



With a well-defined strategy, CMC aspires to rank amongst the world's top 20 solution providers

By Yogesh Gupta

**Ramanathan Ramanan**, *Managing Director and CEO, CMC accentuates the company plans to adapt to emerging technologies and traverse an accelerated growth path.*

**What are the main attributes for an IT solution provider to become successful in today's modern enterprises in India?**

Success is based on how useful the IT solution is to the customer, in driving his own business forward. They should have the metrics to measure the business benefit of technology solutions. Secondly, support capability – whether problem solving or adapting to shorter SLAs – is vital. Responsiveness to production support problems and quick response to changing market needs is a major attribute. An IT solution is always dynamic. An IT organization should bring together transformation of technology and domain skill, rather than pure technology.

You need to be conscious of technology choices while implementing large scale deployment. User requirements will change and technology platform will change and partners that adapt it with agility will excel in IT marketplace.

**How has the role of CMC transformed as an IT solution provider and systems integrator over the years?** Prior to the 2001 acquisition, CMC was doing a lot of things that were non-core to the organization which resulted in lower profits and major cash flow problems. We were operating at a low 3.5% margins.

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# THE Growth TRAJECTORY

We had a very strong government presence but very poor presence in private and international markets. CMC hence started focusing on the core competencies of the organization, which were large-scale national projects. They were complex engineering and integration projects with complex business operations. These projects included the implementation of railway reservation system, trading systems, general insurance systems, defense computerization, computerization of shipping ports and large e-governance projects. These projects required a holistic approach and indigenous technologies, which are sustainable and importantly mission-critical for millions of users. Our ability to deliver long lasting reliable solutions with integration of multiple components defined the competency of the company over a period of time.

**Tata Sons acquired 51 percent stake in CMC in 2001. How did CMC benefit out of this?** The major transformation that we undertook at the time of acquisition was CMC 1.0. The next phase of CMC 2.0 was about bringing focus back as we embarked on a major process transformation, which was 'ability to agility'. There was a need for agility to reverberate and resonate with modern expectations of customers and emerging market trends. We had to bring operational process efficiency and change our mindset to approach the private sector and international markets. CMC's management took a conscious strategy to move away from non-value activities, which meant sacrificing top lines, but it ensured healthy bottom line and better margins.

The acquisition by TATA and TCS was very strategic as we developed an approach to synergize with TCS. We are a value accelerator to the parent company and TATA group and we have a product engineering approach, which is different from other companies. We are now quite profitable in India as more than 88% of our business comes from high value-added products and solutions. Almost 50% of our domestic business comes from private sector. By 2010, we had optimal mix of services and solution in

domestic and international markets and in both Government and private sectors. We improved our operating margins to 19.5% and more than 50% of our revenues comes from international markets today.

**Insurance sector has been a goldmine for CMC. What is the success mantra?**

Majority of the general insurance companies in India rely on CMC solutions. The flagship core product, Genesis, was first implemented across public sector including United and NIA. Genesis configurator enables companies to add new products quickly, giving a business edge to insurance companies. The product flexibility and faster time-to-market is the key to Genesis success. The largest private sector implementation is for

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**business applications like ERP / CRM on cloud or mobile. Don't you think Cloud is still in the hype cycle?** Cloud is here to stay. Small enterprises use cloud more effectively. However there are larger ones who still feel insecure about putting their data on cloud.

Also migrating legacy applications to the cloud needs a well-defined strategy and gradual phasing of what to migrate and what to retain on premise. Social networking sites are operating in cloud environment and so integration becomes important.

CRM on cloud is good but how one can configure for different user segments use data to drive new business decisions is still a question mark.

**How is CMC proving competency in SMB and Mid-market, considering you focus**



ICICI Lombard, which successfully met all the volume requirements and policy issues. The Genesis mobile and Genesis cloud would be launched in next quarter.

**What is the next growth trajectory for CMC?**

Going forward, we are looking at next phase, CMC 3.0, which will focus on growth. We are focused on three areas - Building strong analytics in application solution (intelligent enterprise solution), leverage cloud and mobility solutions. All three will be integrated in every solution and service we provide to enterprises. Our vision is to be among the global top 20 system engineering and integration companies by 2020.

**Many vendors talk about enterprise**

**mainly on large scale enterprise deals?**

We actively do projects for mid-market and also for small enterprises. We have solutions for small brokers, stock market/depository, schools and universities. We have inventory management system for small enterprises. The main mid-market customers include retail, schools, universities and pharmacy distribution outlets.

We launched an initiative for e-Pragati, which empowers emerging cities across India through a platform that collaborates universities, industries and technology companies with the help of local government agencies. We are looking at developing solutions which will enable small enterprises or enterprises to leverage technology more efficiently in this market. ■