CHAPTER 6: ZENSAR TECHNOLOGIES LTD. CASE STUDY
CHAPTER 6: ZENSA TECHNOLOGIES LTD. CASE STUDY

6.1 INTRODUCTION

Zensar is a RPG group company. RPG is a USD 3.7 Billion conglomerate with businesses spread across a number of industry sectors. The company is lead by Dr. Ganesh Natarajan who is Vice Chairman and CEO. The company is a global firm that transforms Technology and Processes for Fortune 500 companies. Dr. Ganesh is also President of the IT Sector and a member of the Management Board of the RPG Group. He is the current Chairman of CII's National Committee and ITES and a member of the Chairmen’s Council of NASSCOM. He is a Gold medallist in Mechanical Engineering and Industrial Engineering, Ganesh a doctoral degree in Knowledge Management from IIT Bombay. He is the author of four McGraw Hill publications on Business Process Reengineering and Knowledge Management and a regular columnist in India’s leading business and technology magazines. He serves on the Board of Global Talent Track, Asia’s pioneering venture in Technology enabled Skills development and is a member of the Board of Governors of NITIE Mumbai. Dr. Ganesh was named 'CEO of the Year' by the Asia Pacific HR Conference in 1999 and received the Wisitex Foundation’s 'CEO of the Decade–Knowledge Award' from India’s Minister for Information Technology in 2000. In July 2005, he received the Asia HRD Congress Award for Contributions to the Organisation through HR. Ganesh was recognized by Ernst & Young in 2005 Award for exceptional entrepreneurship and in November 2010, awarded the ‘Outstanding Entrepreneurship Award 2010’ by Enterprise Asia.

The Indian IT companies had around 30 percent growth which came down to 16 to 17 percent and declined further in recession of year 2008. Companies who had robust value proposition continued to grow. The company believed recession should be used to develop competencies either technical, selling, and leadership. The Indian IT industry is extremely successful industry which had grown 25 percent per year for almost ten years. Quality, capability, and innovation will help industry to come out of recessionary trends.

The company was looking for horizontal services acquisition. It was looking for companies who had services which can be off-shored either in application support or infrastructure management. The board mandate to the company was to go for acquisition between 80 to 100 million dollars. Revenue of the acquisition was estimated to be 450 to 500 crores. The company expected rupees thirty crores of capital expenditure. The company had 160 crores of
cash. Last year 60% revenue came from US, 16% from Europe, primarily UK, and 24 percent from Asia and Africa. Seeing significant growth in Singapore and South Africa, Japan is flat because of the economic condition. Japan should grow this year. The company maintains 60 to 70 percent employees at foreign locations should be locals. The company has conservative hedging policy, no currency speculation.

The Indian IT industry was few million dollars around 25 years ago. Currently the industry expected to be 78 US billion dollars with over 60 billion in exports. Industry will continue to grow 18 to 20 percent for at least next five years. Ten years back Zensar had 400 people, grown its business to twenty times, around 300 million dollars export revenue in 2011. The company has operations in 18 countries, employs around 6000 people of 14 nationalities, and has joint ventures in China, Bangladesh, and Sri Lanka. In 2001, Pune was exporting about 300 million dollars business, this year Pune will export around seven billion dollars worth of software. The industry will expand in vertical competence. Today the world expects innovation to come from Indian IT industry than the typical low cost advantage. By 2020 the Indian IT industry expects to reach 200 billion dollars. Global outsourcing industry is growing from 1.3 trillion US dollars to 1.7 or 1.8 trillion US dollars. India at 60 billion of exports is just scratching the surface.

The company strives to provide customised solutions to meet industry demands better. Chairman of the company Mr. Harsh Goenka made some interesting observations in the company’s annual report FY 2010-11. India’s Gross Domestic Product (GDP) is expected to grow 8% between 2011 and 2015. Information Technology (IT) market is estimated to outpace this growth rate.

