

Photograph by KAPIL SHROFF

Future TENSE

By Shantheri Mallaya & Yogesh Gupta

A NEW year always heralds a change and the technology world is no different. A few new buzzwords are thrown about and roadmaps to higher profitability are sketched out. But the ground reality is not too rosy for the enterprise channels in 2012.

Solution providers can hardly be faulted for approaching the year with skepticism and caution. Despite a high appetite for business risk and growth and an entry into game-changing technologies such as cloud or BYOD on the cards, the channel has had to deal with a weakening rupee and aggressive vendors to stay profitable.

ChannelWorld's The State of the Market 2012 Survey brings to light the market realities being faced by enterprise partners in India. The overall sentiment shows that a tough year is imminent.

Will domain expertise help partners to stay above water this year? Read on our Special Report. >>>



Market Reality

Perfect Storm Brewing



IF THE last year is anything to go by, then 2012 is going to be a year marked by caution, with last enterprises, playing the 'wait and watch' game. For corporate India, the joy ride might dim a bit in the face of unfavorable developments. The depreciation of the rupee, coupled with the breakdown of manufacturing due to the Thailand floods impacted vendors and their markets in no mean measure. Having declined by over 17 percent since July 2011, the rupee witnessed a low of rupees 53.3 against a US dollar in December 2011 making it perhaps the worst performing Asian currency last year.

With imports skyrocketing, foreign investment coffers drying due to the pull-out of foreign investment and slowdown of demand for export products, the fiscal situation has plunged into a small point of crisis. The economic growth rate slipping below seven percent added to woes. Amidst stiff denials from the Government about public and media outcry against the lack of action

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GOVIND BHETARIA, DIRECTOR,
HARSH SYSTEMS

on major reforms and inflation, it does indeed seem evident that the Government of India doesn't have the will to introduce reforms the business community is calling for, since a while now.

SET EXPECTATION LOW

In the wake of grim economic reality, both national and global, apparently IT solution providers are also singing a note of caution, and are taking a hard look at their wares in order to meet the cyclic effect. This is reflected in the responses to the State of the Market

Survey 2012 wherein about 59 percent of the respondents stated that they perceived the business environment over this year to be highly challenging. Says Javed Tapia, Founder-MD, Clover Infotech, "2011 was a pretty quiet year as CIOs were circumspect in term of economy and growth. In 2012 again, they will not be aggressive with strategy or investments. There would be no disruption per se either from a technology or investment point of view."

Investments from scale point of view are coming down drastically to rationalization of IT assets. Says Tapia, "In 2007, investment in hardware boxes by companies was like there was no tomorrow. Today, CIOs are even cautious in making investments in term of licenses as they need to justify any IT investment to their CFOs. There is definitely a push back of companies who want to do more with less." Clover Infotech, a larger player in the solutions space, mainly focuses on business application software and virtualization and the company expects that these two technologies would be a key draw for customers to consolidate their IT infrastructure this year.

Govind Bhetaria, Director, Harsh Systems (HSPL), Ahmedabad, observes "The dollar price fluctuation along with the fact that hard disk OEM Seagate has had to stop manufacture, has hit our business and this may be the case with several of our peers who are in the same space." So, also the price fluctuation of processors, which has eaten into the highly competitive hardware market leaving resellers and VARs like HSPL with very little choice but to either wait or to look at other avenues to sustain. However, HSPL is expecting to grow its top lines by about 15 percent and plans to tide over the imminent situation by continuing its popular door-to-door service campaign – a concept the company had popularized some years ago – in the region. Today, HSPL is banking upon its eight location service model (across Gujarat) to help retain customer loyalty and also ensure business continuity. HSPL will also have to look at expanding its customer base, which might pose its own set of challenges for the company, which is currently operating in a limited geography.

UPBEAT DESPITE SLOWDOWN

However, slowdown and ensuing factors have not dampened the mood in total-ity. A whopping majority to the tune of 75 percent of the participant solution providers believe that growth will happen anyways, while about 52 percent are betting high on their companies' risk appetite; encouraging numbers in the light of uncertain economic weather. Says

Rahul Kanodia, VC and CEO, Datamatics Global Services, with some optimism, "In my opinion, we are not going to witness the fallouts of slowdown and freeze on spends in India as intensely as overseas, where there will be some sort of a shakedown." From a Datamatics standpoint, the company is expecting a growth rate of 5–6 percent over the last quarter. At the industry level, Kanodia says there will be after effects. Also, the rupee becoming weaker becomes a benefit in absolute terms of INR business.

