**Integrated Marketing Management**
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Lecture - 34
OFSS

In the last class I gave you the points to answer the questions which were given in the case studies on this I Flex. The answers were given in the form of points in fact, you should not give it as points you should give this as a report that is this is called Q and A report.

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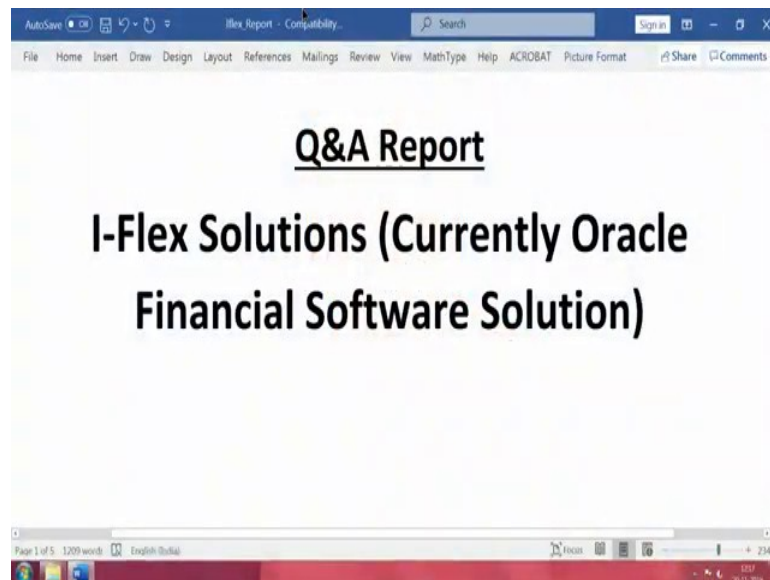
When you look at this Q and A report for this i-flex solutions now currently OFSS how does the answer to the first question look like.

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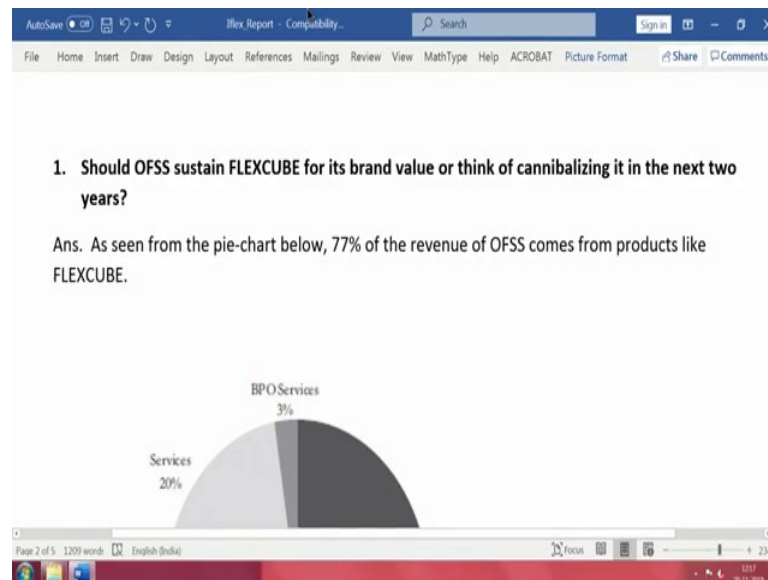
See the first question. Should OFSS sustain FLEXCUBE for its brand value or think of cannibalizing it in the next two years? This is what I we explained also, from the pie chart below if you see, seventy seven percent of OFSS revenue comes from products like FLEXCUBE so its a very strong contributor to the revenue.