Zensar Technologies (Zensar) is a globally renowned software services company that specializes in providing a complete range of Software Services and Solutions. Zensar is ranked amongst India's Top 20 Software Services Companies by National Association of Software and Services Companies (NASSCOM) and is also recognized by the Department of Scientific and Industrial Research (DSIR) for its robust in-house Research and Development practices and an acknowledged leader in Innovation. The Software services range from the traditional to the transformational – Enterprise Product Implementation and Hosting, Business Intelligence and Data Warehousing, Collaboration and Knowledge Management Services, Business Process Outsourcing and Optimization, Remote Infrastructure.
Management and Testing, and the entire range of Software Application Planning, Portfolio Building, Development, Migration and Support. Zensar is the world's first enterprise-wide SEI CMM Level 5 Company and enjoys a strong presence in the United States, Europe, Africa, Middle East and Asia-Pacific regions. To service Global Customers, Zensar has Delivery Centres in Pune and Hyderabad in India, China, Japan and the UK. With 6000+ associates, 400+ customers and 14 nationalities operating in more than 20 global locations, Zensar helps transform Global Corporations.

Zensar is now following new business model with vertical domain business units as,

<table>
<thead>
<tr>
<th>Manufacturing</th>
<th>Retail</th>
<th>Insurance</th>
<th>Banking</th>
<th>Connected services</th>
</tr>
</thead>
</table>

FIGURE 17: VERTICAL DOMAIN BUSINESS UNITS

It is supported by strategic services units as,

<table>
<thead>
<tr>
<th>Consulting</th>
<th>Business services</th>
<th>Infrastructure management</th>
<th>Application development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance</td>
<td>Testing</td>
<td>Enterprise technologies</td>
<td>Applications</td>
</tr>
</tbody>
</table>

FIGURE 18: STRATEGIC SERVICES UNITS

This new model will provide focus on customer domains and will enable the company to provide end-to-end services.

ACHIEVEMENTS
Zensar is committed to meet customers' needs and expectations by delivering competitive IT and Business Process Outsourcing solutions. This sentiment is evident from its continuous perseverance to accredit with globally recognized industry standards and the awards that are bestowed with by various global institutions.

- Golden Peacock Award for CSR - 2011
- International Association of Outsourcing Professionals
- Named in Global Services 100 list - 2010
- Ranked among top 20 IT exporters in India by NASSCOM
- Investment in People Award 2010
- Winner of FICCI's CSR Special Jury Commendation Award
- Employer Branding Awards 2007-2008
- Recognised by the BBB
• Trailblazer of the Year Award for Best HR Practices-2006
• Corporate Governance Business Award-2006

ZENSAR – A SNAPSHOT

Size

6,145 associates, 400 customers, 20 global locations,

Growth

3% growth in profits over the last FY, 19% revenue growth over the previous year, 11.96% average revenue growth over last 3 years

Quality

SEI CMMi Level 5 v1.2
ISO/IEC 27001:2005
ISO 9001:2008

Six Sigma

HIGHLIGHTS

• Listed on the Bombay Stock Exchange & National Stock Exchange of India
• Ranked amongst India’s top 20 software companies by NASSCOM
• Repeatedly ranked in the leaders category by International Association of Outsourcing Professionals (IAOP)
• Ranked among the top 100 global IT organizations by Global Services 100
• An exclusive Harvard Case Study on Zensar Technologies – Zensar: The Future of Vision Communities

DIFFERENTIATORS

FTO Service Offering – A consultative approach to guide First Time Offshorers (FTO) towards implementing their IT and business process offshore strategies

Impact Sourcing – A combination of innovative service packaging and optimized service offerings ensures a minimum saving of up to 10% in 10 months

Shared Services Model – World class shared BPO & IT services for achieving economies of scale while maintaining high quality, performance & reliability and lowering cost

Global Delivery Platform (GDP) – Virtual platform eliminating establishment of numerous, brick and mortar structures to generate applications disconnected from the customer's business processes
Integrated IT-BPO service offering – Derives multi-fold productivity benefits through a single composite team driving business process optimization and IT improvements

End-to-end Infrastructure Management Solutions – Solutions across Data Centre, Network and Security Infrastructure.

