A case study on the services marketing strategies and competitor analysis of Tech Mahindra

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I. INTRODUCTION

Tech Mahindra is an Indian multinational technology company, providing Information technology (IT) and business process outsourcing (BPO) services. A subsidiary of the Mahindra Group, the company is headquartered in Pune and has its registered office in Mumbai. As of April 2020, Tech Mahindra is a US$5.2 billion company with 125,236 employees across 90 countries. The company was ranked 5th in India's IT firms and overall 47th in Fortune India 500 list for 2019. On 25 June 2013, Tech Mahindra announced the completion of a merger with Mahindra Satyam. Tech Mahindra has 973 active clients as of April 2020.

Mahindra & Mahindra started joint venture with British Telecom in 1986 as a technology outsourcing firm. British Telecom initially had around 30 percent stake in the Tech Mahindra company. In December 2010, British Telecom sold 5.5 per cent of its stake in Tech Mahindra to Mahindra & Mahindra for Rs 451 crore. In August 2012, British Telecom sold 14.1 per cent of its stake to institutional investors for about Rs 1,395 crore. In December 2012, British Telecom sold its remaining 9.1 per cent (11.6 million shares) shareholding to institutional investors for total gross cash proceeds of Rs 1,011.4 crores. This sale marked the exit of British Telecom from Tech Mahindra.

Tech Mahindra announced its merger with Mahindra Satyam on March 21, 2012, after the boards of the two companies gave their approval, to create a 2.5 billion $ IT Company. The two firms had received the go-ahead for the merger from the Bombay Stock Exchange and the National Stock Exchange.

1.1 Mission statement

Tech Mahindra represents the connected world, offering innovative and customer-centric information technology services and solutions, enabling Enterprises, Associates and the Society to Rise. Tech Mahindra is a US$5.2 billion company with 125,236 employees across 90 countries, helping over 973 global customers including Fortune 500 companies. Our innovation platforms and reusable assets connect across a number of technologies to deliver tangible business value to our stakeholders.

1.2 Vision statement

Educated, skilled and able women and men are a country's true strength. We aspire to see children who are purposefully engaged, youth that is constructively employed and a society that provides equal opportunities to people with different abilities. Through its corporate social responsibility initiatives, the Mahindra Group commits itself to this. The key focus areas for Corporate Social Responsibility at Tech Mahindra Foundation are: Empowerment of girls/women Empowerment of people with disabilities Corporate volunteering.

1.3 Values
Professionalism
Customer First
Dignity of the Individual
Good Corporate Citizenship
Quality Focus

II. OVERVIEW OF INDIAN MOBILE INDUSTRY

At the end of the Cold War, American and other Western corporations employed consultants from Asian nations, including India, before

venturing to explore these new markets. The consulting industry started its internationalization in the early 1960s, when the large American management consultancies expanded into Europe, bringing their management models and experience to transform European organizations. In the next thirty years, the consulting industry found itself in a phase of unprecedented growth across Western markets, far outpacing the growth of the world economy during the same time period. Revenues of the top ten worldwide management consultancies, for instance, grew from around $200 million to around $50 billion at the beginning of the 21st century, while the headcount of the thirty largest consultancy firms in the industry grew from about 20,000 in the early 1980s to approximately 430,000 in 2000. In India, after the liberalization of the economy, consultants were hired by Indian companies that wanted to expand their operations abroad. Now, Indian consultants, particularly those in the IT world, are most sought after, not only in India but also by world powers, for developing their global businesses. Today, TCS, Infosys, Wipro have offices all over the world, and they give US and European consultancies a run for their money. Among other major IT consulting and outsourcing companies in India are Tech Mahindra, HCL Technologies, Genpact, Mphasis, and Mindtree. The Indian consulting story began in the 1990s when C. K. Birla requested McKinsey to devise a turnaround project for Hindustan Motors. Soon, McKinsey opened an office in Delhi, employing about 100 consultants. According to an estimate, there are now over 10,000 big and small consulting firms in India, 6,000 of them in the four metros of Delhi, Mumbai, Chennai, and Kolkata. According to the Associated Chambers of Commerce and Industry, the Indian consulting industry is expected to record revenues of Rs. 27,000 crores by 2020. One estimate says that between 500 and 600 high-value consulting contracts, worth $250 million to $300 million, are awarded every year by Indian companies, including 30 or 40 projects worth over $2 million each. As in many other sectors, low cost was the first major initial advantage of Indian consulting companies and consultants. But their major clients and their partners abroad have found that Indian consultants have other advantages, such as professionalism, industriousness, willingness to learn, and adaptability to technology. Their competitors have started to view them as worthy equals. However, they suffer from shortcomings, too. Among them are poor brand equity, experience in foreign markets, ability to maintain quality, and low level

of R&D. But they can overcome these difficulties and emerge more powerful in the global scenario if they adopt the best practices in the industry and improve their knowledge resources and data warehousing.

