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CHIPS & BYTES

This Yantra needs a marketing mantra

*India's very own laptop, the lightest in the world,
is not having an easy time getting sold, reports*

WHAT'S more difficult for an Indian information technology (IT) company: making a software or a hardware product for the world market? Given that Indian companies are taking the trading route — dropping their own brands to sell foreign brands — the question may even seem irrelevant.

But, as always, there are exceptions. In software, the Chennai based Ramco Systems is selling its enterprise resource planning software package, Marshal, overseas. In hardware, the Bangalore based Ncore Technology has made a notebook computer for the world market.

Unlike Ramco, Ncore did not have the back-up of a cash-rich industrial house to embark upon a venture that many in the country's IT business think is a futile one.

Called `Yantra,' Ncore's multimedia sub-notebook weighs 2.1 kg, which Vinay Deshpande, Chairman and CEO, Ncore says is the lightest in the world in its class. So far so good — it was after it was productionised that Ncore's problems, because of its lack of financial muscle, began.

It could not give its would-be distributors credit for the 120 or sometimes even 180-day periods that distributors around the world generally require. This has time and again come in the way of Yantra gaining a foothold, however small, in the overseas market.

A Japanese company, Taisei Engineering, had tied up with Ncore to sell the machines through direct mail (a la Dell Computer) in the Land of the Rising Yen. Sadly for Ncore, a year later, Taisei decided computer retained for its in-house needs.

Ncore had shown `Yantra' at Comdex '95 and the PC Show at Sydney in '96, where it was received enthusiastically by distributors, says Deshpande, who did his bachelor's degree from Osmania University and his MS from Stanford. The inability to finance long credit periods and the interminable difficulties from customs and export-import laws together became a millstone around Ncore's neck. "There were customers who were willing to buy 20,000 customised machines annually from us. That's not a big number for the big companies, but is a very big one for us. However, no bank or financial institution in India

would give us loans using the finished goods as security. They wanted collateral in the form of immovable assets or shares," says Deshpande.

"They wanted credit of about \$ 15 million. An IBM or Compaq would find no problem in giving this much credit, but we just did not have this kind of money," says Deshpande ruefully.

"I do not want to sound bitter, but no state or central government or bank was willing to encourage us. And `Yantra' was probably the only effort of its kind in India. In Japan, Taiwan or Singapore, such an indigenous effort would have received encouraged, at least in the form of loans without collateral," he says.

Deshpande says there was skepticism when some foreign distributors saw the `Yantra.' "They asked us how we would compete with the big players like Compaq. We replied that we are not in the commodity market, but in the customised notebooks market. An order of 1,000 machines is good enough for us, but hardly enough for big companies," says Deshpande.

He says, however, that it's time `Yantra' is pushed hard. A marketing team under the leadership of Anal K Jain, who quit as Country Manager, India, Sun Microsystems, to join Ncore, has taken shape. An advertising campaign and the hiring of a public relations agency are also planned.

Jain, who was a bulwark in Wipro's marketing efforts earlier in his career, says: "Money is a problem but then we are not aiming at the commercial mass market. There are enough niches the Yantra can go into. Take truck fleets, where though global positioning systems cannot be generally built into notebooks, we can do it in the `Yantra.' There are many other niches like this and we can build unique peripherals into the Yantra based on requirements."

A subsidiary to market Ncore's expertise is also to be set up in the US, and this will help in establishing credibility and a brand image there. This office will, apart from marketing `Yantra,' also market two other Ncore expertise areas — contract design and its own intellectual property, evidenced in the 28.8 kbps modem technology it developed in-house.

For Jain, who has also invested in Ncore's equity, this must be the biggest challenge of his career. "I have used it and found it a good product. I am not saying it is better than a Toshiba notebook but it's not any less. And that's saying a lot," says Jain. He is also looking at making the machines for OEMs.

Says Dr. Sridhar Mitta, President, Technology Divisions and Chief Technology Officer, Wipro Infotech Group: "The product is an excellent one and something few Indian companies have attempted. Given that infrastructure in India is not available, it's all the more difficult."

"The idea from a design perspective is a very good one, but Ncore did not have the marketing resources, the marketing experience. PC products need a different type of marketing channel," Dr. Mitta says.

He adds that while the `Yantra' has a market even now, it was a product that, at the time it was developed, had no comparable product. "But the value of a design is zero in six months. Not having the marketing resources, the `Yantra' is not the kind of product that is suitable for a company like Ncore," says Dr. Mitta.

Deshpande says Ncore decided upon the `Yantra' as it was a logical extension of its earlier activities. "We had done several designs of motherboards for PCs, notebooks and laptops. In doing so, we also developed our own BIOS, and our own card and socket services software. So why not make our own sub-notebook?"

Besides, in the 80s, several companies in Karnataka had come together under a State Bank of India initiative called `Uptech' (Upgradation of Technology) to leverage each other's strengths and develop a world-class product. It had decided on making a laptop but the companies just could not stick together to achieve what they set out to.

Deshpande, who headed the initiative when he was at PSI Data Systems, a company he formed with his friends in 1976, however continued to have the idea at the back of his mind. So after he quit PSI, deciding to let Groupe Bull of France take a majority share in it, he launched Ncore, to mean repeat performance. The idea was to develop hardware products again, just as they develop India's first mini-computer, the System 16, when at PSI Data.

Another first, for Ncore, was the development of a digital signal processor-based, 28.8 kbps high speed fax/voice modem, complying with V.34 and V.42 compression standard. "We are one of the handful of companies outside Rockwell, Motorola and AT&T with this technology and even if I say so myself, this is quite an achievement," says Deshpande.

Ncore is close to striking a licensing deal on a non-exclusive basis with a Japanese company for its modem technology and is in talks with others; it has also licensed some of its speech compression technology developed in-house to a US company is set to strike a similar arrangement with a Korean company says Deshpande.

He is sure Ncore will be successful sooner or later, but hopes it's sooner than later. Deshpande's technical prowess combined with Anal Jain's marketing savvy should propel Ncore to success. It won't be easy but there isn't a better team than these two who can make it.

Ncore will roll out the Yantra's Pentium 166 MHz-based version in June and by then, it should hopefully make Ncore more of a commercial animal and offering customised notebooks in a world dominated by Toshiba and IBM should make it more of a commercial entity than its current reputation as a techno-freak company.