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IoT WILL FURTHER DRIVE CLOUD ADOPTION

Ramco is one of the few companies which started offering cloud-based solutions to mid and large enterprises in India. Eyeing growth driven by trends such as IoT, the company is further enhancing its cloud portfolio. In order to gain insights into Ramco's cloud strategy and the current state of cloud in India, Dataquest spoke to Virender Aggarwal, CEO, Ramco Systems. Excerpts

Can you share Ramco's go-to-market-strategy?

We have been growing our cloud footprint, globally. In order to achieve accelerated growth we have become a lot more partner-centric. We work with ecosystem partners who address all aspects of businesses—business development, sales, delivery, development or personalization and support. A greater part of our go-to-market strategy is partner driven. To give a simple context, our sales efforts in India are broken into emerging business group, which addresses emerging to mid-market customers and enterprise business, which handles large enterprise segment of customers. Emerging business group is completely driven through partners, whereas enterprise business segment is handled through direct sales team with strategic partners supporting in implementation (where required).

While we have boutique partners in each region who have built capabilities in our suite of offerings and have Ramco certified resources readily available to deploy on projects, we are also seeing healthy traction from tier-1 partners/system integrators like Tech Mahindra, Infosys, Dell, NEC, WNS, etc.

Our commitment to success of our partner ecosystem is reaffirmed in our business model which ensures companies with less than ₹1,250 crore or $25 mn in revenue are addressed through a partner and supported by Ramco sales team based out of that region. We have been focusing on building a strong ecosystem of partners by investing in training partner resources and certifying them on their capability to support/implement Ramco products.

Of late, we are seeing System Integrators (SIs) are interested in building a cloud practice around Ramco's offerings—a sign that IP-based cloud is going to be a big market opportunity, in the future. Our SIs have been proactive and serve as an extended arm to bid in large opportunities. Going forward, our focus is to be an IP-driven company, developing products and allowing partners to implement.

How do you see the cloud market in India? What are the new trends in the cloud?

India has traditionally been a very price conscious market. The adoption of ERP on cloud in India has been witnessing good growth in the past few years, so much so that the spending towards the same has only observed an uphill climb. The enterprise mobile application market has also been gathering momentum, as there's been extensive usage of enterprise cloud services on mobiles and tablets. While there's high adoption amongst the mid-segment, the demand is also seeing a surge for add-on modules like HCM, procurement, asset management, travel and expenses, in established enterprise segment.

This trend will continue to thrive on increased accessibility that IoT is bringing into the scenario. While business processes are being accessed across multiple platforms, the new in line is the enterprise hub application, which will provide a single-screen experience for numerous cloud and on-premise services.

Do you think that cloud does not mean low cost as the experts have begun to say?

It's certainly clear that the cloud concept saves its users money. While cloud computing significantly optimizes the hardware needs in an organization, it brings together reduction in power costs and people costs with zero capital costs. The cloud essentially offers these advantages in terms of cost savings:

■ Reduction in capital expenditure for hardware and OS/platform software costs.

■ Brings flexibility to the operating expenses since cloud allows customers to add or remove users on a need basis.

■ Reduces cost of technology obsolescence and costly hardware/software upgrades.

In addition to cost benefits, the cloud removes concerns attached with frequent upgrades and maintenance. Increasingly, organizations are realizing that retaining skilled IT resources to manage and maintain the IT set-up

is difficult. Knowledge of the system and continuity is key and cost for the same is the opportunity cost you lose when your system is down.

Are Indian enterprises moving towards 100% cloud-run enterprises? What are the hurdles in the way?

Most of the organizations have different approaches, when it comes to the adoption of an ERP. There are companies that prefer to retain most of their core ERP on-premise, having a minimal number of applications on cloud. These cases are usually witnessed among large organizations where a legacy system is already in place. Other organizations prefer to slim down their core ERP and move a large amount of other applications like HCM, procurement, travel & expenses, on cloud. On the other hand, some organizations push the entire ERP on cloud. All of these vary by organization size, and by the industry. Every organization needs to evaluate its core ERP system and analyze how other cloud applications can be integrated with the core system. In order to reap benefits to the fullest, organizations must strategize their ERP requirements, and keep themselves in pace with disrupting cloud.

Most companies today face a mix of challenges, be it the competitive business environment or the flexibility/scalability to adapt to market changes or the cost effectiveness of the solution. There is a surge in demand for an ERP solution with a lower TCO. Ramco ERP's uber-cool user interface, accessibility on mobile devices, social and context-aware features combined with the cloud benefits of zero capex, no upgrade or refresh cost or IT cost make it a preferred option. This would ensure scalability, flexibility, and viability of any business model, resulting in higher RoI.

Do you think that cloud has moved from the SMBs and SMEs to become mainstream?

While the ERP solution has been a hit amongst the SMB segment in India, the large enterprises are also showing good uptake. Large enterprises who have invested heavily in on-premise ERP application, are now turning to a cost-effective, more agile and easily deployable system, which can be rolled out to their subsidiary/ extended enterprises and new divisions without having to replace their existing legacy system. With the willingness of large enterprises to adopt a two-tier ERP strategy, Ramco has been aiding the large multinationals, global organizations, and industrial houses to extend/ add solutions to their existing IT backbone. Customers who engage extensively with global markets and organizations, which are being taken over

by new generation management members, are the ones who are fast adopting application, apart from enterprises which are growing and concerned on creating a differentiator amongst their competition.

Also, one more trend we are witnessing is the adoption of HR software on cloud. While traditional ERP may still be on-premise, large organizations which are seeing a surge in infusion of GenY talent are looking for new age HR software. Mobility, integration with social platforms for resume parsing, dashboards, powerful analytics, and a simple-to-use user interface are some of the key requirements driving them to move out of their legacy applications to new age HR software on cloud.

What are the verticals where you see most adoption happening for cloud?

Some of the focused key verticals for ERP are manufacturing, trading & distribution, services—and further drilling down, it would be categorized as automobile, engineering, process production, etc, and on the services front we would have professional services and other project-based services like real estate, etc.

What is Ramco's overall turnover? How many customers do you have?

Our total income for the financial year 2014-15 stood at $60.26 mn and the total revenue stood at $59.47 mn. We have 1,647 employees. Globally, Ramco has over 150,000 users from 1,000+ customer organizations.

Are you looking at enhancing your product portfolio through acquisitions or further investments?

Innovation and R&D are the primary drivers of our business and we are constantly working towards bringing latest technology trends first to the market. Whether it is ERP on SmartWatch or supporting NFC, RFID, QR Code or Beacons, our innovation lab is always thriving with new ideas. We have grown our product offerings organically and don't plan to acquire any code base.

Please share details about your customers in India and globally.

We have a healthy mix of customers across the globe. While on the domestic front we have names like Dabur, Mother Dairy, GoAir, we've also added global conglomerates like Tat Hong, Emirates, Vopak, Kerzner International, Falcon Aviation, MHW, amongst others. With 72% of total revenue coming from markets outside India, we are truly a global firm today.