

# **POTENTIAL & BENEFITS: INDIA SOURCING – AUTOMOTIVE INDUSTRY PERSPECTIVE**

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## **Prologue**

India is fast emerging as a preferred outsourcing destination, not only for Information technology services, but also for hard manufactured components and assemblies. The Confederation of Indian Industries estimates manufactured product outsourcing could grow to \$10 billion by 2007 and \$50 billion by 2015. The biggest strength of the Indian industry is the availability of high quality mechanical and electrical engineering skills. Apart from the relatively low-cost of skilled manpower, demographics and increased buying power have made India the focus of attention for OEMs and auto-component manufacturers globally.

## **Automotive Industry Trends**

Historically, various business drivers have brought competitiveness of the Automotive Industry under pressure. Today the Automotive Industry is going through another phase of technological evolution. Changes in customer requirements and increasing market demands are increasing the use of plastics in automotive production. At the same time, new world automotive suppliers are breaking out of the tier mould, progressively increasing value add to the product. Combined engineering and sourcing of multiple parts has resulted into a new paradigm of partners with multiple specializations in the product engineering, strategic sourcing and supply chain development.

## **India Sourcing**

India presents a whole new set of opportunities as a market and as a source. More and more automotive manufacturers are turning to India to source engineering services & components. The growing Indian automotive industry is all set to service global customers' demands. Moving into the global outsourcing model allows manufacturers to gain significant competitive advantage. However, this may necessitate a paradigm shift in strategic, tactical and operational strategies. Current technologies provide for virtual design and rapid information transfer models for effective management of engineering changes and sourcing models.

## **TCS' initiative on sourcing from India**

TCS has grown from vendor of engineering services to a strategic partner for many global automotive manufacturers. As an extension of that service, TCS is now positioned to execute end to end design and sourcing programs for various categories of components. We leverage our in-depth knowledge of the Indian supply market, domain expertise in automotive processes and products and functional knowledge in sourcing and procurement to deliver value to our clients through improved cost, quality and delivery. In this scenario, TCS has developed a new model for outsourcing from India that meets national objectives and global supply chain requirements with a sound commercial proposition.