



Interview with Raj Nathan

IT Leader Raj Nathan – Building successful development organizations worldwide.

SS: How did Sybase become a geographic multi site development organization?

RN: We always had thru acquisitions multiple development sites so we are very comfortable to manage many development sites that are geographically spread across continents. So our scare of going to sites outside of North America was never there for us. Our ability to bring in common culture common processes and all that was never a big fumbling block for us.

SS: When you think of software and offshore India immediately comes to mind so why did Sybase sidestep India and looked at China instead?

RN: We started operations in China with a very market driven approach and even today when we do offshore we look at new offshore facilities from what are we doing in the market today.

SS: So your approach to an overseas engineering presence is more strategic than tactical? How has a market driven approach helped you?

We always looked at what are we doing in any market space while doing that we look at the leverage we have. Because we look at the market first we've always had technical people, we've always had technical support teams, evangelist teams and so on around the world.

So then we said the motivation has always been to support our business interest in the market. If you look at China we have both a very solid contingent there of sales, sales support, presales support type people already and even today that organization dominates over the number of development engineers we have over there

SS: What is the right timing to expand your overseas horizon to engineering centers

RN: When we have a very good critical mass of people in the field, we will build it up. When we already have the infrastructure we complement that by a team of development engineers at our own facilities over there.

Singapore was developed the same way. For the South East Asian market Singapore was an attractive proposition. We established a program with the Government of Singapore.

SS: Arbitrage then clearly was not the principle reason to have a presence in China or Singapore?

RN: We could go north of the border and get 30% savings and without say other logistic hassles such as IP related issues, or time zone issues. For Sybase on top of that we already have a facility in Waterloo. We already have 250 people there so for us to expand it is not that big a problem.

When we go to other countries the motivation for us was not necessarily the economics of that but really was what we wanted to do in that market and the talent pool availability. We fundamentally believe that the diverse a talent pool we can have it would be to our advantage to do that.

SS: So how many developers do you have in China?

RN: We are probably today sitting at 50 and probably will go to 75 very quickly because we are hiring and I could well be wrong as we are speaking we may probably be close to 60 now.

SS: Where do you have them in China?

RN: In Beijing

SS: So what kind of work do these folks do in China?

RN: If the team is not part of an acquisition but something that we build up then we always start with smaller tasks. But we always look at them as an extension of the organization over here.

In many cases we also have a blend of specialized tasks for them that they would do across all product platforms, localization porting to different platforms

SS: How do you build up these centers?

RN: We had only 2 views of this:

a) they have some centers of excellence and they become that center of excellence, be it a product centric excellence or functional expertise excellence. We did some products in which a major development of the product was done in Singapore and North America plays a supplemental role to that Organization. We have done that. We also think that if we could establish a center for excellence for Quality over there and that is fine and they become the Quality center. So that type of centers we have with either product excellence or functional excellence.

b) The second part is where they become an extension of the product team in that we just have 3 or 4 areas in the world that are developing on the same product so they have a piece of the product development effort.

What we want to go away from is then doing this and that and that and everything else. We hope that in the long run they will come up with new products that will be developed from there.

SS: These centers then can build or develop IP for Sybase?

RN: We have a lot of respect for both the value that is created over here and the value that can be created over there. We have no problems for IP being created over there and we will. My view is that we should structure it in such a way that they create IP for there is enough talent over there to create IP. And we have done that.

SS: So this doesn't become an issue of transferring creative work, it becomes an issue of organizations around the world come up with creative work. And gaining arbitrage advantages?

RN: In developing IP over there if there are any cost efficiencies I stand to gain? Yes there are cost efficiencies I can gain when IP was created over there.

There is nothing that prevents our organization back there to come up with an idea for a product or a product feature that they want to do. I say go do it. Not a problem.

SS: So tell me one thing how does your product management group work then:

RN: So far what we have managed to do for the IPs we have created we have had the Product Managers over here as the local knowledge is not there. But I believe two things are going to happen

- a) That local knowledge will get built up and I can already see that in the developers. They are getting more aware of third party providers over here sitting over there so when they come here they want to visit these third party providers and partners. We can already see this in the developers.
- b) The second is there are some products we are going to create that makes sense to create locally and for those it is impossible for product managers over here trying to create a product that is locally applicable over there.

I am sure over a period of time those guys will pick up sufficient knowledge for products that are built for global, North American or European markets

SS: Building products is a different ball game compared to sustained engineering. What kind of challenges did you face to scale up people to build products?