As part of its growth plan, Datamatics plans to focus on open source and analytics. Given the tightening of costs,

Options would keep evolving around cloud and RIM and slowdown, if at all happens, would actually drive enterprises to consider them in a positive manner."

K VIJAY MOHAN, COUNTRY MANAGER, MITISOLUTIONS



THE PROBLEM IS OUR ECONOMY

Shyamal Roy, Professor, IIMB shares his views on the ground reality prevalent in the economy.

There is speculation about the state of economic growth in 2012 given the depreciation of the rupee. Is the cynicism and fear justified? Given the nature of problem in the euro zone, the risk appetite of foreign investors has come down; capital has flown out and fresh inflow is weak. Rupee, as a result has depreciated and our businessman's access to foreign capital has reduced.

So, is the slowdown for real? We faced similar skepticism back in 2007-2009 when the rest of the world was in a supposed recession. We escaped lightly because the problem was outside. It's not the same this time, because the problem is with our very economy. The current slowdown is more because of domestic bungling.

companies are now averse to paying licence, so open source and analytics become viable bets to discuss about. Further, Datamatics Global Services has recently forayed into cloud services by way of a telecom billing solution and another invoice processing solution.

Inflation seems to have assumed grave proportions. On whom does the onus of inflation control finally fall on? Inflation arising out of supply side factors such as shortfall in food production is the responsibility of the government. And yet RBI has to control inflation. So it tries to moderate demand (growth), which it is equipped to do, to have a soothing effect on prices. Everywhere in the world, if the central bank has to choose between price stability and growth, it will go for the former. RBI is doing what it should. It is the government which has failed in addressing supply side hurdles.

Lack of will from the Central Government to deal with crucial issues is not helping. Your thoughts? There are many reform bills pending with the government. However, the opposition is playing such an obstructionist role that nothing is getting tabled, not to talk about getting passed.

—As told to Varsha Chidambaram, CIO India

The company is also in the process of launching a utilities billing solution.

Similarly, K Vijay Mohan, Country Manager, MITI Solutions, opines that there has been no adverse impact to date and perhaps there will be no great fallout of the slowdown, going forward. "In the last six months, we haven't really observed any material impact on our dollar billings." In fact, MITI has also apparently been doing steady AV per hour billing at around USD25. Go-to-cloud and RIM and the main buzzwords right now to watch out for and tell customers about, in terms of the long term benefits in terms of cost and accessibility. Says Mohan, "Options would keep evolving around these concepts, and slowdown, if at all happens, would actually drive enterprises to consider them in a positive manner." From a vertical perspective, at least 32 percent are looking at the Government sector as their biggest buyer, followed by retail (16 percent) and BFSI (14 percent).

So, are the fears well founded or the optimism? We would know as the turns of events unfold.



Partner Issues

'Margin+Leads =Growth

MORE THAN 49 percent of the respondents in last year's edition of 'State of The Market' survey (conducted in December 2010) highlighted 'Better Margins' as the biggest wish from vendors in 2011.

Fast forward. One year later. The results for this year's edition are nearly identical. In 2012 too, a majority of respondents to 'State of the Market' survey voiced better margins as their biggest concern area. More than 44 percent expected healthier margins from the vendor companies they work with in 2012.

The other pain areas that bothered the solution provider community in 2011 included sales leads, improved implementation and technical support, more technical support and training and certification (T&C).

SHRINKING MARGINS

Offering good margins is crucial for technology vendors to help sustain partners. Deepak Rai, CFO, Team Computers says, "The margin is really the additional value that we as channel

partners bring to the table in terms of System Integration skills/solution mix and organizing funding requirements where needed."

"Better margins are our biggest wish in 2012 because of sharp increases in dollar pricing but even in this scenario, companies are negating reduction in pricing for renewal of old contracts," says Rishi Pandey, Director, Sigma e Solution, Ranchi.

Prakash R Vaswani, Director, Crescent Technologies says, "Too many quotes of the same product at the customer end is affecting margins." D K Bajaj, Director, D M Systems agrees, "Margins has gone down because of partner competition and the end customer takes advantage of this more than the partners.

Vendors need not focus only on volume. Some times OEMs/vendor companies are so number-driven that they want orders regardless of whether the partner is making money or not, remarks Pandey.

Sujeet Narula, Director, Associated

We find that working with inside sales of the vendors, with their marketing effort and scripting assistance available, is always useful. It hugely affects customer confidence-building and also our qualification as solution provider is much better at their end.