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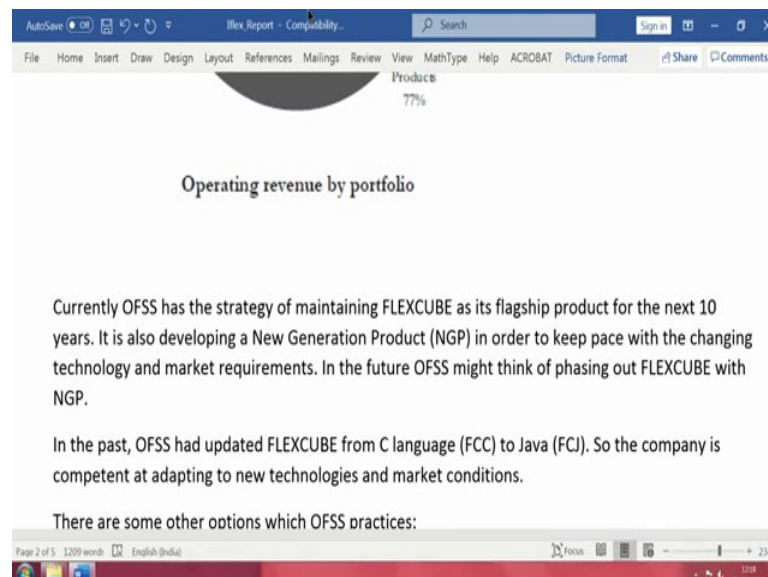
What is the present it is 2014 all this is information as of 2014? Possibly it has not greatly changed, currently OFSS has the strategy of maintaining FLEXCUBE, as its flagship products for the next 10 years so, till 2024 this FLEXCUBE they want to retain.

It is also developing a New Generation Product that is a NGP in order to keep pace with the changing technology and market requirements.

What is the type of answer which was given to this first question we said cannibalize it through versioning. This is the expansion on this. In the future OFSS might think of phasing out FLEXCUBE with NGP.

You come out with a new generation product of FLEXCUBE it could be versioning of FLEXCUBE can be different versions. In the past OFSS has updated FLEXCUBE from C language FCC to Java FCJ. The company is competent at adapting to new technologies and market conditions, there are some other options also with which OFSS practices, that is cannibalization through versioning.
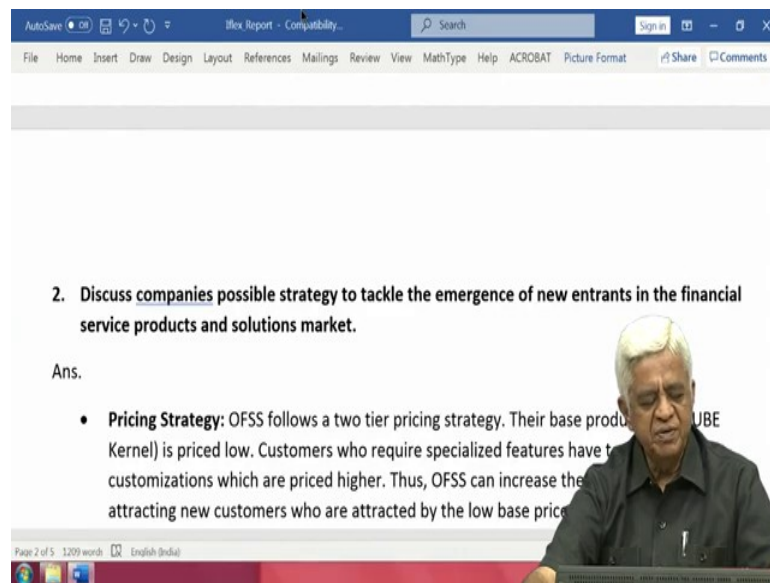
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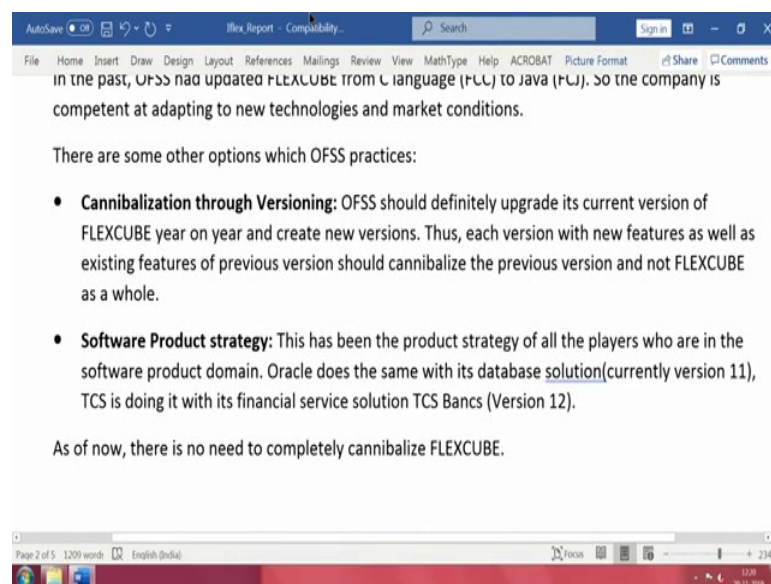
Definitely should upgrade its current version of FLEXCUBE year on year and create new versions, each version with new features as well as existing features of previous version should cannibalize the previous version and not FLEXCUBE as a whole.

