The global start ups from Indian IT

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THE GLOBAL START UPS FROM INDIAN IT – A CASE STUDY

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Abstract
This paper examines the phenomenon of accelerated internationalization of firms from the Indian IT industry. It examines the emergence of the Born Global firm in the Indian context with a specific focus on firms which made an acquisition within five years of incorporation. It specifically addresses the issue of initiating factors which contribute to the emergence of the Born Global Acquirer using constructs from the Resource based view (RBV) and institutional theory.

Keywords: Born Global Firms, international new ventures, Indian IT.
JEL Classification no: F23, L86

1. INTRODUCTION

Innovations in manufacturing, information and communication technology and changing market conditions in the course of globalization and worldwide customers have changed the conditions for internationalization dramatically. More and more young firms are characterized by important foreign operations already at the time of founding or shortly afterwards. These include not only exports but also more complex forms of internationalization such as joint ventures, wholly-owned subsidiaries or franchising networks. As a consequence, traditional explanations of internationalization such as the stage model Johanson & Vahlne (1977, 1990) are put more and more into question.

The phenomenon of accelerated internationalization gave birth to the concept of the "Born Global firm" (BGF). Variously described as 'global start-ups', 'born globals', or 'international new ventures' (Rennie, 1993; Oviatt and McDougall, 1994, 1995, 1997, 1999; Bloodgood et al., 1996; Kohn, 1997; Madsen and Servais, 1997; Knight and Cavusgil, 2004; also Rialp et al., 2005) these are firms that almost bypass internationalisation as a process, as they start operating from day one in global markets as global players, servicing their customers wherever they are to be found. Characterized by features of accelerated internationalisation (Shrader et al., 2000); these firms are increasingly active in the international economy changing the dynamics of international competition (Coviello and McAuley, 1999).

While the phenomenon of 'born global' firms is becoming increasingly common (Rugman & Wright, 1999), a comprehensive theory explaining its existence is still lacking (Oviatt & McDougall, 1999). Some scholars focus on international mobility of know-how and on entrepreneurial vision and capabilities (Liesch & Knight, 1999; Oviatt & McDougall, 1994), others highlight the importance of informal networks as a catalyst for internationalization (Coviello & Munro, 1997; McNaughton & Bell, 1999), while still others suggest combining various schools of thought (Coviello & McAuley, 1999; Nilsen & Liesch, 2000; Oviatt & McDougall, 1997; Yli-Renko, Autio, & Tomtit, 2002).

Most studies undertaken on the phenomenon of the born global have been in the context of industrial economies with a focus on manufacturing and process innovations using export as the mode of internationalization. The increasing incidence of outward FDI from the emerging markets including India, has witnessed the emergence of multinationals from these parts. The period 2000 –07 witnessed an unprecedented boom in outbound M&A acitivity in the Indian corporate sector led by firms in the IT and pharmaceutical sectors (Varma 2009). Although there is a vast amount of literature on the born global firm, there is no study in the Indian context. This paper seeks to fill the gap and initiate discussion in this context. It not only contributes to the existing literature on Born Global firms, its contribution is distinguished from others in that it profiles "Born Global Acquirers", (BGA) – firms that have made an international acquisition within a few years of coming into existence.

The rest of the paper is organized as follows: Section II discusses the nature and characteristics of the Born Global firm; section III profiles the growth and internationalization pattern of the IT sector in India; section IV contains an analysis of the Born Global Acquirers from India and section VI concludes.

