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# Globalising the brand: Looking beyond lower costs



**While many multinational firms are choosing to outsource services and production to Asia, one company says it's looking beyond lowering costs and is aiming to 'globalise its corporate brand,' by developing a major R&D base in India.**

Cisco's Wim Elfrink, who holds the unique corporate title of chief globalisation officer, says cost differentiation at the company is "a bonus, but the not the main driver anymore." The networking firm is investing around 1.2 billion dollars in a globalisation centre in India to tap not only the region's growth but also its innovative capabilities.

"We came to the conclusion we have to think out of the box," Elfrink told INSEAD Knowledge on the sidelines of the INSEAD Leadership Summit in Asia (2007). The firm decided it "had to do something substantially different," Cisco's CGO says.

"All opportunities in Asia are almost green fields; there's not a lot of installed base and legacy," Elfrink says, pointing out that India has been adding eight million cell phone subscribers each month and that some 200 million people will be moving to cities and opening bank accounts as part of the trend

towards urbanisation across the region.

The 'classic way' of exporting and localising services and products is "fundamentally wrong," he says. "We have to start creating products and services for this side of the world and then perhaps if they're relevant export them back to the more mature world."

He says the company will base its public sector practice in Singapore for innovation, its manufacturing practice probably in Shanghai and Chicago and financial practices in London, New York and Dubai.

He says there has been some scepticism in the company about its plans for India, but points out that, with skills involving engineering and maths in abundance there, that will allow the company to focus on R&D and innovation.

"We are going to develop prototype services out of India for the East (Asia Pacific, Middle East and Africa) ... We are going to create prototype services for this part of the world like connected real estate, the use of mobility, like using web screens for illiterate people ... And over time we will probably export (them) back to the West."

Elfrink himself moved to the Indian IT hub of Bangalore earlier this year. He says one major reason for choosing India was its proximity. As India is about 12 hours from the US, "you can rule the world for 12 hours a days from corporate America, 12 hours a day out of India. If you draw a circle around Bangalore, (within) a four hours flight, you can basically (tap) 70 per cent of the world's population and 70 per cent of the future GDP growth," Elfrink says.

In addition to rapid economic growth and innovation, he says India also has a big talent pool, a major attraction for companies such as Cisco, especially given ageing populations and the growing talent gap elsewhere.

"So we basically have said India is going to be a globalisation centre for us, teaming up with the ICT (infocommunications technology) industry in India." Elfrink points out that five of India's top IT companies, including Wipro, Infosys and Tata, are hiring 100,000 people this year.

"So tapping into that export opportunity and extending our 'ecosystem' made us decide to make an investment of more than 1.2 billion dollars in India to build the globalisation centre that will be a hub to go through Asia, but also to the Middle East and Africa."

Cisco currently employs 3,000 people across India and the first phase of the globalisation centre campus in Bangalore is expected to accommodate 1,200 people initially. The second phase is due to be completed by October 2009 and will house an additional 2,000 staff.

“Make a commitment to attract talent,” Elfrink says, “because talent attracts talent. Have a strong vision and articulate it. Make use of technology, and then start focusing.”

Cisco plans to have sales offices in emerging markets throughout the region and aims to position its network as the ‘fourth utility’, while looking to develop products and services, as well as build sustainable relationships with customers. “Why should a customer out of Malaysia or Riyadh (in Saudi Arabia) spend 20 hours on a plane to meet a leadership team in California? You have to start globalising the corporate brand. That’s basically our whole aim of the globalisation centre in India.”

Elfrink says globalisation historically involved exploring new markets. Then companies looked at outsourcing manufacturing activities and having call centres overseas. Now, he says, Cisco is going one step further by globalising its brand and decentralising its decision-making processes, even though this means moving away from a traditional ‘command and control’ approach.

“It’s like 60 years ago,” he says. “If you sent somebody out to a remote place you had to trust them. A lot of companies are now in command and control (mode) and we have to move to collaboration and team work.”

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