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News

Leader Speak - Mr. Atul Hemani, Managing Director, Omnitech InfoSolutions Ltd.

Hemant P. Maradia / 12:38 , Oct 28, 2010

Mr. Atul Hemani, Managing Director, Omnitech InfoSolutions Ltd. is an engineering Graduate from Bombay University. Mr. Hemani has a vast experience of over 20+ years in the IT industry. He is the co-founder of Omnitech and had worked for two years with HCL's technical department prior to starting this venture. He is currently responsible for overall business strategy and direction for the organization. He drives the organic and inorganic growth of the organization in domestic and international markets. Under his leadership, Omnitech has grown from a "Garage Start up" to a global corporate entity with over 700+ skilled professionals. Mr. Hemani is also on board of Arham Technologies Co., Ltd. which offers Application Management and Infrastructure Management Services for clients in Japan. Arham Tech is a joint venture between Omnitech InfoSolutions Ltd. and Sanwell Co. Ltd. Japan.

Omnitech InfoSolutions Ltd. is a global player providing services in Business Continuity Planning / Disaster Recovery Services, Application Management Services, Software Testing and Infrastructure Management Services. Omnitech has its presence in India, US, Canada, UK, Japan, Bahrain, Belgium and Berlin. Omnitech is an ISO 9001:2008 certified company committed to empowering global business and industry with leading-edge software and world-class support. Since its inception 23 years ago, it has evolved into a strong player in the Managed Service space, with competencies related to Business Continuity and Business Availability. These include Performance Management, Remote Management, Infrastructure Management and Disaster Recovery - not to mention Software Development and Independent Software Testing. Through alliances with world leaders like IBM, Borland, TASSC, CA, VERITAS, Cisco, Microsoft, Oracle, HP, Citrix, APC, and Intel it is in a position to deliver contemporary solutions.

In an exclusive interaction with **Hemant P. Maradia of IIFL**, Mr. Hemani says, "With a couple of acquisitions in the pipeline we should be in a position to deliver exponential growth over the next three years."

How has FY11 been so far? What is the outlook going forward?

At the beginning of the fiscal year we had announced that we were targeting an organic growth of somewhere around 30-35%.

The way the trend is shaping up and the way the markets are supporting, we believe this goal is definitely achievable.

Also, we expect some element of inorganic growth to kick in during the year.

Over the next two years we reckon the Indian economy will do very well. Information Technology is becoming a key enabler for the businesses. So, the demand for IT will continue to grow.

Globally, with the economic scenario not being that good, Indian IT companies like us have a big opportunity to help our customers attain operational excellence.

Our services like Remote Infrastructure Management Services, Remote Application Management Services and Remote Performance Management Services will play a key role in helping these companies become more efficient.

Going forward, with a couple of acquisitions in the pipeline we should be in a position to deliver exponential growth, which will be spread over a period of next three years.

Another dimension that has been added to the IT industry is the advent of Cloud Computing. A lot of mid-tier companies will not look at complete outsourcing. So, something they were doing in-house or piecemeal will get consolidated. And, companies like Omnitech, which are into end-to-end IT services, will benefit from this growing trend.

Have you been able to increase the share of exports?

Yes, certainly. We are looking to change the current business mix, which is roughly around 75:25 in favour of the domestic market. We are aiming at a mix of 55:45 by the end of March 2013.

We believe this growth will come through a two-pronged strategy. One is of course through our organic business activities and the other will come from the proposed acquisitions.

Could you elaborate a bit about the proposed acquisitions?

We are at an advanced stage of discussions and in the last lap of the due diligence for buying a Dutch company. We also have couple of more targets under evaluation. Some are from the US and the rest are from the UK.

Are you also looking at buyouts in India?

Certainly, we are looking at an acquisition in the domestic market as well. We are waiting for the right company and the right opportunity.

Which verticals are you focusing on?

We have been very strong in the BFSI segment and would continue to leverage that advantage going forward. Our joint venture company in Singapore has given us a further edge in this space.

We are also looking at Pharma and Retail as the next big opportunities.

We are also very actively looking at pursuing opportunities in the Education space in India. We believe this space is pretty fragmented and unstructured. This is where new technology, a new way of delivery and Cloud Computing could play a key role.

The education sector in India has reached an inflexion point. This is bound to grow going forward.

Are you also catering to the Government sector?

We had been doing it but in the last couple of years we have consciously not focused on this space very much. But, now we are once again planning to get aggressive in this area as well.

We know this market is growing and the Government will be the largest buyer of IT in the country. Currently we are working through a joint go-to-market model.

We plan to penetrate deeper into the Government segment.

Tell us about the disaster recovery centre (DRC) business?

We have already started the second disaster recovery centre (DRC) at Hyderabad. It was launched in August 2009. Our occupancy has already reached 25%. This is among the best DRCs even when you compare it with the ones in some of the matured nations.

Our first DRC was set up at Mhape, New Mumbai.

We are planning to add four more DRCs in India based on the business demand. In addition, we are planning to set up two international DRCs; one in Singapore and the other in Mauritius.

In all, we will have six new DRCs.

One of the proposed DRCs will come up in the northern part of India by March 2011.

The next three domestic DRCs will be up and running by March 2013.

Give us a sense of the orders that you have on hand?

Since we are in the managed services space, our contracts are of long term in nature. Business Continuity contracts are for anywhere between 3-5 years and so are IRMS contracts.

Our order book is executable over a period of 1-3 years. Currently we are sitting on an order book of roughly around Rs1.8bn. More than 60% of the order book will be executed in the current fiscal year itself. Another 25% will be delivered next year and the balance in the third year.

What is the contribution of Top 10 and Top 5 customers?

Top 10 customers' contribution in the company's topline is roughly around 53-55%. Top 5 customers' contribution will be around 32-33%. People are looking at IT as a service. We believe Cloud Computing will be the next big wave. More and more organisations will look at focusing on their core activities within the company and the rest will be done through Cloud Computing.

We have been focused on Western India and Northern India but from now onwards we will expand our footprint across the country. We will try to penetrate into other Indian geographies. We are planning to hit the local market and win customers.

We will also try to boost our business by adding new services like BC, RMS, Cloud Computing, etc. We are also open to strategic alliance.

How is the traction in Business Continuity and IMS?

It is exceedingly good. Managed Services is having the largest traction. Business Continuity is a very good opportunity to grow. We are waiting for a tipping point. This will grow leaps and bounds in the future. Overall, this is a very exciting time for us.

We were in the investment phase in the last couple of quarters but we have completed that. Now we are looking at only steady investments; for the proposed DRCs and the planned acquisitions.

How do you the margin picture going ahead?

Margins may drop a bit more, may be 1-2%, over the next three years as we see competition heating up in this space. We expect more players to come in the areas that we are currently present.

Also, our proposed global acquisition targets are operating at a lower EBIDTA levels compared to us. It will take for us to boost their margins. This may take roughly around 2-3 years.

Some of our services are highly lucrative and are helping us earn higher profits. International business is definitely more profitable. Therefore, we are going to increase the share of our external business going ahead. We will also add more premium services.