

MindTree

# Making of the MindTree

At MindTree, it will be our endeavor to continually share some of our learnings with the larger world. In that context, even the initial months that witnessed the birth of the concept to the launch of MindTree Consulting, constitutes a body of knowledge that we are happy to share with everyone.

The "Making of the MindTree" is told in the first person by Subroto Bagchi. In condensed form, it was published by Business World, filmed by InfiniTV, and aired on CNBC, IT Hour.

## June 17, 1998: Karavali Restaurant

In April 1998, after a decade with Wipro, I moved to Lucent Technologies. Lucent wanted to set up their Bell Labs Development Center at Bangalore. While at Lucent, I had the opportunity to work on a strategic study of the future of the Indian Software industry. During the course of this study, my eyes were opened to several things. It was clear to me that the 21<sup>st</sup> century will be to the service industries what the 20<sup>th</sup> century has been to the manufacturing industries. I also realized that every thing that we see around us would be either software enabled or software constrained. Given that, I felt that there would be insatiable demand for software services all over the world. Yet, companies who try to fill that need with just software skills will not be leaders. In fact, people who will lead in the emergent space will need to deliver not software, but what I call "knowledge enabled software". Many of today's software services companies will not be able to be leaders in the emerging future. Because, knowledge enabled software requires six things. These are:

Domain capability

Extensive use of tools

Methodology

Quality

Innovation and

Brand positioning.

I felt that given early emphasis on these, an opportunity exists to create the next generation, post millennial software solutions company. In the process, I also wanted to create a value based, socially sensitive organization that would make an up front commitment to societies in which it works. The day the idea germinated in my mind, I made a call to Krishna Kumar.

Krishna Kumar was the Chief Executive of Wipro's Electronic Commerce Division. Son of a railway doctor, KK as we call him, did his engineering at Guindy - followed by a management degree from Xavier's, Jamshedpur. KK had an illustrious career behind him. Though his first job was at ORG, his real career spanned 18 years in Wipro. He grew to become the Head of Northern Region at Wipro Infotech before becoming the Chief Marketing Officer of the organization. Then came the dramatic shift. He agreed to President Ashok Soota's idea to take over and revamp the Human Resources function. The company critically depended on it as it had aggressive growth plans as a software services exporter. When KK was Group VP for Human Resources, I was the Chief Executive of Wipro's Global R&D. As a line business head, I was KK's internal customer and we often worked issues together. There was a strong bond developing between the two of us, though we met socially only once in the ten years I spent in Wipro. Whenever I used to size up people, my highest rated person was typically one who would fill two conditions: someone I would love to work for and some one I would call first, if I ever got into my own business. KK met both criteria. So, one day in June 1998, I called KK and invited him to lunch. 17<sup>th</sup> June, we agreed to meet. It turned out to be a day that changed our lives, and many other lives.

At the empty Karavali Restaurant (it was not yet time for the afternoon crowd), KK and I filled each other with the details of our life goals. We did not see ourselves as climbing our respective corporate ladders. We agreed that there was space to create an outstanding service based solution focused company, we agreed that the key is to create significant shared wealth, we agreed that the biggest kick in life is to make extra-ordinary differences in the lives of ordinary people and we agreed that we must share our success with the larger society in which we are all born. By the time lunch was over, we decided that till we are ready to leave our respective jobs, we would meet every weekend and sculpt the future. Many months after, KK told me that the day was his son Abhi's birthday. He also said, unusual, propitious events usually happened on that day. It turned out to be true. Having made our tryst with destiny, the next step had to be something concrete.

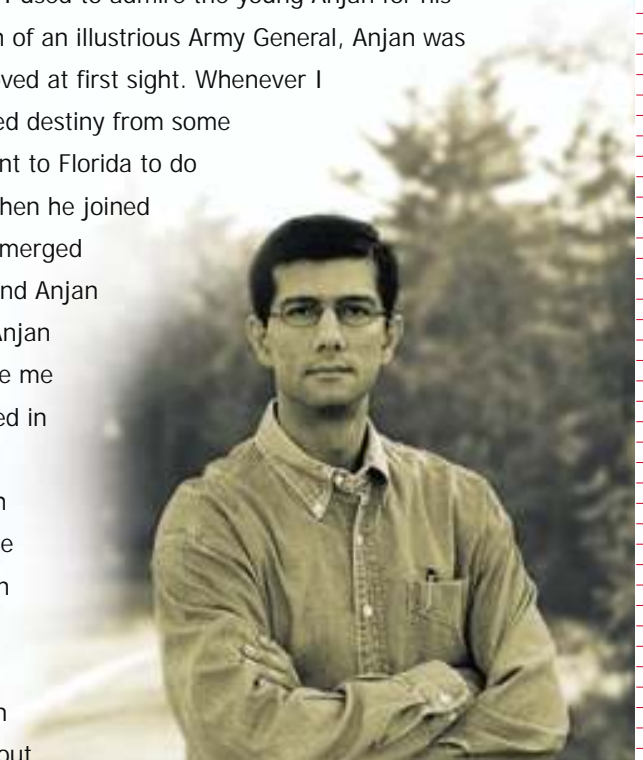
As we kept meeting each other, we realized that the juvenile dream needed the blessing of a wiser man. We knew everyone worth knowing in the industry. But at moments like this, it is difficult to decide whom to approach. We needed someone wise, someone who will not mock our dreams, someone who will bring out a sense of realism and at the same time hold the information in trust till it is time to hold the baby out to the world. I suggested the name of Professor N. Balasubramanian at the Indian Institute of Management. Having headed corporate finance functions in companies like Britannia and Wipro, he had taken premature retirement and settled down to a life of contemplation and teaching at the IIM. I had seen him closely at work and respected his saintly detachment. He was an understated man who had a kind, unassuming mind. KK and I went to see him at his office at the Institute and told him about the dream. He listened to us in silence for the most part, neither encouraging, nor giving any undue word of caution. KK and I had a thousand questions - from how much funding to look for - to how to locate the ideal venture capitalist partner, and whether it makes more sense to invest money in land and building or to rent space! At the end of our passionate spill, he asked us to write down a business plan first. He explained with patience that money was just a means to an end. We needed to figure out what end we wanted to pursue and that, he said, would determine the financial strategy. It is the vision that needed sculpting first; the financial strategy would emerge based on that. Go to some place, sit quietly and work out a business plan, he said. As KK and I got up to go, he called us back and gave one mantra. "When you make your business plan", he said, "underestimate the income and overestimate the expenses". In any enterprise, it is always a happy thing if your income exceeded your expectations but if your costs ever exceed your expectations, boy, you are in trouble. Dr. Bala promised to see us whenever we needed to. He had no expectations from us and just wanted to see us do well.

