



*IIMC CASE RESEARCH CENTER (IIMCCRC)*

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## GREENFIELD SOFTWARE: IN SEARCH OF THE RIGHT PIVOT

SEPTEMBER 2014, KOLKATA, GREENFIELD SOFTWARE (GFS) OFFICE

Shekhar Dasgupta, CEO and founder of GFS was seated in a large boardroom for a team meeting. He had called this meeting to share the much awaited news of the NCELL deal which was signed off yesterday. The deal would provide a perfect launch pad for GFS to move up to the next level of market segment. Abhijit Sen, Co-Founder & CFO and Director of UD group was seated beside him. Parikshit Bhaduri, VP Development was sitting right opposite to Shekhar and seemed eager to share some thoughts.

Parikshit was very excited on hearing the good news from Shekhar. "So, Shekhar!" he said, "We have a very big deal to handle now. We should focus on making this implementation successful so that the future orders from NCELL and their parent company Teliasonera come our way. This will secure our future and help us establish ourselves in DCIM space."

Shekhar agreed. "You are absolutely right Parikshit. We have to make this delivery perfect in every aspect. This is the turning point for our company."

Parikshit remarked, "Remember last week we talked about the diversification strategies? I believe we shall have to forget about diversification for the time being and focus only on the current customer base and current product."

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*Prof. Indranil Bose and Saikat Dutt of the Indian Institute of Management Calcutta developed this case study as the basis for class discussion rather than to illustrate the effective or ineffective running of an organization.*

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“I understand your point of view, Parikshit. But diversification is of utmost importance for our survival”. Shekhar shared a different thought process. “Unless a company diversifies, it gets extinct. Think of the big companies like Sybase, Ingress who failed as they did not take the diversification route at the right time. If you look at our revenue forecast for 2016-17 you will see that there is big dependency on the DCIM market and on the NCELL deal in particular. But, what if there is any problem with NCELL deal or the market dynamics change due to new technology or service? ”

Abhijit was following both sides of the argument very keenly. Now he offered thoughtfully, “Shekhar, I have been thinking about some practical challenges for taking the diversification route. As you understand, we may need to raise external capital for investing into diversification and venture capital (VC) funding may be necessary. Till now GFS is fully boot strapped and thus we have full control over our way of working. But you know the problems with VCs; constant revenue pressure from them won’t allow us to be able to control our own destiny. Let us focus more on collaboration with institutions to go deeper into engineering. There is a current solution which is already proven in market. We can work with institutions and create differentiating features and innovations to transform our DCIM product to the next level of maturity.”

Parikshit was full of enthusiasm. After all he was a development person. He emphatically said, “I completely agree with Abhijit. There are many challenges in getting into new domain, new geography and new market segments. Our current focus is infrastructure management for data centers and we are doing well there. Our recent partnership with IBM is thriving and they have chosen us for the big educational institute deal replacing a major global DCIM partner. This is a big boost for us. So we see lot of traction in DCIM space. A startup should remain focused rather digress from a proven path.”

Shekhar knew that the diversification path wouldn’t be easy, but he was convinced that it was essential for a startup, “We need to pivot<sup>1</sup>, so that the risk of remaining in one segment is mitigated. Foray into other domains, exploring multiple geographies, and also venturing into different customer segments are essential course corrections that we have to do to improve the odds for success.”

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<sup>1</sup>Silicon valley entrepreneur and author Eric Ries used the term ‘Pivot’ with respect to startups in his book ‘The Lean Startup’, which means structured course correction designed to test a new fundamental hypothesis about the product, strategy, and engine of growth. Successful entrepreneurs have found that the extreme uncertainty of a new product or service usually requires many course corrections, or ‘pivots’ to find a successful formula.

The discussion did not end there, but it was actually the beginning of a series of brainstorming sessions that GFS leadership team got into, within and outside the organization to determine the future course of action to remain relevant in the market and also to scale up their business model. Which market segment can provide them scalable and repeatable business? Should they focus on expanding the current customer base or should they diversify and test new water? Is this the right moment of serendipity for GFS?

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