

**AUTHOR**

**Ashutosh Nigam**  
Asstt. Professor,  
Dept. of Management  
Studies, Vaish College of  
Engineering,  
Rohtak, Haryana

# Software Export Marketing : Problems and Prospects

## Suggesting Suitable Strategy

### ABSTRACT

Significant market competition exists in the world software market for Indian software exporting firms. To make their presence felt in international market the Indian Software exporting firms have to develop suitable software export marketing strategy by focusing its core competency areas and developing the practices of international standards. The marketing strategy for software products is especially relevant where normal selling fails to deliver the required results and to make made in India label a symbol of software quality, competitive price, reliability and service to the customers.

### 1. INTRODUCTION

It has been wide argued that competitiveness of an economy depends largely on its ability to secure edge over its competitors. One is through active pursuance of exports. The thrust on export assumes special significance due to economies of scale that are accrued on account of extended market access facilitating the growth of Indian software industry. However, the software export marketing is posing a greaszt challenge for exporters as marketing mix for the software is not static but often changing. Software is different & unique characteristic that makes it different from marketing of other products & services. The term software product refers to two distinct classes of offerings; one like other products it involves a conventional production and marketing process and is amenable to branding strategies and; secondly it attributed towards providing solution to specific business needs. Hence, marketing of software is unique & different and it is crucial for the development of the software industry is India. Initially Indian software companies were dependent directly on the end users but now the Indian companies are having establishments in different countries to cater to the global needs. Internet is also emerging as a

• strong marketing channel for Indian software  
• companies.

### 2. PRESENT STATE OF LITERARY CONTRIBUTIONS

• Belowitz (1997) describes that  
• software marketing plan is a way of  
• synchronizing marketing activities of an  
• organisation and that too for a specific period  
• of time. The paper argues that no generic  
• plan applies to all organizations and to one  
• organization for all the times. It varies  
• according to the target customers, complexity  
• of the organisation and the industry at a given  
• time. Ali (2003) ‘software export marketing  
• in Bangladesh Prospective’ emphasized on  
• several new actions and improved marketing  
• strategies and to create environment for  
• marketing opportunities through the regular  
• research to analyze the demand of the  
• prospective customers. Kopparr (2003)  
• concluded that software esporting firms must  
• have specialized division of marketing and  
• after-sales service headed by management  
• professional who can draft efficient marketing  
• strategies for exporting their software  
• products and services instead by the technical  
• persons of the field. Krishna (1999) analyzed  
• the marketing strategy being followed by  
• Indian software firms and did the complete  
• social political analysis in Indian context and

recorded its impact on the designing of software export marketing strategy. The study concluded that Indian software firms are more oriented towards services and consultancy than products and identify competitive advantage to bag contracts in International market. Gupta (2001) claimed that one can easily visualize the software revolution in Indian. For achieving this purpose government and industries needs to join their hands to strengthen the brand equity of Indian software industry and make the country software super power. Ali (2002) explained software firms can not gain experience in marketing of software by operating in the domestic market only. Virtually domestic software market of the country should be considered as the starting point for marketing of locally produced. In the domestic market if software can be supplied then the experience with the local customer can be used for development of the software further for export. But it is unfortunate that demand in domestic market is heavily subdued due to the availability of the pirated software. Therefore, in the domestic market, vendors have little bargaining power in the market places and sometimes they also indulge in unfair and illegal practices. However, the present status of software of exports in India, bottlenecks it has, human resource development for software exports in India and strategies for boosting up software export are the areas to be penetrated into. The present work is aimed at to obtain the following specific objectives –

- To access the present status of Indian Software exports.
- To identify procedural bottlenecks in software Export Marketing.
- To access the current status of Software educational in India.
- To suggest means to boost software export marketing.

### 3. APPROACH TO THE PROBLEM & PROSPECTIVE

Twenty-five software units registered under STPI Noida and faculty members of upcoming educational institutions located in National Capital Region from October 2005 to December 2005 were selected for the study. The firms were chosen consciously on the basis of different product and services, different export destinations and application areas. The selected firms have diversified product and services ranging from e-commerce, communication and broadcasting, automation and process control, health and biotechnology, microelectronics, medical transcription etc. Senior executives and faculty members were interviewed personally. Both primary and secondary data were used. Primary data is obtained through questionnaires and personal interviews.