II. THE BORN GLOBAL FIRM.

The phenomenon of the Born Global firm first appeared in the business literature over a decade ago when McKinsey & Co. (McKinsey & Co. 1993) identified a group of Australian manufacturers who were exporting just two years after establishment. The study defined a born global firm as "one which views the world as its marketplace from the outset; they do not see foreign markets as useful adjuncts to the domestic market". Prior to this the phenomenon of rapid internationalizing firms was discussed by Hedlund & Kverneland (1985) who discovered that some firms deliberately leapfrogged certain steps in the Uppsala model of Johanson & Vahlne (1977, 1990). Concurrently, several other authors discussed this phenomenon of rapid internationalization, such as Ganitsky (1989) who analyzed "innate exporters" who are not only more flexible but also have a management that is also more internationally orientated than that of so called "adoptive exporters". With growing research in this area, additional terms have emerged which all try to express the rising speed of internationalization. Oviatt & McDougall (1994) name such firms "International New Ventures", Preece, Miles & Baetz (1999) are talking about "Early-Stage Technology Based Firms", Litvak (1990) refers to them as "Instant Internationals", Jolly, Alahutha & Jeannet (1992) are speaking of "Global Start-Ups", Jones (1999) uses the term "International Entrepreneur", and Hurmerinta- Peltomäki (2004) names them "Rapid Internationalizers". Most commonly used in the literature is the expression "Born Global Firm", coined by Rennie (1993) and also used by Knight & Cavusgil (1996), Madsen & Servais (1997), Aspelund & Moen (2001), Schmidt-Buchholz (2001), Autio, Lummaa & Arenius (2002), Schmid & Schmidt Schmidt-Buchholz 2002), Larimo (2003), Gabrielsson & Kirpalani (2004) and Hashai & Almor (2004).

Knight and Cavusgil (1996) have indicated some of the facilitating factors for the emergence of Born Global firms. The increasing role of niche markets and greater demand for specialized or customized products is one of the most important factors. Shorter product life cycles are another factor causing born global firms to adopt an international perspective regardless of their age and size (Ohmae, 1990 and Oviatt and McDougall, 1997). These factors together have helped SMEs to consider exporting their product and becoming international players at an early age. Other important factors triggering the emergence of Born Global firms are significant advances in the production, transportation and communication areas, the increased importance of global networks and alliances, and more elaborate capabilities of people, including those of the founder/entrepreneur who starts early internationalizing firms (Knight and Cavusgil, 1996, Madsen and Servais, 1997, Moen, 2002 and Servais and Rasmussen, 2000). In the emerging economy context the role of institutional support through policy changes is also of significance. In the Indian context for example, changes in outward FDI policies such as raising the permissible outward investment limit for Indian business served as an impetus to M&A activity.

Explanations for the rapid internationalization of 'born global' firms are numerous and include: **global niche strategies** (Almor, 2000; Bonacorsi, 1992; Fujita, 1995; Gomes-Casseres, 1997; Keeble, Lawson, Lawton Smith, Moore & Wilkinson, 1998; Rasmussen & Madsen, 2002; Rennie, 1993; Storey, 1994), **the ability to raise capital externally** (Bonacorsi, 1992; Hansen, Gillespie, & Genturck, 1994), **entrepreneurial vision and capabilities** (Knight, 2000; Oviatt & McDougall, 1994), and **reliance on international networks and strategic alliances as a substitute for the firm's own assets** (Bell, 1995; Coviello & Munro, 1995, 1997; Gomes-Casseres, 1997).

As noted by Coviello and McAuley (1999) and Stray et al. (2001), most studies relating to the internationalization process of 'born global' firms are crosssectional, and refer to entry mode rather than to the question of whether a sequential pattern of internationalization exists (with a few exceptions, e.g. Coviello & Munro, 1997; Jones, 1999). This sort of analysis leads researchers to argue that 'born global' firms do not start out in their home markets and therefore do not comply with the classic stages theory. This line of research cannot really capture the dynamic features of the internationalization of 'born global' firms and their international maturation process remains obscure.

While research clearly shows evidence that 'born global' firms enter foreign markets at a very early stage in their organizational lives (Almor, 2000; Bell, 1995; Coviello & Munro, 1995, 1997; Gankema et al., 1997; Jones, 1999; McDougall et al., 1994; Oviatt & McDougall, 1994, 1997), it is argued by authors such as Hashai & Almor (2004) that when the internationalization process of 'born global' firms is studied not only before but also after entry into the first foreign market, it may be characterized by gradual increased commitment to foreign markets. Hence, a longitudinal analysis of the internationalization process of BGFs that have matured may enable us to capture the dynamic characteristics of the internationalization process of 'born global' firms. The authors posit that the salient differences between the internationalization process of BGFs and that of larger MNEs lies in the importance of their home market and in the relative pace of their internationalization.. According to the stages theory, the foreign market commitment of MNEs in their early days is very low. This foreign market commitment increases only over time.

