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Clip: 1 of 2

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Using smart online tools has placed SMEs on a level playing field with large enterprises. It has given them 'access' and 'reach' to a large customer base across geographies

'Many owners of small companies in tier-II cities are not aware of existing IT solutions that may solve their problems'



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To reach out to the SME market, NEC India is banking on innovation. It is empowering its customers through product innovations and is also strengthening its partner ecosystem. Ravi Teja Sharma speaks with Rajiv Bhalla, country head, sales and marketing, NEC India about their strategy for the segment.

What kind of challenges do micro, small and medium companies face in India?

India has the second largest population of small and medium enterprises among BRIC countries and the US. SMEs contribute more than 60 percent to the Indian GDP while their spending on IT is only 30 percent of India's total IT spending.

The Indian SME market is worth \$5 billion and there are over 11 million SME units in India that produce more than 8,000 products. In spite of this, there are certain challenges that the Indian SMEs are facing in terms of productivity and efficiency. SMEs serve as a seed-bed for the emergence of entrepreneurship in the country. The development of small scale industries is instrumental in increasing not just the per capita income but also results in better economic growth of the country. It provides for more equitable distribution of the income of the nation. Further they make effective mobilisation of untapped capital and human skills and leads to dispersal of manufacturing activities all over the country.

Yet SMEs today are faced with numerous challenges:

Lack of IT awareness: Many SME owners in tier II/III cities or rural areas are not aware of existing IT solutions that may solve their problems. Focus of IT vendors should not be restricted to increasing their penetration across the country; it should also be on educating these SME owners on leveraging technology to solve their business problems. Moreover, there should always be easily

accessible communication channels available to SME owners.

Financing: SMEs have a focused eye on ROI, and may also be unable to make investments upfront

Obsolescence: With difficulties in investing in technology upgrade, many SMEs are forced to make do with their current IT infrastructure and in many cases obsolete technology.

IT management: Since smaller businesses find it excessive to hire a dedicated IT manager, it is typically the owner who takes purchase decisions and the maintenance is also left to companies that offer support packages.

Structured processes: SMEs need to focus on adopting standardised processes, which would enable them to better understand the relevance of newer technologies to their business. This would also help them remain competitive in today's global environment.

Lack of vertical specific solutions: Most IT solutions are not customised to vertical/cluster specific problem of SMEs. On a day to day basis, Indian SMEs face various problems such as lack of customised solutions to suit the specific needs depending on the nature of their business, lack of investment capability in high-end IT infrastructure and in-house management capacities etc.

Technology upgradation: Small scale businesses thrive on gaining higher returns on each investment. There is a growing requirement for this sector to go in for technology upgradation so as to meet existing challenges of business continuity, seamless communication and productivity. This will help them ensure better returns on their investments.

How does NEC engage with these small and medium businesses in India considering the numbers are huge?

As per AMI, the overall spending on IT by Indian SMEs totalled to \$9.9 billion in 2009 and was predicted to rise by over 8 percent in

2010. A significant proportion of Indian SMEs are well on their way toward the second wave of IT adoption. Some are even likely to migrate to the third. The key booster of this rapid adoption of technologies is the internet. Its growth has promoted the usage of various internet-related technologies, e-commerce, e-purchase, website adoption and also the intranet (for better intra-firm collaboration).

Using smart online tools have placed the SME on a level playing field with the large enterprises. It has given them 'access' and 'reach' to a large customer base across geographies.

Smart e-commerce tools also can mitigate certain barriers for SMEs and enhance business through smarter ways of transacting with customers. These tools have successfully done away with the age old role of the middleman and resulted in greater efficiency and profitability for the SME.

NEC India is well positioned as solution provider and has unique

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capabilities in integrating IT and networking technologies for a diverse customer base across governments, businesses, individuals and society in India. To cater to the huge SME market, NEC India has a progressive geographic expansion roadmap in place wherein it strengthens its partner ecosystem by adding partners & dealers; coupled with this is a trustworthy and a reliable after sales support.

NEC India's SME strategy in India revolves around empowering its customers through product innovations and strengthening its partner ecosystem.