You make use of versioning the new generation products and use it to come out with different versions with new features do not cannibalize FLEXCUBE as a whole, this is a type of recommendation which comes out. Then software product strategy, this has been the product strategy of all the players in the who are in the software product domain.

Oracle does the same with its days database solution currently in 2014 they were at version 11 TCS doing it with its financial services solution TCS Bancs it was a version 12 as of now there is no need to completely cannibalize FLEXCUBE. This is a what do you call expanded answer expanded from the points I gave you.

This is the way you should give you should develop a report; when questions are asked at the end of a case study how should you answer, you should give a report this could be the method which the company could try.

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Come to the second question, the second question was 'discuss the companies possible strategy, so to tackle the emergence of new entrants in the financial services products and solutions market'.

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What is about the pricing strategy? Oracle follows a 2-tier pricing strategy; this is expanding on the points which were given. If you see what is this 2-tier pricing strategy, this is the product their base product is FLEXCUBE kernel is priced low. This is called in automobile pricing many times it is called barebone pricing. This means you have the basic version of the automobile in place for you with your engine, then you keep on adding; when you keep on adding the price keeps on increasing.
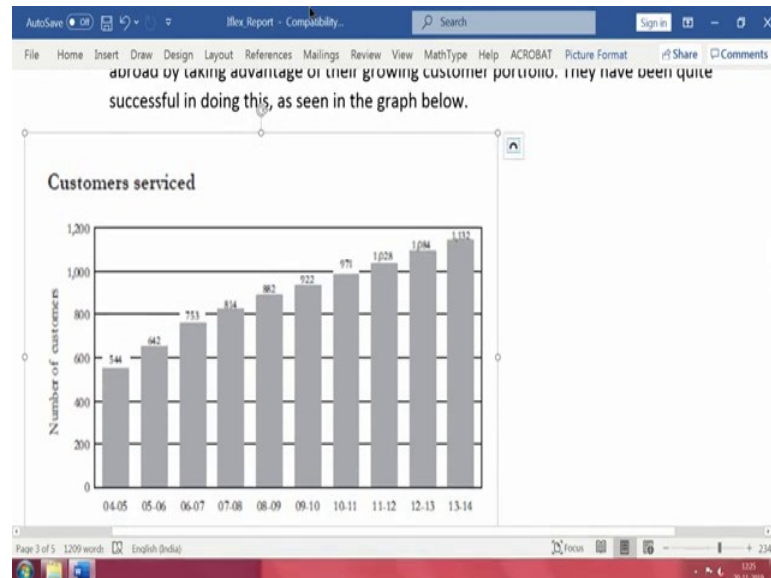
The features that they give you; many features you tick on those features, the next final price depends on the types of features that you have selected of the car, similarly here the FLEXCUBE kernel is priced low. Customers who require specialized features have to pay for customizations which are priced higher what is going to happen OFSS can increase their market share by attracting new customers who are attracted by the low base price.

Low base price gives you good market penetration, then you increase your price according to the special features that you are able to provide. It also gives you higher revenues. Piggybacking on the oracle brand oracle brand has an enormous brand appeal. What can happen OFSS can piggyback that is earlier FLEXCUBE now OFSS can piggyback on this image and use it as a proxy for quality and reliability.

A product coming from the brand of oracle always considered a quality product has its own brand equity in a market so they can leverage this brand to appeal to customers.

This the company could also aggressively pursue new customers both at home and abroad, by taking advantage of their growing customer portfolio. If you really look at this company they would have been very successful in doing it as has been shown earlier also, the number of customers have increased to steadily from 544 in 2004 5 to 1132 in 2013 14.

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In the next point is about partnership in foreign countries. Entering Japanese market for an Indian company is quite difficult. What did this i-flex now did was to partner with

FUJITSU to enter the Japanese market. Mergers, acquisitions (M&A) and partnerships are an effective way to gain market access to new markets, and expand the customer base. When mergers and acquisitions OFSS has acquired companies like Mass Castek and insurance software solution company and they break in as a car leasing software solution provider.

This M&A provides for you a quick way of diversifying your product offerings and strengthening your market presence. Partnership helps you to explore new markets M and A helps you to diversify your product offerings and strengthening your market presence. The third is on international certifications, if you have certifications from CMMI ISO etcetera helps in improving the visibility and reliability among foreign customers.

