



OFFSHORE SOLUTIONS – MAKING THE MOST OF THE INDIAN ADVANTAGE

Retail systems experts PMC operates an India-based subsidiary, PMC India (PMC-I), providing medium-sized UK retailers with an offshore service that adds retail industry specialisation to offshore cost savings. Paul Mason, CEO of PMC believes there are significant advantages for retailers in taking the Indian off shore option, especially in today's financial climate. However, Mason maintains that it's important to take a longer term view and find the right offshore solution.

"Why choose India for off shoring? India has some distinct and clear advantages. First, there's the cost advantage. Second, the quality of English is already high and is easily improved. Finally, there is the impressive level of technology resources from Indian universities," states Mason.

However, there is considerable discussion about India facing rising wages and increasing land prices and what impact that may have on offshore cost advantages. In many Indian 'Tier One' cities there are both wage and property issues, especially where the Indian technology revolution has erupted. In cities such as Bangalore and Mumbai some property prices are equal to those in Chicago. Wage costs are also spiralling because with so many jobs being created the only way for many companies to fill them is 'steal' people from competitors with larger salaries.

"India is a competitive environment, and demand is high, so it's hard to retain good people. We ensure the best deal for everyone, and match our objectives and expectations with our employees and their families' objectives and expectations to the benefit of all."

It's argued that Tier Two cities in India have a low cost of living but an equally low quality of life, so it's difficult to get people to move to them. That view is changing and quickly too. Many organisations are attracting candidates back to Tier Two cities from Tier One cities. Once a Tier Two Indian city has the right infrastructure, quality of life is higher (in terms of accommodation) and the cost of living lower – all without the pressure, pace, hassle and general grief that comes with operating in a Tier One city.

Mason continues: "It's the same the world over, if you put a huge influx of trade in a specific industry sector into one country and that country embraces it, it's not going to stay cheap forever. However, there are so-called 'Tier Two' cities (such as Vadadora where PMC is established) where that isn't the case. The Indian economy has so much growth potential, and it's such a big country that many Tier Two cities are growing and their development potential is high."

"That's why it's important to maintain a medium to long-term view. That's why I like to use the '20/20 v Test Match analogy' to discuss off shoring in India – besides any cricket analogy goes down well in India. To win a Test Match you have to play well in pretty much every session. It's a game over a long period of time. You need a game plan, good tactics and be prepared to change them during the game as you learn the strengths and weaknesses of the opposition. In a 20/20 game it's different. There's limited time to react and situations can change instantly. You can go out have a fantastic 20 minutes but you lose the game in the last 20 minutes because it doesn't go as expected."

This is similar to a retailer launching a business in a foreign country. When a retailer decides to set up in another country they take time to put their proposition in place, deal with the local culture, customs, and how local people think and operate. They expect to tune their proposition, scale it up and then to make money from it. They will also work with a local partner that understands their business and what they are trying to achieve. It is medium to long-term thinking.

Mason closes: "The Indian advantage is there right now and in the longer term – and retailers can gain real benefits. The trick is to think strategically and work with an offshore partner to ensure you gain the benefits, avoid the issues, and steer you through the process with the right skilled people. India is changing. To understand that change and work within it is vital to being successful in India and that's important for us and our customers."

To find out more about PMC's Offshore Solutions and Services please visit www.paulmasonconsulting.co.uk or contact PMC on 01235 521900