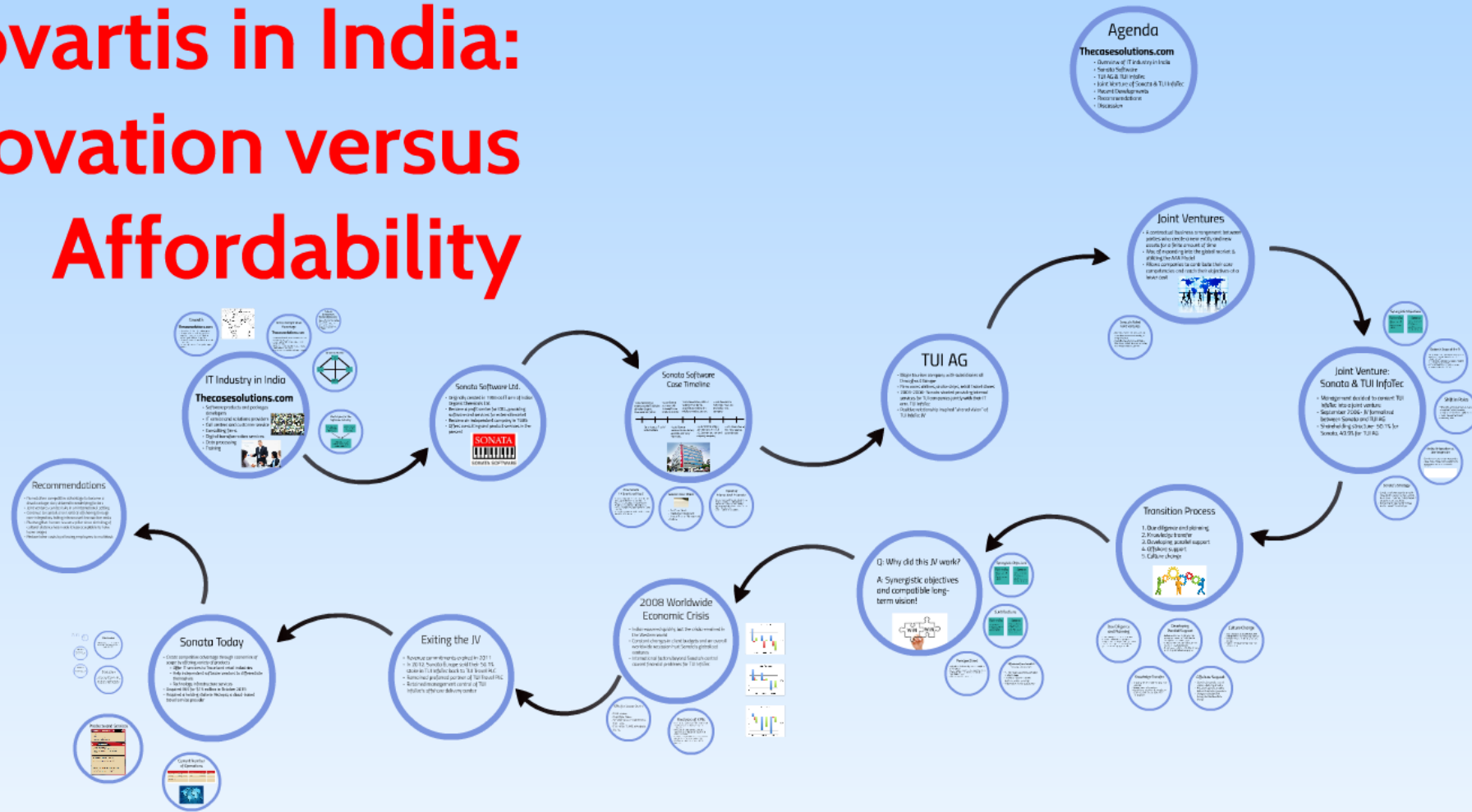


Novartis in India: Innovation versus Affordability

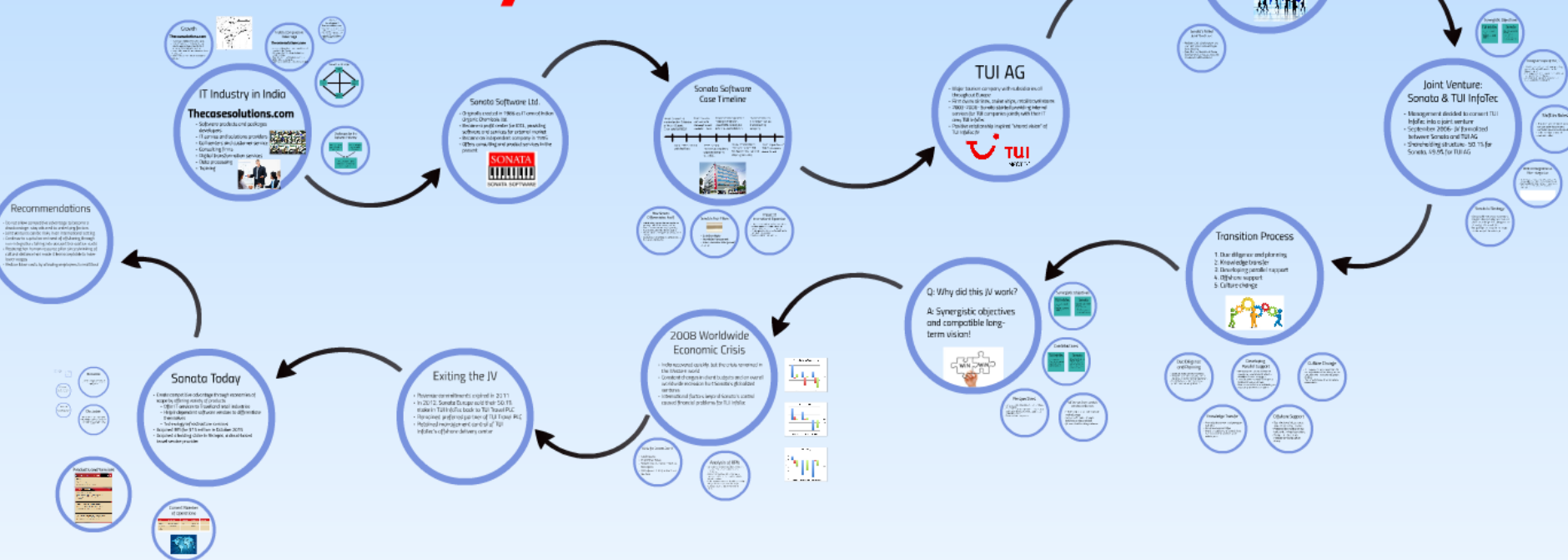


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Novartis in India: Innovation versus Affordability

Agenda

- Overview of IT industry in India
- Sonata Software
- TUI AG & TUI India
- Joint Venture of Sonata & TUI India
- Recent Developments
- Recommendations



Agenda

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- Overview of IT industry in India
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- Discussion

IT Industry in India

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- Software products and packages developers
- IT service and solutions providers
- Call centers and customer service
- Consulting firms
- Digital transformation services
- Data processing
- Training



Competiti

Factor Conditions
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high value-
business

Growth

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- 1984- Liberalization of hardware policy
- 1990- Creation of technology parks and export processing zones simplified and encouraged international operations
- 1990s- Government invested resources into IT education
- 2000- Software was 58% of Indian export revenue