Zensar OBT Global

- Augmented SAP capabilities
- 400 strong SAP professionals team

Zensar Thought Digital

- Enhanced Oracle capabilities
- Added 120 experienced Oracle professionals to form a strong team of over 1400 Oracle professionals
- Zensar expanded geographic presence in the US East Coast

Zensar Advanced Technologies

- Enhanced capability in high-end technology solutions
- Advantage of language skills in a non-English speaking territory

Zensar Akibia

- Enhanced Infrastructure Management (IM) Solutions
- Added a team of 350 IM professionals to augment Zensar’s IM capability
- Addition of two delivery centres in the US and Europe regions
6.2 STRENGTHS, WEAKNESS, OPPORTUNITIES, AND THREATS (SWOT) ANALYSIS

Strengths

1. Support of the RPG group since it is a group company
2. Award winning leader
3. Fortune 500 clients
4. Active involvement in industry associations like NASSCOM and Confederation of Indian Industries (CII)
5. Provides customised solutions to meet client requirements
6. Complete range of software services and solutions
7. Recognised by Department of Scientific and Industrial Research (DSIR) for its robust R&D practices
8. Developed new business model with vertical domain focus
9. Transformational in-house practices like Vision Communities exclusively studied and published as a case study by Harvard
10. Packaged offerings like FTO and Impact Sourcing according to market need
11. Developed growth areas and changed composition and direction of exports through acquisitions like Akibia in Remote Infrastructure Management (RIM) practice
12. Active in multiple verticals and geographies
13. Present in growth markets like South Africa and unique markets like Sri Lanka
14. Conducts market research
15. Undertakes self SWOT analysis every year
16. Undertaking new initiatives like hosted ERP for SMEs
17. Used string of acquisitions to develop packaged solution implementation capabilities
18. Focusing in IP creation in selected verticals
19. Involves young employees in strategic planning
20. Using innovative approaches like work from home option for developing new capabilities and reduce costs
Weaknesses

1. Geographical concentration is a risk
2. Lacks focus

Opportunities

1. Strengthen expertise in the verticals
2. Develop composition of offerings further
3. Non linear growth avenues

Threats

1. Niche companies
2. Large IT companies

The company provides complete range of software services and solutions which is a primary strength. This strength also paved way to lack of focus as an inherent limitation of the company. The company is overcoming lack of focus by tweaking its business model and becoming vertical driven. The opportunities lie in deepening the knowledge in verticals and getting the benefits. The threats like large IT companies and niche players will become stronger is the company does not capitalise on the opportunities.

6.3 INSIGHT

Zensar is around 220 million dollar company with 6250 people, 20 different countries, Pune and Hyderabad, China, 11 global delivery centres. The company specialises in IT and BPO, key manufacturing, retail, media, banking, finance, insurance, health care, government, energy and utilities, packaged software and customisation. The company also has its own Intellectual Property (IP) solutions.

The company was not much affected due to financial backlash around year 2008. This is because the company is not exposed to only one vertical and geography, has huge presence in financial services, managed costs effectively, there were no retrenchments, hiring and increments were postponed. Earlier company used to set revenue according to Strategic Business Units (SBUs) and now the revenue targets are set according to verticals.

The company sees infrastructure management as a growth area, hence acquired a company in this area. There seems to be demand for cloud computing, great market for packaged
applications, application support and maintenance. South Africa is a growth market for the company for last six years. The company conducts market research and also partners with research firms like Gartner for doing market research. The company developed products for retail and ERP for auto industry. Emerging vertical for the company is healthcare. The company plans to have 30% organic growth. The company undertakes Strength, Weaknesses, Opportunities, Threats (SWOT) analysis. Dimensions of successful IT organisations are People (skills), process (includes certification), and technology.

