan has over-partnered. The time is right for Japan to adopt a whole new market-based approach to supply.

**But there is the issue of retained knowledge with suppliers. How do organisations balance these goals with that of short-term gains?**

Make no mistake. There are some categories of spend that you can't put

through this process. For example, if you are Dell Computer and you need an operating system, there is only one source. You can't put Microsoft through this sourcing process.

**How many of your buyers actually switch? Suppliers complain that buyers use this as a tool to beat down prices and go back to the original supplier in any case...**

We do have some data, mostly from North America. These companies go to a new supplier 40% to 50% of the time. More importantly, they are switching to a low cost bidder a third of the time.

**Is the value derived from reverse auctions sustainable and repetitive?**

This has been proven by us and by strategic sourcing initiatives that happened prior to e-sourcing in the early 90's. Price increases creep back in. You tend to lose the gains. This has been proven time and time again globally. The reason why corporations have buyers is because they are always negotiating.

**How does this work in industries where cartels function? Have you seen industry structures that don't lend themselves to this sort of sourcing?**

Yes, all the time. We had plastic injection moulders back in 1996-97 who swore they would never bid. Jack Welch in his book said that GE would never participate. Let me tell you that GE participates all the time. Why? They have no choice. If I need to buy a lot of cement and I say that this is where I'm going to buy, everybody has to compete. Buyers have a lot more power than they know and we let them use that power. We are in the business of creating competition.

## The purchase manager's guide to e-sourcing

Internet-based sourcing is about what to buy, from whom, at what price. Online procurement is the act of buying. A comprehensive e-sourcing strategy must have both elements. What does it entail?

- Start the process with a few pilot exercises to let the purchasing function get comfortable with it before extending it to the entire purchase function
- Pick high-value commodities so that you can derive maximum benefit when using reverse auctions
- The more fragmented industry (e.g. packaging and freight), the greater the price drop. In a reverse auction, the greater the competition will be
- Take time to educate and train suppliers. E-sourcing puts the buyer in the power seat and leads to some supplier discomfort that the company must deal with
- Be ethical about reverse auctions and do not use it just as a price-cutting tool with incumbent suppliers
- Fine-tune requests for quotations (RFQs) constantly so that suppliers have a clear idea about buyer needs

## Indian suppliers gear up for change

In 1999, when the Pune-based diesel engine maker, Kirloskar Oil Engines Ltd (KOEL), decided to do its procurement online, it asked all its suppliers to adopt the same e-commerce platform it had invested in. Much to its surprise, the suppliers adopted it faster than Kirloskar had anticipated.

Take the Pune-based UGC Logistics, which manages Kirloskar's logistics and also supplies its engine components. It invested in an Oracle-based ERP package and adopted Kirloskar's e-commerce platform. "This way I was able to reduce my costs by 5-6% and reduce inventories by 75%," avers S.A. Dhole, CEO, UGC.

Even two years ago, progressive suppliers like UGC were a rarity in India's procurement map. In 2000, the Automotive Components Manufacturers Association requested Sona Koyo Steering CEO Surinder Kapur to head an initiative to educate Indian suppliers on e-procurement. Most suppliers were still in denial, says Kapur, quibbling about which ERP package they would use. "But now, the stage of disbelief is over. It's very real today. Everyone is preparing to be an active player," says Satish Sekhri, CEO, Kalyani Brakes, which has conducted three auctions and participated in a global auction conducted by Delphi in 1999 for a brake assembly part.

As Indian corporations take to e-sourcing, suppliers, too, are gearing up for change. "I don't think suppliers have a choice. The ones who adopt will survive," says Vijay Verma, Kirloskar's Vice-President (Business Development). Kapur reckons that 30-35% of the component suppliers are ready to bid on the Net. As a first step, suppliers are e-enabling their organisations and putting in place ERP systems that enable a better understanding of their costs. The next step is to connect their suppliers. But costs could be a big issue: a full-fledged ERP system had cost Sona Rs 2 crore. Sona is trying to rope in its vendors with an ASP model. "We are talking to Oracle to see if the suppliers can pay on a usage basis rather than put in a large amount upfront," adds Kapur.

In the rapid-fire auction environment, the ability to take quick decisions is now crucial. "With e-procurement, you have to give the best price without knowing the competitor's price. It means you've to be globally

competitive," says Neeraj Mathur, Vice-President (Purchasing and Supplier Development-India), Delphi.

