

India's IT leader Wipro revamps leadership

21 January 2011, by Gulab Chand

Indian software major Wipro announced Friday a change in leadership to bolster its profit performance after releasing quarterly earnings that lagged its IT peers.

The outsourcing bellwether, based in the tech hub of Bangalore, said its joint chief executives Girish Paranjpe and Suresh Vaswani would step down on February 1 and be replaced by T.K. Kurien, who now heads its eco-energy unit.

Wipro, struggling to keep up with rivals in grabbing new contracts, reported profits for the third quarter to September rose 9.6 percent to 13.19 billion rupees (\$292 million), up from 12.03 billion rupees a year earlier.

Billionaire Wipro chairman and founder Azim Premji admitted that Wipro has grown "slower than competition" in recent financial quarters.

Indian outsourcer Cognizant's "growth stands out in terms of which companies are growing faster than us. Infosys and TCS grew faster than us, despite being large companies," he told reporters in Bangalore.

"We hope this (leadership change) will result in faster growth. We will do our strongest to see that it does. We have a 150 percent conviction that we have made a right decision and that we have chosen the right leader."

The results sent shares in Wipro down 4.59 percent or 21.95 rupees to 456.05 rupees on the Mumbai stock exchange as the market reacted to the numbers.

"Wipro fell on disappointing earnings data," said Sanjeev Hota, IT analyst at Mumbai-based brokerage Sharekhan.

"The charge-in-guard does raise eyebrows. But one must understand that Wipro had lagged behind its peers since the global crisis ended."

Premji ascribed the leadership structure change to a need for a corporate structure "which is simpler, leaner and more dynamic".

New CEO Kurien's "track record with customers, passion for excellence, coupled with strategic thinking and rigour in execution make him uniquely positioned to lead Wipro through the next phase of growth," Premji said.

The third-largest Indian software exporter, whose clients include Citibank, Cisco and Credit Suisse, said revenues rose more than 12 percent to 78.29 billion rupees as it picked up 36 new clients.

Earlier this month, India's largest software exporter Tata Consultancy Services beat forecasts thanks to strong outsourcing demand, while rival earnings from Infosys missed analysts' expectations.

Wipro's chief financial officer Suresh Senapaty said the company "got into the joint-CEO mode as we needed more diversity in thinking and ideas, to deal with the crisis, manage growth and ensure damage control."

But he said that the company now faces a new environment with global recovery underway.

"Therefore, it was thought appropriate that we need to have one CEO," he said.

The joint CEOs have resigned to pursue careers outside of Wipro," Senapaty added.

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