OFSS can focus on acquiring these certifications, say expansion in the domestic market Indian customers are there for OFSS like Canara Bank and HDFC. It can aggressively pursue other large and small domestic customers.

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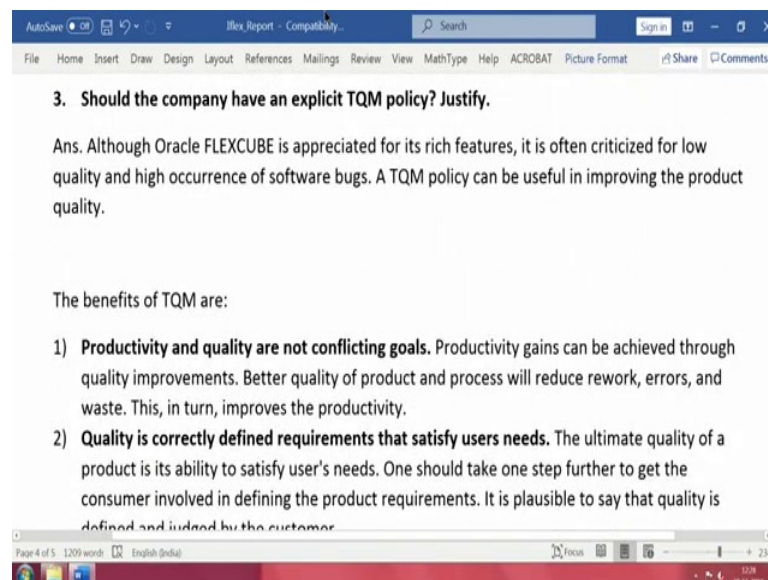
And the third question that was asked, should the company have an explicit TQM policy justify? Though Oracles FLEXCUBE appreciated for its rich features criticized for low quality and high occurrence of software bugs, so, this is where TQM can be useful in improving the product quality.

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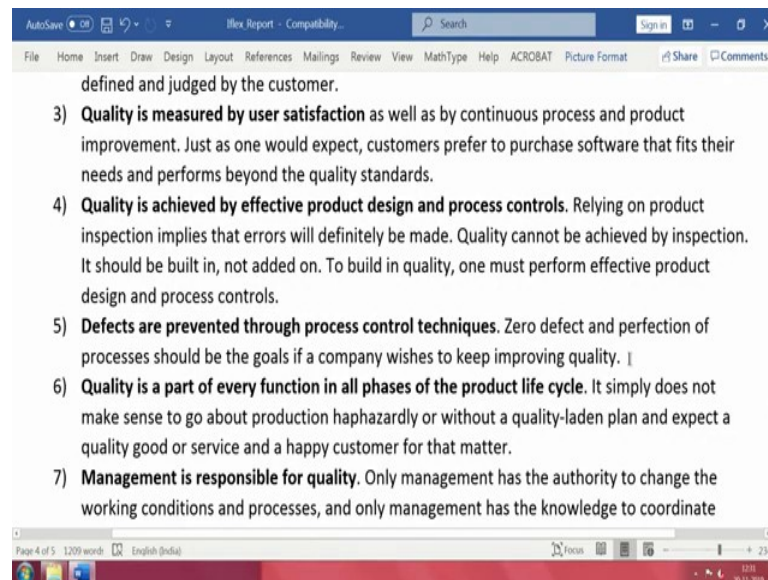
If you really see the benefits of TQM productivity and quality are not conflicting goals, productivity gains can be achieved through quality improvements better quality of product and process will reduce rework errors and waste, this in turn improves the productivity. You should not look at TQM as something which will bring down the productivity on the other hand it improves the productivity.

Quality is correctly defined requirements that satisfies you that satisfy users needs, the ultimate quality of her product is its ability to satisfy users needs. One should take one step further to get the consumer involved in defining the product requirements, it is all this is in the new terminology which is coined by Japanese companies, but which is used by Indian companies also now it is this all called customer delight.

You are able to provide products which delights the customer, this is where quality can be an extremely handy tool it is possible to say that quality is defined and judged by the customer. Quality is measured by user satisfaction as well as by continuous process and product improvement. Just as one would expect customers prefer to purchase software that fits their needs and performs beyond the quality standards, some set standards are given.