**Will e-procurement hasten the exit of weaker players?**

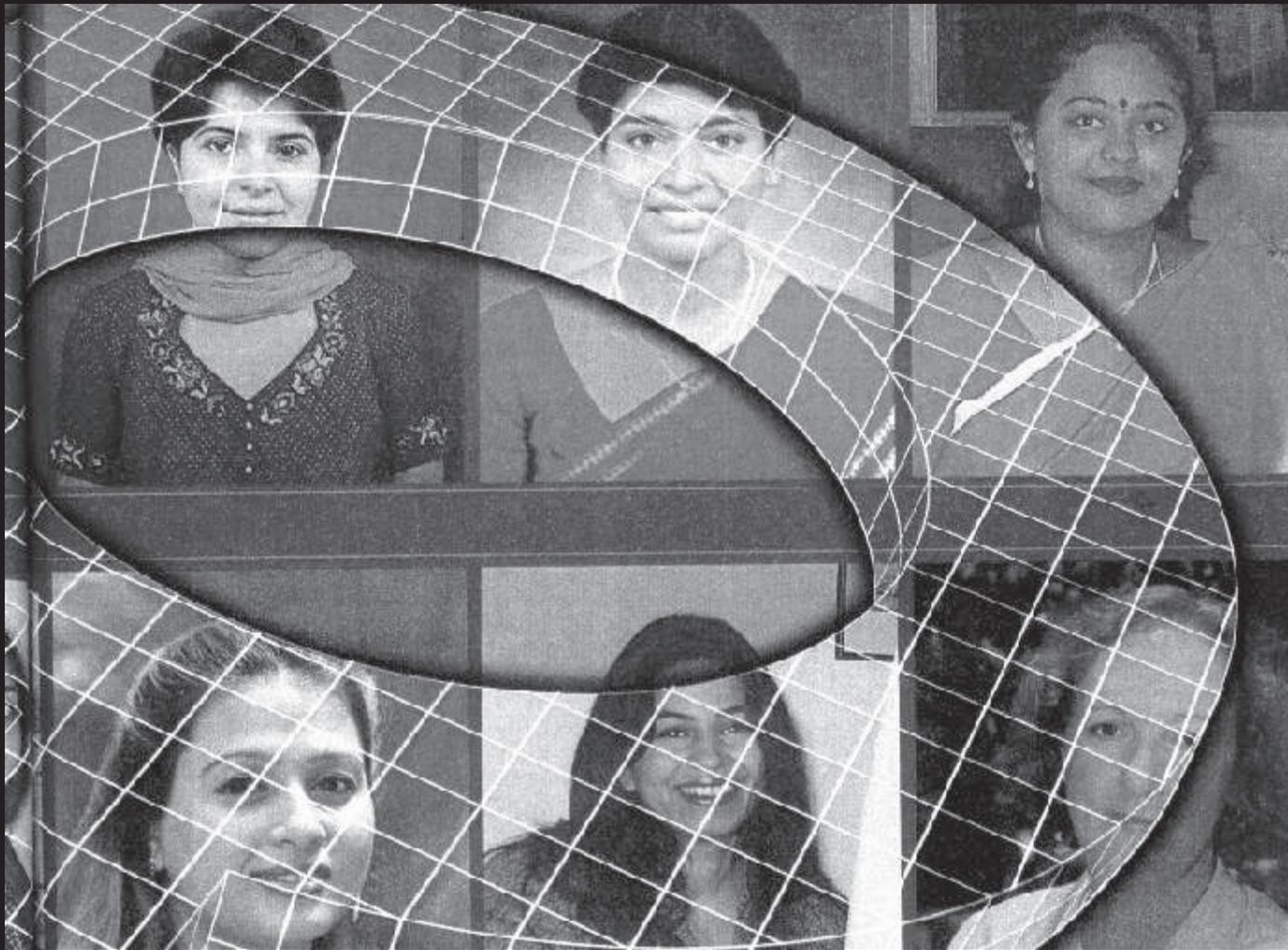
"Yes, suppliers whose costs are high will be priced out of the market. E-commerce will hasten their exit," says Sekhri. In a bid to survive, smaller suppliers have already begun gearing up. "There's a huge focus on quality, the Six Sigma process, 100 PPM programme, inventory controls, and absolute transparency," adds Atul Lall, CEO, Dixon Utilities, which supplies printed circuit boards and colour TVs to LG.

Indian suppliers have clearly seen the writing on the wall: either they shape up, or run the risk of being shipped out. ■■■■

## N GEETHA

Geetha Nandikotkur is the Bureau Chief for Express Channel Business and Express Intelligent Enterprise, Bangalore. Prior to this, she served as a Principal Correspondent (South) for Computer Reseller News, writing on the impact of the developments in the IT space on the channel business, and related areas. Geetha has also worked with Express Telecom, The Guardian, and Speed News Service. Before entering the arena of Journalism, Geetha worked as a part-time lecturer in AP Open University, Hyderabad, teaching 'Principles of Public Relations' to postgraduate students.

Geetha won The PoleStar Award for 'Best feature in Business Journalism' for 2002 for her article, 'Women in IT Distribution', that appeared in Computer Reseller News.



## WOMEN IN IT DISTRIBUTION

Women power in IT distribution is not as eminent as other verticals. And this is evident from that fact that most industry veterans CRN spoke to before embarking on the cover story fumbled to give even three names of women executives who have made their mark in the field.