ASHOK B. SHIROOR, MD, MIKROZ
INFOSECURITY

Business Computers says, "The difference between the MRP and Partner buying price is reduced to 10 percent approximately, which has not left much of the space for partners to play as customers expect discounts in the MRP. On the other hand due to inflation, expenditure is going up drastically."

"Better margins to the partners are crucial as partners need to have good post-sales team to give support to customer. A solution like security is not one time deal," says Manmohan Singh, Director, SM Networks & Solutions.

The fewer margins affect top lines and bottom lines of a solution provider business. Pandey agrees, "It hampers our future growth plan and also demotivates our sales force to an extent."

MORE SALES LEAD, BETTER TECHNICAL SUPPORT

More than 22 percent of the partners voted for 'Generating sales lead' as a key concern area for vendors. Ashok B. Shiroor, MD, MikroZ Infosecurity reasons, "We find that working with inside sales of the vendors, with their marketing effort and scripting assistance available, is always useful. It hugely affects customer confidence-building and also our qualification as solution provider is much better at their end. However, since closure usually happens face to face, specifically in Indian market where we predominantly operate, we then move in for the kill."

"More sales lead (which are confidential) should be followed at large by vendors. Many a times, the same lead is being circulated to multiple partners," says Vaswani at Crescent Technologies.

Approximately 15 percent of the respondents wished for improved implementation and technical support from vendors in 2012. U Ashok, Proprietor

of Noahtech Serve has requested the vendor companies to focus on technical support to their end customers. The 5 year old company at Hyderabad is an end-to-end networking integrator working with Cisco, Clipsal (Schneider) and other networking (active and passive) companies. Ashok says, "Many a times, we do lose orders due to lack of technical support from the vendors on time. The upgradation of networking gear at customer-end is more frequent due to fast pace of technology."

Better T&C is an issue for partners too. More than 10 percent of respondents expected vendors to put in more efforts on T&C initiatives. Ashok at Noahtech Serve says, "We do have sufficient team of engineers but vendors need to put more emphasis on training on new and improved implementation techniques."

Vendors need not focus only on volume. Some times, OEMs/vendor companies are so number driven that they want order to be loaded whether partner is making money or not. Fewer margins hamper our future growth plan and also de-motivates our sales force."

RISHI PANDEY, DIRECTOR, SIGMA E SOLUTIONS

THE SIDE EFFECTS OF ATTRITION

CHANNEL partners hope for 'Less Exchange of Active Movements' in 2012. The shuttling of many executives (middle and top management) at tech vendor companies was another key problem faced by partners last year. HP, EMC, IBM, Dell, Symantec, Dell, Link, Red Hat, CA Technologies and almost every major IT company in India experienced this trend in 2011.

"It is making an impact as you take time to be comfortable with new channel head at OEM side or takes time to start working closely. Whatever you were doing earlier definitely effected," says D K Bajaj Director, D M Systems. It takes too long to hand-shake, and each channel manager has his own set of preferred partners, comment large SIs is a threat to tier 2 systems integrators/ channel partners. "We do find that the expected career progression of employees is in that direction. However, attrition rate has increased manifold. It is happening at both, principal and partner level. Maintaining a good workforce (which is must in our industry) has become a major

challenge, says Sujeet Narula, Director, Associated Business Computers. Internal staffing challenges are something that I am certain a lot of growing partner organizations of our size continually face. We need to constantly work on branding, etc., to attract the quality of talent expected and retain, agrees Ashok B. Shiroor, MD, Mikrozo Infosecurity. Channel partner management is a commitment between large OEMs and partners. Everyone wants and is perhaps right in expecting a bigger bang for the buck. Volatility of fact of life in the new millennia," says Deepak Rai, CFO, Team Computers. Employee poaching by vendors and large SIs is a threat to tier 2 systems integrators/ channel partners. "We do find that the expected career progression of employees is in that direction. However, attrition rate has increased manifold. It is happening at both, principal and partner level. Maintaining a good workforce (which is must in our industry) has become a major

MORE CHALLENGES

The weakening of Indian rupee since two quarters this year is adding to the industry's woes, which finds itself reeling under the pressure of growing revenue and expanding customer base in addition to maintaining margins. "The industry itself has distanced itself from pro-

viding any hope so how can Channel Partners be expected to give solutions. The trick is to maintain transparency with OEMs and customers to ensure that the wafer thin margins remain intact," suggests Rai at Team Computers.

According to Bajaj, all software orders are immediately affected and finally hardware has started effecting due to rupee fluctuation. "Due to increase in interest rate, receivables from the customer were badly affected as everyone was involved in delaying the payments to save on interest cost," says K. Gunasegharan, Director – eCaps Computers. DM Systems has started reducing the payment terms with end customers at times, but it is tough as competition or a bigger vendor offers more flexibility he adds.