Your product should be able to perform much above those standards so that is what FLEXCUBE users would expect. Quality is achieved by effective product design and product controls process controls, that is relying on product inspection implies that errors

will definitely be made. Quality cannot be achieved by inspection it should be built in, not added on, kindly note there should be a built-in quality of the product, that is quality should be built into your product.

To build in quality one must perform effective product design and process controls. Then defects are prevented through process control techniques, this is what you call the zero defect. Zero defect and perfection of processes should be the goals if a company wishes to keep improving quality, you should look at zero defects.

Quality is a part of every function in all phases of the product lifecycle, what does it mean it simply does not make sense to go about production haphazardly or without tech quality laden plan and expect that quality good or service and a happy customer for that matter.

It simply does not make sense to go about production haphazardly or without a quality laden plan and expect that quality good or service and a happy customer for that matter without quality you it will not get a happy customer at all so in that sense TQM should be essential.

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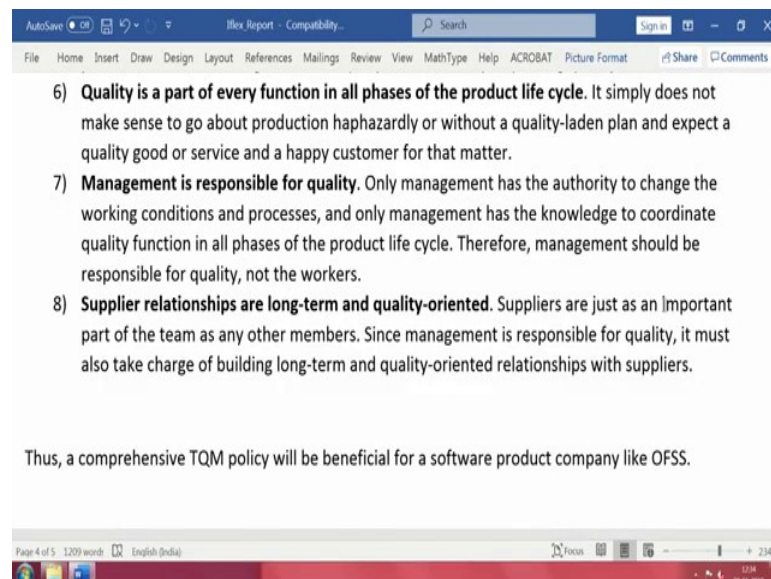
Management is responsible for quality, only management has the authority to change the working conditions and processes, and only management has the knowledge to coordinate quality function in all phases of the product lifecycle. Management should be

responsible for quality not the workers kindly note that, ultimately it is the management which is held responsible for coming out with the quality product. Suppliers relationships are long term and quality oriented.

Earlier, we used to discuss when I mentioned about Infosys I used to say that the revenues of Infosys have kept on increasing because most of its customers are repeat customers; that means, they have been with the company for quite a long time and may and most of them are fortune 500 companies has customers the result is, the revenue base of Infosys. The company has been able to increase its revenue because of these clients which it has got.

Suppliers are just an important as or just as an important part of the team as any other members. Since management is responsible for quality it must also take charge of building long term and quality oriented relationships with suppliers.

It should be just that you supply you should not just forget a customer after giving the product, you should have a relationship with him even after the product sale is affected that is where you have a long term relationship with a customer, and they will happy customer; a satisfied customer is always good for a company, it will bring you repeat orders and when it brings repeat orders your revenues are bound to increase. Does a comprehensive TQM policy will be beneficial for a software company like in OFSS?

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And the strategy can ask question, tapping new technological frontiers. We were basing the answers of on 2014 cloud computing is the new trend in computing and internet, banks are also moving towards analytics. OFSS must develop new products in order to tap into these new technologies and leverage international customers. This is what you should be looking for this is your canvas what do you mean by a strategy canvas means how do you look at the future offerings of the company.

You should tap into new technological frontiers, then trend forecasting and pre empty product development. OFSS must develop competence in forecasting what future trends in the financial services industry would be, it must develop its products in such a way, that customers perceive OFSS to be one step ahead of its competitors.

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Then the third one that is a country specific strategy, each geographical region has it is own characteristics and requirements it can be regulatory, product features, price etcetera. Go back to the marketing environment the actors in a marketing environment. You will get a good idea of how this answer has been framed.

