

INAUGURATION OF BARLOCHER R&D CENTER, MUMBAI

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It is indeed a great honor and privilege for me to be here this morning and to inaugurate the Barlocher R&D Centre. I wish to thank you for your invitation and the opportunity to be with you all today. I also wish to applaud the vision of your company and commend their exemplary decision, to make India, a part of their global R&D platform. I wish this centre very well. I hope it grows from strength to strength, generates value for your company by way of continuous innovation and becomes a flagship R&D Centre for Barlocher worldwide. It is only appropriate that you chose India as one of your locations. This country, I strongly believe (skeptics to the contrary), is at the threshold of a new dawn. Its creative energy is waiting to be unleashed. India as a country and we as a people are a highly self critical lot. Our problems of today overwhelm us. Therefore, we rarely see, that as a nation we are embellished with rich natural resources and its people endowed with indomitable entrepreneurial and creative spirit. The world sees us as a rich nation with poor people. It is not surprising, therefore, that as our huge markets open up, companies from outside India, not only look forward to participating in these markets, but also utilizes its vast human talents.

As someone who has practised R&D in India for over twenty five years, I find events such as the one today, deeply gratifying. The world is recognizing the wealth of our skills. In my own laboratory, we have been receiving increasing attention from global companies and today over 70% of our contract research income of ~ 3.5 million US dollars is derived from companies outside of India. We work today with as many as fourteen international companies, of which at least three, rank amongst the first ten largest chemical companies of the world. Why do companies like Barlocher look to India for its R&D? There is a mistaken belief that it is the low cost of doing R&D. In my experience, this is not so. Sure, Indian costs for R&D are lower than in Germany or USA, but believe me, it is only so by a factor of two to three . Even this advantage will last only for the next three to five years. But what attracts companies here is our vast reservoir of human talent, waiting to be productively managed, the belief that such talents, if properly harnessed can create value, and the closeness to the emerging markets, which require unique solutions. It is also the perception, that, if you do not do it, someone else will and that someone may be your competitor.

There is no doubt in anyone's mind that competitive advantages of the organizations of the future will rest on knowledge, not capital. Knowledge is increasingly becoming

seamless in this boundaryless world, thanks to the power of global connectivity at the desktop. Organizations that can access knowledge globally and harness it to its advantage will be the winners of tomorrow. Barlocher has shown the courage to invest in knowledge in India. I have little doubt that they will reap the rewards in due course of time.

Generating value out of offshore R&D, let me caution you, is not an easy task. Apart from bridging cultural gaps, one needs to have enormous patience, an understanding and healthy respect for the Indian system of values and work ethics and effective communication, both ways. Your own technical R&D team in Germany should not see the Indian R&D as a threat to their jobs, but as an opportunity to leverage new resources, more effectively. There should be a purposeful partnership and mentoring of all R&D program with cross functional skills and cross cultural teams, with the benefits of success flowing to every member of team. Reward system for success should transcend geographical boundaries. In effect you have to strive to create a "Virtual Laboratory", globally connected, boundaryless in thought and seamless in action. My own experience of working with major US companies for the past five years shows that this is possible and achievable and the rewards are phenomenal.

Once again I wish you very well. We will all hope to see this centre truly become the flagship of Barlocher R&D world wide. I thank you all for your kind attention.