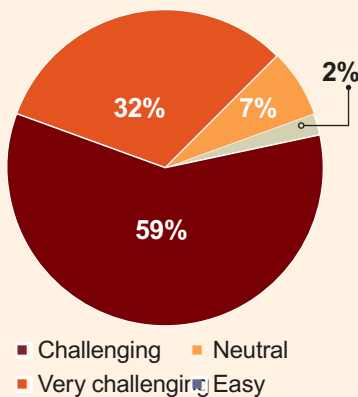
Ranjan Chopra, MD, Team Computers believes, "We (Partners) control our whole future not the vendors or distributors. As long as we know how to run the business, we are good. A good organization should keep investing; keep developing the organization its manpower, system and process, etc. There are good times and bad times, but the future and the destiny lie in our control."



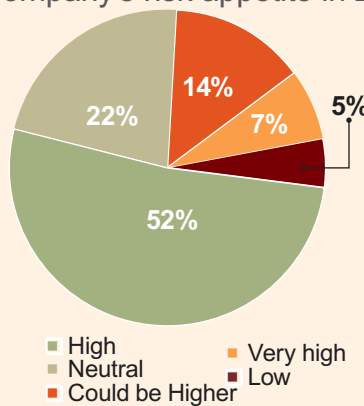


Market Reality

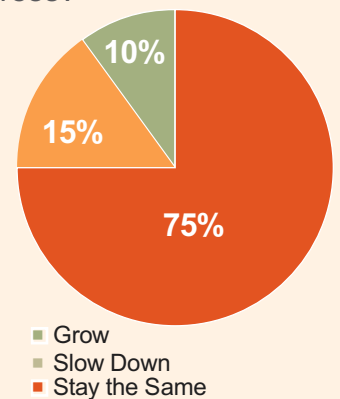
How do you think your business environment will be in 2012?



What do you think will be your company's risk appetite in 2012?



In 2012, how do you expect your business to progress?

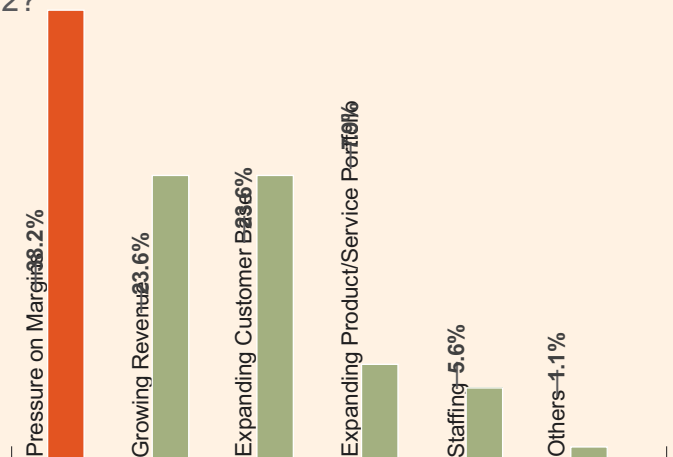


Partner Issues

What is your biggest wish from a vendor in 2012?

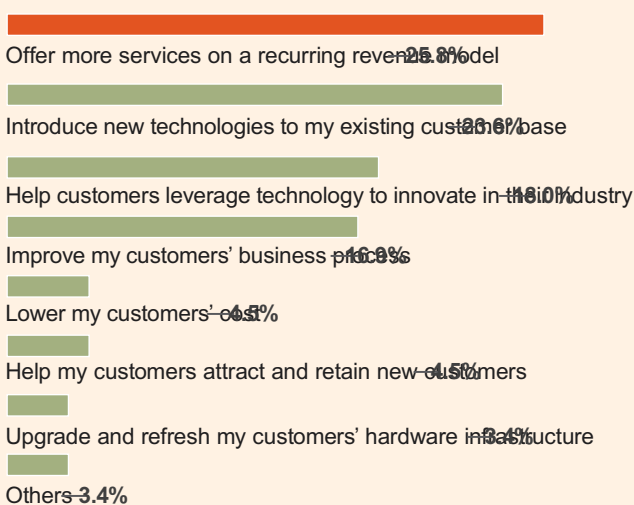


What is the single biggest challenge you expect to face in 2012?