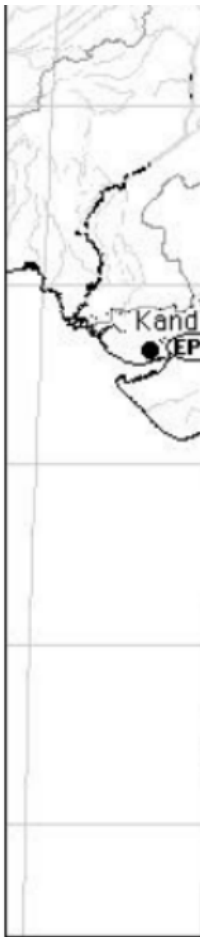


Figure 1 : The location of Kandamangalam EPZ

India's Comparative Advantage

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- Government devoted resources towards technical education in the IT sector
- Large amount of skilled laborers drove down equilibrium wage
- Cheap labor attracted foreign interest and led to further industry development
- Cost of search and import < cost of actual project

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Industry Development

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- Body shopping- sending individual workers to foreign client locations while still paying them lower Indian wages
- Offshoring- service providers were based in India and worked remotely with clients
- Dual shore model- workers overseas on assignment supported by development centers in India

Factor Conditions

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- Surplus of skilled labor
- Tradition of scientific/technical institutions
- Factor disadvantage: telecom and business infrastructure



Related and
Supporting Industries
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- Investments in IT education as support
- IT-enabled services such as call centers