III. Types of Consulting Services

- **Management/strategy:** Management consultants suggest and implement methods to improve the strategies, operation efficiency, and policies of their clients.
- **Human resources:** HR consultants help companies get the best from their workforce and help ensure that employee benefits bring the results that management desires.
- **Technology:** Technology consultants facilitate the integration of the latest technologies with their clients' businesses, lending a hand in the installation, maintenance, and management of tech tools.
- **Marketing:** Companies call in marketing consultancies to help promote and sell their products to their target customers using state-of-the-art strategies.
- **Legal/accounting:** Legal and accounting consultants well-versed in company and tax laws are sought after by corporations to ensure compliance and to prepare their documents.
- **Media/public relations:** Businesses are keen to present their best image to customers and clients and use the services of media consultants. The advent of social media has made image management a sensitive issue for which the knowledge and experience of media experts are required.
- **Financial/investment:** Investment consultants are aware of developments in the financial world and can guide individuals and organizations in making good decisions on where to place their funds.

IV. MARKETING STRATEGIES OF TECH MAHINDRA

4.1 Product strategy:

Tech Mahindra is one of the leading technology firms based out of India. Tech Mahindra offers an array of services to its customers spread across various industries like Automotive, Banking & Financials, Manufacturing, Health care, Media & Entertainment, Public Services, retail and travel & logistics. These services offered by Tech Mahindra can be categorized into three broad spectrums – Services& Solutions, Platforms and Outsourcing.

All these are the product & service strategy in its marketing mix. Outsourcing is carried out through Business service groups who provide many values added services to customers. Tech Mahindra's Services & solutions division provides the host following services – Next Gen Solutions like Cloud and Big Data; Consulting; Enterprise architecture; Infrastructure Management; Integrated Engineering solutions; Mobility solutions and Network services.

4.2 Pricing strategy:

Tech Mahindra uses different pricing mechanisms for its clients that are present across multiple industries. But what is common across all the pricing decisions taken by Tech Mahindra is the flexibility it provides to its customers. Tech Mahindra approaches clients when they ask for proposals and give their presentations on capabilities, quality of service and other USP's along with price they want to charge for that particular project. Generally, it is based on multiple factors like complexity, technology used, persons required and time required. For this it follows a competitive pricing model most of the times to get more client base. Also, the main reason for Tech Mahindra success is its Pay –as – you – go pricing model which provides the customers with advantage of minimizing risk as there is no requirement for onetime payment for the project. They can pay as the project proceeds in different stages of its development.

4.3 Promotion strategy:

Tech Mahindra does promotion of various kinds in its marketing mix with an objective increasing its brand awareness among industries and prospective clients. Tech Mahindra does social responsibility activities wherein it works in three chosen fields of school education, employability and technical education. These activities are promoted by the public relations team. Also, the public relations team gives the press briefings and the awards and recognitions received by the company to all the news and magazines.

4.4 Place & Distribution strategy:

Tech Mahindra provides services from nearly 90 countries to clients across the globe in various time zones without any glitches made possible by modern technology and best practises put in place. Tech Mahindra's major geographic locations include India – Bangalore, Hyderabad, Mumbai, Chennai, Kolkata, Pune; In Asia Pacific region the following are major locations – China, Hong Kong, Indonesia, Singapore, South Korea;

As far as Americas is concerned Tech Mahindra is located in north and south America like – USA, Canada, Brazil; In the Australia division the locations include - Australia & New Zealand; Europe – Belgium, Germany, France, Italy, Sweden; Africa – South Africa, Kenya, Ghana; Middle East – Saudi Arabia, Oman, Kuwait.

4.5 People:

Tech Mahindra has a very strong human resource reserves with nearly 1,17,000 people working across all of its locations. It attracts young talent from the campuses and trains them before putting them into their roles. Tech Mahindra gives induction, behavioural and also distance training. Periodic evaluations are made by managers and appraisals are given on performance-based factors. Its development programs E-lab program, leadership and customer centric activities.

4.6 Process:

Tech Mahindra has several processes for its business and customer service. For making the company future ready Tech Mahindra formulated a strategy called DAVID. DAVID is an acronym for Digitalization, automation, Verticalization, innovation and disruption. Tech Mahindra is focussing on these parameters now in all its processes. Here Digitalization involves changing the company from information technology to digital technology and solutions. It implies digitalization of all processes. Automation is nothing but connecting human resources with machines for operational excellence. Verticalization involves creating and delivering niche services to problems that are industry specific. Under Innovation creating an ecosystem of intrapreneurship and co-creation in the company. Finally, disruption explains about creating new capabilities to organization and reshaping its agility with the emerging technologies.