6.4 COMPOSITION OF BOARD

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<tr>
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<tbody>
<tr>
<td>H. V. Goenka, Chairman</td>
<td>H. V. Goenka, Chairman</td>
<td>H. V. Goenka, Chairman</td>
<td>H. V. GOENKA</td>
<td>Harsh Goenka Chairman</td>
</tr>
<tr>
<td>Jack Noble, Vice Chairman</td>
<td>Jack Noble, Vice Chairman</td>
<td>John Levack, Director</td>
<td>Dr. Ganesh</td>
<td>Dr. Ganesh</td>
</tr>
<tr>
<td>Dr. Ganesh, Deputy Chairman</td>
<td>Natarajan, Deputy Chairman</td>
<td>Natarajan, Deputy Chairman</td>
<td>P. K. Choksey, Director</td>
<td>Natarajan Vice Chairman</td>
</tr>
<tr>
<td>Arvind Agrawal, Director</td>
<td>Arvind Agrawal, Director</td>
<td>P. K. Choksey, Director</td>
<td>P. K. Mohapatra, Director</td>
<td>and CEO</td>
</tr>
<tr>
<td>P. K. Choksey, Director</td>
<td>John Levack, Director</td>
<td>P. K. Mohapatra, Director</td>
<td>Dr. Ganesh</td>
<td>Arvind Agrawal Director</td>
</tr>
<tr>
<td>Andrew MacNaughton, Director</td>
<td>Andrew MacNaughton, Director</td>
<td>Natarajan, Deputy Chairman</td>
<td>Dr. Ganesh</td>
<td>P.K. Choksey Director</td>
</tr>
<tr>
<td>P. K. Mohapatra, Director</td>
<td>P. K. Mohapatra, Director</td>
<td>Managing Director Arvind</td>
<td>Natarajan, Deputy Chairman</td>
<td>Venkatesh Kasturirangan</td>
</tr>
<tr>
<td>Dr. Nirmalya Kumar, Director</td>
<td>Petri Imberg, Alternate Director to</td>
<td>Arvind Agrawal, Director</td>
<td>Managing Director Arvind</td>
<td>Kasturirangan and</td>
</tr>
<tr>
<td>A.T. Vaswani, Director</td>
<td>A. T. Vaswani, Director</td>
<td>Venkatesh</td>
<td>Managing Director Arvind</td>
<td>Director</td>
</tr>
<tr>
<td>Petri Imberg, Alternate Director to</td>
<td>A. T. Vaswani, Director</td>
<td>Kasturirangan, Director</td>
<td>JOHN LEVACK</td>
<td>A.T. Vaswani Director</td>
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92
<table>
<thead>
<tr>
<th>Jack Noble</th>
<th>Andrew MacNaughton</th>
<th>Director</th>
</tr>
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<tbody>
<tr>
<td>Anthony Pipe,</td>
<td></td>
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<tr>
<td>Alternate Director</td>
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<td>to</td>
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<tr>
<td>Andrew</td>
<td></td>
<td></td>
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<tr>
<td>MacNaughton</td>
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**FY 2010-11**

H. V. Goenka, Chairman

Dr. Ganesh Natarajan, Vice Chairman and CEO

Arvind Agrawal, Director

P. K. Mohapatra, Director

P. K. Choksey, Director

A. T. Vaswani, Director

John Levack, Director

Venkatesh Kasturirangan, Director

Niraj Bajaj, Director

**TABLE 13: COMPOSITION OF BOARD**
6.5 VISION AND MISSION

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<tbody>
<tr>
<td>Vision</td>
<td>Vision</td>
<td>Vision</td>
<td>Vision</td>
<td>Vision</td>
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<tr>
<td>Transformation</td>
<td>Transformation</td>
<td>Transformation</td>
<td>Transformation</td>
<td>Transformation</td>
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<tr>
<td>Partner to Global Corporations</td>
<td>Partner to Global Corporations</td>
<td>Partner to Global Corporations</td>
<td>Partner to Global Corporations</td>
<td>Partner to Global Corporations</td>
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<tr>
<td>Mission</td>
<td>Mission</td>
<td>Mission</td>
<td>Mission</td>
<td>Mission</td>
</tr>
<tr>
<td>Leveraging technology and processes to help customers attain their goals</td>
<td>Leveraging technology and processes to help customers attain their goals</td>
<td>Leveraging technology and processes to help customers attain their goals</td>
<td>Leveraging technology and processes to help customers attain their goals</td>
<td>Leveraging technology and processes to help customers attain their goals</td>
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<th>FY 2010-11</th>
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<tbody>
<tr>
<td>Vision</td>
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<tr>
<td>Transformation</td>
</tr>
<tr>
<td>Partner to Global Corporations</td>
</tr>
<tr>
<td>Mission</td>
</tr>
<tr>
<td>Leveraging technology and processes to help customers attain their goals</td>
</tr>
</tbody>
</table>

TABLE 14: VISION AND MISSION

Zensar kept its vision and mission consistent.