### 4. PRESENT STATUS OF INDIAN SOFTWARE EXPORTS

The analysis of the data suggest that a very few Indian Software exporting firms have been able to express its core competencies in software export markets. For instance I-flex have developed banking products that have been successfully implemented in more than 250 financial institutions through out the world. Wipro has been able to establish its software like instaplan, Teleprodigy and Webserv. Similar attempts have been made by leading software-exporting firms in India. Radhakrishan (2004) On the other hand requirement of international clients and act as a cushion against the fluctuation of international trade. The Indian software is placed competitively in global markets through its domestic software scenario in the nascent stage. The Indian software industry is affected by uneven locational spread, lack of fullest utilization of human kills and unequal ro rather dominant export market share of a

**Table - 1**  
**Software Export From India, during 1980-2003**

YEAR	SOFTWARE EXPORT (US (\$M))	EXPORT GROWTH (%)
1980	4.0	-
1981	6.8	70 %
1982	13.5	99 %
1983	18.20	35 %
1984	25.3	39 %
1985	27.7	9 %
1986	38.9	40 %
1987	54.1	38 %
1988	69.7	29 %
1989/90	105.4	51 %
1990/91	131.2	24 %
1991/92	173.9	33 %
1992/93	219.8	26 %
1993/94	314.0	43 %
1994/95	480.9	53 %
1995/96	668.0	39 %
1996/97	997.0	49 %
1997/98	1650	65 %
1998/99	2180	32 %
1999/2000	3600	65 %
2000/01	5300	47 %
2000/02	6200	17 %
2002/03	7800 (estimated)	24 %

Note : figures represent gross foreign exchange earnings.

Source: Indian Dept. of Electronics annual reports: Institute for Development Policy and Management, university of Manchester Webpage .

few leading software firms. The entry mode of latest software technologies is primarily from the entry of global software firms in Indian markets but not from grooming up of domestic market. One of the major reason is that software companies in Indian spends merely 8-10 percent of their revenue on R&D with the sharp contrast of global software giants spending 25 percent of their revenues on R&D. This results into arrest of pace of broadening of Indian Software export market. The table - 1 presents growth of software exports of Indian firms.

It is a recorded fact that India has on advantage over other countries because of the availability of second largest English speaking skilled professional at lower cost. However, this cost advantage will be eroded in near future as the software production will be less labor intensive through adopting more and more automated tools by the programmers to

improve the quality and quantity of work. Automation of Software development is successful in the area that requires least creativity and communication with the end user.

### 5. PROCEDURAL BOTTLENECKS IN INDIAN SOFTWARE EXPORT MARKET

The domestic demand of software is different from the international market requirements. Hence domestic market cannot act as cushion for software exporting firms in case of export demand fluctuations. Software exporting firms are facing problems of lengthy procedures and cumbersome documentation in getting loans and also of filing returns at numerous government departments. There is lot much multiplicity in filing of the documentation which is unnecessary and uncalled for. The software in physical form is

to be reported to Director General of Commercial intelligence and Statistics and in non-physical form is reported to Reserve Bank of India by way of softex forms. This procedure creates delay in Software delivery to overseas clients. There is still procedure for physical filing of returns for software exports in the country. There exists no special funds created to promote marketing activities related to software exports. Piracy is yet another but very serious problem with the software products because the copied software products are as good and operational as the original ones. Piracy cuts off revenues of exporting firms and also the cost effectiveness is affected badly. Further more, Government is still to develop mechanism for instant implementation of its policy and procedures meant for boosting software exports from the country. There is lack of coordination between different government departments like Ministry of Commerce; Minsitry of IT etc. For enhancing software export activities in the country.

## 6. STATUS OF SOFTWARE EDUCATION IN INDIA

Software development & export is purely a knowledge-based activity, requiring specialized human resource to be developed and groomed systematically. The Indian education system still lacks efficiency of developing and effectively implementing software projects. The tutor taking up the classes themselves lack the real life experience of software industry. Skilled faculty for high-level complicated projects is still in scanty in software training institutions in the country. The students studying software courses get very little exposure to datacom work methods during their formal education. Sen (1994). Moreover specialized courses for software export marketing is still not included in detail in the courses curricula of the leading Indian business schools. The great concern for software exporting when the firm

is relatively new in the market. Generally the firms have to deal with the problems of cross-cultural factors, languages, value systems that are there in the destination countries. Difficulties exist for exporting firms to obtain direct access to market. Information on prospective overseas customers is not available.

