

# **ASEAN CASE STUDY**

## **NDR Co. Ltd.**

### **Teaching Note**

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#### **Overview**

NDR Co. Ltd. is a company engaged mainly in the business of software development. The company tried to be an independent small scale system integrator by recruiting qualified electronic engineers both its hardware and software divisions. Likewise, it established a subsidiary in India to secure high quality engineers by recruiting fresh engineering graduates and training them not only in computer technologies, but also in the Japanese language and social customs to enable them to deal with Japanese corporate clients with the proper decorum and propriety.

The enterprise software market in Japan is dominated by large system integrators and most of the SMEs in this industry are subcontractors of these large vendors. The industry is vertically integrated.

NDR Co. Ltd. unfortunately experienced a set-back due to the high training cost and a high turnover of the trainees only after one year of intensive training programs. They were poached by large Japanese and foreign competitors who offered a higher salary and better fringe benefits. However, some of the trainees remained with the company and became part of its indispensable work force.

After the economic bubble burst in Japan, the company's business started picking up with government incentive programs for SMEs to install more efficient computer systems. Corporations began looking for less expensive system integration providers, like NDR.

#### **Topical Areas**

- ✧ Human Resource Development and Human relations;
- ✧ Business development; and
- ✧ Marketing.

#### **Teaching Objectives**

After reading the case and having class discussions on it, the students are expected:

- ✧ To appreciate the importance of software industry in social infrastructure and

economic growth.

- ✧ To weighing the value of Internal technical training versus hiring job ready manpower;
- ✧ To assess the costs of internal training against hiring highly paid ready-to -work workers.
- ✧ To identify barriers in entering the Japanese market including issues like language and business customs;
- ✧ To distinguish between consumer software and enterprise software;
- ✧ To differentiate the difference between packaged software and customized software.

### Teaching Plan

### Time Allocation

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| ✧ Opening and introduction of case   | 10 min |
| ✧ Ensure that the class understands that the company is Involved in enterprise software market and not in consumer software (gaming)                     | 2 min  |
| ✧ What are the problems that the company encountered?  | 10 min |
| ✧ How did it solve or face its problems?   | 10 min |
| ✧ Should your country promote development of software industries in countries like India, China, Israel and Ireland or just import the products instead? | 10 min |
| ✧ Discuss the pros and cons of customized software vs. packaged ones for end-users and for vendors.  | 10 min |
| ✧ What is the direction or future of software industry?  | 10 min |
| ✧ What advice would you recommend for the future directions of the company and why?  | 10 min |
| ✧ What are the lessons you learn from this case?   | 10 min |
| ✧ Wrap up  | 5 min  |

### Discussion Questions and Analysis

#### ● Transition of Software Industry

1950's – 1970's	Data Processing
Early 1980 - Mid 1980's	Expansion of software development
Mid 1980 – Late 1980's	Rapid growth of Software Industry
Early 1990 - Mid 1990's	Decentralization of computer system
Mid 1990 – Late 1990's	Networking and Outsourcing
2000 – Present	Social Infrastructure
Future directions	Open source system development?

- What is the impact of the software industry in developing countries? (the computer industry including software is becoming the fundamental and essential social infrastructure for developing countries to grow further.)
- What are the essential infrastructures required to develop the software industry?
- Why and how did India, China, Israel and Ireland manage to develop software industry? (Government initiatives and guidance, incentives, and language, etc.)
- Why has NDR not tapped the U.S. and EU markets? (Mr. Nagahara never thought of entering the US market and he had neither the connection nor networks in that market.)
- Should NDR enter US and EU markets? If so, what entrance strategy would you recommend? (acquisition, partnership, start-up, and or others?)
- Should NDR stay in customized software business or should it enter the pre-packaged software business?

### **Teaching Aids/Supplemental Material**

Toru Maegawa, Faculty of Information Technology and Business Cyber University, "Software Industry In Japan" published by Computer Software Association of Japan

Arto Ojala, University of Jyväskylä, "Entry Barriers of Small and Medium-Sized Software Firms in Japanese Market"

Ashish Arora, Carnegie Mellon University, "The Globalization of the Software Industry: Perspectives and Opportunities for Developed and Developing Countries"