6.6 COMPOSITION AND DIRECTION OF EXPORTS

Chairman of the company Mr. Harsh Goenka made other interesting observations in the company’s annual report FY 2010-11. Innovation through research and development and inclusive growth by developing targeted solutions for the domestic Indian market has also become important for IT sector. The company will be able to secure large deals focused on emerging verticals and geographies. This indicates change in geographic focus of the company towards India and other developing economies.

COMPOSITION OF EXPORTS

The company recently changed its business model by focusing on verticals.
The New Business Model

FIGURE 19: NEW BUSINESS MODEL
The company launched these products recently.

- Improved version of SmartShop, a complete retail management software solution for emerging markets and has made it available as a packaged product.
- AutoZenics, a web-enabled system that will enable Small and Medium scale Enterprise (SME) clusters to take advantage of cloud computing capabilities
- Supply Change Transaction Management (SCTM)-Xchange an online portal
- Tzen, testing solution hosted on the cloud

In September 2010, the company launched a new hosted ERP (Enterprise Resources Planning) solution based on Microsoft Dynamics NAV for small and medium enterprises in India. This cloud based solution was offered to SME manufacturing companies. The challenges SMEs in India face:

- High growth
- Shortage of in-house IT systems
- Shortage of talent
- Budget constraints
The company collaborated to develop pilot.

The SMEs wanted to:

- Ease-up burden on managing operations
- Inability to make capital investments in hardware and software
- Didn't had the right kinds of skills to implement the solution

The solution helped SMEs to:

- Upgrades are taken care of
- Implementation will be done
- Hardware support will be given
- Networking will be taken care of
- Applications will be managed accordingly

The company thinks that this change in composition will drive growth. The solution will provide opportunity to target other countries also.

**INNOVATIVE SERVICE – IMPACT SOURCING**

In 2009, the company launched service 'Impact Sourcing' for its global customers. The service is innovative in nature. The service will help its customers who are facing cost and revenue pressures due to the economic slowdown. This service was offered in the USA, Europe, Japan and India. The company had targeted 40 million USD for this service offering within the ten months of its launch.

The company developed impact sourcing service through its experience of working with leading global clients. The company had reduced Total Cost of Ownership (TCO) by fifteen
to twenty percent to these clients. The company offered the service with 10/10 formula. That is, savings of ten percent in any chosen process within ten months of the engagement. The company undertook a pilot and found the service provides enormous value to the customers.

FIGURE 22: IMPACT SOURCING

The company’s experience with First Time Outsourcing (FTO) clients helped it to develop the methodology for the service. The service impacts two or more of the organisation's key cornerstones:

- Processes
- Infrastructure
- Applications
- Organisation
It and goes through three phases

- Discovery
- Planning
- Execution

The company works with the client and manage the process till the benefits realisation.

Impact sourcing delivers benefits through technologies such as Web 2.0 features. Some of the features used are:

- Blogs
- Wikis
- Mashups

These features provide:

- Creativity
- Communications
- Secure information sharing
- Collaboration
- Functionalities of the web

**DIRECTION OF EXPORTS**

The company witnessed steady growth in all the geographies in FY 2010-11. The company observed surge in IT spending across markets both in traditional and emerging markets. One of the focus areas for the company has been emerging markets.
The company’s expansion into new market geographies will provide tremendous growth opportunities. The company observed geographical concentration as one of the risk criteria. Risk parameters identified were:

- Economic conditions
- Trade policies
- Local laws
- Political environment
- Work culture

The company has not put any limits on geographical concentration and hence planning to strengthen its global focus. Direction of the company’s exports:

<table>
<thead>
<tr>
<th></th>
<th>FY 2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>62.85%</td>
</tr>
<tr>
<td>UK</td>
<td>13.31%</td>
</tr>
<tr>
<td>Rest of the world</td>
<td>23.84%</td>
</tr>
</tbody>
</table>

