

ET Q&A

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I'm Going to be Five Minutes Away... Not Looking Forward to Leaving Anything

Tata Sons chairman-designate **N Chandrasekaran** and TCS CEO designate **Rajesh Gopinathan** in their last interview before they move into their new roles, tell ET's **Bodhisatva Ganguli, TV Mahalingam and Jochelle Mendonca** about the transition and the challenges ahead.

Chandra, when you took over in 2009, the industry was going through a tough phase. That's pretty much the case now when Rajesh is taking over. How prepared is TCS?

N Chandrasekaran My belief is that this industry has tremendous potential. The technology business is getting stronger as it is getting embedded in technology. There is no question of lack of opportunities.

But are there challenges? There will always be challenges. You will have to adapt.

Let me give a cricket analogy. You are never going to play on a dead wicket. There will always be a few rough spots and the occasional ball will do its thing. So, you can either say there is turmoil or you can say that you have to play a particular ball carefully. That doesn't mean you don't play the other five balls. The best of the industry, and TCS, is yet to come.

Rajesh Gopinathan The one thing everyone is clear about is that they are going to invest more in technology not less. The percentage of incremental spend will be higher tomorrow than it was yesterday. We are in that sweet spot and this is the only industry that can claim that.

How is the transition going?

Chandra From the TCS point of view, this is just a formality. The entire leadership team, including Rajesh, has worked closely with me - some of them for 20 years, some even more. The last one month has been one of introducing Rajesh to key relationships that I enjoyed for a very long time... and more stepping off,

and letting him take all decisions... (with) some advice. But I am not going away. I am very much around. I will continue to be involved with strategy. I will provide as much support, cover... whatever you call it. These guys can reach out to me anytime.

Will you have the time to do that?

Chandra You see, I am not going to be 100% on TCS. My travel will significantly come down. I am hoping for that. (laughs)

International travel takes a toll. I have been doing that for a long time. I have been on the road for 180-200 days. For weeks, I have done four nights on a plane. Not once but many times. That's bruising.

Rajesh, are you looking forward to that?

Chandra He is getting a taste of it (laughs)

Rajesh From January 12 to now - which is about four weeks or so - I have spent two weeks travelling to Europe, US and went to Singapore for a day. Trying to get as much time in front of the clients as possible. Half of it we did together, or more than half. Some I did with NCS and some with business unit heads. We are trying to reach out to the customers, establish that connect. Nothing beats that. The bulk of the time has gone in that. We were joking that I used to typically go to the US twice a year - he used to go ten times a year. Now we'll have to flip it.

When did you guys meet for the first time?

Chandra (claps Gopinathan on the back) You ask him this story.

Rajesh It was another one of those churn periods. In the 1999-2000 time frame, the industry was going through another one of its periodic soul searchings and Chandra had decided to create an e-business unit. Those days e-business was the top thing - what digital is to us. I was in another group company called Tata Strategic Management Group. I worked with Chandra in that initial thinking period; it looked very interesting and excit-



ing. Those days, the general perception was that the industry would roll over and die. Because the year 2000 would come and then that was it. So here was a guy who had a different perspective and it seemed pretty interesting. Through 2000 we worked together and January 2001 I joined.

We have seen this industry go through its periodic cycles. Each cycle seems very disruptive, very threatening, but actually, it is in that change that the opportunity lies as long as you position yourself well and stay focused on what has to be done.

This is also a period where the industry is going through several changes, especially with the protectionist moves around the H-1B visa. How will you deal with that?

Rajesh The industry is not an outcome of a visa regulation. I think people characterise the industry as a labour-arbitrage industry and it's not. We have gone through a huge revolution on the technology side. The sheer extent of technology work globally has expanded manifold and India has emerged as a phenomenal source of high-quality supply for it. We have ridden that opportunity and we are deeply embedded into the global supply chain as far as technology is concerned.

Chandra This was one of the questions Rajesh asked me during the transition period. He asked for advice. I have given my thoughts. So he will make up his mind.

Rajesh, can we ask you that question?

Rajesh You can ask after April. Because there is a bit of a competitive dynamic to it as everyone is playing with their business models.

Chandra In general, I have to be careful because I don't want to speak for anyone in the industry. IS H-1B a concern? Yes it is. Will it have an impact? That is likely. What degree of impact? I don't know. It depends on what the solution is. Are we worried about the business model? We will change the business model. We have been experimenting and we will operate. And this is a part of doing business. Visa is one component of a business model.

Do you anticipate your new job to be tougher than your current one?

Chandra I think this is a very unique job. It is a rare distinction, a great privilege that I would never have imagined. The job has a large canvas, in such a role you will have challenges, you will have opportunities. I am looking forward to it. I hope that I can contribute and make a difference.

Rajesh, when you knew that you were taking over this job, what was the one thing that excited you? And what opportunities do you see in defining the company?

Rajesh We are at an inflection point once again - what we are seeing is technology moving away decisively from the back office and moving into the front office. It is no longer a cost centre - it is becoming a profit centre in industry after industry. The canvas has completely changed as far as the market goes. We have to figure out how to position ourselves. The question is, how do we make the most of our opportunities? That answer is

not known yet but the pieces are in place. The good thing is, we fundamentally believe that demand will increase. That's the excitement.

