**Case 2.1. System Modification for Japan**

by Junichi Yoshida

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This case study was developed by Junichi Yoshida, a Japanese Infosys engineer, for use in

internal Infosys training to illustrate cultural differences in the way business is conducted in Japan

and India. The events in the case are compiled and simplified from several different experiences

the case writer observed while working for Infosys. The case itself therefore is a fictitious event.

**Background**

As the broadband penetration rate in Japan increased, Nippon Tele Communication (NTC)

thought that there was a business opportunity for Voice over Internet Protocol (VoIP) service to

Japanese consumers. NTC selected the system used by American Tower Corporation (ATC), a

U.S. company, for its information technology (IT) system for this application, although it realized

that significant modifications and enhancements would be required for the Japanese context.

Infosys had worked with ATC to develop this application.

Infosys Japan thought that Infosys had a good chance of getting the opportunity to do the system

modifications and enhancements for the NTC project. Tanaka-san, a Japanese Infosys sales

manager, visited NTC in early November 2003 about bidding on the work but was told by NTC’s

head of IT that NTC was in the process of choosing Nippon Information System Processing

(NISP) to do the system modifications. Tanaka-san asked why Infosys Japan had not received a

request for proposal (RFP) for this Japanese localization work and was told there had not been

an RFP. Not ready to give up on this opportunity, Infosys asked ATC to recommend Infosys to

NTC. This tactic worked well. ATC recommended Infosys to NTC. NTC then asked Infosys to

form a team to make a proposal for the work, offering to pay Infosys for the expenses associated

with submitting a proposal.

Tanaka-san then requested that Infosys corporate headquarters (which are located in India) send

a consultant to help Infosys Japan develop a proposal for NTC. Infosys corporate was reluctant to

allocate resources for this project because no contract had been signed with NTC. After a long

teleconference between Tanaka-san and Infosys corporate, Infosys corporate decided to send a

relatively junior engineer named Sachin.

Sachin had an undergraduate degree in electrical engineering from Bangalore University. He was

an expert in Java programming, and during the five years he had been at Infosys since

graduation, he had been involved in several projects. Recently, Sachin had been the technical

architect on the ATC project.

**The First Meeting at NTC**

Sachin was not quite ready when Yoneyama-san, an Infosys Japan project manager and

engineer, arrived at Sachin’s hotel to take him to the first meeting with NTC. They took the train,

meeting Tanaka-san, the Infosys Japan sales manager, in the NTC lobby five minutes before the

meeting was to start.

Most of the meeting was conducted in Japanese. Sachin was bored, uncomfortable because the

room was too hot (he took off his jacket), and tired from the long trip. He was asked only one

question—about how many orders the ATC system processed daily. Sachin wasn’t sure but said

10,000.

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**The Second Meeting**

After the first meeting, Infosys and NTC engineers met several times, working to develop enough

information so that Infosys could estimate the costs of the desired system specifications.

Communication at these meetings was challenging. For example, at the second meeting, Sachin

had questions to which he needed answers, but he hadn’t written them down. Some discussion

was held in English, but for the most part (especially regarding technical issues), Sachin asked

each question in English and Yoneyama-san translated the question into Japanese for the NTC

engineer. Then the NTC engineer would make a call, get the answer, and pass it on to

Yoneyama-san for translation back into English for Sachin.

During this second meeting, Sachin believed that the NTC engineer was saying yes, agreeing to

most of Sachin’s qualifications and conditions even when Sachin explained that the ATC system

only processed 5,000 orders, not 10,000 as he had mistakenly said previously. When Sachin

modified his estimate, he also explained that NTC could use faster equipment and be able to

process 10,000 orders. At the end of the second meeting, Sachin orally summarized what had

been discussed and politely refused to go out for a drink with Yoneyama-san and the NTC

engineer, since he did not drink alcohol.

**More Meetings and Cost Estimate Negotiations**

After several more meetings and more preparation, Infosys submitted a cost estimate of

$220,000. NTC requested a price reduction, since the total cost was almost 50 percent more than

NISP’s competing proposal. Infosys objected but ultimately reduced the price by 20 percent. NTC

also requested that the time be cut from 16 weeks to 14 weeks. Although doing so would require

overlapping the design and coding phases of the project, Infosys agreed to the time reduction.

**Problems Executing the Project**

In the course of development, NTC invited end users to test the system and entered the issues

these users raised into the tracking system. Sachin thought most of the end-user issues were

cosmetic, since they did not block the users from using the system. However, there were far more

issues than Sachin had anticipated. Fixing them all would adversely affect the cost of the project

or the schedule or both. Sachin told this to his NTC counterpart, trying to make the point that NTC

should have frozen the requirements when the contract was agreed to. NTC’s response was that

Infosys had been doing what it wanted to do without really knowing what NTC wanted. NTC also

said that no delay in delivery was acceptable because NTC was already advertising the new VoIP

service. NTC refused to pay extra for the new work associated with solving the end-user issues.