TABLE 15: DIRECTION OF THE COMPANY’S EXPORTS
6.7 EVENTS IN COMPOSITION AND DIRECTION OF EXPORTS IN CHRONOLOGICAL ORDER

<table>
<thead>
<tr>
<th>Year</th>
<th>Events</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>• Acquired OBT Global Pvt. Ltd. SAP service provider</td>
</tr>
<tr>
<td></td>
<td>• Identified need to invest in emerging markets like Continental</td>
</tr>
<tr>
<td></td>
<td>Europe and Latin America</td>
</tr>
<tr>
<td></td>
<td>• Business model of Strategic Business Units (SBUs)</td>
</tr>
<tr>
<td></td>
<td>o Application Portfolio Management (APM)</td>
</tr>
<tr>
<td></td>
<td>o Enterprise Application Services (EAS)</td>
</tr>
<tr>
<td></td>
<td>o Innovative Technology Solutions (ITS)</td>
</tr>
<tr>
<td></td>
<td>o Business Process Outsourcing (BPO)</td>
</tr>
<tr>
<td></td>
<td>• Identified geographical concentration of business as a risk, company</td>
</tr>
<tr>
<td></td>
<td>was present in US, Europe, Japan and identified need to strengthen</td>
</tr>
<tr>
<td></td>
<td>presence in regions like South East Asia and Middle East</td>
</tr>
<tr>
<td>2006-07</td>
<td>• Acquired US based Oracle solution provider ThoughtDigital</td>
</tr>
<tr>
<td></td>
<td>• Joint venture with Japan based EZA Co. Ltd.</td>
</tr>
<tr>
<td></td>
<td>• Acquisition of OBT Global done last year which gave dominance in</td>
</tr>
<tr>
<td></td>
<td>domestic SAP market and provided foundation for global ERP practice.</td>
</tr>
<tr>
<td>2007-08</td>
<td>• Expanded presence in emerging markets with growth in South</td>
</tr>
<tr>
<td></td>
<td>Africa, Europe, Middle East and India</td>
</tr>
<tr>
<td>2008-09</td>
<td>• Acquired OBT Global, Hyderabad, specialising in SAP applications</td>
</tr>
<tr>
<td></td>
<td>with ready-to-use templates</td>
</tr>
<tr>
<td></td>
<td>• Acquired ThoughtDigital, New York, systems integrator specialising</td>
</tr>
<tr>
<td></td>
<td>in Oracle applications</td>
</tr>
<tr>
<td></td>
<td>• Bought joint venture partners share in Japan based EZA Co. Ltd.</td>
</tr>
<tr>
<td></td>
<td>and made subsidiary Zensar Advanced Technologies Ltd. (ZATL)</td>
</tr>
<tr>
<td></td>
<td>• Identified geographic concentration risk since it is dominantly</td>
</tr>
<tr>
<td></td>
<td>present in largest IT economies of the world – US, Europe, and Japan.</td>
</tr>
<tr>
<td></td>
<td>To mitigate the risk, the company planned to strengthen its</td>
</tr>
<tr>
<td></td>
<td>presence in geographies like South East Asia and Middle East</td>
</tr>
</tbody>
</table>
Emerging markets like India, South Africa, and Continental Europe continued to be drivers of new business for the company. Launched new products:
- Procurement platform for BPO services
- ZenAutoPro, tool for automated code generation
Identified geographic concentration risk since it is dominantly present in largest IT economies of the world – US, Europe, and Japan. To mitigate the risk, the company planned to strengthen its presence in geographies like South East Asia and Middle East.

<table>
<thead>
<tr>
<th>Table 16: Events in Composition and Direction of Exports Chronology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Now the company is actively changing its composition. Based on its 2010 acquisition of US based Akibia for developing Remote Infrastructure Management (RIM) practice. According to a joint study by Nasscom and McKinsey &amp; Co, India is positioned to capture $13-15 billion of the global opportunity in RIM by 2013. The scale the company is looking at for this practice is to achieve $400 million in revenues by 2015. Current revenue from RIM practice is around $100 million. The company expects revenue of USD 130 million from its remotely managed infrastructure management business in FYI 2011-12.</td>
</tr>
</tbody>
</table>

In April 2011, the company signed strategic deal with SAP, an Enterprise Resource Planning (ERP) solutions leader. The deal is for the US region focusing on Small and Medium Scale Enterprises (SMEs). The deal has direct impact on composition and direction of exports of the company. The company’s Enterprise Application Services practice will get major marketing push through this deal.