When you are about to set sail for a long and arduous journey, it is not the promise of the wealthy or, the push of the powerful that helps you to cast the boat. It is the first word of kindness, a simple message, an almost frail word of detached wisdom that signals you to lift the oar.

## Enter Anjan Lahiri

KK and I both had very hectic schedules. We were clear that we would not use company time and resources to create our dream. That meant working over weekends; it soon started to mean meeting at 8 or 9 every night and working till midnight. My wife Susmita and KK's wife Akila agreed that they would continue to live with us. However, both KK and I had jobs that required us to travel overseas for extended periods of time. That invariably disrupted our planning; the Business Plan was far from making any progress. But, our first loyalties were still to our current employers and we could not complain. Time was flying for both of us. We had to make more progress! We needed more friends to sign up; we needed more believers who could help in the process of making the business plan.

In August 1998, I had to travel to the US and I landed up in the East Coast and as fate would have it, stayed with a relative of mine who knew Anjan Lahiri. Anjan and I first met in 1988, when I joined Wipro as Customer Relations Manager and he was a rookie salesman in Calcutta. I used to admire the young Anjan for his capabilities and his huge modesty. Son of an illustrious Army General, Anjan was one of those people who customers loved at first sight. Whenever I saw him, I felt we had to have a shared destiny from some point. Anjan left India in 1989 and went to Florida to do his MBA, where he topped his class. Then he joined a consulting company that eventually merged with Cambridge Technology Partners and Anjan went on to be very successful there. Anjan and his young bride Purba came to see me at my relative's house. They had moved in to their new house a week back and insisted that I must spend a night with them. Anjan threw in an irresistible line to get me to agree "there is a wooden deck in the house, overlooking a meadow that blends in to the woods. Early in the morning, as you sip tea on the deck, you can see deer that flock out of the woods and come to the meadow". The deal was made.



*Anjan Lahiri*

Next morning, sitting together with Anjan, I asked him to explain his work to me. Cambridge Technology Partners is a world leader in methodology driven, "Rapid Application Development" in the client server domain. They were the first company to break the myth that any application development for a Fortune 500 company was necessarily an eighteen-month affair. Using a strong, consensus driven approach, Cambridge could establish a \$600 million practice in the IT solutions space. Soon, we were discussing life script issues. Anjan was doing extremely well in his work and had not yet nurtured any plans to leave Cambridge. Neither did he nurse ambitions to strike out on his own. Having listened to him, it was my turn to share my dreams. I explained the philosophy to Anjan. He was fascinated with the dream to create a truly solutions driven, truly international company. He was even more fascinated with the idea of making an up-front social commitment to change the face of one government school every year. I asked him to check with Purba and I was willing to accept her disapproval. To my utter surprise, she was even more excited than Anjan. I gave KK a call and told him that we were three now. We rejoiced. Yet, there remained a vacuum. Where was the money?

We needed a sensible person who would be willing to fund our dream. A US based private equity fund manager and another one from Europe had already approached KK. Informally, both had hinted that if KK ever considered starting something, they would be willing to talk. Through a professional friend, I also came to know of an India based Venture Capitalist. KK and I agreed to check all of them out. I met with the India based VC first. In his office in Bangalore, all I could tell him was our background and our philosophy in broad terms. He knew that we did not have a business plan yet; however, he suggested that we take the discussion forward anyway. At the end of the conversation, he fumbled for a moment. How would he present the opportunity to his boss? What could I give that he could take to his Managing Director? Anticipating this moment, I had prepared my CV and had carried it in my brief case. I took it out and with infinite grace, he accepted that as sufficient documentation to invite us for a round two discussion.

Separately, KK and I also met up with two gentlemen representing the US based private equity fund. They too were quite encouraging. Yet, we knew, beyond initial interest, what we really needed is a well-documented business plan. We were beginning to crystallize our thoughts in that direction. Between KK, Anjan and myself, we had a good enough starting point yet there remained a void. We needed a strong Technology Leader.

We decided to speak with two outstanding individuals KK and I knew. One was an excellent application person - the other was an acknowledged star in the technology domain. We wanted both.

When I spoke with them individually, the applications person agreed immediately. The technology person came back with thirty odd questions and my first long grilling took place. In my barely furnished apartment on Airport Road of Bangalore, the meeting with the potential Head Nerd lasted four hours. At the end of those four grueling hours, I knew two things. One, he was probably on. Two, we did have a convincing story. He agreed to check with his wife and come back soon. This was already November of 1998. By this time, we had agreed that the best way to make progress would be to take off from our regular work, get holed in to a hotel, far away from Bangalore and think through the Mission, Vision, and a first-cut business plan that could be given to potential Venture Capitalists. We thought the Christmas week would be the ideal time and we now needed to settle the venue. Bangalore was ruled out. So was Mysore. Taking a hotel in either place would lead to exposure. Half the IT world knew KK and the other half, I would like to believe, knows me. In the light of our soft arrogance, we thought, we needed a far away place where no one would know us.

## Call of the Wild

At that time, I was also fascinated by the prospect of setting up the new venture on a sprawling campus, in a far away place. I had always dreamt of a hundred acre facility set up amidst lush green trees, overlooking sand dunes and waves that crashed on the beach and slid back in to an azure sea. Vizag! We agreed it was an excellent idea. For starters, no one would know us there and we could also check out the feasibility of a location other than Bangalore! While all that was fine, we ran in to a logistical problem of sorts. How do we all travel together to Vizag without being recognized? At such an early stage, we could all do without speculation. Traveling by air would almost certainly give away the story. Train was going to have some exposure no doubt, but more importantly would mean a lot of time wasted. Then came the idea of driving down by car. Vizag isn't really close to Bangalore. We calculated that the distance was somewhere in the range of 1200 kilometers. The idea gripped us and we were like a bunch of juveniles who had to do it. Our wives were justifiably concerned about the impending insanity. After some persuasion, they realized we were possessed. They let go.

It was agreed that Anjan will fly down from the US to Vizag and KK and I would take our two cars and four other friends to reach the Park Hotel on the 24<sup>th</sup> of December after staying overnight at Tirupati. Out of the four friends, one had mediated in my discussion with the first Venture Capitalist. The second was the applications technology person to whom I had spoken to and who had agreed to join. The third was another professional friend and a potential founder and the fourth was the potential Head Nerd who had come up with the thirty questions.

On the eve of leaving for Vizag, the applications technology person called in and said he was not ready for something like this. I felt sad. But we decided to move on anyway. The other three came on the appointed day and time when KK and I pulled out our cars and turned towards the Old Madras Road. On to Tirupati for a night's sleep and then, early next morning, the long drive to Vizag on the national highway connecting Calcutta on one end and Chennai on the other. The Technical Leader who had asked me time to think through after the four hour grilling and had then decided to hitch his fortune happened to be N. S. Parthasarathy, at that time, General Manager at Wipro's Technology Solutions.

