

Global IT Services Provider Gains Comprehensive Merger and Acquisition Integration Expertise

Executive Summary

CUSTOMER NAME
Wipro Ltd.

INDUSTRY
IT Services Provider

BUSINESS CHALLENGES

- Acquire external companies in new markets and geographies
- Develop an integration strategy to accelerate returns from acquired entities
- Create sustainable, repeatable integration processes

SOLUTIONS

- Partner with Cisco IBSG to establish integration as an ongoing program rather than a transaction-specific response
- Secure sponsorship from relevant business functions for a coordinated integration strategy
- Develop an IT playbook for integrating acquired processes, applications, and infrastructure

BUSINESS RESULTS

- Developed a comprehensive strategy for rapid integration
- Aligned operational expertise with integration strategy
- Increased executives' confidence in new, inorganic strategy

Wipro Ltd., a leading IT services and business process outsourcing company headquartered in India, planned an aggressive inorganic growth strategy based on acquiring entities in new markets and geographies. Working closely with the Cisco® [Internet Business Solutions Group \(IBSG\)](#), Wipro crafted a comprehensive strategy for building the internal competencies and capabilities to integrate new companies rapidly and ensure that new acquisitions deliver desired results.

Business Challenges

The IT services industry in India has never been stronger—or more competitive. Providers are experiencing revenue expansion with much of the growth coming from overseas markets. For these companies, inorganic growth through acquisitions is becoming an essential strategy to achieve their growth targets.

The history of corporate mergers and acquisitions in all industries, however, is fraught with failure. Recognizing this, [Wipro Ltd.](#) was searching for a new way to approach acquisitions. The company needed to expand its global capabilities over the next several years, and its future profitability depended on finding a way to integrate multiple companies around the globe, smoothly and successfully.

“It is particularly challenging for our industry because we are very knowledge-based and people-based,” says Sudip Nandy, chief strategy officer, Wipro. “The biggest risk with any acquisition we undertake is that we will not be able to assimilate the acquired company well in terms of the business culture.”

Wipro executives recognized that to fully integrate a new company into a single, global Wipro culture, the assimilation had to be comprehensive and begin on day one, starting with combining disparate IT systems and processes.



Cisco Internet Business Solutions Group (IBSG)

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Sudip Nandy
Chief Strategy Officer
Wipro

“In the first few acquisitions we did, we struggled,” says Nandy. “It took us several months to migrate all of the systems and processes and make them Wipro-like. We recognize that any integration program has to cover every aspect of employees’ lives, from the e-mail accounts they use to how they apply for vacation days and business reimbursements. These are not critical processes from a customer’s point of view, but they can take up so much of an employee’s time and attention in the first few months. If they are not handled well, employees begin to lose morale, which kills productivity and, ultimately, affects customer satisfaction.”

For a growing and global company like Wipro the complexity of integrating processes across different cultures and geographies into a single corporate environment posed an enormous challenge. “For example, a single project would have technology architects in Portugal, domain experts in London, and software developers in India,” says Nandy. “This dispersion of resources can cause project delays if people are not working on the same systems or in a collaborative manner. Delivery becomes very complicated. Quality, timeliness, and even issues of profitability and cost—all of those things can be impeded if you do not have the right environment.”

Solutions

The decision to work with IBSG came from Wipro’s history of using Cisco products and a mutual trust between both companies.

“We knew that we would be investing a lot of energy and resources into mergers and acquisitions, and we wanted to learn from the leading practitioners,” says Nandy. “With Cisco, the technologies we work with are very similar, the customer sets are very similar, and, like us, many of the companies that Cisco has acquired were integrated into existing units, instead of continuing to operate autonomously. Cisco had experience with a lot of concepts that no other organization could have offered.”

“Cisco was widely recognized as the experts in acquisitions, but we also felt that they shared our value system,” says Laxman Badiga, CIO, Wipro. “The way people work, the way they interact, the way they relate to a new entity—we felt that Cisco’s approach and culture was very close to our own.”

IBSG and Wipro executives identified several key elements for a successful integration strategy and began pilots with Wipro’s IT organization. The lessons learned here were then expanded to other business functions. Wipro’s functional leaders attended an executive conference at Cisco’s headquarters, in San Jose, California, where they spoke with their Cisco counterparts about their own functional strategies and cross-functional coordination for successful integration.

Crafting an Integration Strategy

Developing a strong philosophy toward acquisition integration was the most important step in building a comprehensive integration strategy. Furthermore, this philosophy had to start at the top of the organization. The first step was to treat acquisitions as an ongoing corporate program fundamental to the company's success—and not as an event-specific response to a particular transaction.