While it is true that men outnumber women by 90 to 10 in the industry, it may be wrong to assume, as CRN found out, that women don't have a significant role to play in the industry.

In fact, there are several successful women who have contributed immensely to shaping up the industry. They have been here, seen it all and scaled new heights. Whether it's Neelam Dhawan, the articulate and immensely ambitious Vice President of Enterprise Business at HP, or Swati Bahl, who recently took charge of the \$150 million business of eSys in India, these women of power have all it takes to be successful.

Their success is all the more inspiring as they had to strike a balance



More women professionals are coming into the IT Industry, including software services and going by the talent I see, I have no doubt there would be great women leaders in the industry in the not too distant future"

**Balu Doraisamy**  
President, HP India

between two very difficult jobs - looking after the family and kids and at the same time managing the ever complex and intriguing business of channels.

These women of substance have not only achieved personal goals and targets, but have emerged as role models inspiring several wannabe women executives in a tough field like IT distribution that is so predominantly a male preserve.

This is CRN's attempt to highlight women achievers and recognize their contribution to the IT distribution business.

For Manisha Sood, the 38-year-old business manager at Kodak India, the business of channels is all she wants to be in. She looks after Kodak's marketing and distribution business for digital imaging in the country estimated to be worth Rs 15 crore.

But if you ask her, she didn't have the faintest idea ever that she would be in IT distribution. After all, traveling 20 days a month to the remotest towns of

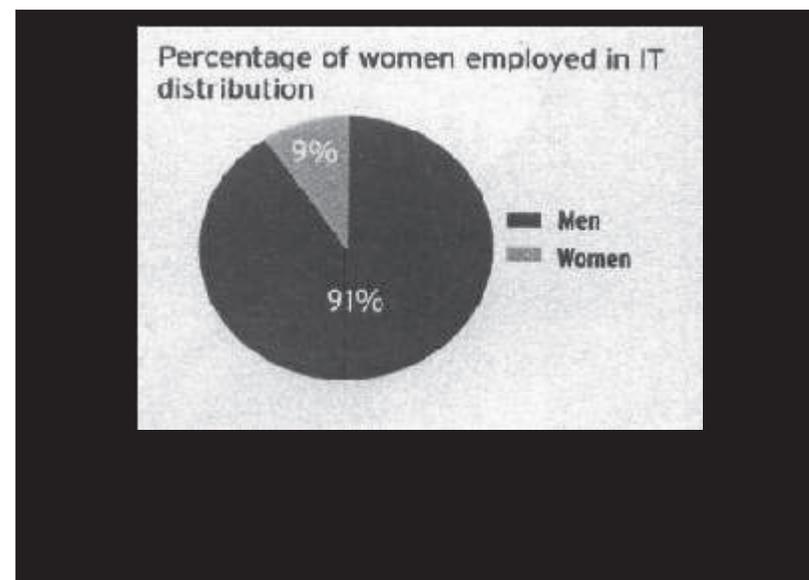
the country doesn't come naturally to a happily married housewife.

She recalls how her husband encouraged her to take up a job as he felt that she needed to make use of her Post Graduation degree in Computers and her Masters degree in Business Administration.

Her journey began from Modi Olivetti where she was entrusted with the job of sales and marketing co-ordination. "That was my first exposure to marketing and sales," Manisha recounts.

More challenges were soon to follow. Kodak, which had a strong presence in the analog photo camera and printing market, was trying to make a foothold in the digital imaging segment and they were looking for business development manager.

Manisha took up the challenge and since then, she has never looked back. "The job was tough," recalls Manisha. To her dismay, none of top distributors were in a mood to tie-up for a product that was still at a very nascent stage. "Because digital cameras were a more of concept selling. There were no proper market estimates available either," she avers.





Size of Business: Not disclosed. Previous jobs: Associated with the IT industry for 20 years and IT distribution for six years. Began her career with JCL and later joined IBM in 1996 in marketing and distribution. Been with Compaq (now HP) since two and-half years. Job profile: Handles Enterprise Solutions business attending to sales & marketing of HP's range of low-end Intel servers, Unix servers and high-end non-stop servers. Also, handles various verticals like telecom, manufacturing and financial institutions.

**Neelam Dhawan**

Director, Enterprise Systems Group,  
HP India, New Delhi

Today, she is credited with seeding the market for digital cameras, where Kodak enjoys a market-leadership position.

Manisha is not the only woman who has managed to break the proverbial glass ceiling. Predominantly a man's turf, distribution has been and still is not considered a woman's job. The constant inventory pressures, pricing issues, fast obsolescence, and channel management issues make it very tough for women to take up key executive positions.

However, the past few years have seen several women carve their niche either in key executive positions with vendors and distributors or as owners of reseller businesses.

Take the example of Ayesha Satish, Director of a Mumbai-based dealer Bitsy Infotech. Her induction into the business was absolutely unplanned. By the virtue of her marriage to a computer dealer, she was in more ways than one thrown into the business.

