

## Wipro looks to sell French unit as employee protests mount

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MUMBAI | BANGALORE: Wipro plans to explore options to sell its development centre at Sophia Antipolis, France, because of extensive employee protests against shutting it down.

The issue had snowballed into a major controversy with the involvement of the local French government officials. Wipro had initiated talks to close down the centre that it acquired from Newlogic because of poor demand. The centre employs around 60 people.

"As part of the ongoing process, we will continue to look favourably on any proposal that we may get from interested parties willing to continue part of totality of the activities in the Sophia Antipolis centre," Pramod Idiculla, general manager (strategy), Wipro Technologies, told ET. The Indian IT firm acquired privately-held Newlogic in 2005 for around \$56 million.

A cross-section of consultants ET spoke to said Wipro may find it hard to sell the facility in this environment. "I am not sure, if the Newlogic unit will find any buyers. A safer bet would be to wait for the demand to improve and then take a call," said a semiconductor design consultant based in Germany.

"These 60-odd engineers may be few in numbers, but any move to sack them will create a public unrest in this region, there's already pressure on EU countries to ensure that jobs do not go outside the region," he added.

In response to a question on whether Wipro would go ahead with its earlier decision to shut down the facility, if it does not find any buyers, Mr. Idiculla said the company was still in the process of consultation with employee representatives. "A final decision will be taken after the consultation," he said.

"We have reiterated to the French government our commitment to help reduce the impact of any potential redundancies that may arise as a part of this process and our commitment to try and identify opportunities for redeployment for employees," added Mr. Idiculla. The company said it is also open to any proposal from the employees about creation of businesses, which may provide solutions for employees.

Wipro's experience may have implications for other Indian IT firms, which are targeting higher business and expansion, in continental Europe. Continental Europe is a tough market with majority of organisations preferring local IT vendors. "These are business decisions and in a free market economy, government interference will only reduce the attractiveness of the location," said a top executive at one of Indian IT firm with businesses in the US and Europe.

**"Wipro's decision doesn't come as a surprise. Leading European firms are shifting more of their design work to lower-cost offshore locations, particularly India and specifically Bangalore," said Peter Schumacher, president and chief executive of German management consultant firm Value Leadership Group.**