Namakal Parthasarathy was born to a traveling ticket collector in the railways and grew up in small town railway colonies. After a brilliant stint in high school, Partha went to the famed Birla Institute of Technology and Sciences, Pilani, and then did his Masters at the Indian Institute of Technology, Kharagpur. After that, he joined the R&D at Wipro and grew up as an Operating Systems expert. He was one of the handful of people who were hired by Microsoft in the early eighties when Microsoft had come looking for talent from India for the very first time. A right thinking consul at the US Consulate had at that time, decided Partha's destiny by declining him the visa to the US. Thank God for such people! Despite two subsequent, longish opportunities to work in the US on behalf of Wipro, Partha never subsequently considered working for any US company or settling down in the US. Dozens of unsolicited offers routinely poured in every year, as he would dutifully pull out a Maruti 800 car from his middle class, Sanjay Nagar house every morning to drive to his work at Wipro. He was one of the handful of R&D engineers at Wipro who had seen through the transformation of Wipro's R&D from a domestically focused inward looking cost center, to an international lab-on-hire. People like Partha made Wipro what it is today. Behind the spectacular stock market performance of one of India's most admired companies are people like Partha whose world was untouched by the dizzy market capitalization of the corporation. Partha was a technology whiz kid and an outstanding people manager. Partha headed the 200-person development center Wipro ran for Lucent Technologies and dreamt of an opportunity to go and teach at a second tier engineering college someday. If only destiny permitted!

Destiny is strange. We spoke to two technology experts to join us. One agreed wholeheartedly but quickly dropped off. The other took time to think over, but came for the long ride anyway. But that is what enterprise is all about.

The drive to Vizag was an insane decision. We had, like in any well meaning software development project, grossly underestimated the time the trip would take. We left Bangalore at 5 PM on December 23<sup>rd</sup> and reached only at 1 AM on December 25<sup>th</sup>. We had calculated the time, based on the distance. A good "situation analysis" exercise would have made us to look at other "project risks" like road condition. We did not

imagine that national highways would be in the state of disrepair that made us often crawl for miles at less than 40 kilometers an hour.

The ride turned out to be long and arduous. But the team stuck together.

Oblivious of the strain, we were actually beyond ourselves with joy.

It was the longest career high we ever enjoyed.

We watched the most beautiful sunset as we left behind the rocks of Kolar. Next morning, we saw the most spectacular sunrise driving out of Tirupati.

We stopped at wayside shanty

hotels and ate like gluttons; we took turns to drive the two cars past lush green fields.

We bargained like hell with guava sellers on the numerous bridges spanning across the

Krishna River and we borrowed a hosepipe from a villager and gave our cars a bath. It

will remain a beautiful and pure experience for us for the rest of our lives. When we

reached the Park after 1am on the 25<sup>th</sup>, we were too tired to do anything. Anjan had

arrived and checked in. In keeping with austerity fit for a start up, we shared rooms

and in preparation for the week and the years ahead, slept off like a bunch of boy

scouts in their first camp away from home.



*Partha and Subroto share a cup of tea at a road side hut*



*The day begins at Park Hotel with a car wash*

## Making of the Mission, Vision and Core Value

At Vizag, we worked like the devil had possessed us. We almost completely ignored the golden winter sun that lazed on the azure sea overlooking the window of the conference room. All of us took turns to facilitate the discussions. We argued and debated



*Anjan & KK in animated discussion*

passionately. In moments of extreme intellectual engagement, KK and Anjan frequently stood atop the conference table. After the first day, they realized the futility of stepping up and down and decided that standing on the table was a more fruitful way of conducting business.

The rest of us did not complain as long as the two were delivering. The occasional waiter who came in to replenish the flasks of tea and coffee soon

got used to the spectacle and learnt to ignore our involvement. In that mode, working twelve hours a day for nearly a week, we wrote down the Vision, Mission and the Core Values of the new company. We also created several spreadsheets that would eventually morph in to our Business Plan.

It was in Vizag that we decided who we want to become. After long hours of debate, we settled on a Mission Statement. It read, "We will deliver business enabling software solutions, by creating partnership with our customers, in a joyous environment for our people". The more I contemplate, the more deeply I feel a sense of oneness with the statement. As you can see, there are three parts to it. The first part is about our business space. We want to be a "business enabling software solutions" company. The second part has to do with our approach. We want to be what we want to be, in "partnership" with our customers. After all, the wisdom of the world is not in us. Also, it is the ability to "accept, to receive" that is invariably bigger than the ability to "give". The inherent message is that, we do not want to present ourselves as people who can transform our customer's business all by ourselves. It is only when a partnership is struck, we are able to be our best and deliver value. Also, desire for "partnering" creates an all-together different pressure on us to "earn" that place in the customer's world. The emphasis on partnering also rules out tactical business relations - however tempting they may appear in the short run. Partnership always is a long-term concept. The third part of the Mission Statement talks about "a joyous environment for our people". Quite clearly, we envisage a workplace that looks beyond the beaten concepts of people orientation and will have to challenge itself continually to create "joy" in the minds and hearts of those who work with us. Having carved out our Mission Statement, we said, we now need a set of tangible, time bound Visions that will tell us whether we have succeeded or not. This was another long drawn out, but very satisfying session.

We said, we would consider ourselves fulfilled if by 2005, we could achieve the following four Visions:

Achieve \$100 Million in revenues

Establish development centers in four international locations

Create ownership through stock options at all levels in the organization

Commit a significant portion of our PAT to support enhancement of primary education in the societies we work in

Like the Mission Statement, our Vision is deliberately simple. We want these to be clear, measurable and easy to remember. Each one has a set of reasoning behind it and collectively, they are linked to each other to form the foundation for our enterprise. First of all, let us take the statement capturing the top line. Subsequent refinements have actually made us upward revise our top-line ambition to \$123 Million and that is how the Vision Statement reads now. We thought, at a lower run rate, we would not have critical mass to be a world class company. At a size less than that, the company will not be interesting to investors and employees. Did we know clearly as to how we could achieve that number? Of course, not. Given our collective capability, we could clearly see ourselves achieving somewhere around only \$65 Million. The rest, we said, we need not predict. By keeping that part open, we clearly kept the room for unusual opportunities that cannot be "boxed" with the ignorance of the future and the benefit of the past knowledge. These could stem from technological convergence and discontinuities; these could come as a result of diversification we can not exactly fathom today, or unusual merger or acquisition opportunities that may present themselves. In setting sail for the unknown, it was in order to budget for some providence and we were comfortable with that.