After six years in this business, she is as diligent as anyone in the business from bargaining prices for bulk purchases with distributors to tightly balancing the credit of its resellers. As director, she today oversees a re-distribution business worth Rs 12 crore, annually.

However, at times Ayesha feels that women of her caliber are still not treated equally like their male counterparts. "Women are not always taken seriously," says Ayesha.



Size of Business: Rs 45 crore. Previous jobs: Associated with IT industry for over 20 years. Founder and managed Aurelac (an IT company) where she was involved in manufacturing, design, development and distribution of hardware and networking products. Joined Nexus in 1991 as director (Operations), a closely held company. Job profile: As Co-chairman, attends to the overall growth and is working towards getting an ISO 9000. Also works with industry verticals.

**Sunaina Mandeem**

Co-chairman, Nexus Computers,  
Pondichery

"Women's working styles are pretty similar to that of men, except that there maybe cases where some women display a certain element of sensitivity in handling a situation. On the flip side, some women in their effort to prove themselves that much more, can be demanding"

**Unnikrishnan**  
Director-Marketing,  
Sun Microsystems

The reason for an unequal treatment meted out to women can perhaps be attributed to the traditionally low percentage of women who work in channels. And even to a lesser percentage of women working at the higher management level.

In a survey conducted by CRN, only nine percent of IT channel workforce constitutes women.

While this may be a significant number by Indian standards, it's still much lower than the global mark of 29 percent in IT business. The findings also indicate that even out of the miniscule nine percent, only 13 percent are in key management positions that have a say "in the strategy and building of their company's business." But this is changing.

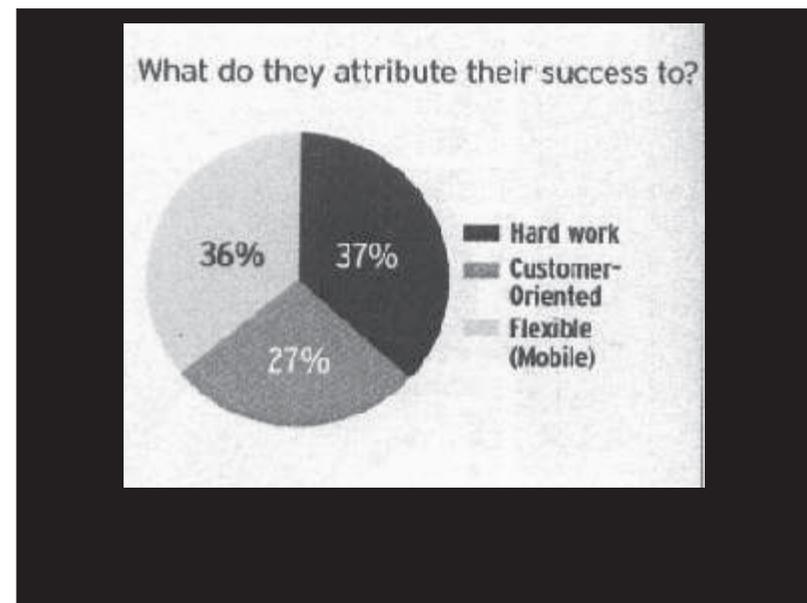
## Better opportunities

The industry is more appreciative of woman power today than ever before. Increasingly, employers have begun to look at their female counterparts as efficient professionals, and the gender imbalance is becoming irrelevant.

While holding their women colleagues in high esteem, employers in the IT

distribution industry are delegating more responsible and result-oriented jobs to women with the faith that the job will be executed meticulously in great detail and perfection.

"Women are subtle in their approach to a problem and don't get easily bogged down by problems. They handle every customer carefully and meticulously and get the job done. In the current scenario, where the loyalty factor is predominant, they can be counted on in any situation." feels Venkatachalapathi of Vikas Microchip, a Bangalore-based solution provider.



Venkatachalapathi is speaking from experience. Vikas Microchip has entrusted a woman with the key job responsibility of purchasing and selling of value added products. Bhanumati, 27 from a modest beginning as an office assistant at Vikas, is now responsible for an annual business of Rs.7 crore.

Most employers agree that women employees bring honesty, sincerity, hard work and stability to the job, according to CRN survey on employers' perception of women executives.

Sudha Jagdish, 34, and Chief Operating Officer of networking major Apcom feels women shouldn't be deterred by the low ratio of women at the IT distribution workplace. Sudha herself is a living example of how a woman can defy the norm with her single-minded determination.

Sudha joined the company 13 years ago as a technical support person. Today, as a Chief Operating Officer, she is handling not only the job of overseeing the day-to-day operations but also setting the future course for the company.