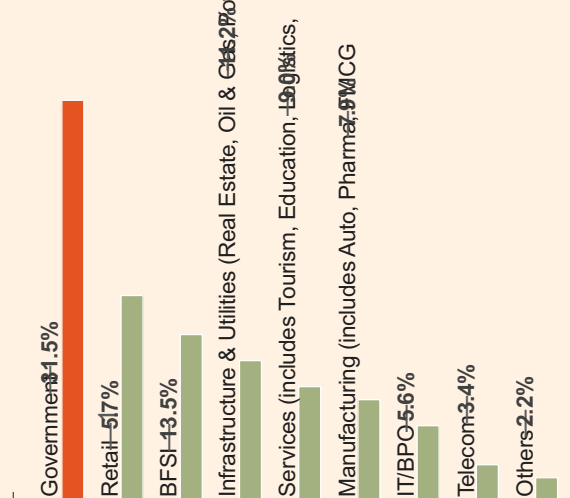


Switching Strategy

What will be your Top Go-to-Market Strategy for 2012?

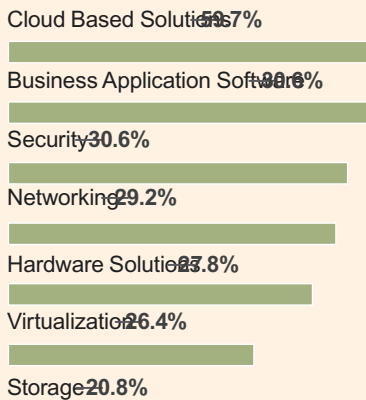


Which sector's IT Spend do you expect to grow the most in 2012?



Technology Outlook

Which technologies do you plan to get into in the next 12 months?



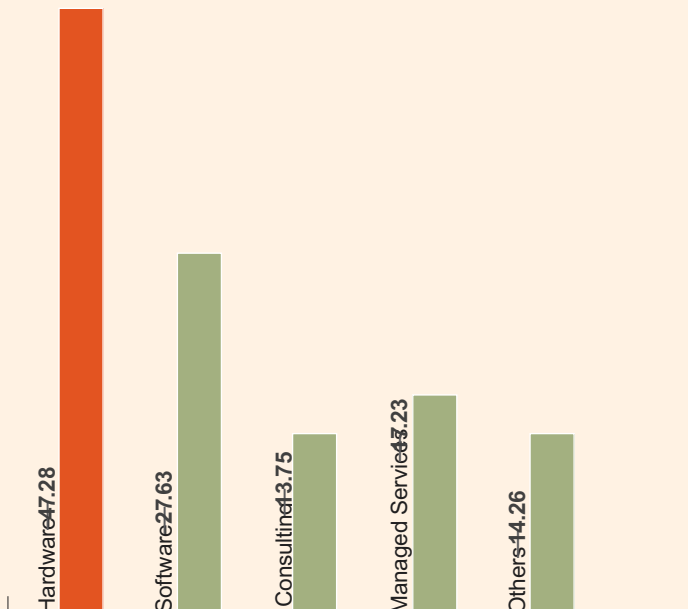
37%

Percentage of revenue expected from new customers in 2012.

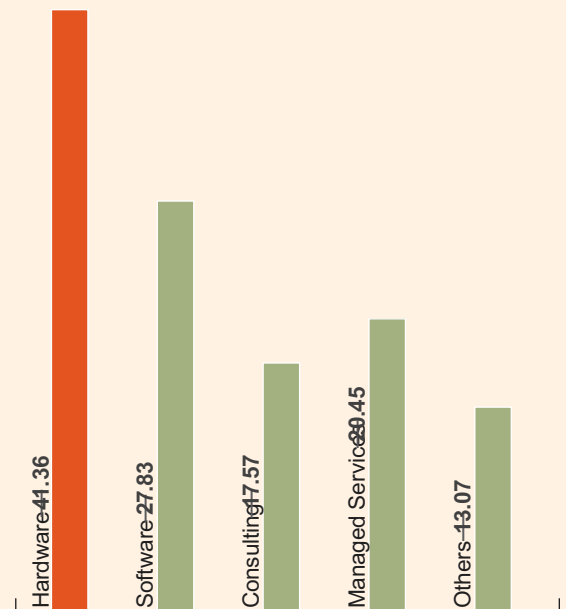
33%

of the respondents foresee decrease in IT spend on hardware in 2012

What percentage of your revenue was derived from each of the following areas in 2011?



What percentage of your revenues do you expect to derive from each of the following areas in 2012?



How do you think the IT Spend will change in 2012?

