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Expanding Horizons

New Delhi, 13 September, 2009 – *The Rs 500-cr NIIT Technologies is looking at the domestic market and at niche segments within the IT services industry to beat recession blues. CEO Arvind Thakur, who has been steering the software business of NIIT since the early days, when the Indian software and services sector was still in a nascent stage, spoke to ET about some of the key differentiators for his company. Excerpts:*

Many of the Indian IT majors have been hit badly by the slowdown in the US market? Is NIIT Technologies also on that list?

We are more focused on the domestic market which is less impacted and continues to grow. In fact, the domestic market already provides 10% of our revenues. There will be a good amount of



business from the large government projects since the Indian government is set to become one of the biggest spenders on IT. The Indian economy is growing, but technology is an under-penetrated space—this represents a huge business opportunity for technology companies. A sharper focus on governments in the Asia-Pacific region is also on the cards for us. Besides, the US slowdown has impacted us somewhat less because we are more focused on the European market with 46% of our revenues coming from there. US accounts for 34% while the rest is from Asia and Asia-Pacific.

Isn't the European market tougher to crack than the US?

The European IT services market is as huge as the US, but less penetrated. It is far more heterogeneous and doing business there is more difficult. There are issues such as culture and language to

deal with and it is important to get the business model right. We believe in building up a local presence in Europe to support our business since language and culture are the big issues.

What are the other markets that you're looking at?

We have a presence in the Chinese market, where we have to choose our spaces very carefully. We have chosen the education business where the experience of NIIT has helped us engage with the marketplace. We are also expanding our presence in the Middle East and have set up operations in Dubai. In that region, the financial meltdown and the oil shock have had a deep impact on business and consumer sentiments are badly impacted. What that means for us is improving cost structure and looking at efficiencies. The air transport sector for instance,



provides a great opportunity for play in technology to improve efficiencies. Overall, there's a growth in traffic between the Middle East and Europe which represents a big opportunity.

What are the differentiators for NIIT Technologies, given the current scenario of a slowdown in some markets?

We have chosen to focus on three distinct segments—financial services (insurance), travel and retail & distribution. These are large segments with a lot of headroom for growth. Retailing is under-penetrated while insurance is the less penetrated segment in financial services. Travel and transportation is a unique domain for IT services providers and is saddled to a large extent with legacy systems. It is not an over-crowded space and represents big opportunities for us.

Have there been job cuts in your company?

At the first sign of the global shock, we froze hiring. After that we've been reducing headcount every quarter, largely through attrition. Over the last few months, we've been working on a new just-in-time hiring model. For the future, we're looking at a non-linear business model based on service level agreements and investing in IP assets which need not always be owned by us.

Please Visit: <http://economictimes.indiatimes.com/Arvind-Thakur-CEO-NIIT-Technologies/articleshow/5004369.cms>