Her colleague, Sujit Singh, Country Manager-Dax, Apcom Computers, who has seen her way of functioning, is of the opinion that Sudha has always



Size of the Business: Rs 100 crore. Previous Job: Been with the IT industry for 11 years. Worked with Wipro as Marketing Manager (Telecom Solutions) when paging and cellular network opened up. Moved to HP 5 years ago. Adjudged Best Sales Professional in India for 2001 amongst top 100 employees in HP worldwide. Job profile: Managing HP's channel partners and interacting with customers directly: As channel sales manager, she has to achieve sales target, organize channel meets and enhance channel experience of doing business with HP.

**Sujata Ramani**  
Channel Sales Manager,  
HP India, Bangalore



Size of Business: Rs 50 crore. Previous job: Started her career with Apcom 13 years ago as a technical support executive and moved to handling the service center. Has moved from handling material and logistics, to take up commercial responsibilities like handling credit imports, human resources and administration. Job profile: As COO, she handles the operations of the company and looks after all transactions and interacts with end users.

**Sudha Jagdish**  
Chief Operating Officer,  
Apcom Computers, Chennai

gone that extra mile in all her past roles and assignments and her transition from a technical support background to operations has been phenomenal and ever inspiring. But Sudha, at her modest best, attributes her success to the vibrancy of the industry.

"The upcoming services industry takes the learning curve to an all-time high. Besides, there is always the pride of selling technology," Sudha beams.

## Greater motivation

Many of these women of power have come into IT distribution by incidence, but stayed on by choice. Hi-tech is the buzzword, which has pepped up their interest level in information technology.

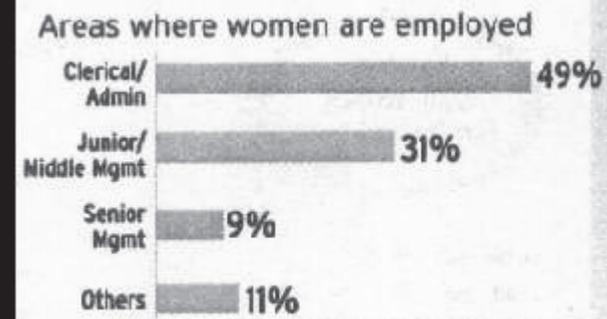
Technological developments keep their quest for learning high. Transnational operations and international travel opportunities attract them. Add to this the pride of being associated with creme de la creme of IT professionals.

High-income category jobs and transparency in the working style, all these have contributed to the balanced growth of the woman employee.



"Women are subtle in their approach to a problem and don't get easily bogged down. They handle every customer meticulously and get the job done. In the current scenario, where the reliability factor is predominant, they can be counted on in any situation"

**Venkatachalapathi**  
Vikas Micro Chip



Innovation is the first virtue that a person learns here, irrespective of the background or gender.

Little wonder, the IT distribution field has lured women from all walks of life routing archetypal it's-a-man's-world psychological barrier and making an indelible mark on the business of IT distribution.

Ask Swati Bahl, 32 who heads the channel operations for eSys in the country. From being a junior professor in a college in Mumbai to a HR manager at Kalyani Brakes, a group company of Bharat Forge, she has traversed a varied course to join eSys. Presently, she looks after business worth \$150 million for eSys.

While for some, fast learning curve and dealing with extremely professional and elite customer is one motivation, some are simply lured by the smell of money. Constant target pressures and achieving them is what they like about this field.

For Sujatha Ramani, 33 who has been overseeing the channel PC business at HP for five years, the motivation of being in the industry is that of meeting partners and above all "achieving difficult targets." That according to her, is the most enriching experience.



Size of Business: \$80 million. Previous Job: Been with IT industry for over four years beginning with Kobian as Business Development Manager for India. Job Profile: Continuous sales and product planning for India market. Key responsibilities include product launch, positioning products and sales through partners including distributors and second-tier resellers. Coordinates with India branch in marketing and promotional activities.

**Sushmita**  
Business Development Manager,  
Kobian, Singapore

Not surprising she was adjudged the Best Sales Professional at HP India and rated among the top 100 employees at HP worldwide in the year 2001.

"IT distribution has the fervor of the most happening industry in terms of rapid proliferation in technology, adapting to rapid changes, challenges of surviving in the market that is marked by the inconsistency and highly competitive work environment," says Kavita Prasad, 25, Retail Sales Manager at HCL Infosystems.

Despite glaring gender imbalance, women executives feel that channel offers them a level playing field like no other vertical. The industry offers

ambitious women an equal opportunity to show their expertise in handling business-critical operations.

Ashwini Gopal, 30, will vouch for it. Starting her career as an additional Cabinet Manager at Kempfort, a retail outlet in Bangalore, the dream to run her own company one day would have sounded obscure to many. Her entrepreneurial dream became a reality last year when, with a little support from her family, she launched Spandan Infotech, dealing in networking products. Spandan, under her leadership, managed to garner a turnover of Rs 1.4 crore in a tough fiscal. There are several such instances



Size of the Business: \$150 million. Previous Job: Was Professor with a junior college in Mumbai and also worked at Pune, before joining Kalyani Brakes as HR manager, part of the Bharat Forge Group. Went on to join eSys in 2000. Job profile: As channels head, she develops channel and manages vendor relationships; ensures warranty support and attends to promotions and business development. She drives business for HDDs, CPUs, Cyrix products, and IT solutions.