OFSS should learn how to differentiate its product in each region for example, in African countries the product should be quoted at a low price. In UF in USA OFSS should target large banks it is already targeting tier one banks like Wells Fargo. When you target large banks and in a developed market like the OF USA your revenues will also be substantial.

Substantial increase in revenues will be possible, then differentiation of product offerings in order to attract new customers and gain entry into new markets OFSS should diversify its product offerings by catering to specific requirements in various countries. It should offer new products in domain like insurance leasing investments etcetera.

Get new domains, that is come out with new products, many times you may have your call centers in India catering to customers in US especially with respect to their insurance business, but the product will might have come from OFSS only. They might be using the OFSS product, the customers may be US customers their queries, their questions are being answered by call centers in India.

It is a great type of virtual selling which is stay virtual product query selling which is taking place. There are queries which are put on the product their queries by the customer and you are answering it from a different country itself. International campaigns OFSS should embark on an international advertising and promotion campaign in order to create awareness of for its of its products example it could conduct product demonstrations in various foreign cities.

If you look that the case of Suryodaya where it was a new product offering in the Indian market. This gentleman Ramchandran, he went in for these types of demonstrations in that market, that is a Udyannagar market he went in for this free demonstrations to housewives. He showed how his product is going to function. Similarly OFSS should embark on these types of promotion campaigns and product demonstrations in various foreign cities.

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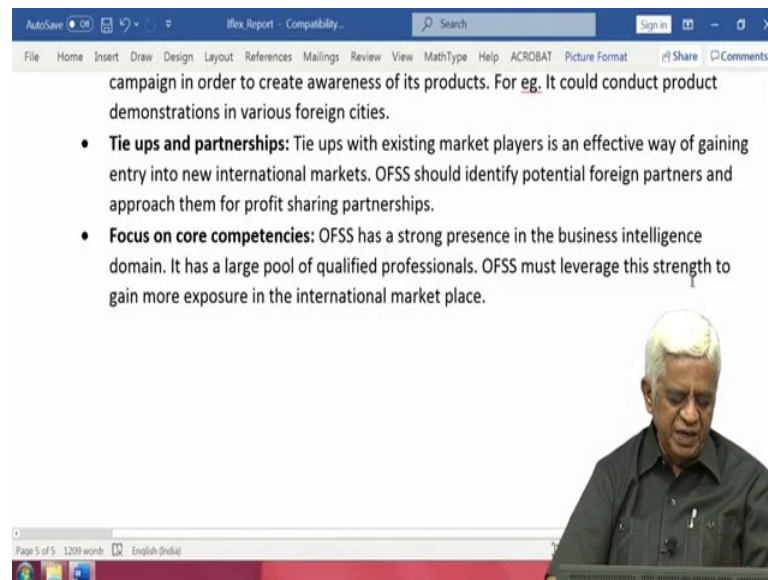
Then tie ups and partnerships; tie ups with the existing market players is an effective way of gaining entry into international markets, this is what OFSS did to enter the Japanese market through a foreign partner FUJITSU. You should identify potential foreign partners and approach them for profit sharing partnerships. For an Indian company to enter the Japanese market is difficult, but made possible through these types of foreign partnerships.

Focus on core competencies that is has a strong presence in the business intelligence domain it has a large pool of qualified professionals must leverage the strength to gain more exposure in the International marketplace. What have I done here is I have expanded on the points, which I presented in this power point presentation earlier. This is a report on the questions which are asked in the cases. You must give a Q and A report.

That Q and A report is basically a word document, you can you should expand substantially on the points that you have given in your PowerPoint presentation what has gone into your mind when you gave those points. This could be a better method of visualizing how the company should be approaching, with reference to the questions that are asked, and it also if you might appreciate this also gives you a wonderful idea of how the Indian software companies are doing like this i-flex in the global market.

This is also one of the reasons why the come the IT industry is considered very dominant in the Indian market, why because it is having its global presence it is one of the

industries that is a service provided industry from the Indian side to have this type of strong global presence.

This type of presence is also getting it is getting expanded to other fields as well, Tata's have gone into automobile manufacturing in other countries also. Also, the other well known players from the Indian side ventured into overseas markets like the Mahindras.

In other words, what is it that you are trying to judge by these types of cases, this provides you an opportunity to appreciate the strength of the Indian players. In this software industry like this i-flex how it has been able to make a global mark, it is being taken over or being acquired by oracle has given it a further strength to make its global presence. This is how you should answer these questions in an expanded manner. Thank you for listening to this expanded version.

Thank you.