Although the BCF is variously described in the literature, two central characteristics of BGFs can be observed which enable us to distinguish them from the traditional internationalizers, namely the speed of internationalization (born) and the geographic scope (global) of internationalization.
The first criterion to differentiate BGFs is the speed of the internationalization. It can be described by two different time spans, namely:
(a) the time span between founding and the first foreign market entry, and (b) the time span between the first and the following foreign market entries.

In previous studies, the time span between founding and the first foreign market entry is most commonly used to differentiate BGFs from traditional internationalizers. E.g., Rennie (1993), Knight & Cavusgil (1996) and Kandasaami & Huang (2000) postulate a time span of two to three years from the time of founding. This definition is based on the consideration that it is hardly possible to speak of a global vision when the first internationalization step takes place after more than three years.

The time span between the first and the second foreign market entry is only mentioned by a few authors (Lindqvist, 1991; Autio, Sapienza & Almeida, 2000; McNaughton, 2000; Stray, Bridgewater & Murray, 2001). E.g., Melin (1992) points out that firms in technology-intensive industries show shorter time spans until their next internationalization step than firms in other industries. The study of Stray, Bridgewater & Murray (2001), however, reveals that technology-based firms show different speeds of internationalization. Generally, it is agreed that this time span should be shorter than between founding and first foreign market entry.

The geographic scope of internationalization of a BGF can be measured by the following criteria: (a) number of countries, (b) number of cultural clusters, and (c) number of geographical regions in which the firm is present. To call a firm global, Kandasaami (1998) demands that it should have activities in at least five countries. Other authors claim that a further distinction between cultural clusters (Hofstede, 2001) and geographical regions is necessary to clarify the physical and geographical distance of foreign markets from the home market. E.g., Switzerland and South Africa fall into the same cultural cluster but represent two different geographical regions. Therefore, according to Lummaa (2002), speaking of BGFs requires at least activities in two cultural clusters and geographical regions.

Besides the number of foreign markets, the proportion of foreign sales compared to total sales of a firm presents a further criterion of BGFs. Kandasaami & Huang (2000) suggest a minimum ratio of 10% of foreign sales compared to total sales. Madsen, Rasmussen & Servais (2000) claim at least a ratio of 25% is necessary to speak of a BGF. The study by Lummaa (2002) revealed in three of four cases even a ratio of 90%.

III. CONCEPTUAL FRAMEWORK

The preceding discussion helps in the formulation of the following hypothesis which provide insights into the emergence of the BGAs. The analysis attempts to delineate factors which served as initiating forces for the Indian IT BGAs and distinguishes between a) factors that are specific to the firm or founder and b) factors that can be assigned to its larger environment. The first group includes firm characteristics including integration of the firm into formal and informal networks, specific product characteristics, and international experiences and specific personal characteristics of the manager. The second group includes features of the home and host country as well as conditions of the particular industry. The following analysis is based on constructs from the RBV of the firm and institutional theory.

The Resource based view (RBV) of the firm (Porter 1959; Barney 1991) emphasizes the role of hetrogenous capabilities as drivers of firm strategies. According to Barney (1991) the term "resource" covers "all assets, capabilities, organizational processes, firm attributes, information and knowledge controlled by a firm". Organisational capability is a system of organizational routines that create firm specific and hard to imitate advantages. A firm's organizational capability consists of (i) static capabilities to consistently outperform rivals at any given point in time and (ii) dynamic capabilities that enable a firm to improve its performance and outperform its rivals Penrose (1968), Nelson and Winter (1982), Teece (1992). Nelson and Winter (1982) explain that a firm's capability development depends upon access to technological and organizational knowledge and conditioned by its past learning. These capabilities are heterogeneous, conditioned by local factors and difficult to imitate or replicate. The heterogeneity of firm capability and its stickiness are responsible for the diversity of firm strategy.

H1. The appearance of the BGA depends on existing firm resources.