**Swati Bahl**  
Channel Manager,  
eSys Distribution, New Delhi



Size of the Business: Rs 10 crore. Previous job: As computer engineer, she joined Zenith Computers where she was in charge of export systems. Later moved to R&D of Novell Network products at Zenith. Floated Spectrum, reseller firm along with husband, which is part of the family business. Job profile: As director, handles assembler and retail business for the company's range of distribution products from Sony, Logitech, Maple, assembled PCs and other hardware systems.

**Shefali Gala**  
Director,  
Spectrum Infotech, Mumbai

of first generation entrepreneurs. Although, these women have had to go that extra mile to prove their worth, their entrepreneurial spirit has been duly recognized and rewarded by the industry. "It definitely calls for an extra effort to prove that you are aware of the job and technology if your decisions need to be respected," says Shantala Gokul, who at 40 heads Rs. 5-crore Signet, a memory distribution company she floated with two partners. "Coming from the financial background, getting into the highly volatile memory business, the channels were skeptical over my capability to understand the business," she recollects.

Sunaina Mandeem, co-chairman founded two IT companies in her 20-year career in IT distribution. She founded and managed Aurelac early on

in her career and later formed Nexus in 1991 with a male partner Michael Lemeire. Nexus today is regarded as a leading system integrator in the country with revenues of Rs 45 crore last year. Sunaina feels that IT distribution instills in an individual a greater desire and determination to grow. These women achievers are unanimous in their belief that the IT distribution industry offers women the freedom to choose careers while giving fair recognition to performance. An opportunity to dream big and the acumen to make it happen.

As Balu Doraisamy, President, HP India puts, "More women professionals are coming into the IT Industry, including in the software and going by the talent I see, I have no doubt there would be great women leaders in the industry in the not too distant future." Amen!



Size of Business: Rs 12 crore. Previous job: After graduating in commerce, she married and has been associated with the business along with husband. She has handled the trading section of business since 6 years. Job profile: Involved in purchase and sales/trading of products that include PCs, peripherals, laptops, sourcing from distributors and selling to resellers.

**Ayesha Satish**  
Director,  
Bitsy Infotech, Mumbai



Size of business: Rs.5 crore. Previous job: Worked with AGTE as finance controller and later joined her husband to attend to distribution of Aldous Glare, before floating eForce. Job Profile: As CEO, she is involved in enterprise marketing of IT products and services including systems, peripherals, networking products, storage and servers. Addresses enterprise SMEs and vertical industry customers.

**Geela Thomas**  
Chief Executive,  
eForce, Cochin

#### **What job profiles do women undertake in this field?**

There are no reservations for women in terms of job. Usually, women opt for call centers, marketing or HR-related profiles. However, it is few women who are willing to take up challenges in IT distribution or take up senior positions as they are not qualified enough.

#### **What are reasons for women opting for low profile jobs?**

Traditionally, women are supposed to play a greater role in their family than men. Most women, who show potential in college, give up jobs once they marry. It has also been noticed that women in IT industry look for newer avenues after some time, which doesn't involve much travelling.'

#### **What are the advantages of employing women in business-critical jobs?**

Of late, companies look at having a balanced ratio of women and men in their business operations, as it is performance based. Women are also called upon to take decisions in business-critical operations.

#### **Why is there a high attrition rate amongst women in IT distribution?**

The attrition is due to factors like family, health and maternity. Most women who are good in their functional areas are forced to take a break in their career and turn to family. Once they return, they realize that their peers have been promoted and these women now have to report to them.

#### **What are the advantages about working in IT distribution?**

The working ambience in IT distribution companies is good. There is the freedom to choose one's career here with the regular measurement of performance. In India, the flexibility of working hours has yet to evolve unlike the West.

#### **As HR professional, what advice do you have for women in IT?**

I think women should come to work without preconceived notions about culture, male counterparts or the job responsibility. They need to be prepared to take up challenges that come their way.

## **The challenge of being a woman in channels**

Can you imagine the top reasons why employers hesitate to employ women in IT distribution? The 50 respondents of the CRN Survey unanimously felt that the principal reason is that they are too "emotional". Emotional vulnerability of women is why they prefer men

taking up challenging front-end responsibilities. Women's inability to work late hours was cited as the second biggest reason followed by their inability to go on long marketing and channel development tours. Employers also feel that women carry their family issues to office.