The company’s plan is to focus on Intellectual Property (IP) creation in focused verticals. Also it plans to focus on product and solution sales. The idea is to complement the person-power intensive service offerings. This strategy will gradually become key differentiator for success in years to come. The company plans to diversify beyond core offerings and markets through its non linear business models. The company creates products and templates at its technology and applications innovation centres. These centres are located at Pune and Hyderabad. These products and templates will help customers to avail of hosted and deployed solutions.
"The Indian IT industry may have suffered from the recessionary trends but it will recover in another 12 months. Moreover, after 12 months, the Indian IT industry will focus more on domestic market and less on international markets," said Ganesh Natarajan, Global Chief Executive Officer of the company in 2008. In 2008, the company had announced that it will focus on emerging markets. At that time, it had won over five million dollars deals in Middle East and South Africa and had targeted $75 million business from the emerging markets. The company had targeted over 10 per cent of its total revenues from these segments of the market.

6.8 ROLE OF VISION COMMUNITY (VC) IN CHANGING COMPOSITION AND DIRECTION
The concept of VC was introduced by Ganesh Natarajan, vice-chairman and CEO of the company. Around 2001 slowdown which was due to dot com bubble burst and followed by 9/11, the company started this initiative. The idea was to involve young minds at strategy. At that time, the VCs helped company to decide its positioning. Now VCs are executed annually as a part of strategic planning process.

The company decides on a theme each year. VCs work on ideas related to the theme. The current year's theme is '2-2-3: twice the revenue and twice the profit in three years'. VCs helped in evolution of the company in areas like:

- How to position and restructure the company?
- How to function more efficiently?
- What new business opportunities to tap?

VC PROCESS

<table>
<thead>
<tr>
<th>Detailing on the ideas</th>
</tr>
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<tbody>
<tr>
<td>Participating employees select ideas to work on</td>
</tr>
<tr>
<td>Implementation of ideas</td>
</tr>
</tbody>
</table>

FIGURE 24: VISION COMMUNITY PROCESS
Almost Rs 400 crore out of the Rs 600 crores of new revenue has come through initiatives undertaken through a VC idea. Remote infrastructure management, one of the company's fastest growing businesses, was a VC idea.

6.9 ANALYSIS AND FINDINGS
“With the increase in technology spending and the changing pattern of outsourcing contracts, I am confident that Zensar will be able to secure larger deals focused on emerging verticals and geographies.” This is what Mr. Harsh Goenka, Chairman of the company said in its Annual Report 2010-11.

“While developed markets constitute the largest share of IT spend, increasingly emerging markets are spearheading growth as a large consumer base becomes increasingly tech-savvy and enterprises adopt IT solutions to improve their global competitiveness. Given this scenario, the Indian supply base has begun to explore market opportunities beyond US and UK.” This was clearly indicated in the company’s Annual Report 2010-11. The company is planning to double its revenue in next two years with focus on exploiting emerging opportunities globally. The company is experiencing growth in business from emerging markets like India, South Africa, Middle East, and Australia.

GEOGRAPHICAL CONCENTRATION RISK
“Concentration of revenue from a particular country exposes the company to the risks specific to its economic conditions, trade policies, local laws, political environment and work culture. In order to curtail this risk, Zensar has not imposed any rigid limits on geographical concentration. While US continue to be the major revenue generating territory, Company's operations in South Africa, Europe, Australia, China, Japan and Middle East also make significant contribution to the aggregate. To cap its geographic risk, Zensar intends to strengthen its presence globally.” (Annual Report 2010-11)
As can be seen from the chart, Zensar revenue is gradually on the rise. There seems a little bit of drop in year on year growth in FY 2009-10. This may be because of effects of 2008 American recession.