Technology	Increase	Decrease	Stay the Same
Networking	61.1%	13.9%	25.0%
Security	79.5%	8.2%	12.3%
Storage	71.8%	9.9%	18.3%
Business Application Software	61.1%	11.1%	27.8%
Hardware Solutions	35.2%	33.8%	31.0%
Virtualization	86.1%	4.2%	9.7%
Cloud Based Solutions	91.9%	4.1%	4.1%

SURVEY METHODOLOGY

ChannelWorld administered the third edition of the 'State of the Market Study' online in November and December 2011. The 107 respondents include Systems Integrators, VARs and ISVs. About 63% of organizations have individual annual revenues of below Rs 50 crore. All responses were gathered using a secure server with all individual data kept confidential. The degree of error is +/- 4.6 percent at a 90 percent confidence level.



Technology Outlook

Cloud to Rain Business

IT'S QUITE an uphill task for solution providers to grasp rapid technology changes across the IT world. 'Stay ahead of technology curve' is the name of the game for a successful enterprise solution provider. It is undoubtedly a huge asset for an enterprise partner in today's tough market conditions and competitive 'partner' landscape.

While partners constantly strive to offer the relevant and latest business model (On Premise/Virtual Hosted/Cloud), enterprises have become more prudent in terms of TCO and ROI for every dollar spent on IT solution. Enterprises today want fast, flexible and

cost effective IT solution.

TESTING THE CLOUD

Cloud hype across the technology landscape worldwide and in India. It is therefore no surprise that more than half of respondents (60 percent) in the survey wanted to explore cloud solutions at their customer sites in 2012.

Bangalore based Webcom Information Technology has formed a development team for developing business applications. "The two key areas would be RFID solutions and cloud solutions. The cloud will be hosted kind of applications mainly targeted at SMBs as the model would be high volume and

The two key areas would be RFID solutions and cloud solutions. We are developing solutions to enable enterprises to put critical applications on the cloud. Being a niche segment, we cannot reveal much at this point.

ANANTHARAM VARAYUN, MD, WEBCOM INFORMATION TECHNOLOGY



monthly billing based," informs Anantharam Varayun, MD, Webcom Information Technology. We are developing solutions which will enable enterprises to put critical applications on the cloud. Being a niche segment that we are targeting, we cannot reveal much at this point," he says.

Mikroz Infosecurity at Delhi operates mainly in hardware, security and cloud. The hardware we work on refers to the part/s of the solution assisting the overall information security, etc., that we need to build, clarifies Ashok B. Shiroor, MD, Mikroz Infosecurity. We are evaluating solutions to be able to offer cloud based storage, specifically for desktops and mobile devices, something we have been getting a lot of queries for, he adds.

"The best part of cloud is that it can be offered worldwide across the globe. The shortest route is to conduct a POC for cloud at existing and loyal clients as they trust you and it is easier to explain them benefits of Cloud model," says Varayun.

SM Networks & Solutions is keen to promote "cloud solution" this year. "Our team is constantly undergoing training with major vendors who offer cloud solutions. We will soon start marketing the same to enterprise customers," says Manmohan Sharma, Director, SM Networks & Solutions.

HARDWARE VERSUS SOFTWARE

The emergence of cloud and virtualization in 2012 translates into lesser hardware spends by enterprises. More than 90 percent of polled partners felt cloud-based solutions will see added dollar spend by Indian enterprises.

According to Sujeet Narula, Director, Associated Business Computers, "The market for commercial product sales is getting squeezed due to cloud solution entering in the country. Smart phones and tablets are eating away the space of PCs & notebooks (which is definitely a loss to commercial Channel Partner)."

More than 31 percent of the respondents are eager to test the waters with Business Application Software. Developing Business Applications and virtualization are main focus technologies for Webcom Information Technology. "We are also developing small apps that will work across Android platform. Mobility and Cloud all tie back to the future



Our major focus would be on security and wireless contributing more than 60 percent of total company revenues in 2012. The strategy is to reach maximum upper mid market and enterprise customer with our core security solutions this year.

MANMOHAN SHARMA DIRECTOR, SM NETWORKS & SOLUTIONS

IT strategy of an enterprise, and we are making sure we are present in that segment," says Varayur. "With thousands of tabs, handheld phones sold in the market, we are keen to explore new opportunities," says Varayur.

While networking and security show continued demand, 26 percent of respondents plan to focus on virtualization this year. "On the virtualization front, though we are already providing solutions to facilitate it, we are not into (or plan to be in) the space, as we believe this is a space for large SIs or SPs," feels Shiroor at Mikro-Infosecurity.

For 23 years, Webcom is into IT infrastructure, which ensures top line revenues through repetitive cabling, servers, etc. They have reduced their hardware sales forecast from 60 percent last year to 40 percent in 2012. "We would not reduce this business as it is our bread and butter. But we want to make use of new trend of cloud and mobility," clarifies Varayur.