Our second Vision reflected our need to build an enterprise that would truly have an international look and feel. To be truly international we needed to develop software code internationally. It also reflected a model by which we may grow our competencies wherever it makes best sense but we will also keep the kitchen close to the dining table of our customers.

Our third Vision seeks to create substantial shared wealth for our people. We do not believe that the future belongs to a business model that perpetuates a "winner takes all" mind set. We will consider ourselves very fortunate if we can make substantial, irreversible difference in the lives of ordinary people. History tells us that it is always the ordinary people, who given a cause and the wherewithal, deliver extra-ordinary impact on a sustainable scale.

Our fourth Vision bound us all on an emotional chord that was very central to the motivation to create wealth. We see ourselves as a knowledge company. As a result, we want to support knowledge where its making is most fragile. We want to put aside a significant portion of our profits every year to support government sector's primary schools in the societies that we work in.

As a little boy, I grew up in the tribal districts of Orissa. Till the age of 8, I was not sent to school, as there were none close to the ramshackle government houses we lived in. Later, when I went to a school in a backward district called Keonjhar, I used to sit with forty odd children on a durry on the floor. Only from the seventh class on, you could sit on a bench. The school had a science lab but no apparatus. We never did any experiment and the roof made of earthen tiles leaked in monsoon and often during rest of the year, sparrow eggs fell on our heads, eliminating the need to look for protein rich shampoo. I am sure the plight of government schools has not changed in all these years and the examples of misery are quite scalable across continents. We think our Vision to make indelible difference to at least some of these schools makes business sense. It will help us attract a kind of employee and in turn, it will help us attract a special kind of customer.

Having settled our Vision, we asked ourselves, what would be the "core values" upon which we will build the enterprise. Flowing from the Mission and the Vision, we settled for six core values. These are:

Reduce Total Cost of Ownership for our customers

Partnership is the cornerstone of our existence

Respect individual contribution but, value Teamwork higher

Create an Organization based on learning, innovation and quality

Enable employees to rise to full potential and reward with wealth creation

Conduct ourselves with the highest sense of integrity

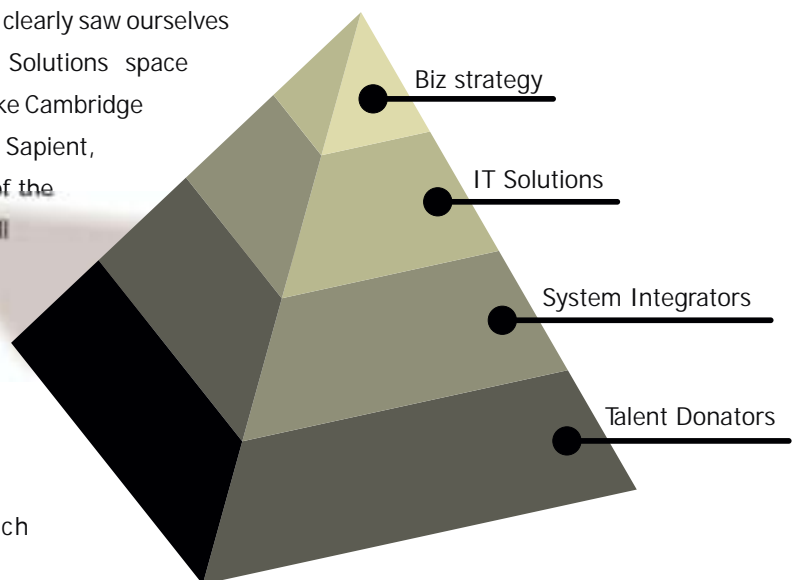
Total Cost of Ownership (TCO) is going to be a critical mindset. While many people think of it as a hardware concept, it is already well known that hardware often accounts for as low as 3% of IS budgets for Fortune 500 companies. Thus, we want to be able to create an organization that will project a longer term view of the customer's future, reliably predict the TCO for their software and then, using our unique methodology and competency, drive that down significantly. To be able to do that, customers will need to grant us access to their knowledge and functioning. Therein lies the need to present ourselves not as "vendors" or "contractors", but as "partners". The

third core value reflects our collective experience of building and running high performance teams. In some places, I have seen how intellectual arrogance of one individual not capable of teamwork can systematically destroy an organization. We do not want any of that. Our other three values are basic to create a high performance, knowledge organization. Given the Mission, the Vision 2005 and the six Core Values, we then set out to define the space in which we will work and the methodology which is going to be a critical differentiation.

In Vizag, during our long hours of intense deliberations, we decided that we would focus on two areas of business. One is what we came to call "Net-enabled Solutions" and the other is "Application Maintenance Services" incidental to the first. Net-enabled solutions fundamentally mean three things: Web based applications, ERP Wraparounds and what are called "Front Office Applications". The first is quite self-evident. The second relates to the entire world of ERPs that have been deployed in the last few years and need to be extended to the emergent realities of an "Internetworked" world. The third category is about applications which are "numerator driven", as against "denominator driven". Numerator driven applications bring in customers and increase sales. Denominator driven applications improve internal efficiency and reduce costs.

## Differentiate, Differentiate, Differentiate

In Vizag, during the lengthy debates, one of the things that helped us achieve significant clarity was our understanding of the value chain in the software services business. The way we see it, it is a pyramid. At the bottom are, what we call, talent donators. Above them are system integrators. Thereupon sit what we call IT Consultants. At the very top are the business consulting companies. As you go up the pyramid, the value add increases as does per-person productivity. We clearly saw ourselves competing in the IT Solutions space along side companies like Cambridge Technology Partners, Sapient, Scient and the Viants of the world. These are all large to mid size companies that have come up to challenge the monopoly of the IBM and the Computer Associates and such companies.



*The Software Services Pyramid*

Going from one layer to the next is not easy -because, there is a glass ceiling separating each layer. By merely being efficient in doing what you do best, you do not necessarily get to the next higher level. Organizations like ours that pitch as "IT Consultants" need to have certain key differentiation. What differentiates the players in the IT Consulting game from those below it? As we see it, six things. These are Domain, Tools, Methodology, Quality, Innovation and Branding. Lets talk briefly about these before we move out of Vizag.



*A session in progress*

To be world class, the first requirement is to be able to state your domain. Your domain tells every one what you stand for. If a company wants to be recognized, it is not always important to be large, it is important for the company to be able to say what it stands for

The next important thing is the use of tools. What distinguishes an ordinary hospital from an excellent one is not just medical talent. It is also the access to sophisticated tools. The underlying assumption is that the power of the doctor to heal fast and heal well depends on the tools at her command.