RN: I would like to view this to three things:

- 1) You must be committed to what you are trying to do over there
- 2) You must be prudent in how fast you want to do this. This is not merely the question of an organization over there coming up to speed. This is also a question of the organization over here coming up to speed, because there is that balance that needs to be done.
- 3) The third is to get strong managers over there that can develop systems in the local market and have the were-with-all to manage it with an established development organization in North America and Europe.

SS: Did you send your people from here to train them?

RN: We did, we certainly did and we will always continue to do that. We also do the reverse and send people over there for 2 weeks 3 weeks to work with the team and bring them up to speed.

SS: Was the transition successful?

RN: In respect to the transition and development I would say we had very good success, but this is not blowing our own trumpet. We took small bites at a time. It could very well be that since we did it in measured progression that we were successful. We did that in a very measured way and I am glad that we did that in a very measured way and we were not driven by the sheer economics.

SS: Was language ever an issue?

RN: It still is.

SS: How do you get around that?

RN: Well you know in some cases you have to live with that. For example if some of the people are hesitant to ask me a question in English especially in a public audience they would be very hesitant to ask a question. You can never get past that so at that times we have the local Manager over there ask them in Chinese or ask them in whatever local language and then translate that question. I don't think we can fix that for a long time to come.

SS: Culturally is there a difference in the way people work there and the way people work here? I hear in the Chinese system there is a lot of structure in the organization and people will do exactly what they are asked to do so it is bound whereas in development you need creativity and a certain controlled chaos?

RN: In all fairness there will be people who will rightfully point out to you that there is a difference in the way we do it in the valley and say in the East Coast and there will be people who will point out to you that the way we do it at Sybase is different from the way we do it in IBM. The important element is I don't think you need to have creative chaos across the organization but it is very important that that 20% that are truly creative in an organization are not bound either by organizational structures or by cultural structures that prevents from them being the source of the creative chaos.

When you have 100 people not all of them are creative some of them are just bricklayers and that is what they are going to be, in fact you want some bricklayers you don't want everyone to say what the building should look like.

SS: So you build on selective creative chaos? How well is that understood or accepted?

RN: We have to focus on that 20% and have managers that support that 20% and in our cultures over here the fact that 20% is going to create creative chaos is understood by both the Managers and the other 80%. The fact is that in some of the Asian cultures that notion both in the Manager and the other 80% to be accepting of the fact that that 20% is going to create chaos is a slow progression. But I believe one day you will facilitate an environment where one or two guys will start a creative chaos and you will tell the Managers to support that creative chaos and when the entire team has a success from that creative chaos the other 80% will line up.

SS: So the proverbial "caste" System does not come in the way?

RN: Why is it that here the 80% line up? Because they know that the guy who came up with the creative idea is followed through by the team it and we could be successful in the market place. The other 80% does not get up in the morning and say hey I'm dumber than the other guy. They just feel that they are part of a good idea and they can be successful as a team. That notion needs to come there and then we can break some of these things. I'm fairly convinced that creative work can be done there in spite of geography and in spite of culture.

SS: I recently talked to a Senior manager in a company that does work overseas and he mentioned that initially the biggest challenge that he faced was a rigid hierarchical system and a high degree of mistrust between the Manager and his "subordinates" and sometimes they worked at cross purposes undermining each other.

RN: The hierarchical culture that is there in Asian culture is there. I worked for Siemens for a long time and they had a very strict hierarchical culture. But I cannot translate a hierarchical culture to distrust. Siemens was hierarchical but the level of trust and integrity was impeccable. So I have seen it work. Even here we do have levels I would like to think that having some level of hierarchical control so the ship is steered in the right direction should not imply that you don't trust the people.

SS: But do you think the absence of a feedback mechanism builds some mistrust?

RN: Telling a person what to do is different from saying that I don't trust the guy what he does. I hope we have a Management structure that is clear. Our culture over here makes it very acceptable to listen to what the kind of things we ought to do. I think the Asian culture the management culture to sit down and listen to what the guy thinks he ought to do is not quite there and so as a result when you tell him what to do there is a constant impedance mismatch. Here we reduce the impedance mismatch by allowing that guy to tell us what we think he ought to do. Just because he tells us what he wants to do we don't give him the freedom to go ahead and do that.

SS: So how much is the system and how much is culture?

RN: There are some cultural issues with people not saying: Here are the bad news- that is a big problem. Not being able to convey the bad news I think that is where the distrust part comes in and that's because the hierarchical culture is demanding of some things so that is certainly a problem.