Aggressive focus on the SME sector is duly backed by integrated marketing campaigns that help the company reach out to the target audience in a much more effective way. On ground events, targeted communication through advertising and public relations helps NEC gain the mind share of its TA and gives sales the necessary impetus. In addition to this is the extensive training and support activities for the partner community that helps empower businesses.

Does NEC develop distinct, separate products/services/applications for SMEs or applications made for larger enterprises are retrofitted for small companies?

We view the SME sector as the next level of growth for NEC in India. NEC is a B2B products and solutions company. Our products & solutions that conform to the highest international quality standards and are known for their outstanding reliability, durability and technical superiority. Our products are custom made to meet the requirements of large hospitality chains, large format retail, high end hospitals etc.

Keeping in mind the potential and price sensitive nature of SMEs, NEC is working towards introducing specialised solutions to cater to this segment. As a part of its commitment to the small and medium enterprise (SME) market in India, we recently launched a new IP-enabled Communication Server-SL1000, in India. With this solution specially designed for SMEs, we aim to increase our presence in the SME sector and garner a domestic market share of 30 percent by the end of 2011. SMEs can leverage this new smart communication server to achieve their business objectives through this integrated system.

We also work with system integrators to provide a solution for

box, to meet the requirements around commercial displays.

Can you elaborate on NEC's Smart Communication Server? How will it help small companies?

SL1000 is NEC's new smart communication server with state-of-the-art features that enables increased operational effectiveness of the small and medium enterprises. The SL1000 is an intelligent cost-effective telecommunication system, which packs affordability, efficiency and IP-telephony all into one system. This cutting edge solution caters to the communication needs of SMEs, small offices and home offices (SOHOs).

This all-in-one solution provides hybrid ports that integrate key telephones, single line telephones, facsimiles and more with rich built-in functions that help in lowering the total cost of ownership.

The SL1000 solution consumes approximately 25 percent less power than the previous models and reduces the total cost of ownership. It has built-in features such as mobile integration solutions, Voice Response System, Voice Mail solutions, unique Security solutions to name a few.

This Solution offers mobility which is the key to success in increasing business. One can set Mobile/GSM phone as the answering terminal when the users are out of the desk/office which will help in reducing the chances of missing important calls when the users are out of office. NEC's SL1000 provides unmatched capabilities that combine multiple applications such as PBX, KTX and IP telephony in a single system and at absolutely affordable prices.

Indian SMEs are looking at UC as a low-cost tool to communicate effectively with customers and suppliers as well as facilitate communication across multiple branch locations. It's important that SMEs are shown how, by streamlining communication infrastructure, they will be able to find smarter ways to cut travel costs maximise operational efficiency and improve business & customer strategies.

This existing need has inspired us to come up with SL1000 solutions for this segment which will help them to enhance their abilities.

Small companies have traditionally been slow in adopting new technology. How has that changed in recent years? Are Indian SMEs different in this respect?

The global SME sector demand robust and scalable solutions which can help them in catering to the organisational needs and serving customers more efficiently. Rapid development across industries has prompted the Indian SMEs to increasingly adopt newer technologies to cater to their needs of both cost saving and business growth. As remote workforce increases, even micro and small companies have also realised the need for upgraded IT infrastructure and are investing on the same.

An effective communication system can impact the response time, quality of service and determine business productivity in an enterprise. A delayed communication or collaboration can result in huge amount of revenue loss. Therefore, UC is as critical to SMEs as it is to the large enterprises. Globally SMEs play major role in the growth of UC market. But in India the market is yet to pick up. One of the primary reasons for this is that SMEs in India have budget constraints and face the challenge of interoperability.

Communicating in the twenty first century, a decade dominated by social media, instant messaging and ever-changing technological advances have completely revolutionised the way we think of keeping in touch with business associates. With many small and medium-sized enterprises (SMEs) implementing tough microeconomic saving measures, VoIP solution like Skype are proving to be an incredibly cost-effective 'telephony' internet service for the SMEs.

Social media too as a tool cannot be ignored. It is proving to be a cost effective way for SMEs to not just achieve visibility for the business but also to reach out to a larger customer base and engage with them constantly to generate greater business.

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