

Address by Azim Premji to the Stanford-Sloan Fellows on 1st July 2010

I always feel especially proud to welcome you all to Wipro. As an alumnus of Stanford I know the deep impact the institution left on me. It has shaped my thinking and built my confidence.

This is an exciting time for us in India and we know that the world is watching.

A RAPIDLY CHANGING INDIA:

Clearly, the India today is very different from what it was when I began my career. It was late Sixties and India still depended on other countries for even the most basic necessities like food. Pictures of India were all about our dismal conditions. We aroused sympathy, not admiration, whenever we went overseas. When visitors came to India, they came to see what they could do for India. Now, they come to see what India can do for them. Today, things have changed.

India is the fastest growing economy after China and the 4th largest in terms of Purchasing Power Parity. With a per capita income growth at 10.47%, India also boasts of the second largest technically qualified manpower in the world.

The economy also has significant challenges

India remains 134th out of 182 countries on the Human Development Index and 65th out of 84 on the Global Hunger Index accounting for 42% of the World's malnourished children. 77% of the population earns less than \$0.40 per day. A staggering 67% of the workforce has less than primary level of education.

Yet I have faith in the resilience of our economy and the financial sector. The Reserve Bank of India had projected the real GDP growth for 2010-11 at 8.5 per cent. That simply means that India will have to innovate not only in products and services, but also rethink the business models that have been fairly successful in other parts of the world.

This large "Bottom of the Pyramid" also represents a large market. With 640,000 villages, 72.2% of India's population, the opportunity is large, but because it is so diverse, and dispersed it creates a challenge of aggregation needed to create a viable "market unit". For instance 42% villages have a population < 500 and only 44% rural households are connected to the electrical grid. Only half of the villages are connected by roads and less than 7% villages have a bank.

FRUGAL INNOVATION - THE OPPORTUNITY FOR INDIA:

This is also a time for us to build the foundations for a more just and equitable society in India. The entrepreneurs in India have always driven “frugal innovation” to build a society where opportunities are for everyone. I expect India to be exporting this form of process innovation all around the world, with products like the Mahindra Geo - a low-cost fuel-efficient minitruck and Chottukool - a battery powered refrigerator for \$70. These solutions are often cheaper and more eco friendly than what are produced by large global corporations with large R&D budgets. First Energy, a start-up, has invented a wood-burning stove that consumes less energy and produces less smoke than regular stoves. Wipro GE launches innovative products every year, like the Logic 100 Ultrasound at 1/3rd the price point of a similar traditional GE product.

Anurag Gupta, a telecoms entrepreneur, has reduced a bank branch to a smart-phone and a fingerprint scanner that allow ATM machines to be taken to rural customers

It is not just about redesigning products; it involves rethinking entire production processes and business models. Companies need to squeeze costs so they can reach more customers, and accept thin profit margins to gain volume. Dr. Devi Shetty’s flagship Narayana Hrudayalaya Hospital in the “Electronics City” district of Bangalore, has 1,000 beds (against an average of 160 beds in American heart hospitals), and their cardiologists perform about 600 operations a week. The hospital charges an average of \$2,000 for open-heart surgery, compared with \$20,000-100,000 in America, but its success rates are as good as in the best American hospitals. Dr Shetty’s family-owned hospital group reports a 7.7% profit after taxes, compared with an average of 6.9% in American private hospitals.

I recall, in early 70’s at Wipro, as part of our Consumer Care business, adulteration of vegetable oil was indeed a big problem in those days. This led us to come up with flexible polythene based packaging for vegetable oil, which till then was stored and distributed in tin cans. Our new packaging, which over the years has become the norm for all oil packaging, made storage and transport more space efficient , and even more importantly, made adulteration impossible.

In our IT Business, in the mid 80’s we started offering 16 bit microprocessor based systems, when others were offering only 8 bit. This may seem like a prehistoric technology change now, but then it was a step towards a very important Innovation. This was the ability to offer a multi-processing, multi-tasking and multi-user system to the user.

THREE significant departures from conventional wisdom that we used to differentiate ourselves:

1. Teams had a blend of business leaders and technology experts.
2. We created customized Application Solutions
3. Supported through world class After Sales Service – even when the customer had not articulated it as a requirement. To make a choice to provide value for the stakeholder was an important driver of our growth.

This came from what we articulate in the spirit of Wipro as “Intensity to win”. This basically translates to saying if we make customers successful, the company wins. We believe that this is a fundamental requirement to being innovative.