The third, and probably the most critical, is methodology. Methodology represents organizational knowledge and is the best guarantee for delivering predictable performance. For example, when an organization invites a Big 4 consulting company to study its needs, the consultant uses proprietary methodology to determine customer needs. This makes the need assessment process itself defect free and at the same time ensures that irrespective of which person is deputed on the assignment, the result will have predictable Quality. Unless we build a methodology driven company, it will be difficult for us to make a mark in the IT Solutions space.

The fourth key differentiation is Quality. Quality encompasses all aspects of an organization's maturity and successful ones will be those who have a holistic, or all encompassing view of Quality.

The fifth key differentiation is Innovation. Leading edge companies of the future will have to manage the process of innovation. It cannot be left to chance or happenstance. In the 20<sup>th</sup> century, innovation was witchcraft. In the century ahead, we feel, it has to be a "managed process".

Last but not the least; we will have to differentiate ourselves by building our Brand. A brand is the perceived and potential value in the mind of the customer. It is an assurance, it builds trust. In the past, people considered branding as something only product companies need to think about. In the future, as we see it, Branding will be an important aspect of building a service-focused business.

On the morning of December 31<sup>st</sup>, we pulled out our cars from the Park Hotel, taking with us some of the most beautiful memories we will ever have and headed for Hyderabad. At Hyderabad, JRK Rao, an officer of the Indian Administrative Service (IAS) who was the Executive Director of Andhra Pradesh Infrastructure Development Corporation was willing to listen to our plans and see how his state could help. The drive to Hyderabad was a torture. Often, we were stuck for hours in serpentine traffic on the national highway. It was a grim reminder of how infrastructure poor, countries like India continue to be. We suffered in silence as the heat, dust, flies and fatigue continued. As software industry professionals, we often become comfortably cocooned in an unreal world where most things work, most of the time. It was close to midnight when we reached Hyderabad. Next morning, Mr. JRK Rao met us. After listening to the first ever presentation we made to anyone, he immediately agreed to help. Insisting that we make Andhra Pradesh the home for our company, he pledged all government assistance. Later, we debated the pros and cons and finally settled that we will bootstrap the organization from Bangalore. But as long as we live, we will remember Mr. Rao and his encouragement. Greatness lies, not in backing the known, the capable and the established. It takes greatness to extend support to an unborn dream. The meeting with Mr. Rao gave us a lot of self-confidence. We had a team, a story, a few spreadsheets, a government willing to back us. Now, we said to ourselves, we are ready to talk about Venture Funding.

The road to Bangalore was beautiful. Miles of well cared national highway that traversed mountains and rivers and sunflower fields seemed to be joyously cheering us on. Occasionally we stopped at a tea stall or a railroad crossing to listen to our own heartbeat.

## Raising Venture Capital

Back in Bangalore, we commenced discussion with three Venture Capitalists. It was clear by now, that we will have to create an international look and feel for the company. It also meant higher than usual up-front foreign exchange investment in hiring the right kind of people, setting up offices overseas, investing in development of methodology and Branding. All this ruled out further discussion with a completely India based fund. Also, when choosing a Venture Fund one has to look at, other than cash, what value the partner brings. In an international business, who has funded you makes a lot of difference. The list narrowed down to two. With one of the two, we discovered, value match would be a problem. The style of the managers of that Fund did not give us the desired comfort level. Given that, we had the uncomfortable prospect of dialoguing with just one Venture Capitalist. At this time, destiny played her first card.

Sudhir Sethi, India Head of Walden called me up and asked me to deliver a lecture presentation to 40 odd potential investees of Walden. Sudhir was a close personal friend and even before he joined Walden, he had consulted me on his unusual career switch, from working for an IT company to a Venture Capital firm. I had felt very excited about his joining Walden and had egged him on. For two reasons. First, I thought the opportunity was unusual and would give Sudhir a new career high. Two, he would work for Som Das. Som's name always brings back memories of 1990 when Wipro asked me to go off to the US and seed the beginning of its US operations for its R&D.

Som Das was in the IAS, assigned to the Maharashtra cadre. While serving there, he had ideological differences with his political bosses. Som quit the IAS and went off to pursue MBA at Stanford. After completing his study, he joined VLSI Technology, a semiconductor company in San Jose and when I met him for the first time, he was Director of Worldwide Strategy. Despite his disappointment in the bureaucracy, Som had a phenomenal commitment to India, deeply believed in her capabilities to contribute to global high tech and was an active supporter of anyone who came to the Valley trying to set up any high tech venture. Som was a founder of the Silicon Valley Indian Professionals Association (SIPA). When I moved out of Wipro GE Medical Systems to accept the challenge of repositioning Wipro's R&D and came to the Valley, a very senior executive had dissuaded me. Knowing the restrictive trade environment, he had said, "why do you want to give up Wipro GE and pitch a tent in a desert". With not enough money to start a proper office, I actually ran Wipro's office from my dining table and literally, the sparsely furnished apartment was my tent in the desert.

One day, Som Das learnt about me from somewhere and gave me a call. He said, let's meet. My standard ploy was to do meetings in restaurants to save the dining table from exposure. The only time he could meet was after 9 PM and did not want the formality of meeting in a restaurant. To my horror, he suggested we meet at my apartment as it was on his way to his Palo Alto home. I gave in. The agenda? Som wanted to know more about Wipro and how he could help. The meeting lasted 3 hours. When Som left at midnight, my wife and I were amazed at the commitment. This meeting led to several doors opening and a lifetime of friendship. In all the years that followed, Wipro benefited from the angel like interest Som took without any expectations whatsoever. Many years after, when I left Wipro and Som left VLSI, we still kept in touch. Som left VLSI to join Walden, a \$1 Billion venture capital firm from California that specialized in high-tech deals. Som persuaded Walden to set up an India fund and later hired Sudhir Sethi to head it. As our business plan progressed, I felt awkward to speak to either Som or Sudhir as it might look like I am taking advantage of a lifetime of relationship -- till the afternoon I made a presentation to their 40 odd potential investees at the Gateway Hotel in Bangalore. At the end of the presentation, I invited Som and Sudhir for lunch at home next day. It was at my

sparsely furnished, temporary apartment in Bangalore where we were living out of suitcases, while waiting for my house to be built. Providence makes me meet Som always in such state. My wife Susmita has by now learnt to serve a meal with makeshift cutlery without apologies. As I got home that night, I asked KK whether we should shed our inhibition and make a pitch to Walden. He saw no harm and agreed to join for lunch.

Next day, before lunch was served, we made our presentation to Som on my dining table for the second time in our relationship. At the end of the pitch, Som and Sudhir agreed that it made sense to carry the discussion forward. We agreed to discuss the business plan with special emphasis on the financials. This led to at least two more serious, subsequent discussions with Sudhir. A meeting with Som was considered important and we figured out that it could be done whenever I visited US next. We agreed to wait.

