People in their twenties or thirties may find it hard to believe this, but there was a time, barely a generation ago, when computers were taboo in India, and India was nowhere on the information technology map of the world. In the late 1960s, when Tata group Chairman JRD Tata took the farsighted decision to create Tata Consultancy Services, and for more than a decade after that, there were huge barriers against anything to do with computers. Yet the pioneering bunch of people at TCS led by FC Kohli soldiered on and laid the foundation of India’s IT industry.

In his book, The TCS story...and beyond, Subramaniam Ramadorai, until 2009 chief executive of TCS and now its vice chairman, recounts this interesting journey, with fascinating nuggets of information. Like how tedious and frustrating the process to import computers was. It took years to acquire a computer. Of course, you didn’t have PCs in those early days; computers were big, bulky and expensive. They were so rare that India’s customs tariff nomenclature did not include the word ‘computer’!

TOASTER, MIXER... OR COMPUTER

“Instead computers came under Section 76, which was for ‘electronic appliances and apparatus not specified elsewhere,’” the author recalls. “[...That meant a gigantic mainframe computer that required a room to house it and air conditioning to keep it from overheating was lumped together with mixer-grinders, toasters and electric razors.” It therefore attracted a higher customs duty rate of 60 per cent, against the 40 per cent rate applicable to industrial machinery.

When Mr Ramadorai took over as CEO from Mr Kohli in 1996, the scene had changed. It was more than a decade after Rajiv Gandhi lifted the curbs on computers and gave a boost to information technology. TCS had already established its credentials in India and abroad. And the Y2K opportunity had opened up the doors of big customers abroad.

Given this, it would be easy to shrug off Mr Ramadorai’s stint as TCS boss as a mere continuation of his predecessor’s achievement. Easy, until you realise the enormoussness of the challenge he took up. The Y2K business had given India a much-needed boost. But that boost could well have ended placing TCS on a plateau with little or no growth once the Y2K boom was over. It took a lot of courage, and systematic and sustained effort, to find another mountain beyond the plateau and...
to scale it successfully. The Y2K projects had given American and European companies a happy experience with Indian IT companies, and there were opportunities to extend the relationships to other, bigger projects. TCS had to capitalise on this goodwill.

“The most important ingredient in our sales strategy was the high calibre of the computer professionals we were able to recruit in India,” Mr Ramadorai says. “Even though they may initially have done rather basic-level work, these people were not software code writers, but highly educated and skilled computer science or engineering graduates.

“This was in stark contrast to programmers and system analysts in the West who often had little job experience and just a high school education. Our customers in the West realised that we had capabilities far beyond the work we were doing for them, so they slowly began giving us more complex work requiring greater skill, but also paying considerably more. The kind of work we did evolved from migration to maintenance to optimizing systems and eventually in developing the system itself.”

Mr Ramadorai spearheaded a drive to take TCS to the big leagues in the world. The company adopted the target of becoming one of the top 10 IT companies in the world. This meant a massive scaling up, which required a completely different set of skills than TCS had built earlier. The first three decades of TCS's experience had prepared the company to take on challenges and had given the company the know-how to work with big North American and European enterprises. Mr Ramadorai decided it was time to use this as a launching pad to build higher.

THE PUBLIC ISSUE
When he took over as CEO in 1996, TCS had 6,000 employees and revenues of just $400 million. When he handed over charge to the new CEO, N Chandrasekaran, in 2009, TCS had become one of the world's biggest software and services companies, with more than 140,000 consultants working in over 151 offices in 42 countries, and with revenues of over $6 billion in 2008-09.

The high point in this period was the public issue made by TCS, which was then the biggest public issue by an Indian company. Naturally, the author is euphoric about this event (see Excerpts).

The book is replete with information about the projects TCS took up, beginning with the company's first forays outside India. Curiously, though the company had been set up basically to provide IT support to Tata group companies, it was compelled to seek overseas assignments because of the onerous export conditions that accompanied government approvals for importing the computers.

Mr Ramadorai singles out the company's engagement with General Electric (GE) as one that helped it build size. He says, “Although we had imbibed quality benchmarks from an earlier Motorola experience, the GE relationship gave us the confidence to build scale with the right process rigour in a very short time.”

While there were lessons to be learned from such projects, Mr Ramadorai put in place some initiatives without which TCS could not have expanded the way it...
**Excerpts**

**Overseas from the beginning**
While most companies begin by serving their local or national markets and then expand their operations overseas, TCS did just the opposite. It took on a challenge that very few companies in very few countries have taken on: to look outside the home base and establish a presence in a foreign market — in this case the US, a market that was and continues to be the most advanced in terms of both the production and the consumption of technology.

We had no choice but to be a ‘global’ company from the start. We would have liked to build our business in India, but there was no real domestic market at that time — so we went overseas. We went westwards to the US, building ‘knowledge pipelines’ back to the East and sent people back and forth. Very few companies have attempted such a model. *page 132*

**The big day**
I remember the day of the IPO clearly. There was much excitement in TCS offices across all locations. The area around Dalal Street, the hub of stock trading activity in Mumbai, was abuzz. My office staff actually picked up a camera and drove around capturing the scenes outside brokering houses, where people were queuing up for forms. For the first time I watched live the power of what had been built over the years by many of us and those before me. I realized that we had begun a new phase, opened our doors to let the world in. It was an exhilarating moment....

With all this churning I knew my life as CEO was changed forever. While the IPO was the end of a long-awaited journey, it was also the beginning of a new, more challenging one. I felt that from now on we were under the microscope: we had just stepped up on a treadmill and pushed the start button — there was no getting off now. *pages 176–177*

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did. Managing to induct and train over 30,000 new recruits a year is one of them. “This is a skill that TCS has mastered, developing a very well-oiled system that transforms young adults into confident and competent professionals ready for a global career,” the author says.

This experience of institutionalising a ‘continuous learning programme’ is going to be very useful in Mr Ramadorai’s new role as advisor to the prime minister in the National Skill Development Council.

**UNANSWERED QUESTIONS**
The book would have been more useful had Mr Ramadorai delved a bit deeper into how individual projects were completed; but that may be an unrealistic expectation given clients’ confidentiality requirements.

What may have been instructional (without affecting business) is an explanation of why TCS did not take the path of launching broad-based products, or why its attempts to enter the product arena didn’t work. For example, was EX, the accounting software it launched two decades ago, too early for its time, when Indian companies had not yet computerised enough, and when Indians still avoided buying software? Or would the effort have required much more funds for marketing than TCS could have spared at that time? Such a discussion would have been useful at a time when the Indian market is becoming ripe for software products, and there is a case for India launching software products of its own.

Overall, however, this is a must-read book for anybody who’s interested in understanding the growth of India’s information technology industry. 

— Kiron Kasbekar

Kiron Kasbekar is the managing director of The Information Company. He has previously been the editor of The Economic Times, Bombay; business editor of The Times of India; and managing editor of Business India.