“One of the most important mind-set changes we had through this engagement was to think of mergers and acquisitions less as a project and more as a process,” says Nandy, noting that handling acquisitions any other way would create too much complexity and waste.

The importance of acquisitions to each business unit and the role each manager played were also important issues that needed to be addressed. IBSG worked with business-unit leaders in sales, IT, human resources, finance, and other areas to reinforce these ideas, sharing best practices to help leaders develop the necessary capabilities to support the acquisition integration program. IBSG also helped Wipro recognize the need for cross-functional business stewardship to oversee ongoing integration processes and resolve related issues rapidly.

Playing by the Book

A comprehensive IT playbook is one of the most significant outcomes of the IBSG partnership with Wipro. This playbook formalizes Wipro's IT integration approach and encompasses infrastructure, applications, and security elements. The playbook also provides guidance on integrating different acquisition models that Wipro may choose to execute in the future.

“When we began working with Cisco, we found that we were already doing many of the things they were suggesting, but our efforts were not structured,” says Bani Guhathakurta, IT acquisition integration lead, Wipro. “Cisco helped us create a very structured approach to integration, including desired service levels and implementation guidelines. We also received guidance about continuous improvements we could achieve. Cisco took us through their entire process and that gave us a lot of confidence.”

Business Results

Today, Wipro takes a comprehensive, companywide approach to mergers and acquisitions, based on proven best practices and its own evolving integration experience.

The IT playbook in particular provides comprehensive integration guidelines for incorporating new acquisitions into a unified Wipro environment as quickly and as smoothly as possible.

“We now have a clearly identified plan of action for any entity we are acquiring that tells us when each event will happen,” says Badiga. “That has been a great

“More than a year after partnering with Cisco, we have done several acquisitions that allowed us to implement and test the processes we developed. Today, we can say confidently that we have a very robust process in place.”

Laxman Badiga
Chief Information Officer
Wipro

help for us because everything today is so system-dependent. Now, we are able to have the basic IT infrastructure integrated for any merger by the time the announcement is made, and other functional areas can plan their own integration activities around that infrastructure.”

Furthermore, the IT playbook has become the benchmark for how other relevant business functions can create their own integration guidelines. Wipro’s new acquisitions integration philosophy supports the structure and people that each functional area needs in order to seamlessly incorporate newly acquired organizations into a single, global Wipro culture.

“Wipro’s experience in successfully integrating recent acquisitions gives us confidence to pursue our inorganic growth strategy more aggressively in the future.”

Azim Premji
Chairman and Chief
Executive Officer, Wipro

“The integration team remains common for all acquisitions, allowing them to bring their continually growing experience to each new acquisition,” says Nandy. “This basic commitment to acquisitions within each functional unit, and the planning and detail that we can bring to every aspect of integration is something that we picked up from Cisco, and that input has been vital for us.”

In a recent letter to shareholders, Azim Premji, chairman and chief executive officer of Wipro, recognized that current acquisitions “were making good progress on integration.” He also noted that the revenue growth rates from Wipro’s acquisitions were in fact ahead of the company’s already very impressive rate of overall growth.

Wipro plans to pursue its inorganic growth strategy, adding to its internal competency and functional expertise as it integrates acquired companies. The company is confident that this strategy will continue to fuel the growth of the corporation.

According to Mr. Premji, “Wipro’s experience in successfully integrating recent acquisitions gives us the confidence to pursue our inorganic growth strategy more aggressively in the future.”

More Information

The Cisco Internet Business Solutions Group (IBSG), the global strategic consulting arm of Cisco, helps Global Fortune 500 companies and public organizations transform the way they do business—first by designing innovative business processes, and then by integrating advanced technologies into visionary roadmaps that improve customer experience and revenue growth.

For further information about IBSG, visit <http://www.cisco.com/go/ibsg>



Americas Headquarters
Cisco Systems, Inc.
170 West Tasman Drive
San Jose, CA 95134-1706
USA
www.cisco.com
Tel: 408 526-4000
800 553-NETS (6387)
Fax: 408 527-0883

Asia Pacific Headquarters
Cisco Systems, Inc.
168 Robinson Road
#28-01 Capital Tower
Singapore 068912
www.cisco.com
Tel: +65 6317 7777
Fax: +65 6317 7799

Europe Headquarters
Cisco Systems International BV
Haarlerbergpark
Haarlerbergweg 13-19
1101 CH Amsterdam
The Netherlands
www-europe.cisco.com
Tel: +31 0 800 020 0791
Fax: +31 0 20 357 1100

Cisco has more than 200 offices worldwide. Addresses, phone numbers, and fax numbers are listed on the Cisco Website at www.cisco.com/go/offices.