## Kamran, Scott, Kalyan and Rostow

This narrative is largely sequential. Except in some places where I have taken liberty with timing of certain events. In a way, it is the confluence of happenings that become more pertinent than what happened when. With

that disclaimer, let me share with you, how we met with four outstanding individuals who agreed to sign on to our dream and helped shaped the Mission, Vision and subsequent roll out at different stages.



*Kamran Ozair*

The first in the list is Kamran Ozair. Kamran comes from enviable stock. He came to US as a student and went to the famed Dartmouth College. Among other claims to greatness, Dartmouth gave BASIC language to the world, breaking us free from mainframes and machine languages. After his education, Kamran joined and excelled at Cambridge Technology Partners.

He commanded a lot of respect at Cambridge and from their customers as a man who had complete command over technology. Anjan, Kamran and Scott Staples were a team that had worked together in several accounts and developed deep respect for each other. Anjan thought that we should talk to both Kamran and Scott.

My meeting with Kamran in Anjan's study in his New Jersey home was an affair to remember. I had butterflies in my stomach as I made my pitch. For starters, I had no idea whether I was making sense to a man who knew technology and the market place much better than I did. To add to my discomfort, if I failed to impress Kamran, I would fall in the grace of Purba, Anjan's wife and my hostess. Purba was like a little sister whose scrutiny was near total. To continue to deserve her dinners, I had to deliver. Kamran had just arrived after a day's work, all the way from Philadelphia and here I was, making a case for joining. At the end of the presentation, Kamran was in. He said it is not so much the money that mattered. In this venture, he saw the opportunity to



*Scott Staples*

create some value some day that could help his motherland to benefit. "If Faith wants me to have money I will have money. If Faith does not, I will not..." Kamran's words will stay in my mind for the rest of my life.

Scott's great grandfather fought the American Civil War. That is about as American a founder as we could ever hope to get! The uniform he wore is on display in the city museum in Salt Lake City, Utah. Scott grew up in a middle class home with many siblings. As a young boy, when all his friends went to work in shops and such like to earn money, he decided that he wanted to do things that add more value. So, he decided that he would paint people's windows. Even at that age, Scott made out his "direct mailer" and actively promoted himself. It was an instant success. Scott delivered more value and made more money than his friends. When he passed school, his father had a small pool of money from his hard earned saving set aside. He called Scott and told him that the pool was good to see him through the first year of college. After that, Scott would have to fend for himself. Scott told his father that he better save that pool for his siblings and that he would work his way through. Scott did that. Below his resume, even today, under the heading "Other Accomplishments", Scott writes "100% financed myself through college". When we first met in a period restaurant off route 287 in New Jersey, I asked Scott his prime motivation for starting a company, now that he was one of the best billed Sales Managers of Cambridge Technology Partners. He gave me an astounding reason. He said, "Remember when I used to paint people's windows? At the end of a hard day, I would look at my work and reflect 'wow, I did that'. Somewhere I have left that satisfaction, that pride and above all, that stamp of Quality behind. I want to be part of a group that is small enough for us to look

at the window and be able to say "wow, we did it". After listening to me, Scott agreed to join in as a founder.

Rostow Ramanan loves his name. People invariably ask him to explain it. Rostow's grandfather was a freedom fighter and an atheist. He named his children after "anti-Gods" if you will. Thus, Rostow's dad was named "Ramanan". Somehow, Rostow's father did not become an atheist but the name stayed. When he had two sons, he picked up an international theme instead. Rostow, the first-born was named after the famous US Economist W.W.Rostow. His only medico brother is Romel. Rostow's parents had a name reserved for a girl child though they never had one: Helsinki. We did a name reservation on that for Rostow's daughter, even though at the time of forming the company, he was single. Rostow studied commerce and then did his chartered accountancy and his company secretary examination with flying colors. He worked for KPMG as a Consultant and KPMG had decided to post him to New York. At that time, Lucent offered him a job in Bangalore to help set up the Bell Lab Development Center. Rostow is a finance person with the pretensions of a technologist. When I talked to him about the Mission, the Vision and the other founders, it was not difficult for him to say yes. In India where parents are more cautious than children, Rostow's parents were completely supportive. Strangely, so were Partha's. All the wives were very supportive too. Saba Kamran's wife, Jennifer Scott's wife and Purba Anjan's wife all thought it was a great idea.

Kalyan Banerjee's father was born in a poor brahmin family near Purulia in rural Bihar. Along with his brother, he used to walk ten miles to school every day through the paddy fields. As the two trudged on, every day, a wealthy man (actually the local king) would watch them and become curious. One day, he called the two boys in and asked them who they were and where they came from. On learning about their poverty and impressed with their sincerity, he called for their father. When the two met, he had an offer. He suggested that the two boys stay in his house and go to school rather than walk ten miles every day, each way. Life changed irrevocably from that point. Kalyan's father grew up to become a geologist and in turn, sent Kalyan to the famed Indian Institute of Technology. Kalyan joined Wipro and grew up to be an acknowledged expert in Operating Systems and an authority on fault-tolerant UNIX. A few years back, Kalyan decided to switch his career from being a Head Nerd to Human Resource Management. He headed Wipro's Technology Solutions Division and was responsible for the Human Resource function of a 1400 people organization. As a mentor to Kalyan, I knew his future lay in Knowledge Management. When I proposed that he come and set up for us the best Knowledge Management repository in our chosen domain in this part of the world, he readily agreed. So did his wife, Debjani.

While all this was progressing and we were putting in place what the world and the media later called the "Dream Team", destiny played her second card. We were quite unprepared for this one!

## El Camino Real, Friday 12<sup>th</sup> March

All of us were very clear about doing all the preparatory work after dark. We did not want to use company time or resource in preparation for the new venture. As a result, whenever any one of us had to travel overseas for a long time, things slowed down. Except for once. I was to go to the US and my work took me to the west coast. Sudhir suggested that after I finish my work for Lucent, on the way to San Francisco airport, I should have dinner with Som Das. It so happened that Sudhir was also going to be present. The idea was to walk through the financials a second time, presuming that we made some progress.

It was Friday, 12<sup>th</sup> March. My flight out of San Francisco was close to midnight. We agreed to meet up in Sudhir's room at the Radisson on El Camino Real in Santa Clara. That morning, after speaking with some of the other founders, I felt that we have not been able to make progress enough to meet Som. So, I called Sudhir and requested that we drop the meeting. None of us wanted a "feel good" meeting. Sudhir agreed. Minutes later, he called back to say, independent of the financials, Som felt we should meet. There may be something interesting he would like to discuss, Sudhir added, with a hint of mischief. I agreed.