Institutional theory (Hoskisson et al., 2000; Scott, 1995) has been a useful tool for understanding phenomena related to emerging economies. Institutions are conceptualized as 'the rules of the game in a society' (North, 1990: p.3; Scott, 1995) and institutional transitions are defined (Peng, 2003, p.276) as the 'fundamental and comprehensive changes introduced to the formal and informal rules of the game that affect organizations as players'. One of the defining features of emerging economies is the policy of economic liberalization favored by their governments (Hoskisson et al., 2000, Wright et al., 2005). Economic liberalization is a unique and powerful environmental contingency faced by firms from these developing economies compared to firms from advanced nations, which have traditionally been more market-oriented. Firms in the countries undergoing economic liberalization face significantly different business environment characterized by increasing competition, changing regulations, increasingly demanding customers, emergence of new business opportunities, etc (Ray, 2003). The forces of economic liberalization acting on the firms from emerging economies are therefore equivalent to significant 'institutional transitions' (Peng, 2003) leading to a variety of strategic responses. In this context government induced policy changes and institutional forces can act as a catalyst towards internationalization.

H2. Institutional and policy induced changes act as a catalyst for the appearance of a BGA.

The path dependency of decisions, which is a central concept of the resource-based theory, explains why younger and smaller internationalise faster. A key dimension of born global firms is that they appear to lack the deeply rooted administrative heritage (Collins 1991, Miller and Friesen 1984) of long established businesses. Well-established firms must unlearn routines rooted in domestic operations before new, internationally oriented routines can be learnt. Unlearning embedded routines becomes more difficult as firms get older, because new knowledge that leads to new routines tends to conflict with existing operations and management's embedded mental models (Autio et al, Barkema and Vermeulen 1998). Well established firms have systematized routines that are costly to change and limit the ability of the firm to innovate (Utterback and Abernathy 1975). An older firm's repertoire of organizational routines constrains its future behaviour (Leonard- Barton, 1992; Teece and Pisano 1994). Bounded rationality and embedded hierarchies (Grant 1991) of routines inhibit the ability of well-established firms to adopt new technological solutions, leading to an emphasis on developinfg knowledge and routines closely related to or adjoining their existing knowledge and routines, but which may be sub-optimal in the light of evolving or varying environmental circumstances. McNaughton

(2000), Stray, Bridgewater & Murray (2001) and Johnson (2004) argue that the age of a company has a negative effect on internationalization speed and that younger companies are sooner expanding into foreign markets than elder ones. The leeway for decision- making of younger companies is thus less limited by decisions of the past than that of elder companies, whose organizational heritage is hampering a rapid internationalization.
Similar to age, the size of a company has a negative effect on its flexibility and therefore on internationalization speed (Lindqvist, 1991; Stray, Bridgewater & Murray, 2001).

H3. The smaller the size and lower the age of a company, the higher the probability of appearance of the BGA.

Concerning social resources, previous studies point out nearly consistently that there is a very close connection between the integration of a company or founders in formal and informal networks and internationalization speed (Linqvist, 1991; Coviello & Munro, 1995; McAuley, 1999; Schmidt-Buchholz, 2001; Mahnke & Venzin, 2003; Johnson, 2004). One reason could be that companies or founders with well developed networks are stimulated to a higher degree by their (potential) customers, suppliers or partners to internationalize (horizontal and vertical bandwagon and follower effect) (Crick & Jones, 2000). Due to scarce resources in the beginning, companies are often dependent on resources of their network partners to expand internationally (Oviatt & McDougall).
According to Rhee & Cheng (2002), it is rather organizational slack than firm size that has an effect on internationalization speed. Besides, companies with a strong network integration can benefit from their experiences and gain relevant market knowledge as well as general knowledge about internationalization sooner than other companies (Reuber & Fischer, 1997). According to the Uppsala model, this has again a positive effect on internationalization speed and the degree of geographic expansion.

H4. Integration of the company and its founders in formal and informal networks increases the probability of the appearance of a BCA.