SS: People continue to struggle with a problem without letting it know there is a problem because they still want to solve it, even in the presence of qualified people who can navigate the choppy waters. In the process you lose productivity, how do you manage such situations?

RN: That may be but I think sitting here we have to look at ourselves in the mirror. If you constantly put those guys under a test to constantly prove them and that guy thinks that the minute he gets an A- he will be considered F; that is a culture we set from here. If we don't give him that confidence it's OK, we still think he is a good guy. We don't do that, constantly, implicitly or explicitly we tell him you are always under test you are always under probation, prove yourself. Now this is an unfair test on them; sometimes when they do something right we say well that was one time. Show me that you can do it repeatedly. Those poor guys for some reasons are constantly under test and when you put them under test well- if I was in their shoes, if my survival depends on passing the test, I'm not going to tell you I did bad on the test I will figure out a way to succeed on the test, absolutely I would do that. That's unfair on them.

SS: You have people who would be interacting with the folks over there on a regular basis? How is that interface, is it challenging, are their issues?

RN: Oh I think it's a mixed bag we have people who try to accommodate the people over there. They come to work at 6 o'clock in the morning to accommodate their time. Then there are others who find it challenging to work. In some instances if you do 99% of the work here and put 1% over there it is not work this guy's hassle, that is I think a prescription for failure. If you are going to have a creative part of the project over there then again you cannot have 99% of the work done over there and 1% over here that will not work. I will assure you that this guy over here will feel extremely lost and those guys will never call him but if you have a critical mass where the dependency is balanced this person cannot get the job done without that person and that person cannot get the job done without this person then you are set.

SS: We hear that at a higher level there is alignment but in the trenches the situation is different at times there is a certain lack of respect for anyone offshore, it dissipates over a period of time with frequent face to face. Did you see anything of this type play out- even though of course in your situation it is your own center not a service provider center?

RN: That's right, our situation is completely different and we never had any of those issues. We have our own people. What certainly has helped us in our case is that when our guys went over there and we saw the output that was coming from there it was a done deal. There is also a Management direction that needs to be considered over here. I believe that Managers must edict, the managers must settle the behavior patterns that are acceptable or at least edict unacceptable behavior patterns initially to get this going.

SS: Did you have any cultural training for the people out here?

RN: No and in part where we are in advantage compared to other people is our population today where we sit over here is extremely diverse already. We have people from different countries doing different things.

SS: What kind of a governance structure have you put into place to govern the remote development? What are some of the best practices you have set in place to be successful?

RN: I will tell you my bias, I do not have a VP for Engg. for NA. I have VP of Engg. for product lines. I don't even have a VP of Engg. for Colorado because I don't believe that's a way to structure this. As Directors of Engg, I trust them for what they have to do. I don't believe I have to do something differently for our development sites in Asia Pacific. I trust those people who are responsible for the products and the functional aspects that they will do it. I don't need a VP of Asia Pacific Engg. If I do that I believe to some degree I am disrespectful that I have shown differences and disrespect for the people. I believe we should treat all our centers the same way we treat our center people sitting right next door to my office.

SS: How do you manage operational and other issues?

RN: At all our sites we have site directors so they can go and address site related issues whether it is cubicle space that is needed or computer repairs that need to take place. There are site directors that help the engg. teams. As we are building development centers in Asia, if we need someone Senior personnel to coordinate all these activities, if and the site director cannot do it I can certainly understand that.

SS: So what are some of the best practices you have in place in your development organization that you have replicated over there?

RN: We insisted that practices that we use here good or bad, we will use the same practices over there. Again if we want to start a center in Iowa we will start with just that- this is our Source Control Management System, this is our architecture review mechanisms, this is our design review mechanisms, you please follow this. Now after following this you tell us there is a better way of doing this then we will adopt it across the world. Not a problem, you have the right to improve our development processes, what I don't want is for you to adopt a process that is different from here. We need to be sensitive to cultural issues but we cannot violate the consistent processes.

SS: When you look at geography does IP protections cross your mind?

RN: There are three aspects to this question. Are you so concerned that you will not start a development center there; in some cases the answer is yes. A second part of the question is if you say you are going to start over there do you have more rigid controls over there than you have over here. The third part of the question is do you fundamentally believe that there will be a natural predisposition to not protect or respect IP than over here.