We met close to evening in Sudhir's hotel. It started on an awkward note. Som was deliberately playing a little remote and kept asking me very VC like questions. He asked how we thought we could differentiate ourselves, and similar questions.

After troubling me for a while, he finally decided to call off the game. We got up to walk down to a nearby Afghan restaurant; while walking down El Camino Real, he broke the news. "This morning, I had a phone call from Ashok Soota. I missed the call and he left a recorded message on the answering machine to call back." Ashok Soota and Som Das spoke within hours of that call and the message was, like Ashok, unambiguous. He had spoken to Wipro's Chairman, Azim Premji, and communicated his intent to start something on his own. The question was, would Som be interested in funding it? Som asked Ashok on the business model and after briefly listening to him, was amazed at the synergy in thoughts he had picked up from us. As a VC, Som cannot reveal too much. So, he told Ashok, that some senior Wipro people and an ex-Wipro person have thought of a very similar business venture and Walden is in discussion with them. Without having to go further, Ashok Soota said, "let me make a guess you are talking about Subroto Bagchi". Som asked if Ashok would be open to merge the dreams. Whether Som could take me into confidence and share the information this night over dinner? Ashok Soota did not hesitate for a moment. He said, "go ahead and speak to Subroto, and ask him to call me after he comes to India". Within minutes after this call, Som conferred with Walden's Chairman and got the go ahead from him. This was not a deal to miss, they all felt.

The world was reeling in front of my eyes and I had to pinch myself to believe that this was not a fantasy. My mind went back to August 6, 1998. Ashok Soota was to attend a meeting of a sub-committee of the National Information Technology Task Force. During an earlier meeting with him, he had invited me to join the deliberations in Delhi along with people like Rajendra Pawar, Ajay Choudhry, Pradeep Gupta, Dewang Mehta and a few others. I was quite honored and we agreed to take the morning flight to Delhi on that fateful day. After we settled down and the Indian Airlines flight was at cruise altitude, Ashok asked me, "So, Subroto, after Lucent, what?" It was typical of him and having worked for him close to a decade, I was not surprised with the question. By that time, KK and I had met probably half a dozen times and had a preliminary picture in our mind. The crucial part was our desire to build a world class, top end software services company that would create wealth and share it substantially with all our people and make an up-front, substantial commitment to society as part of our business model. Ashok listened to me in all seriousness. It was his profound grace that he did not ask his laser sharp questions that every one in Wipro learns to cope with during reviews. Not that I was scared. The truth was, we had not thought through details. He said that he was not surprised at my goal and noted that I always had the altruistic trait in me. Food was served and the discussion was winding down. It was my turn now. I asked him, "After Wipro, what?" He laughed and said, why do you ask such a question? I explained to him that he has done all that he could to bring Wipro to where it is today. As a national resource, he would be wasted in Wipro doing incremental things. I told him that there were two other assignments he could try his hand and make spectacular impact for the country. One was becoming India's Ambassador to the European Union. Second, set up his own software company and build one more winner. He listened to my impassioned plea intently. Then he said that an IAS Officer from Karnataka, Mr. K. Jairaj had been saying the same thing to him for years. Many Venture Capitalists have been prodding him from time to time too. But frankly, he had work left undone at Wipro. But who knows, it is an interesting thought, he said. May be we should talk about it another time. "I am off on a vacation to the Canadian wild in fall why don't you give me a call after that", he concluded. When fall came, KK and I had moved forward so much that I did not pursue the dialogue with Ashok. Besides, soon after, he became Vice Chairman of the Board and was given the charter to make Wipro the No.1 software company out of India. Why fool around with him? Very casually though, I asked KK, how would you like to have Ashok Soota as Chairman? KK thought he would make a fantastic Chairman. We dropped the subject. Until, I heard Som Das say what he did.

We settled down for dinner at the Afghan restaurant. I was excited and in my mind a thousand things were exploding at the same time. Som broke the silence. He said, what do you think? I told Som and Sudhir that this is great news for the software industry. I also saw that a convergence such as this was an opportunity to make

history. However, none of the other founders knew and I had to speak with them. I promised to revert after we all came together on the subject. On highway 101, the ongoing traffic and the headlights in the opposite direction all blended mystically and I had the feeling I was getting teleported in time and space. After checking in at the airport, I called Ashok Soota. I could barely speak. We agreed that we would meet the following Sunday. He did not know who the others in our team were. We felt that could wait. Before boarding the Singapore bound flight, I called KK and broke the news to him. The flight from San Francisco took off in to the Pacific night all the way to Hong Kong and then Singapore and then after a night in Chennai, I reached Bangalore. Throughout that long, endless flight, I did not sleep a wink. Two long sleepless nights, in anticipation of God knows, how many more!

## Chairman for a nameless Enterprise

On arrival at Bangalore, KK came to see me immediately at home. In his presence, I tried calling Ashok but his line was engaged. I kept the mobile phone down next to me and continued to excitedly discuss plans. I was quite unaware that the auto redial was active and the phone had connected itself to Ashok and he actually overheard KK's voice. The cat was out of the bag. It did not matter any more.

18<sup>th</sup> March, 1999. I carried my laptop and met Ashok at his residence and gave him a presentation on the proposed company. It was nice to be selling him a business plan I have done that for many years as Chief Executive of Wipro's Global R&D. There was a difference though. I was pitching to get ourselves a Chairman. After listening to me with rapt attention, he felt that we have done a lot of thinking through. He felt this was indeed a Dream Team and everything looked good. He did think that we needed to be far more realistic about the

size of the investment required. "Before you say Jack Robinson, the money will be gone". He advised that we completely re-look at the investment strategy too. After all, we had planned a building of our own and a campus. "Why should a knowledge company want to own brick and mortar?" he asked. "Invest in knowledge, invest in creating markets, and invest in owning our customers". Having said all this, he wanted



*Ashok Soota*

time to think about the idea of merging the dreams. He had other options. There were possible entrepreneurial options at Wipro and of course, he could do it all by himself. I had to leave for Paris to attend a Lucent conference and we agreed that by end of March, we would take a decision in the matter. I agreed to leave a detailed financial statement derived from the business plan with him and we closed the meeting.

March 31, 1999 - after evaluating his life script carefully, Ashok Soota called in to convey that he would like to merge his dream with ours and agreed to accept Chairmanship of an unnamed, unfunded start up. Before we could start a business, we did a merger. However, Ashok's news had to be handled with extreme confidentiality. Something like this handled poorly would adversely affect Wipro's image and stock market performance. We all agreed that the news must be protected till Wipro identified a replacement and we also thought that ethically, we should let Wipro make the first announcement. Meanwhile, we had work to do. We needed to completely revisit the size of our dream, redo the business plan, rethink the requisite investment strategy and not the least, get ourselves a name.