"We expect significant addition of revenue from storage and virtualization as these would be annuity based services compared to our present, at a standard 100 percent first year growth to 10-30 percent subsequent year model," he says.

ALWAYS IN DEMAND

Security and storage ranked three and four in terms of dollars spent on IT budget as per partner community. Since these technologies form the backbone of

IT infrastructure amidst environment of 'data explosion' and 'data breaches', partners expect good number of deployments across these two spaces.

Mumbai based SM Networks & Solutions which works with Cisco, Cy-

beroam, McAfee, Motorola and Ruckus, is betting big on security. Manmohan Sharma, its director says, "Our major focus would be on security and wireless contributing more than 60 percent of company revenues in 2012. The strategy is to reach maximum upper mid market and enterprise customer with our core security solutions this year." An IT infrastructure services provider Sigma e Solution based out of Ranchi is emphasizing on storage, security and network products. Rishi Pandey, Director, Sigma e Solution reasons, "Because of huge increase in digital data, the need for its storage and security is big opportunity for us." We are also focusing on mail/messaging /active Directory with Microsoft Technologies & Open Source too, he says.

Cloud and Virtualization are clearly the two technologies about which the partner community is highly optimistic this year. Virtualization is picking up at a steady pace in India. But the big question remains.

Are Indian enterprises mature enough to ride the cloud wave in 2012?

CLOUD YET TO PICK UP IN A BIG WAY

An ISO 27001 certified solutions provider, Clover Infotech offers end to end solutions and professional services. Javed Tapia, MD at Clover Infotech, speaks on promising technologies for 2012.

How do you see technology landscape for Clover Infotech in 2012? We have enormous focus on BFSI which has not shown slowdown in terms of investment. Telco and retail are other main verticals. Cloud Computing is more of a buzzword which is couple of years away for India. While it is a good concept, there is lot of peripheral development to be done. SaaS itself has yet to mature in India. One of our customers is experimenting with Cloud for small peripheral applications but nothing on the core side.

If not Cloud, then what's the leapfrog growth for you? The big investment we are concentrating is around middleware. There is renewed interest for Oracle ERP applications including

core applications, financials, purchase and others. CIOs want to rationalize these disparate applications across their infrastructure. Consolidation and virtualization is on our radar. We see enterprises getting comfortable with 'Remote' model than 'On Premise'. Through our NOC at Pune, we grew 'Managed Services' business more than 200 percent in past six months.

Most solution providers are exploring foreign markets. Large SIs like Wipro, TCS are now focusing on Indian market. Any plans to go international? For Tier 1 companies, Indian markets are 'need to have' than 'must to have'. For us; it is our bread, butter and jam. From client's perspective, servicing only Indian market is a huge differentiator for us against large vendors.

Apart from Mumbai, Pune, Bangalore, Chennai and Ahmedabad, we are opening branch in Delhi and Kolkata this year. We expect to grow 65-70 percent in the coming fiscal.



Switching Strategy

What's the Plan of Action?



Given the current situation, hosted services is the future and more so in the cloud. However, the SME is still a major focus for cloud since the large Indian enterprise is still warming to the idea.

SANJEEV GUPTA, MANAGING DIRECTOR, ALBION INFORMATICS

WHERE THERE is business, there is strategy. A vision of the future is essential to drive an organization to its potential. The year gone by saw a mélange of the highs and lows at the IT solution provider end – business garnered, business lost, technologies that worked, and those that didn't. In a year that saw a slowdown setting in, it would be anyone's guess about the close calls that companies faced.

THE SERVICES PITCH

The State of the Market Survey 2012 is quite indicative of the plans businesses want to look into over the next 12 months. About 26 percent of the respondents opined that their top go-

to market strategy would be to offer more services on a recurring revenue model. Not too different from the responses of partners since last year, it has been a while now that services have assumed paramount importance in the larger scheme of activities, with a distinct shift from the product game. Companies now look at services as an end-to-end package that they offer to customers. This not only works out in favour of the customer, but ends up helping the partner organization to benefit in the long term. More and more partners are evidently jumping into the services bandwagon.

While the large enterprises and the smaller companies are grappling to achieve that delicate balance between

what processes they would want to retain with them and what they would want to outsource to external service providers, it is time for solution providers to step in and offer just the right fit. Says Sanjeev Gupta, MD, Albion Informatics, "Given the current situation, hosted services is the future and more so in the cloud." With greater confidence instilled in the viability of the cloud, it seems quite apparent that solution providers are pitching this as one of their top offerings to customers, with guaranteed returns of recurring revenue.

