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## Guest CEO Editorial

 **THOLONS**

Advisory • Investments • Research



### B. Ramaswamy

President & MD  
Sonata Software

Mr. B. Ramaswamy (or BR as he is popularly called) is President and Managing Director of Sonata Software Limited, and is responsible for the overall strategic growth of the organization. He is also on the Board of Directors of Sonata Information Technology Limited, as well as on the Supervisory Board of TUI InfoTec GmbH, Germany.

BR joined Sonata in 1986, when it was a startup company, as its Marketing Controller. Over the years, he has been successfully spearheading an organizational model that unifies development, support and marketing across all group companies. BR has many years of international experience in sales, corporate management and M&A. His philosophy of driving continuous business transformation by leveraging on state-of-the-art technologies, backed by a strong customer driven service perspective, has enabled Sonata to emerge as an international IT consulting and software Services Company. Today Sonata is the Outsourcing Partner of Choice for many Global and Fortune enterprises.

Prior to Sonata, Mr. Ramaswamy executed various Senior Management assignments at Voltas Ltd.

Born in Bangalore, BR is a Post Graduate from the Indian Agricultural Research Institute, New Delhi and a Management Graduate from IIM Ahmedabad.

**Tholons: As one of the leading Product Engineering Services companies from India, what do you see as the major drivers for India's rise in the services globalization space in general and product development in specific?**

**BR** : Key drivers for India's rise in the services globalization space have traditionally been the availability of a scalable pool of technical talent, a strong process orientation and the cost benefits of delivering software out of India. However, this is fast changing and customers are today looking at the business value delivered by offshore providers. Typically, this value manifests itself in terms of domain expertise and IP, both of which significantly impact the topline.

Within product engineering services, an important additional driver is also the changing perception of India and China as strong markets with great potential, as opposed to low-cost development alternatives. Product companies believe that a presence in these geographies will help understand and tap the market better. India also has the early mover advantage here & is able to provide a ready resource pool of experienced R&D talent, providing us great momentum.

Software companies are also trying to progressively offshore more functions, to leverage the skill base in India. What started as product engineering has now expanded to include professional services and more recently product management functions.

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**Tholons: The Indian services industry has matured after almost three decades of successful delivery, however the industry has remained weak on the commercial Product Development front. Can the industry be expected to develop better known "Made in India" software products in the recent future?**

**BR** : Certainly. Services firms today are being challenged to deliver enhanced value to their end customers – either in terms of specialized domain expertise or time-to-market enhancers. This is driving services firms to look at developing full-fledged products or solution accelerators (IP), that encapsulate rich functionality needed by their target market. We will see this trend growing in the immediate future. Also, services firms are realizing that they need to look at non-linear models to power the next phase of their growth.

One of the aspects that helped fuel the product development ecosystem in the valley is the presence of visionary leaders like Cisco, Google, Yahoo, Intel, HP, Microsoft, IBM, Oracle and SAP who act as the fulcrum for innovation, coupled with access to capital. The fact that all of these majors are here in India, doing cutting edge R&D work, will foster innovation here in a similar way. Access to capital will further strengthen this movement.

An added factor is the evolution of the Indian market into one that offers great potential for new product ideas. The high sophistication of internet and telecom / mobile usage among Indians also puts us on a good wicket, since these are areas which are witnessing a spurt in new product innovation. Similarly, India will leapfrog and embrace new technologies like cloud computing and that is where I see very interesting convergence happening.

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**Tholons: Till now Green-IT has been a buzzword which is good to have for a service provider, Sonata Software has also already taken some initial steps in that direction. Do you see Green-IT going forward from its “enablers” status to being “regulations” for the future IT/ITeS Industry?**

**BR :** As a socially responsible corporate citizen, Sonata has already taken some initial steps in the field of Green-IT – involving consolidation of computing infrastructure, reducing consumption through introduction of energy-efficient computing devices/lighting coupled with controlled usage, and better management of e-waste.

If one observes early adopter industries for environment-friendly initiatives, the discerning trend is the establishment of voluntary, industry-wide standards (for eg; carbon emission standards in airlines). I feel that’s the direction in which IT services industry will also move.

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**Tholons: Sonata Software has concentrated on its strength of operating out of Indian cities and delivering to clients, has the company planned to establish centers using the “nearshore” model or tapping the fast growing Indian domestic market more effectively?**

**BR :** Sonata already has a nearshore presence in Central Europe through our acquisition of majority stake in TUI Infotec in 2006. Through our two delivery centers & state-of-the-art data center capabilities in Hannover (Germany), Sonata is well-poised to service the software services & IT Infrastructure services needs of European firms, especially those in the German speaking DACH region.

On the Indian market front, we have a huge lead over most other Indian service providers. The domestic market has been key to our business strategy since our inception in 1986, and we were developing products for Indian enterprises even then. Over the years, we have established our presence in all major Indian cities, built strong relationships with Indian customers and partnered them through different stages of their IT adoption. This puts us on a firm footing to address the needs of the fast-growing Indian market. Also, some of the areas that are driving the services market growth in India – ERP, CRM, Business

Intelligence, Portals, Infrastructure solutions – are all areas where we have strong capabilities and a great track record. Going forward, we are actively exploring the possibility of offering platform-based services in the Indian market using a SaaS model.

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### **Tholons: Innovations/trends have historically helped revive economic slowdown, what innovation/trends do you foresee in the Services Globalization space?**

**BR** : If anything, the current economic slowdown has brought a sharp focus on innovation among software services firms. With pressure from customers to “do more for less”, companies today are compelled to adopt innovative models to keep up with the changing dynamics. As we move to the next phase of outsourcing, the demands from customers will move from mere cost savings to sustained revenue and bottomline impact.

One of the key trends that I foresee is IP-led services, where suppliers encapsulate their knowledge of a particular area into reusable assets that offer significant time-to-market benefits for customers & address specific domain functionality. As an example, travel, transportation and logistics (TTL) domain is a key area of focus for Sonata & we are coming out with pre-built solutions for achieving PCI-DSS compliance, Carbon Emission Trading etc which are of prime relevance to the industry. Such breakthrough innovation is made possible through strategic partnerships with industry bodies like IATA.

The other key trend seems to be the move to cloud services offerings by providers, where they are getting ready to offer SaaS-based solutions that address specific vertical functionality for their target markets. This helps customers move to a “Pay-As-You-Go” model and align their costs with usage. In addition, the provider brings in significant domain capability and also takes responsibility for the platform, application and services.

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### **Tholons: As of the firms that are active in continental European countries like Germany, what is unique about the German market compared to the well penetrated markets such as US and UK?**

**BR** : One of the key differences in the German market, as opposed to US & UK, is the need for a strong local presence. To succeed in this market, understanding of the local language and culture are vital. We realized this early & hence opted for an inorganic approach involving a local German firm - TUI InfoTec- as a market entry strategy. Today, our nearshore presence is one of the largest among our peers, in the German market.

Though Germany is the second-largest IT services market in Europe, after the UK, it has been slow to open up to outsourcing, primarily because of reasons mentioned earlier. However, we are seeing a higher usage of outsourcing and global delivery now, given the economic downturn and the focus on efficiency and staying ahead of competition. Our experience is that German customers look at outsourcing from a long-

term perspective. Relationships are of utmost importance and we need to invest both time and effort to win their enduring trust. A strong nearshore presence offers them the comfort of dealing with a local player while enjoying the process and cost efficiencies of a global delivery model.

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