4.7 Physical Evidence:

Tech Mahindra has a new tagline 'connected world. Connected experiences. This tagline is in line with the company's vision of hyper connected world and the new experiences will be revolutionary. Its logo includes Tech Mahindra written with Tech in grey colour and Mahindra in red colour. Tech Mahindra is a publicly traded company and listed in national stock exchange. It releases financial statements and investor presentations which have the information about company's performance and future

strategies. Tech Mahindra is having several offices spanning acres of land in major cities of the world and its headquarters is at Pune, India. Hence, this concludes the Tech Mahindra marketing mix.

V. SWOT ANALYSIS OF TECH MAHINDRA

5.1 Strengths of Tech Mahindra

- **Diverse customer base:** Tech Mahindra has strategically positioned itself to target diversified end markets. **Tech Mahindra offers IT services for various industries including telecom, banking, manufacturing and financial services etc. Providing services to such a wide customer base reduces business risks**.

- **Presence in diversified geographies:** Tech Mahindra has strategically planned its expansion globally in order to serve diverse geographies. **Tech Mahindra's markets include developed markets such North America and Europe; and emerging markets such as Africa, Asia Pacific. Such a wide spread in terms of geography also reduces business risks and over dependence on concentrated markets.**

- **Broad and balanced service portfolio:** Tech Mahindra has a broad and balanced service portfolio**. The spectrum of services that Tech Mahindra offers include: telecom and enterprise solutions, IT infrastructure services, Business processing outsourcing (BPO) and enterprise services. With such a wide range of offerings, Tech Mahindra is able to attract a diverse base of customer.**

- **Strategic partnerships:** Tech Mahindra has established a partner program through which are specifically designed to develop tools to support technology products. **It has partnered with companies like Google, IBM, Microsoft and SAP etc. Such an established network of partners provides the company with a technological boost which helps it to provide more value to its customers.**

Weaknesses of Tech Mahindra

- **Lack of Scale:** Tech Mahindra competes with giants like Infosys, TCS and Accenture etc**. As compared to the peers, Tech Mahindra has the lack of scale. INFY 2015, Tech Mahindra could only generate 1/3rd of the revenues generated by TCS**. This puts Tech Mahindra at a position of disadvantage.

- **The majority of revenues are concentrated: The majority of Tech Mahindra's revenues come from Europe and US which is a** weakness since the company is susceptible to any economic or political changes that occur in these markets.

5.2 Opportunities of Tech Mahindra

- **Increasing demand for cloud-based solutions: The Global market for cloud-based services is expected to show strong growth in the years to come.** With improving IT infrastructure in developed and emerging nations and advancement in technology, cloud-based services are expected to take grow at a CAGR of 19% till 2019. **Tech Mahindra has established a market for cloud-based service and is expected to benefit from the increasing demand.**

- **Growing enterprise mobility market:** With increasing mobile working population and emergence of smartphones, business applications are expected to take over the market for enterprise mobility. The global enterprise mobility solutions market is expected to grow at a CAGR of 24.7% until the year 2021. Tech Mahindra offers a wide range of enterprise mobility solutions and hence is expected to benefit from the growth in demand.

- **Big Data: There has been a tremendous growth in Data in the recent years and big Data has been the primary contributor of the same**. Big Data basically helps all organisations who want to turn the huge amount of data into insightful information. **Tech Mahindra offers several services for Big Data and thus is well positioned to benefit.**

5.3 Threats of Tech Mahindra

- **Intense Competition:** Tech Mahindra is present in an ever-evolving IT industry which is highly competitive. **The company competes with large scale companies like TCS, Infosys, Wipro, HCL and IBM etc. Intense competition leads to pricing pressures and threatens to erode market share.**

- **A slowdown in IT spending:** The IT industry has experienced the slowdown in spending globally which suggests that growth in the industry is sluggish and there are uncertainties in the IT market.

- **Employee attrition:** The IT industry in India faces high attrition rate as there are the high number of opportunities for people in the IT sector and employees generally get attracted towards higher compensation. This increases the company's overall expenditure on hiring and training.

5.4 Competitor Analysis

- The
top competitors include HCL Enterprise, Mindtree, Tata Consultancy Services, Infosys, HCL Technologies and Wipro. Tech Mahindra is a global provider of information technology and business process outsourcing services to corporate customers.

- They give more job security than Tech Mahindra.

- The software used by Tech Mahindra is not use by any of the competitors.