<table>
<thead>
<tr>
<th></th>
<th>Rs. Crore</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2004-05</td>
<td>344.89</td>
</tr>
<tr>
<td>FY 2005-06</td>
<td>428.79</td>
</tr>
<tr>
<td>FY 2006-07</td>
<td>605.86</td>
</tr>
<tr>
<td>FY 2007-08</td>
<td>782.93</td>
</tr>
<tr>
<td>FY 2008-09</td>
<td>908.08</td>
</tr>
<tr>
<td>FY 2009-10</td>
<td>952.76</td>
</tr>
<tr>
<td>FY 2010-11</td>
<td>1138.29</td>
</tr>
</tbody>
</table>

TABLE 17: REVENUE FROM FY 2004-05 TO 2010-11

GRAPH 12: REVENUE FROM FY 2004-05 TO 2007-08

On the verge of 2008 American economic recession, the revenue seemed to be on rise. This is probably because the effect of recession will reflect in next year’s revenue.
The percentage year on year revenue drop in 2009-10 can be attributed to American recession around year 2008.

<table>
<thead>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>47.43</td>
<td>49.78</td>
<td>50.10</td>
<td>50.77</td>
<td>57.95</td>
<td>60.43</td>
<td>62.85</td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>25.49</td>
<td>23.46</td>
<td>27.38</td>
<td>22.44</td>
<td>16.33</td>
<td>15.80</td>
<td>13.31</td>
<td></td>
</tr>
<tr>
<td>Rest of the world</td>
<td>27.08</td>
<td>26.76</td>
<td>22.53</td>
<td>26.78</td>
<td>25.72</td>
<td>23.78</td>
<td>23.84</td>
<td></td>
</tr>
</tbody>
</table>

**TABLE 18: DIRECTION OF EXPORTS FROM FY 2004-05 TO 2010-11**
Interestingly, revenue from rest of the world is dropping drastically. The revenue from rest of the world is going down gradually in relative comparison.

Revenue share slide for UK and rest of the world seems gradual till FY 2007-08.
The slide in UK and rest of the world continues.

In October 2011, the company got a contract from the Maharashtra State Electricity Distribution (MSED) Company to implement SAP's enterprise resource and planning software as part of over Rs 50-crore deal. This shows importance of change in Zensar's focus on domestic India business.

The company has less exposure to the European and North American markets. Its exposure to the banking sector is only 6 percent. The current (2011) growth strategy the company is following should enable it to achieve doubling its revenue to Rs. 2,000 crores in next three years that is by 2013.

The company is tapping unique geographic markets like Sri Lanka. The company is focusing on three areas in this market. The company will focus on SME segment.
6.10 CONCLUSION AND IMPLICATIONS OF FINDINGS

It seems that the American recession of 2008 did not have much impact on the company’s performance. Typical to Indian IT service providers, the company’s revenue is dominated by USA. Although the company has identified emerging markets as growth engines, revenue from rest of the world geography is sliding in relative comparison. The company’s second best revenue geography is UK. Revenue from UK is sliding. It will be interesting to see how company develops direction of its exports towards emerging markets.

In a recent interview (October 2011) the company’s Global CEO and Vice-Chairman Ganesh Natarajan said, "Healthcare will grow primarily because of the ageing population in the US and Europe. Next year will probably be different. Europe’s problems could have a cascading effect on the US and so 2012-13 could be difficult. It is difficult to predict beyond six months".

Based on strategic partnerships with SAP and Oracle, the company is capitalising on change in composition. For example, the company is experiencing tremendous growth in Enterprise Application business. The company provides system integration for Oracle Fusion Middleware (FMW), E Business Suite and Business Intelligence solutions. This change in composition is directly affecting the direction of exports. In November 2011, in the US, the company bagged a multi-million dollar contract with the Conflict Management and Dispute Resolution Services company for implementing solution through FMW technology. The company also bagged the FMW implementation and support contract from the leading global interactive entertainment software company in the US. In the UK, the Company has implemented a FMW and Business Intelligence Enterprise Edition at a leading High Street and On-Line Fashion Retailer. The company also wins orders in the Oracle Retail Practice in
the UAE and Saudi Arabia. The company got orders in Process and Discrete Manufacturing in Oracle implementations in the US and Middle East.

The company is using innovative approaches to change composition and direction. It is observing that some work like software testing can be given to a developer who is working from home. The company plans to encourage at least 30% employees to shift to work from home model. The company also plans to work with partners from smaller cities. These changes will provide access to the larger talent pool. The more the talent and diversified skill sets will help company to broaden the company’s composition and in turn direction.

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