Various studies have chronicled personal resources as important initiating forces of BGFs. The international experience of the founder or top management team especially, has a positive effect on the appearance of BGFs (Lindqvist, 1991; Reuber & Fischer, 1997; Harveston, Kedia & Davis, 2000; Schmidt-Buchholz, 2001; Westhead, Wright & Ucbasaran, 2001; Gaba, Pan & Ungson, 2002; Rhee & Cheng, 2002; Mahnke & Venzin, 2003; Johnson, 2004). The same applies to foreign language competence (Schmidt-Buchholz, 2001) and a distinct international vision or geocentric mentality (Lindqvist, 1991; McKinsey & Co., 1993; Oviatt & McDougall, 1994, 1995; Kandasaami, 1998; Harveston, Kedia & Davis, 2000; Johnson, 2004) which could, among others, be shaped by family background (McAuley, 1999; Westhead, Wright & Ucbasaran, 2001). Also the age of the founder or founders has a positive effect, meaning that elder (and ceteris paribus more international experienced) founders or top managers tend to an earlier and geographically more distant market entry than younger ones. Finally, the risk-taking propensity of BGFs is higher than those of traditional internationalizers (Harveston, Kedia & Davis, 2000: 96).

H5. The higher the internationality (international experience, foreign language competence, family background) of the founder or top management team of a company, the higher the probability of the appearance of a BGA.

IV. RESEARCH METHODOLOGY

4.1 Data

The study is based on M&A activity of the Indian IT industry during January 2001 to March 2006. It uses secondary reported firm-level data from studies by consulting firms such as UBS, Accenture and MAPE, as well as 'Prowess,' the Centre for Monitoring Indian Economy (CMIE) database, Firms included in the study are those that have undertaken a merger or an acquisition between 2001 and 2006, and are incorporated in India. The study excludes acquisition activity by firms that are subsidiaries of foreign firms and have been used as a vehicle of acquisition.

While primary data through a survey or questionnaire may be the ideal method for a study suchas this, the problems of low response, subjective bias and a lack of research culture in the emerging economy scenario (Hosskinson et al) preclude their use. The use of data from PROWESS has been increasingly vouched for by researchers such as Khanna and Palepu (2000), Khanna and Rivkin (2005) and Chakar and Vissa (2005).

The study also examines published firm-specific information and media coverage (including their websites) to assemble a final data base. Data is based on the statements made by the top management of the firms in addition to reports in popular and business media (print and internet sources) to undertake a content analysis of the motives behind these cross – border M&A activities.

4.2 Sample Selection

Since 2000, outbound FDI from India started assuming the proportion of a phenomenon with OFDI from IT comprising the single largest sector. Between 2000 – 2006 there were over 521 overseas acquisitions out of which 133 (25.5 %) were from the IT sector. Data from various sources indicates that there were 165 IT multinationals which had an international presence in the form of subsidiaries, joint ventures and associate companies in the year 2006. Outbound M&A activity however was undertaken by only 47 Indian firms resulting in 133 acquisitions. 56% of the acquisitions in the sample were motivated by the search for market, followed by product and efficiency seeking acquisitions. The study also found that 12% of total acquisitions in the sample were undertaken by firms which were incorporated less than 5 years before they made their first global acquisitions (Varma 2009). We call these firms the Born Global Acquirers and select some of them for the final sample based on the criteria discusses below.

The companies selected in the final sample satified the following criterion:

4.2.1 Speed of internationalization

The first criterion to differentiate BGFs from traditional internationalizes is the speed of internationalization. It can be described by two different time spans, namely:

(a) The time span between founding and the first foreign market entry, and (b) the time span between the first and the following foreign market entries.
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The time span between the first and the second foreign market entry is only mentioned by a few authors (Lindqvist, 1991; Autio, Sapienza & Almeida, 2000; McNaughton, 2000; Stray, Bridgewater & Murray, 2001). E.g., Melin (1992) points out that firms in technology-intensive industries show shorter time spans until their next internationalization step than firms in other industries. The study of Stray, Bridgewater & Murray (2001), however, reveals that technology-based firms show different speeds of internationalization. Generally, it is agreed that this time span should be shorter than between founding and first foreign market entry.
Since this paper is focused on a specific category of BGFs – viz. BCAs we designed an alternate criterion for classification:

a. The first acquisition took place within five years of incorporation
b. The firm had a subsequent foreign entry within the next three years