## 7. REMEDIAL SUGGESTED

**A- At Macro Level** – There is requirement to develop & create a database of all major organizations engaged in outsourcing of software and data processing services, to be made jointly by ESC and NASSCOM and maintain a home page in the Internet. The export promotion bodies should proactively establish there permanent liaison offices in USA and in other high seminars in selected location in USA with a concentration of software professionals of Indian to inform them about the incentives being provide by government and mobilized their support to help. Government should develop better coordination between the software associations and councils like NASSCOM, ESC and STPI. Frequent reviews to ensure proper and effective implementation of the policy should be done.

Exim poliy 2002-07 stresses on financial assistance available under the scheme to export promotion councils, industry and associations on the marketing studies on country focus approach basis. Aggressive steps should be taken in setting up of business centers in Indian missions abroad for visiting Indian exporters to attain internationally accepted standards of quality of software. Strict enforcement of cyber laws and providing strength to software export promotion of software exports from India. The software-exporting firms can from associations on consensus basis on the issue of secrecy and piracy. Enforcement of piracy related laws should be ensured by the government. Use of pirated software by the



organizations must be made cognizable offence under IPC. Implementation of such laws must be a joint effort of industry associations, councils & administration for raising capital and preparing the business plans so that multi country monitoring can be done and market access initiative can be taken up accordingly. The government should take effective steps to curb corruption so as to develop mutual trust and relationship with overseas clients. The central government should enhance the software export responsibility of State Governments to make the sector highly competitive in the world software market. Support should be given to marketing groups and associations in this area. Continuous updating of the syllabus and of the faculty in technology and close interaction between industry, professionals, academic institutions, teachers and students be encouraged so as to ensure relevance and employability.

Emphasis should be laid in public sector organisations to replace the manual system of documentation and records by computerized system through the use of locally developed customized application software. The government should develop promotional policies in attracting FDI by giving counter guarantees to software companies investing in the country in addition to single window clearance and tax benefits to software firms entering the country. Governments can help promote software innovation and broader economic growth by supporting basic research. Such research generates the raw material that software industries can utilize in creating new product. Many important software innovations are the product of private-sector commercialization of public funded research. Government can support this process by enacting policies that promote basic research by both the public and the private sector.

The government must create a market promotion fund to be administered by

software export promotion bodies for meeting the expenses of promoting the overseas markets. The Indian educational institutions providing software education should emphasis on developing industry linkages and collaborations so as to groom students according to the demand of the industry. An emphasis should be laid on development of infrastructure facilities like airlines, roads, telecommunication and bandwidth, enforcement of strict copyright laws with in the industry and general civic amenities to make presence of foreign clients in India. This would enable the software-exporting firms to have wider geographical area. Indian embassies in abroad should take initiative to develop new marketing channels. The educational system should stress upon developing the real world experience of the faculty involved in teaching IT students. An mechanism should be developed to emphasis on the public private partnership with the educational institutions. System should be designed to emphasize on the industry specific courses to bridge the gap in the skill set required by the entry level and senior level professionals. The emphasis of computer education should be more application oriented. Special fund should be allocated for the organizing international exhibitions and arrangement of buyer and seller meets to facilitate interface between software vendors and overseas clients. The software firms should be set up common showrooms under one roof and warehousing on the basis of marketing studies in important cities abroad. Participation in sales promotion campaigns through international departmental stores, trade, seminars, buyers-sellers meet etc.

**B- At micro level** – Marketing is the most critical issue for the development of the Indian software industry as it can only be ensure through exports. The software companies have to take aggressive initiative for setting up the joint ventures, training institutes, sponsoring the delegation to

explore the overseas markets, organizing road shows that highlight the Indian software industry expertise in various segments of the software. The emphasis should be laid in building partnership with overseas clients and marketing intermediaries involved in sales and distribution of the software. Developing coordinational partnership among employees, customers and stake holders is the key for developing long term contracts which enable the software exporting firms to sustain and able to identify the ever changing needs of the market. This in turn is helpful in building loyalty in existing customers and attracting new customers. This enables the software firms in developing mutually benefiting relationships. Simply understanding basis cultural values would not by itself guarantee success. Marketers should develop cultural values and life styles of the destination country. The Indian software exporting firms should complete on quality of the destination country. The Indian software exporting firms should compete on quality rather than on low cost labour intensive services. Trying to change these values with glitzy advertising will not help develop a competitive advantage. The Marketing communication should be done effectively to bridge the gaps in culture, market and economic conditions, consumer needs and usage patterns of media availabilities and legal restrictions. The software exporters must identify the niche markets for software product and customized services. One of the primary goals of going international should be to achieve the highest sales volume with the least expenditure. Marketers need to evaluate critically potential market segments and identify market niches that will help then achieve their sales volume goals. Buyers around the world are increasingly demanding quality. There is need to enhance the brand equity in producing world-class quality software. Therefore, requirement is to sustain and capture larger market share in highly sophisticated markets

such as those in Western Europe. Marketers need not only to develop quality products but also to create and maintain quality image through effective marketing and communication strategies.

