



JUST
MERGED

The SAP Global Services partner HCL Technologies has acquired Britain's AXON. With the formation of a new subsidiary, HCL AXON, the Indian company has grown into one of the 10 largest SAP consulting companies.



⚡ The league of IT service providers has a new member – and a big one. By acquiring the British consultancy AXON, HCL has shifted the power balance in the world of SAP consulting. The new company, HCL AXON, has 60% more SAP consultants than its nearest Indian rival. Its total of 4,500 SAP experts is sure to turn heads, even in an industry accustomed to superlatives.

Of course, size alone cannot guarantee a successful merger. How well the parties complement one another is the true key to a happy relationship, and HCL AXON looks promising. AXON's strengths lie in solutions and consulting for the utilities industry, the public sector, aerospace and defense, and the oil and gas industry. HCL brings its know-how in the high-tech and electronics industries, retail, and media to the table. The group forecasts that the merger will increase its SAP-related business to 25-30% of its total revenue.

In difficult economic times, however, what customers want most of all is stability and security. So what do they stand to gain from the formation of HCL AXON? "We have combined the SAP expe-

rience of AXON with the broad IT competencies of HCL. Our customers will enjoy faster, better projects without any additional costs to themselves," says Ram Krishna, corporate vice president and head of Enterprise Application Services at HCL Technologies.

Krishna expects that the way HCL and AXON complement one another as they approach this market will enable the new subsidiary to achieve a fast breakthrough.

Marching together, striking separately: Only a few IT service providers can play that card. Is it a com-

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Smart move

The acquisition is in line with HCL's strategy, dubbed Blue Ocean, to primarily drive expansion in areas that are less fought over by the competition. "SAP is the leading vendor of enterprise software for good reasons," says Krishna. "By specializing in this market, we can tap its huge potential. It would have taken us far longer to gain a strong foothold through organic growth alone."

petitive advantage? The analysts at AMR, ARC, and IDC say it is. Many companies prefer to work with smaller SAP partners, hoping for premium service and more direct contact. Following the integration of the two companies, HCL AXON has both the structure and the flexibility to offer customers tailored services. At the same time, its strong parent company lends it the scale necessary to provide comprehensive, worldwide service. →



Much of the merged companies' SAP-related business has already been consolidated. HCL AXON will initially concentrate its expansion in the key European and North American markets, where HCL CEO Vineet Nayar still sees room for increasing efficiency. He notes that companies in those regions are open to new models. HCL AXON is targeting global corporations as new customers.

Establish the brand

First, however, the company has to raise its brand profile. With over 80% of its revenues generated in the U.K. and the U.S., AXON is still a fairly unfamiliar face in continental Europe. "We

will help get us started there. We'll also benefit from the infrastructure that HCL already has in place in both Europe and Asia."

Putting people first

HCL AXON highlights its corporate culture as another asset to help it master the transition. It believes in "employees first" and has a corporate philosophy of integrity, transparency, and fairness. Employees can assess their managers, even the CEO. Suggestions and criticism are passed upward through the organization. HCL AXON's competitor Satyam was caught committing accounting fraud; Krishna cannot imagine that happening at his company. Will the Satyam

The success story goes on, both for AXON and for HCL Technologies. Incepted into the global landscape in 1999, HCL Technologies now employs 52,957 people in 19 countries. HCL Technologies, along with its subsidiaries, had consolidated revenues of U.S.\$2 billion (Rs. 8974 crores) as of December 31, 2008. HCL AXON appears set to add a few hundred million of its own in the future.



Marcus Winkler, journalist, Mannheim, Germany

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also want to penetrate the major markets in Asia within the next three years," says Steve Cardell, president, HCL AXON. "Our industry expertise

scandal taint India's IT industry? "I don't think so," he says. "I see it as an isolated case without much influence on the industry."