4.2.2.The geographic scope of internationalization
The geographic scope of internationalization of a BGF can be measured by the following criteria: (a) number of countries, (b) number of cultural clusters, and (c) number of geographical regions in which the firm is present. To call a firm global, Kandasaami (1998) demands that it should have activities in at least five countries. Other authors claim that a further distinction between cultural clusters (Hofstede, 2001) and geographical regions is necessary to clarify the physical and geographical distance of foreign markets from the home market. E.g., Switzerland and South Africa fall into the same cultural cluster but represent two different geographical regions. Therefore, according to Lummaa (2002), speaking of BGFs requires at least activities in two cultural clusters and geographical regions. The corresponding criterion for this paper is that The firm must have

Besides the number of foreign markets, the proportion of foreign sales compared to total sales of a firm presents a further criterion of BGFs. Kandasaami & Huang (2000) suggest a minimum ratio of 10% of foreign sales compared to total sales. Madsen, Rasmussen & Servais (2000) claim at least a ratio of 25% is necessary to speak of a BGF. The study by Lummaa (2002) revealed in three of four cases even a ratio of 90%. This paper considers a ratio of 10% of foreign sales to be sufficient.
Based on the criteria discussed above we identified the following firms as BGAs:

IBS Software Services
IBS began operations in 1997 as a joint venture between the International Business Services Group and Atraxis AG, the IT arm of the erstwhile Swissair Group. V.K Mathews, an aeronautical engineer from IIT Kanpur, set up the company in response to the need for software solutions for the fast growing travel, tourism and logistics industry. Starting his career as a computer science instructor, Mathews later worked with Air India and then with the Emirates Group where he was responsible for

formulating and implementing Information Technology strategies for Emirates' global operations.
The company commenced operations in Europe in the same year, in 1998 it moved to the Middle East, in the year 2000 in the USA and it had moved to Australia in 2001. It followed a strategic mix of alliances and acquisitions to emerge as a leading international player in the travel space. Some of its notable alliances were with Oracle Corporations, Sun Microsystems and BEA Systems in 2001 and with Cendant Corporation USA in 2004.
IBS made its first overseas acquisition in 2002, when it acquired TopAIr, a versatile and fully integrated flight management solution from EDS, as part of a strategic initiative to develop a complete operational solution to cater to the needs of small and medium-sized scheduled/charter airlines. This product is currently used by twelve airlines operating out of Europe, America and the Middle East.
In **September 2003**, IBS acquired Avient Technologies from Honeywell International. The products thus acquired further expanded IBS' portfolio of offerings.
In March 2006, IBS acquired the assets of US-based Discovery Travel Systems, a provider of 'Business to Business' ("B2B") travel technology systems to the cruise, tour, and vacation travel industry. This move marked IBS' entry into the leisure travel and tour industry.
In 2008 it acquired US based VISaer Inc , a leader in aviation amaintainence and engineering software solutions.

Four Soft Limited
Four Soft Limited **is the world's largest transportation and logistics software products company** promoted, initially as a private limited company, at Hyderabad by technocrat Palem Srikanth, with an objective to build enterprise software / IT solutions in supply chain process management using advanced web technologies.
Palem Srikanth, the current chairman and managing director, who started the company, began his career as an executive in various supply chain execution operations such as: JV Partner & Emery Worldwide (Managing Director), India and Asia Pacific Logistics/Distribution operations at Hewlett Packard (Manager), Singapore. Srikanth is an Industrial Engineering Graduate from REC, Trichy, India and a Post Graduate in Industrial Engineering from Stanford University, USA.
It's unit at Hitec City, Hyderabad is registered as a 100% export oriented unit under the Indian Government's software technology park scheme. The Four Soft portfolio of products comprises logistics software solutions for freight forwarders, NVOCCs, customs brokers, container freight stations, ships agents, warehouses, cartage, trucking and 3PL / 4PL companies. Four Soft currently has 300 customers with 50,000 plus users in across 120 countries.
Its organizational capabilities are indicated by its achieving the ISO 9001:2000 certification and SEI-CMMi quality initiatives.
Its first international venture was the setting up of a wholly owned subsidiary in San Francisco USA. It made six acquisitions between 2004 – 07 and has a global presence in more than 10 countries

MphasiS
MphasiS Limited (then, MphasiS BFL Limited) was formed in June 2000 after the merger of the US-based IT consulting company MphasiS Corporation (founded in 1998) and the Indian IT services company BFL Software Limited (founded in 1993).