The subsequent days saw most of us working from 7 PM every evening to past midnight. We revised our first Vision. We agreed to aim for a top line of \$123 Million by 2005. We settled for an equity size in the range of \$9.5 Million and at Ashok's suggestion, brought forward the commencement date of our European operation. We dropped the idea of constructing our own building - at least, until we went in for an IPO. Meanwhile, a friend suggested that we visit the site of a company called "Name It" in California. Name It, given a brief on the intended nature of a business can generate names for a fee. Once you pay the fee and give them a brief, Name It sends out the same to dozens of people around the world who work as creative retainers, using the Internet. After thinking through, they put in their recommendations in a repository and Name It lets you choose from that. Scott Staples made the briefing to Name It and in a week's time, Name It came back to us with a choice of 729 names. We had a different problem now.

While all this was happening, Economic Times reported KK's news of leaving Wipro after a very understated company bulletin on the subject was issued. A few journalists had wind of my departure from Lucent but in keeping with Lucent's wish - I stayed away from them completely. However, no one could guess that Ashok Soota was also in the picture. The first journalist who picked up his involvement was Asha Rai. She kept calling KK and me and finally just walked up to Ashok and confronted him. Honor bound not to speak, Ashok had to make a straight-faced denial. He was very uncomfortable about it. After all, the Press had to be handled with transparency. But then, there are times when you do not own the truth. Around this time, some analysts got the wind and started making inquiries with Wipro, and Subhanjan Sarkar of InfiniTV who was the anchorperson of IT Hour on CNBC, started contacting us. We kept quiet.

On July 9<sup>th</sup>, Wipro communicated to the world that Ashok Soota was leaving as Vice Chairman and Head of Wipro's software business. Ashok was away to Kerala, attending a niece's wedding. As the news sent waves across, KK and I were flooded with phone calls and e-mails. We called Ashok and requested him to cancel his trip and come back to at least give a limited clarification to the Press. None of us were willing to speak because we were all transitioning out of our current assignments. Ashok returned the next morning.



*VG. Siddhartha (Sivan Securities) Ashok Soota, and Sudhir Sethi (Walden) sign agreement*

Upon Ashok's return, two critical things got out of the way. One was the choice of investor. Two, the name. By now, we were actively dialoguing with the US Private Equity fund and Walden. Sivan Securities founded by a young Venture Capitalist named VG Siddhartha, entered at this stage. Sivan Securities came to be famous for its golden touch when it picked up a large unsubscribed portion of the Infosys IPO. People today have forgotten that such an incredible thing could have happened. Later, Siddhartha had financed companies like Kshema Technologies and Sabeer Bhatia's Arzo. Siddhartha and his colleague Poornima knew Ashok socially for many years and had been egging him to start something. Suddenly, everything was in place. We dropped the US based Private Equity because we sensed that they would not be able to match our ambition. A combination of Walden and Sivan looked like a good choice. The former would give us international credibility and the latter would give us a good platform in India from future investor perspective. On 15<sup>th</sup> July 1999, away from media, in a non-descript conference room in the basement of Gateway Hotel in Bangalore, at 9.30 in the night, founders of the unnamed company, Walden and Sivan Securities signed the agreement. It was a fantastic occasion it underscored the power of friends coming together. Business success, money, and attendant trappings were less important. We were happy that we had done a deal with friends, with people who shared the same value system. We called Som Das in the US and shortly there after, our other co-founders, and congratulated everyone.

The name search continued to elude us. One day, I was browsing through books in KK's house and in the process, was looking at an English dictionary that listed some words of Indian origin at the end. My eyes stopped at "Kalpa". It said, "a period of abundant prosperity". More research followed. It turned out that the word actually meant a day in Brahma's life that equaled to 4320 million years. One Kalpa is a cycle of

creation and we are currently supposed to be in the third Kalpa. The word started gaining roots in my mind. Why not name the company eKalpa, I suggested. By then, we had narrowed down the list of 729 names from Namelt to 1. The name was "MindTree". Following a few more weeks of internal debate and legal search, we finally settled by the end of July for "MindTree Consulting". Now we had a dream, we had a team, we had a business plan and we had a Chairman who was an icon in the industry but what about a visual identity for ourselves? Which graphic designer do we go to? Which ad-agency? Which celebrated artist to picture MindTree Consulting?

## Making of the MindTree

On 26<sup>th</sup> July, 13 months after the idea was born, I was walking on Bangalore's Ring Road in a rather pensive mood with Cyber. Cyber is the family's Golden Retriever. As he went about sniffing around in his space, it suddenly dawned on me that we should ask the children at the Spastic Society of Karnataka to design our visual identity. The thought sent down 440 volts down my spine. Children with cerebral palsy are often blessed with fine minds that are trapped in a disobedient body. Some of them have limb coordination problems, speech and hearing impairment. There is no cure for cerebral palsy and society is yet to fully learn how to integrate them into the mainstream. Confined to wheelchairs, most such individuals have to go through a life of unending rehabilitation. Yet, they have brave, creative minds some of them are extremely gifted artists. The only difference between them and "normal" artists is the physical obstacle they have to overcome to dip a brush in paint or to apply it on a canvas. As soon as the idea germinated in my mind, I asked all the co-founders on their opinion. Even if any one of them would have suggested a more conventional approach, I would have understood. To my delight, they all thought it was a fantastic idea. We must be able to create our enterprise with people who deeply believe in the ability of the human spirit that must overcome every odd.



*K.S. Chetan - the designer of our visual identity  
flanked by Subroto Bagchi & Ashok Soota*

The next afternoon, Kalyan and I stood in front of ten young students of the Spastic Society of Karnataka and made them our Brand Brief. Some of them were in wheel chairs, some had to be carried to the therapeutic playground where we stood and some barely managed to stand on their unwilling legs. But they listened with magical spark in their eyes. We knew these children, boys and girls between ages of 13 to 20, understood our Mission, our Vision and our Core Values. They all agreed that they would paint us our visual identity. In their innocent eyes and golden hearts, I saw the sapling take root.

Two weeks after the first meeting with our young friends, we were flooded with several possible options. The one that clearly stood out was the work of 17-year-old K. S. Chetan. Chetan has a form of cerebral palsy that denies him coordinated limb movement and affects his speech. But his brilliant mind overcame all odds. In one skyward blue brush stroke, Chetan depicted boundless imagination. He surrounded the skyward blue brush stroke with yellow dots, pretty much like a tree in bloom. To him, the yellow dots symbolized "bubbles of joy". On August 18, 1999, we presented our visual identity to the world. MindTree was born.