## 8. SPECIFIC MEASURES TO BE TAKEN UP

*Quality certification* - Emphasis should be laid on quality certification like CMM-5, Six sigma to develop credibility in overseas clients. This would enable the Indian software firms to come out of its image of low labour intensive customized software services.

*Sharing of Information* - The software exporting firms should market collectively and so that firms can able to share market related information and learn from experiences of each other.

*Customer Experience Management*- Indian software exporting firms should customer needs and take them to the stage of delight rather than accommodate the customer needs and take them to the stage of delight rather than merely state of satisfaction. Before exporting beta version of software should be properly tested. An emphasis should be on market specific studies like warehousing, promotional advertising, branding. Learning through experience and observation would enable the software exporters in narrowing the gap of global and the local needs.

*Talent Management* - The software exporting firms should try to hire right kind of talent to cope up international demand, to groom them according to international standards and technologies and to retain the talent for long term prospective.

*Communication Programmes* - The Marketing communication should be done effectively to bridge gaps in culture, market and economic conditions, customer

needs and usage patterns of media availabilities and legal restrictions,

*Identify Niche Market* - The software exporters must be able to identify the niche markets to market for software product and customized service. One of the primary goals of going international should be to achieve the highest sales volume with the least expenditure.

*Innovation* - The Indian software firms must be able to accommodate the new technologies and innovative products to understand market needs, competitors and capability to communicate effectively project features to potential clients. The

• synchronization of activities between  
• marketing professional is required.

• *Brand* -The firms must try to build  
• brands and try to move up the value chain  
• through superior processes and ensure good  
• quality software product or services.

• Localizing the software according to  
• destination countries. The localization should  
• make your customer feel as if your products  
• were created in their own country and by  
• their neighbors. It should reflect their  
• language, their cultures, their idioms and their  
• way of doing business. The localization of  
• software according to the destination country  
• will add cultural, national and linguistic  
• essence to software products.

#### REFERENCES

1. Ali Muhammad Mahboob (2002), Software Marketing in Bangladesh: Problems and Prospects – part II”, The Bangladesh Observer, November 23, Dhaka.
2. Ali, Muhammad Mahboob (2003), “Software Marketing in Bangladesh: Problems and Prospects”, The AIUB Journal of Business and Economics (AJBE), Vol. I, No. 3, January, American international University- Bangladesh (AIUB), Dhaka.
3. Berkwety, Eric (1997): Marketing Irwin Mcgraw-hill Boston 5<sup>th</sup> addition. Ali Muhammad Mahboob (2005) “Software Marketing in Bangladesh”, Abhigyaam, July – August.
4. Radhakrishan K.G (2004), “Software Export”, Udyog, December.
5. Schware, R. (1992), The world Software Industry and Software Engineering: Opportunities and Constraints for NIE’s. World Bank Technical Paper no. 104, Washington, The world Bank. Tjia paul, The Software Industry in Bangladesh and its Links to the Netherlands the electronic Journal on Information system in Developing Countries, 13,5, 1-8 [http:// www. ejisd](http://www.ejsdc)
6. Sen, Pranab (1994), “Software Export from India: A systematic Analysis”, Electronics and Information Planning, November, Vol. 22, Number 2
7. Kopper A. (2002), “SMITs: Growth IssuesS”, Management Review, March, PP. 88-89.
8. Krishna hari. R (1999) “Feasibility Study on Setting up software Export Unit”, MBA Project Report, Faculty of Management Studies, University of Delhi.
9. Gupta, Phalguni (2001) “Growth of Information technology in India”, Sourvenir of International conference on Computer Information Technology organized by University of Dhaka, 28-29, December (2002)
10. Hedge, V. Ishwar, “WTO and Indian Software Industry: Some Strategic Options”, Foreign Trade Review, Vol XXXVII Nos 1&2, April-September.