

Hamburg-based Study to investigate chances & challenges of 'offshoring' R&D to India

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Press release from: [Research Project Global Innovation, TU Hamburg-Harburg](#)

Hamburg (12.01.2007): One of the most prominent features of globalization has come to be known as Business Process Outsourcing (BPO), whereby firms outsource their routine, standardized activities to an outside firm that usually enjoys cost advantages e.g. on account of specialization and/or location. A logical extension of this trend has resulted in Knowledge Process Outsourcing (KPO), whereby knowledge-intensive research & development work (R&D) is outsourced either to an outside firm or an offshore-subsiary. Primary motives of KPO are thought to be availability of highly-skilled, cheaper human capital, location of industry-specific clusters and/or the incentive to develop products designed to suit the specific needs of a target market, physically and culturally distant from the home market of a firm.

Many Fortune 500 firms have established R&D centers abroad. More recently the emerging markets of India and China have attracted substantial foreign direct investment (FDI) in R&D sector. India alone has reportedly attracted around 300 of the Fortune 500 firms to conduct parts of their R&D activities there and is reputed to enjoy a considerable advantage vis-à-vis China in this field. The emergence of India as a leading R&D hub as against China is remarkable as the latter enjoys a far superior advantage in the manufacturing sector and generally possesses better infrastructural facilities. This fact throws up two interesting research issues:

1. Which are the factors, whose endowment is crucial or at least beneficial for a R&D location?
2. Is the impact of these factors of universal nature or does it vary for particular industries? If yes, which factors are of crucial importance for which industries?

The Institute of Technology & Innovation Management (TIM) at Hamburg University of Technology (TUHH) has launched a study under the auspices of "Research Project Global Innovation" to find answers to these and other related research issues. The study, led by Mr. Rajnish Tiwari and advised by Prof. Cornelius Herstatt, is titled, "The Role of Offshore R&D in Strengthening Competitive Advantage: Chances and Challenges in India". A list of research issues under investigation is available in "about us".

A primary aim of the project is to observe, analyze and forecast developments in the field of globalization of innovations. It also aims to provide decision-makers from selected industry sectors with useful instruments while deciding on whether or not to internationalize their innovation / R&D activities and to which locations.

As one of the initial sub-projects the study has begun to investigate and examine India's Innovation System under the title, "India's Innovation System: Exploring the Strengths". This project is being run in cooperation with the East West Center in Hawaii (USA). The study seeks to understand the inherent strengths of India's "Innovation System". It also proposes to work out a resource upgrade plan for innovation resources in India, if found feasible. Another sub-project "R&D Internationalization in Automotive Components Sector: Opportunities and Challenges for German SMEs in India" is also underway.

The study is focused on firms from selected key-industry sectors, such as Information and Communication Technologies (ICT), Pharmaceuticals and Life Sciences including Biotechnology, Mechanical Engineering, Automotives & Automotive Components, and Logistics. We look forward to finding cooperation partners from various fields such as the industry, academia and government organizations.

Project website: www.global-innovation.net/projects/grd/india/index.html

For further enquiries about the study, contact:

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'Research Project Global Innovation' (RPGI) is a project of the Institute of Technology and Innovation Management (TIM) at Hamburg University of Technology, also known as Technical University Hamburg-Harburg (TUHH).

The TUHH is one of the youngest universities in Germany as well as one of the most successful. Between 1982 and today an attractive architectural ensemble was created on the TUHH campus in the south of Hamburg. The campus, with its modern buildings, fits most naturally into the surrounding parkland. With the combination of beauty and function the university has become a landmark in city-planning. For further information see:

www.tuhh.de/about/

The Institute for Technology and Innovation Management at the Hamburg University of Technology (TUHH) was founded in 1998 and is headed by Prof. Cornelius Herstatt PhD, MBA. Prof. Herstatt has worked for many years in managerial positions in both Industry and Consulting. Before joining TUHH, he was teaching at the University of Zurich and St. Gall (Switzerland). The department is still in the building-up phase, and we cooperate with a number of research institutes in and outside of Germany as well as with a number of companies and federal/private institutions. For further information see:

www.tu-harburg.de/tim/en/index.html

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