My answer is that if I don't believe overall that there is no notion of IP and respect for IP then I should not go to that country. I should be prudent because a lot of these countries are going into transition, I should be prudent to put some extra steps out there, but my extra step should not be that fundamentally I distrust those people. That I will not do.

SS: What kinds of extra steps do you take?

RN: I think a lot of cultural awareness to say these are Sybase's IP and they need to be protected. We have to be prudent and put some measures in place but we have to be careful that those measures do not cross into where you trust one population and don't trust another. Treat them with the same respect and consideration and discipline as you treat your people here. If we encourage some of their IP to be patented then they get to that notion that there is respect for intellectual work. The notion of patents inherently we value it over here, so we inculcate those things over there, then if we have 5 of those guys with a patent in their name right away it clicks. I believe that's how you do those things.

SS: We hear Offshore or remote productivity is 60-70% of the productivity over here is that what you see?

RN: I do not know if the ratio is what you are saying. I think that in part that is guided by in some respects we have to look ourselves in the mirror in this regard. the average salary out here is 80-90,000 dollars for a developer. Do we go ahead and get a guy for 200,000 dollars because he or she is very good. The answer is yes we do. When it comes to Offshore a lot of people mentality is that the salary should be 15-20,000 dollars. We are not willing to get that 50,000 Dollar person on board. So if you choose based principally on cost then you are building a mediocre organization. If you build a team over here 50,000 dollars all the time then what will

be the productivity of that team? That fact is even here 50% of the population is 60-70% productive of the other 20-30%. But the productivity of the minority makes the overall productivity very high, if you don't have the profile of the same type over there and all you have is the middle section and not the top then you will come to the conclusion that the average is low. If you don't build a full profile organization over there like you build over here you cannot expect the same output of a full profile organization.

SS: So how easy or difficult is it to get skilled resources in a center like Beijing?

RN: We are 60-75 people. To find 60-75 people is not a problem. We are not hiring 2000, 5000, 10,000 people so because of that we do not see the problem.

SS: Do you see attrition out there?

We haven't seen attrition in Beijing and we haven't seen attrition in Singapore either. It is not significant attrition in either of the two places. In part this may be because we do system software we do not do application software. The second is if you pick talent and you ask them to grunge work that will not work. If you give them respect and the latitude and so on then I believe they feel part of it.

SS: In terms of the middle management do you find them there or you have had to send someone from here?

RN: No, we found the middle management over there. I think it is important to find the middle management conducive to how the culture you want to be not find middle management to be conducive to culture over there. We do not want to ignore the cultural issues but we also do not want the traditional middle manager in those countries because we don't want that traditional culture in our work environment. So, we need to get somebody that has a blend of the two.

SS: So after Singapore and China plans for India, how did that come about?

RN: Again, our plans for India are predicated by what we want to do in that market. That is the first decision. The second one is the talent pool, the third is the economics. Our desire to do all this is not merely driven by economics particularly India, for there are other places that are more economically attractive than India, China, Eastern Europe, Czechoslovakia. We currently have centers over there not development centers but field centers so we already have presence over there.

SS: Have you worked with any vendor from India?

RN: yes we worked with TCG?

SS: How long have you been working with TCG?

RN: 2/3 years.

SS: And what was your experience with these guys?

RN: It's been good.

SS: What kind of work do they do?

RN: They do some development, some sustaining work and some product testing.

SS: So do you go by their process CMM whatever?

RN: No I go by my processes what is good over here should be good over there.

SS: What are your immediate challenges is it technology or is it people or is it marketing?

RN: I think a lot of people would answer that people is a challenge, people is something that you manage, people may be time consuming, and there are lot of options there because they are your people there are ways to manage it. In business the market is the bigger challenge. What the market and competition does is not necessarily fully controllable. Your level of control and options with the external environment are limited.

SS: You've had a very successful career whether in academics, and I believe you still enjoy teaching, or in Industry a very successful stint. What do you attribute your success to?

RN: It is timing for sure, you have to be at the right place at the right time of course, but I think there is something that you can demonstrate---- I would contribute my success to only three things:

Comfort- that people have, that they trust what I say, the integrity and credibility factor. They may not always like what I say- it is what it is. They know I am not going to say something that I do not do or something that I don't believe in. The second aspect is the competence part and an attitude and a third is that people know I am not going to do something that is best for me at the expense of others or it is best for my organization at the expense of other organizations. I think probably those three things these are the skills I would teach my children. For managers to have confidence in you they should have confidence in your fundamental value systems they must have confidence in your competence and people must know you will do right for your organization. But certainly you do need luck too.