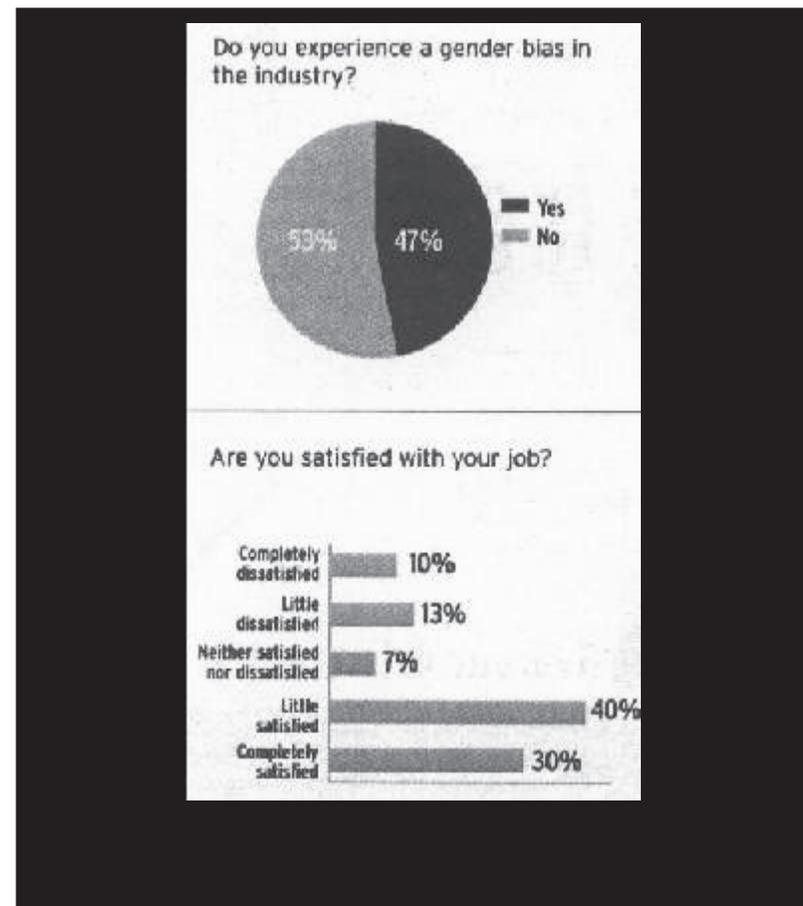
According to some interviewed, IT distribution is a tough terrain that tests the emotional resilience of workers more than any other field of business in IT. Handling different products and market, issues related to channels, unhealthy business practices etc. require employees to be headstrong.

"Women do not like the manipulation and corruption, which is why many



Size of the business: Rs.15 crore. Previous job: Associated with IT industry since 14 years, she started at Modi Olivette handling sales. Addressed various verticals including banking, Government and corporates. She also sold to verticals. Job profile: As business manager at Kodak, she attends to channel sales, promotions and business development. She drives Kodak's IT products such as digital cameras and other products.

**Manisha Sood**  
Business Manager,  
Kodak India, New Delhi



women opt out. There is only a thin line that divides gray operators from genuine channels," says Shantala Gokul.

Ashwini Gopal, Chief Executive, Spandan Infotech, agrees that women have a tough task on hand when they go out to deal with resellers, the box pushers and sometimes, defaulters. Especially in IT sales, where it calls for a lot of effort on the part of women when they have to be out on tours and have to handle different clients with business dexterity.

Not surprisingly, most women prefer to work behind the curtains. The CRN survey figures indicate that only 17 percent are employed in the front-end jobs like sales and channel management. A majority, 25 percent is entrusted with the back-end responsibility of office administration.



Size of business: Rs.1.4 crore. Previous Job: After her Diploma in computer science, she joined Kempfort, a retail showroom as additional cabinet manager. Went on to join Uttej Consulting, a networking company as CEO. In 2001, she set up Spandan Infotech with the support of her family and took up dealership of ' D-Unk and peripherals such as UPS and networking projects. Job Profile: Handles channels sales, credits, payments and interacts with end users.

**Ashwini Gopal**  
Chief Executive,  
Spandan Infotech, Bangalore

Another 19-odd percent are employed in marketing and advertising, while some 5 percent are in HR.

Another way of looking at this break-up is that only 13 percent are in the technical field, either handling internal IT systems or external customer support. A reason for this is that technically capable women find software a bigger attraction in terms of status and remuneration.

The distribution industry also has several weird norms that women find uncomfortable adapting. Sunaina feels, "Most of the networking in the industry is done outside office hours." This may be the reason why the younger lot is not looking at distribution as a career option, she thinks.

The high level of dissatisfaction amongst women employees is alarming. Out of 45 women employees surveyed by CRN, only 30 percent said they were completely satisfied with the job. A large chunk, nearly 40 percent said they were little less satisfied. A sizeable number, nearly 10 percent said they were completely dissatisfied, while the remaining were either dissatisfied or preferred to stay non-committal about their satisfaction with distribution job.

Agrees Tech Pacific's HR Head Sanjay Udeshi. "The fall out rate of women from distribution is much higher than any vertical." Fall out rate, in essence, is different from attrition. Fall out rate denotes the rate of people quitting one particular vertical to pursue another, while attrition means the person leaving joins a similar job in another company.



