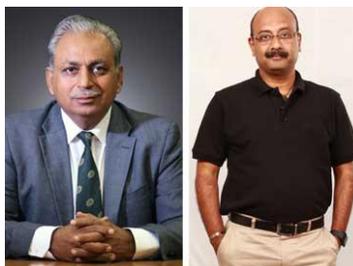


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We will have 10 startup investments in 2016: Tech Mahindra



Tech Mahindra, the country's fifth-largest software services firm, is sharpening its focus on innovation and on developing next-generation technologies. In an interview with K Rajani Kanth, on the sidelines of Tech Mahindra's annual innovation conclave in Hyderabad, chief executive officer C P Gurnani and chief strategy officer and head (Growth Factories), Jagdish Mitra outline the company's innovation strategy, startup investments, and mergers and acquisition (M&A) plans. Excerpts:

What is the genesis of the annual innovation conclave?

Gurnani: The genesis of this conference actually dates back to the Satyam days. I will actually say that I inherited this from the Satyam legacy. The fact is that Satyam did a study and brought designers all over the world to set up what is now called the Neuron Zone, which is divided into various compartments. It is the bedrock of our innovation and we made it a part of our innovation journey itself.

How is Tech Mahindra promoting innovation culture internally?

Mitra: How do you inculcate a culture of innovation in a 105,000-people company? If you look at some of the things that we started to do or experiments that we started to do across the company — whether it is automation, starting new businesses, whether it is the way we approach a new market or even the way the functions of the HR operate — we have an innovation tag to it. We encourage our associates to come forward with an idea, try it and make it to the market. It doesn't matter if you fail. I have experimented a lot in this company, and a large amount of those have failed. The fact that I have still been considered as a leader in the company is an example to the others saying its about trying and experimenting and being sincere and genuine in the purpose is what starts the culture.

The company has now become big enough with 105,000 people. One of the points that we will have to realise is that no longer can it be a top down-driven organisation. So, how do you create a culture which allows youngsters to talk, how do you create a culture that cannot be developed here but in the ecosystem outside, which are startups? It is not about I have made it. It is all about did we made it. And that 'WE' is important in this whole story and we always embrace that.

I don't think there are any statistics to how much innovation every company does, but there is this general culture of entrepreneurship and risk-taking which enables innovation, which we have been able to foster. The bigger change that we are going to see now is bringing the startup community as a part of our joint development

community and addressing the fact that the new 21-22-year-olds can actually come up with a better idea than some of us who have been in the business for a long while.

Tech Mahindra is said to have set aside \$200 million to invest in innovative startups? Any investments planned for this fiscal?

Gurnani: The board is providing the right leadership by making sure that innovation is very very high on the agenda of the Tech Mahindra board. And, it (startups) is not only one fixed stream. There are a lot of these smaller initiatives that we are doing internally and externally. But I do believe that within this 2016 calendar year, we would have more than 10 investments (across areas including artificial intelligence, robotics and Internet of Things).

On the M&A front, and the rationale behind acquiring Italian car designer companyPininfarina ...

Gurnani: M&A is an integral part of our strategy. Every business has evolved over a period of time and the reality is that the market around is changing. Today, the users define their buying preferences on the user experience, on the product styling and functionality. We have always been good at industrial design. We pride ourselves as mechanical engineers and we pride ourselves as electrical engineers. The little know fact is that the wiring (electrical engineering part) for the biggest flying machine in the world Airbus 380 has been done by us.

Similarly, we have experience and depth in electro-mechanical parts of a car. We are good at connected cars. We knew the software and we knew the functionality but we were never doing the styling and never doing the user experience. We were never actually taking into account the customer experience. We want to become an end-to-end designer house and who better than Italians and who better than Pininfarina.

On Tech Mahindra celebrating failures to encourage innovation among associates ...

Gurnani: My main reason of recognising a failure is not as a failure but as an experiment. The whole point is encouraging experimentation even if it takes a longer time to reach the finishing line.

We told our project managers that we will teach them entrepreneurship in 10-minute video capsules through our internal YouTube channel. Dozens and dozens of people worked and collaborated on that experiment and that completely bombed. The viewership on that channel declined from 96 per cent to 3 per cent in less than three weeks.

So now, what are the lessons for me? The lesson was that the timing was not right. The lessons were that the execution was flawless. That means the content factory was good. The content delivery was very good. So an internal YouTube channel is not seen as a failure. It is actually seen as a highlight where the results for me and you were 96 per cent dropping to 3 per cent. But if I look at the output point of view, it was a failure. When we say we celebrate failures, we don't highlight the failure part but we highlight the experimentation part. We highlight the future advantages of that. We highlight the spirit of taking a firm and bold step.

How do you incentivise innovation internally?

Mitra: One part of incentivising is commercial. But I think the bigger incentivising is enabling people to do what they are doing, and align them to experiment and encourage them in participating in learning. There is an effective culture of incentivising an associate's thought process because to an innovator I think the more important part is encouragement and giving them the right direction so that they can foster. The energy has to be channelised towards solving real-life world problems and you have to be passionate about it. It doesn't matter if they try and fail. Apart from commercial, I think it has to be about encouraging them to constantly be expressive about what they are trying to do.

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