The company was founded by Jerry Rao and Jeroen Tas both former Citibank employees. Starting out as a BPO and application services outsourcer in the BFSI segment, it subsequently moved into telecom and health industries as well.
Its global character was evidenced by an Indian CEO, a Dutch president and more than a dozen subsidiaries in Europe, the US and Asia. Its global character was enhanced by its acquisition cum alliance based strategy making it among the top software exporters of the country within a couple of years of coming into existence. It was acquired by software services firm EDS in 2006, which in turn was acquired by HP in 2008.
The company's growth strategy of acquisitions with alliances has enhanced its global character and orientation. Its first acquisition **Navion Software** was made in 2002. In the midst of the global slowdown, the company says it saw a chance to buy a firm with a good client base, human resources and geographical presence. The acquisition gave the company a gateway to the Far East, particularly Japan, which accounted for about 12% of its total revenue and has important future growth potential. This was followed by **Princeton Consulting**, a London based specialist consulting company. The acquisition gave it access to business process improvement consulting skills as well as an established client base including British Telecom, Marks & Spencer, Visa International and Volvo.
"The acquisition will help us broaden our BPO and IT services offerings in Britain and Europe" said Jerry Rao, which is significant, since 25% of BPO revenues and 15% of IT revenues come from Europe.
It entered the Healthcare Insurance and Payments BPO market with the acquisition of **Eldorado Computing Inc. "**This acquisition is part of MphasiS' overall business strategy to strengthen our footprint in the US and to enter the healthcare insurance and payment market. The deal is a perfect strategic fit for MphasiS as it provides a well-established software platform and marquis healthcare customer base. This is the foundation on which the combined entity will offer a complete portfolio of services to automate and outsource the processes related to healthcare benefits management. This is a high growth area and with Eldorado's world class platform we will be able to become a business service provider, in addition to being an application service provider. The acquisition will position MphasiS as a first mover in integrating a global sourcing back-end to a platform-based software offering" said Jerry Rao.
The firm's capability enhancement has been facilitated through domestic acquisitions such as Kshema Technologies , a Bangalore based high end IT services company. SEI A CMM Level 5 and ISO 9001:2000 certified company, Kshema's growth has been exponential since inception. The company provides world-class software solutions in Industrial Automation & Embedded Technologies, Healthcare & Life Sciences and Enterprise Applications.
The company also forged strategic alliances such as with **Idea2Solutions** (i2s) in 2000, an incubator focused on healthcare-technology start-ups worked with MphasiS to provide technology solutions to healthcare start-ups incubated by it.
It entered into a unique alliance with Integrien Corporation in 2006, a leader in integrity management software and solutions, to becomes one of its core development partners and sell and implement Integrien's flagship integrity management solution, Integrien Alive, on a global scale**.**
MphasiS clients typically operate complex, highly distributed IT infrastructures. Identifying the source of problems in distributed IT infrastructures is an uncertain, time-consuming process because it is conducted without a unified view of all the components or help in analyzing their interdependencies. Through this partnership,

MphasiS is forming a “center of excellence” to apply Integrien Alive to solve this business problem.

Moschip Semiconductors
Founded in 1991, in Hyderabad, Moschip made its first acquisition in 2001 – NetMos Teechnologies in USA, followed by a merger with Verasity Technologies Inc in 2003. K.Ramchandra Reddy, the CEO, is a graduate in Electronics Engineering from IIT, Madras and holds an M.S.E.E. degree from University of Wisconsin, Madison, Wisconsin, USA. He has over 23 years of experience in Silicon Valley in the area of design, manufacturing and marketing of various integrated circuits (ICs). He has successfully started several semiconductor design companies and sold them to larger companies in the last 18 years. His companies were Lotus Designs Corp., Silicon Logic and Startech Semiconductor. All these companies were based in Silicon Valley, USA. Prior to starting his first company in 1982, he worked as a Section Manager at American Micro Systems in Santa Clara, California. He was responsible for designing the world's first DSP chip. Ram has extensive experience in sub contracting manufacturing needs of semiconductors and marketing these products worldwide.