Gupta however, adds a rider that the SME is still a major focus for cloud since the large Indian enterprise is still warming to the idea, unlike the more mature markets in the North Americas and Europe. Albion has separate service business lines, namely, infrastructure built services, managed services and cloud services. While Infrastructure and Managed Services (which the company hosts on its own platform) has been the mainstay of this solution provider till date, it seems quite apparent that Albion is all set to take the leap to cloud managed services, which the company started on a scale in July 2011. Albion also hopes to see a lot of traction in IaaS in the coming year. Says Gupta, "Contrary to popular opinion, IaaS has showed distinct signs of picking up."

Agrees Ashutosh S Karkhanis, Director of Pune based Askari Infotech, "Hosted services through a quarterly or monthly billing help us to gain insight into customer requirements. As a result, we are able to add value to the constantly evolving needs of the customer." Askari Infotech is scaling up its hosted services model with a new NOC in Pune. Measuring around 2500 sq ft, this datacenter will service both domestic and international clients of the solution provider. Given this, Askari seems to have pulled out all the stops to ensure that managed services become a significant topline contributor to its kitty this calendar year. Says Karkhanis, "Hosted services currently generate about 10-15 percent of our revenues; by 2014, we hope to take this figure to 50 percent."

Vijay Mohan K, Country Manager,

MITI Solutions, feels that most customers are moving their email and web servers to the cloud, but the level of awareness among the partner community about several key cloud-related issues such as security is not really high. He adds, "There has to be an overhaul in the way partners understand the cloud and pass on their conviction to the customer."

NEW WINE, OLD BOTTLE

A logical survival and growth strategy for any organization would be to retain existing customers. And this can be achieved only if there is something new on the platter for the customer. About 24 percent of the respondents on the survey stated taking new concepts to customers would be a top priority for the year. Says Karkhanis of Askari, "Introduction of new technologies keep the momentum between us and the customers going at an even pace." Askari is looking at pitching UC in a big way to its smaller and medium sized customers in the IT/ITES and banking sectors, to name a few. Interestingly, Askari



Our goal is to improve enterprise productivity. We look at business process and see how we can achieve this by automation."

RAHUL KANODIA, VC & CEO, DATAMATICS GLOBAL SERVICES

is not aligning with Cisco but is going with Microsoft, citing that the former's UC solution as more suited for the larger enterprise as compared

to the latter's UC offering which works well for the smaller customers. Karkhanis claims that there has been greater acceptance for UC in the last year or so, and that this is just the right time to go ahead and talk about it to customers.

On the other hand, many solution providers now want to innovate in their services and consultancy approach in a manner that would help customers improve their overall business processes. At least 18 percent expressed that one of the chief business goals would be to help customers leverage technology to innovate in their industry and about 17 percent felt that they ought to focus on improving customers' business process. Says Rahul

Kanodia, VC and CEO, Datamatics Global Services, "Our goal is to improve enterprise productivity. We look at business process and see how we can achieve this by automation."

The company believes that their approach of mapping and improving customer process would help create differentiators from others and move to the big league in the short and long run.

As each company evolves its own USP and winning formula, it would be interesting to watch the trends that emerge.

KNOW PROCESS, INCREASE PRODUCTIVITY

Neha Jalan, Senior Associate, AMI-Partners, feels that strategies and opportunities for the partner companies to grow are still aplenty.

It seems to be a services story for solution providers. Is the growth curve likely to be consistent this year too? Yes, we have noticed that the partners who moved to managed services and the cloud saw their revenues doubling, as compared to those who did not. So, this is a huge opportunity to capitalize on. Yes, hosted services may not be very high on margins, but present opportunity in terms of incremental revenue depending on whether they resell, customize and host, only customize or only resell. The first model entails a lot of bandwidth and know-how. In the long run, the results begin to show in terms of topline.

What is the SWOT for partners with cloud? While the cloud seems to be

a very rich proposition to talk about, the success of the public-private or the hybrid models really depends on the customer industry vertical, the kind of investments that the customer might have already made and what he might want to hold on premise. Partners have to possess thorough knowledge of the proposition they intend to make, in order to convince the customer.

What should IT solution companies ideally do? Customers are increasingly using technology to increase productivity. While use case scenarios are good, they don't always work. Ideally, partner companies should be proactive in giving free trials, convince the top management about the viability of the technologies being offered. Partners should also step in as consultants and help organizations to understand the impact of mobility and how productivity can be enhanced in the case of a huge mobile workforce.