Size of business: Rs.3.5 crore. Previous Job: After completing Diploma in computer science from NIIT, along with partners she took up direct sales of Compaq machines. Went on to set up Sycom, an exclusive retail outlet for Compaq home PCs. Job Profile: Attends to retail sales of new-HP PCs and peripherals and addresses corporates through retail.

**Rajalakshmi Raghunandan**  
Chief Executive,  
Sycom Infotech, Bangalore



"Women need to work with professionally run ,companies where security is assured and time is allocated for female employees to develop confidence to sell, market or attend to service requirements."

**Frances Duggan**  
Lexmark's General Manager  
For Indian Subcontinent

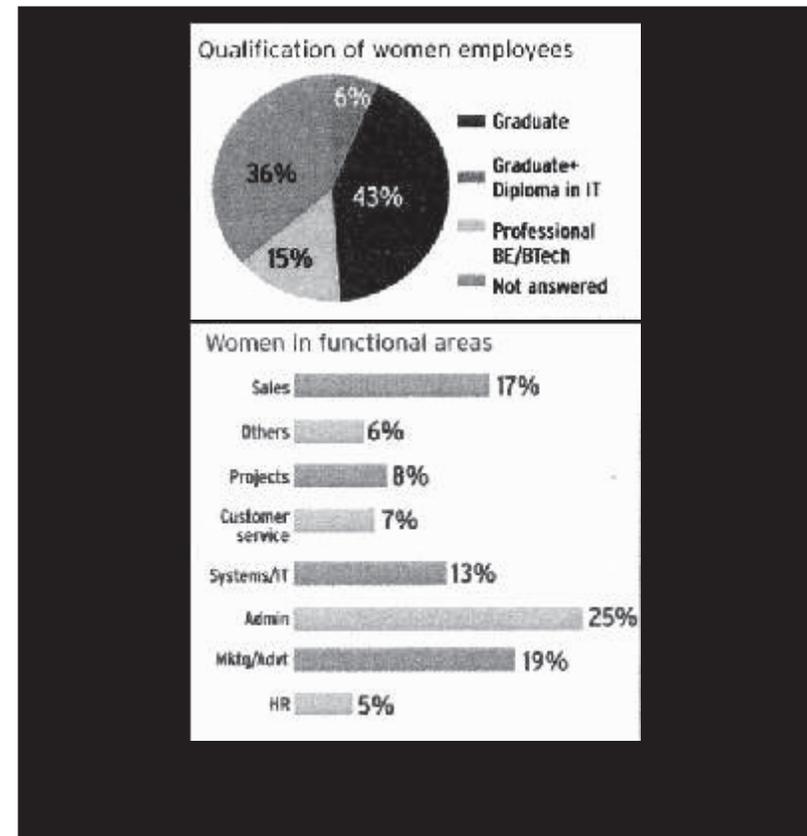
Of those left behind, most get stuck in the middle management and fail to reach the senior management due to the highly skewed gender ratio of 9:1 in favor of men. Even after proving their capabilities, they are constantly faced with a severe gender bias. Nearly 47 percent women surveyed felt that there existed gender bias in the industry. They are required to make an extra effort to prove their ability and skill sets. Shefali Gala, Director, Spectrum Infotech has experienced this bias, "To earn the same respect as their male counterparts, we have to assert ourselves at all levels-peers, seniors, subordinates and fellow channel partners."

Some women executives also feel that women are themselves to blame for some of the notions regarding gender bias. Under the immense pressure of meeting targets and making new business contacts, say in the field of

hardware sales, women provide an excuse for men to view them as the weaker sex.

"Women are construed as not being mobile and this view contributes to further discrimination of women against their male associates," feels Sujatha Ramani, Channel Head, HP India.

Women could have done better, feels Aseema Kumar, Chief Executive of e-Com Communications, a channel partner for Satyam. Where women could have brought a major difference to the IT distribution business, they opted to stay out. They didn't want to be aggressive enough to take up challenges or opportunities given to them. "Most of the women who are brilliant during the college days either give up after the marriage or not motivated to take up challenges," she says.



Rajalakshmi Raghunandan, Chief Executive, Sycom Infotech, Bangalore, feels that women need to strike a balance between the family and work, if they have to change the employer's perception of them being weak emotionally.

Manjusha Dayal, Distribution Head, ITM computers, Bangalore, blames it on the conditioning of women, "The perceived weakness could come from conditioning. Women entrepreneurs and employees favor more conservative sectors (non-IT distribution) from the fear of not knowing this industry and other associated fields which don't allow participation."

But while the debate can continue, one thing is quite clear. Women have beyond an iota of doubt contributed a fair bit for shaping the IT distribution business. Looking at the virtues that women bring to the business, more proactive participation from women and a balanced gender ratio could help make the distribution industry cleaner and healthy. ■■■■