Many jobs constrain you. This is practically one job where the whole world is your playground. There is no vertical industry or geography where we can't play. So the thing is, how do you make the right choices? And I can't think of many more industries where there is such a wide canvas. And to inherit it, with all the strengths built in.

In terms of growth prospects who would you wish to overtake, in terms of size or scale, you'd want to reach? Is Accenture or IBM your target, since you have already beaten domestic competition?

Rajesh We respect both the companies that you've named. There are parts of IBM that we admire quite a lot, the sheer scale... we would also like to be a company of that size, and have longevity of that nature and to stay relevant through passing phases. Similarly, we admire Accenture in many ways, but they are relatively young... So there are elements of we admire, or try to benchmark. **Chandra** It's not about who we beat, because we're a very fragmented industry. We have successfully transitioned during the ERP time, Y2K and the Internet time. The point is, running a company is about attitude of the team. That's the only thing that counts.

You will have a change of address, literally, and a change of view. Are you going to miss TCS in some ways?

Chandra I am going to be five minutes away, literally. I still am part of TCS, I am part of the Tata Group. I would like to feel part of Tata Steel, Tata Motors, Tata Power, every company. I am looking forward to that. I am not looking forward to leaving anything. I am looking forward to being part of everything. And that's the fun. So there's no question of missing, no question of belonging more.

INTERNATIONAL TOOLING SUMMIT 2017

DRIVING THE TOOLING INDUSTRY TOWARDS SELF SUFFICIENCY

'Make in India' has captivated the collective consciousness, and the Tool and Gauge manufacturing industry is playing a pivotal role in making this vision into a reality



(Left to Right) Rajeev Wasan, senior VP, Honda Motors; A Dayanand Reddy, president, TAGMA India; Rajiv Gandhi, executive director-production, Maruti Suzuki India Ltd.; S K Arya, chairman, JBM Group; Sree Prakash, vice president, TAGMA India; Michael Walter, managing director, Buderus Edelstahl GmbH, Germany

Tool and Gauge Manufacturers Association of India (TAGMA), the Apex Body of Indian Tooling Industry had launched the second International Tooling Summit 2017 on 9th February at The Grand Hotel, New Delhi.

The two-day summit brought together 300+ key policy makers, CEOs, MDs, manufacturing heads, purchase heads, business heads, etc. under one common platform, to discuss best practices and seek solutions to some of the most pressing challenges in the manufacturing industry. The Die, Moulds and Press Tool manufacturing industry has substantial multiplier effect on the domestic economy hence must be nurtured to become self-reliant.

Speaking on the inaugural of the summit, Gandhi said, "India is a country full of opportunities and is capable to unleash much more to the world. The manufacturing sector plays a significant role in India's GDP and for this sector to grow, the OEMs cannot do it all alone. There has to be an ecosystem where OEMs and suppliers support each other and co-exist so that the overall growth objective is met. Both the OEMs and suppliers (including tooling) have to work very closely to

"The Indian tooling industry is expected to grow further with government initiatives. Major OEMs in India are working on a plan for indigenisation of components getting into their main assemblies as per government guidelines. Policy reforms by government to make the procurement of tooling from indigenous sources will ensure growth in domestic production. Hence, to enhance the contribution of tool room industry to the growth and development of the Indian National Economy and to encourage members to be progressive, this two-day conference on tooling industry has been an excellent platform for industry experts to get together, and share their opinion with industry delegates."

— A DAYANAND REDDY,
president, Tool and Gauge Manufacturers
Association of India (TAGMA)

achieve the best results. I am sure it is possible by collaborating mutually and sharing the thoughts in a structured manner. Another important point which remains a challenge for all us is upgrading our capabilities to meet the global quality standards of the product - be it a tool or a car. Hence, we believe that this Summit will try to bring focus on all these important issues so that it mutually benefits all the stakeholders."

In his welcome address A Dayanand Reddy, president, Tool and Gauge Manufacturers Association of India (TAGMA) said, "The Indian tooling industry is expected to grow further with government initiatives. Major OEMs in India are working on a plan for indigenisation of components getting into their main assemblies as per government guidelines. Today, OEMs are procuring tooling from indigenous sources as importing from neighbouring countries is becoming expensive year after year. This will ensure growth in domestic production. Hence, to enhance the contribution of tool room industry to the growth and development of the Indian National Economy and to encourage members to be progressive, this two-day conference on tooling industry has been an excellent platform for industry experts to get together, and share their opinion with industry delegates. With the union budget presented last week for total transformation of India and the GDP growth of 6.5% this year and forecast of about 8% for the next year, with various pro industry policies of the Central Government including 'Make in India' programme, let's hope all of us are poised for good business in the immediate future and in the years to come."

Despite various challenges, the tooling industry has managed to surge ahead in the last 10 years with diversification into several emerging areas giving a new lease of life to the sector with an expectancy of 15-20% year-on-year growth.

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INITIATIVES FROM TAGMA IN DRIVING THE TOOLING INDUSTRY TOWARDS SELF SUFFICIENCY

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A Common Facility Centre "promoted by TAGMA and Funded by DHI", is coming up at Chakan, Pune. The construction of facility is in full swing.

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