Vmoksha Tecchnologies
Vmoksha Technologies is an IT services company headquartered in Bangalore, India as a private limited company. Since its inception in **May 2001**, Vmoksha has emerged as a key player in the global IT outsourcing space. Vmoksha currently has operations in the US, Europe and the Asia Pacific region (development centers in Bangalore and Singapore). It is the First company in the world to directly go for CMMI Level 5 assessment without being assessed at intermediate levels and the 16th IT company in the world to achieve CMMI Level 5. It is the Second company in the world to be assessed for all the four disciplines of CMMI – Software Engineering, System Engineering, Supplier Sourcing and Integrated Process and Product Development. The company was included among SMEs from India poised to succeed on account of the strong offshoring model and included among the top 100 outshorers of the world in terms of revenue.[i]

V. ANALYSIS AND DISCUSSION

This paper has profiled five firms that may be categorized as Born Global Acquirers, since they came into existence with the geocentric orientation that helped them consider the global market as their natural home. Keeping in mind the fact that the paper focuses on a specific type of “born global’ firms – viz. born global acquirers (BCAs) from India, the results and findings should be viewed in this light.

The findings of the study point towards a more rapid pace of internationalization than usually reported in the classic stages theory literature as it profiles five young firms which have made global acquisitions within a few years of incorporation. The acquisition experience of these firms has been the result of innovation springing from internal R&D drawn from its own accumulated knowledge of the IT industry and domain experience gathered elsewhere. The linkages developed by entrepreneurs through prior experience in the IT industry and other domains enabled them to take the decision to acquire, facilitating leapfrogging and spring-boarding behaviour to be able to leverage their resources for acquisition purposes in the global market. Actually, as in any typical behavioural situation, it is the confluence of the capabilities and opportunities that results in strategic manifestations and success.

Economic liberalization measures such as deregulation and privatization in hitherto protected economies such as India can become the source of both opportunity and threats. This may translate into a defensive strategic positioning aimed at protecing their position in the domestic market (which precludes internationalization) or an assertive strategy aimed at leveraging new strategies through internationalization (Ray and Chitoor 2007). In the current context, institutional change in the form of liberalization facilitated aggressive venturing into global markets through the acquisition route.

The findings also support the pattern of increasing the “depth” and “width” of international commitment a combination of foreign market entry modes in their quest for global markets. The study establishes that the BGAs have simultaneously used various entry modes to enter the global market including hitherto uncharted territory. These results support studies by Knight, Bell and McNaughton (2003), Bell (1995) who also find that internationalization paths of small technology intensive firms do not necessarily target physically close markets.

The story of the IT industry’s outward orientation began with the establishment of linkages through exports**.** Starting merely as providers of manpower to be expatriated to firms elsewhere, time and cost arbitrage ensured that the IT industry sector were to become off-shore centers where efficiency mattered. And subsequently it grew vertically toward product development. The firms enriched in cash by providing manpower and in-sourcing found in customer acquisition the sustainability of revenues and profitability; while other players relied on the acquisition of products to move in the hierarchy of capability maturity. Existing literature on technology management clearly indicates the existence of strategic variety during different stages of the industry life cycle (Utterback 1996), very much in evidence in this study of the Indian IT industry.

VI. CONCLUSION

Born Globals are emerging in substantial numbers worldwide, and likely reflect an emergent paradigm, with the potential to become a leading species in the ecosystem of international business. In this sense, the born-global phenomenon is heartening because it implies the emergence of an international exchange system in which any firm, regardless of age, experience, and tangible resources, can be an active international business participant. Although large global corporations and the negative aspects of globalization often dominate reports in the popular press with respect to the emergent world order, the increasing role of born globals implies a more optimistic view. In relative terms, born globals might be seen to herald a more diverse international business system in which any firm can succeed internationally. Future research should aim at deepening our understanding of early adopters of internationalization, which represent a widespread, ongoing trend.

[i] www.sharedexpertise.org

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