



QuEST co-founders: CEO Ajit Prabhu (left) and chairman Aravind Melligeri.

The U.S.-India Connection Is Working Well for QuEST

QuEST thinks it has a unique business strategy for outsourcing aerospace engineering and manufacturing to India by keeping one foot firmly planted in the West, and so far its 40% per year sales growth seems to confirm that it is on to something.

In its first decade of operation, U.S.-based QuEST has been using teams of engineers in India led by experienced leaders in the U.S. and Europe to provide engineering services to large aerospace companies. Two years ago it added manufacturing in India. Now it aims to provide design through manufacturing there to the big Western companies.

QuEST says it has just been approved by EADS to offer end-to-end solutions with offset fulfillment. The EADS E2S preferred supplier status for engineering services comes after a stringent two-year evaluation as the European manufacturer consolidates its supplier base.

CEO Ajit Prabhu says that the U.S.-based firm now has 1,500 employees, with 1,000 of them in India and most of the rest in the U.S. and Europe. Its sales are 50% in the U.S., 40% in Europe and 10% in Asia. QuEST's rapid growth in engineering services with customers including EADS, GE, Pratt & Whitney and Rolls-Royce is due to the QuEST business model, he says.

QuEST has team leaders in the U.S., Europe and Asia working with customers and directing engineers in India. The key, Prabhu explains, is to make sure that there is no breakdown in communication between what customers want and what the Indian

teams are doing for them. This, he says, is what is often missing in aerospace outsourcing in India. It is also why QuEST's sales are growing at the pace they are.

In the past 24 months QuEST has added the capability to manufacture aerospace components such as those for landing gears in India. QuEST has a 10-year pact with Ontario-based Magellan Aerospace Corp. of Canada to supply landing gear parts for Boeing 747s, 777s and 787s. This is a \$5 million order.

Later this year, QuEST plans to open a new special economic zone for manufacturing aerospace components by itself and other companies in Belgaum, a small city near the port of Goa.

This economic zone, being approved with the government of India, will give QuEST the capability to manufacture export parts in a tax-free zone.

In addition to meeting all Western manufacturing standards such as AS 9100 for aerospace and the National Aerospace & Defense Contractors Accreditation Program, the facility will provide surface treatment capability for parts such as shot peening. Prabhu says that this sort of capability is hard to find in India now.

"Everyone knows about the cost advantage of outsourcing to India, but it is difficult to execute well there.

"It is not easy to operationalize manufacturing and to put all the needed systems in place," Prabhu says. QuEST's first, 60,000-sq ft manufacturing building is nearing completion now.

—David Hughes