EDUCATION IS KEY TO EMPLOYABILITY:

While there is every reason to be excited about the future, we must not forget that there will be many challenges ahead as well. By 2015, we will have 829 million strong workforce. That will make India home to 18% of the world’s working population. The key challenge is to transform them into a globally competitive work-force. Employability is a necessary by product of education.

This is not an easy task. The fact is that job growth in India trails the rise in working-age population. It is important that the gains are spread lot more pervasively across this group, so that the divide between them, if any, is minimized. Education is a crucial enabler that can make this transformation possible. Education spurs the greatest changes. It leads to the creation of a more just and equitable society. It changes the expectation a person has from herself. It is the only way we can upgrade the caliber of the talent pool in the country and build an inclusive society.

Global benchmarks say that Universal School Education requires a spending of 6% of the GDP on education against current 4%. The Corporate sector must partner the Government’s efforts at improving the education system. They are the direct beneficiaries of an improved talent pool. The opportunity is particularly large in India which has 1.3 million schools, 5.5 Million teachers, 220 million children in classes from 1 to 8 but with a dismally low quality of learning. 1 out of 3 children in class 5 cannot read and write. Only 39% children reach Grade 10; of these only 40% succeed in clearing the examination.

The quality of education has a direct impact on employability. Education enables the marginalized to participate in national prosperity. Quality of education means more than basic literacy. It needs stronger foundations in Science and Math and learning to be

creative and have critical thinking. It means building in them Social skills and learning how to learn. Running 1.6 million classrooms and ensuring creativity in each classroom.

We believe that we will build a competitive advantage for ourselves if we raise the employability of the pool from which we hire. Through **Mission 10X**, we seek to impact the pedagogy used in Engineering Colleges in India. More than 10,000 teachers of different engineering colleges have undergone this training. This is not enough. We have to impact Elementary and Primary education in government schools as well as privately run schools. The "**Wipro Applying Thought in Schools**", is aimed at inculcating problem solving and creating thinking skills among the children. The teachers also benefit from getting trained in ways of teaching that are more contemporary.

Azim Premji Foundation Vision and Strategy:

- Contribute to Education that will foster just, equitable, humane and sustainable society
- Influence systemic reform through programs, research and informed advocacy
- Systemic change and not "islands of excellence"
- On ground programs must be reasonably large scale
- Partnership and collaborations with government and civil society organizations
- Impact thru sustained long term investment
- Not for profit organization with 250+ professionals and several hundred paid volunteers
- Personally financed by Azim Premji, Chairman, Wipro Corporation

Current Outreach

- Over 2.5 M children in over 20000 schools across 13 Indian states
- Focus area: a) Academic and administrative competence of teachers, head teachers and functionaries; b) Examination reforms; c) technology as enabler

Spirit of Wipro

- **INTENSITY TO WIN:** The first pillar is ambition. We can call it an intensity to win. It is actually a strong inner drive that some organizations have to constantly aim for something beyond the ordinary. One does not have to be a large organization or an established leader. One has to have a burning, an all consuming desire to stretch the limit of the organizational capability. Companies that win are those who have the hunger to win.

When I look back at the time when I joined Wipro, I was 21. If you ask me whether I knew that Wipro would grow so large, the honest answer is that I did not. But I also did not think it would not become either. We constantly stretched ourselves to higher and higher targets. Sometimes, it seemed possible, sometimes imaginative and sometimes plain insane. And we got a lot more than what we bargained for. I learnt that in life we must be careful about what we wish for. We may just get it. So, never ask too little from yourself or others. You can see stars only if you care to look at the sky.

- **ACTING WITH SENSITIVITY:** Wipro has more than 105,000 employees operating in over 50 countries with 30 nationalities. While diversity is a great business advantage for us, it also means that we need to be thoughtful and responsible in our actions. Our actions must demonstrate respect for the individual.
- **UNYIELDING INTEGRITY:** The biggest definition of honesty is about delivering on commitments. Our leaders must demonstrate commitment towards Responsible and Sustainable Business as well as honesty and fairness in action.

In conclusion: “No one can truly define success and failure for us - only we can define that for ourselves. No one can take away our dignity unless we surrender it. No one can take away our hope and pride unless we relinquish them. No one can steal our creativity, imagination and skills unless we stop thinking. No one can stop us from rebounding unless we give up.”