Ready for the Future

IFS, A Swedish-based multinational, established its operations in Sri Lanka in 1997, where the company identified opportunities and invested during times of uncertainty and amidst an ongoing war in the country. Throughout the years, IFS' Colombo operations has been an integral part of product development, support, consulting services and training to global companies, while also providing ERP solutions to large entities in Sri Lanka and South Asia. Shiraz Lye, Managing Director/Vice President Sales, IFS South Asia envisions IFS will become a company that all Sri Lankans will know and be proud of.

By Udeshi Amarasinghe and Keshini de Silva. | Photography Mahesh Bandara.

Shiraz Lye, Managing Director/Vice President Sales, IFS South Asia.

IFS invested in Sri Lanka during a time of uncertainty. Could you elaborate on that?

In 1997, IFS Sweden set up the office in Sri Lanka and it was at the time the first foreign investment in the IT sector. The other large IT companies followed thereafter. Two of the investors who were also owners of the company along with few senior leaders were in Sri Lanka in 1997, at the time the Galadari Hotel bomb attack took place. That didn't deter the decision and they proceeded with setting up a shop in an office in Colpetty.

The primary reason for arriving here was their affinity towards Sri Lanka, the like-mindedness and the culture. Plus, the city of Colombo though was not upbeat at the time like now, it offered something other cities in the region didn't offer. Peace of mind, cleanliness, and ease of doing business. Further Sri Lanka offered a collaborative attitude, resourcefulness and adaptability in nature. And also, they loved our beaches and the food. Rest is history.

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Can you tell us about the role of IFS in Sri Lanka?

At present, IF Sri Lanka operates as an extended arm of the IFS Global Operations and employs around 1,400 Sri Lankans who receive the opportunity to innovate, collaborate, and service global companies, some being Fortune 500 listed. Apart from developing and servicing innovative enterprise solutions to the world, IFS has continuously sought to positively impact in Sri Lanka, and has done so through being a leader in IT employment, collaborations with universities and scholarship program, servicing and supporting top-of-the-class of over 100 companies, as well as running a full cycle CSR project to uplift livelihood and standard of living at a rural village in Puttalam district. The company has always been positive about Sri Lanka and has held Sri Lankan talent in high esteem.

The company started with 25 employees, and today it has grown exponentially to

become the second-largest IT employer of the country. We have two state-of-the-art modern offices, one in Orion City and the other at Access Building having many global functions such as global support, global consulting, Labs, R&D, global academy, and regional sales.

Throughout the years, we have played a pivotal role in Sri Lanka and have worked with the university system to attract the right talent and have been instrumental in shaping some of the curriculum in universities. We have an ongoing scholarship program, where we offer students or undergraduates a four-year plan, during which we provide them on the job training as well as provide students time off to attend lectures. By the end of four years, they end up with four years of work experience and a degree, while most choose to remain in employment. We have the highest employee tenure in the industry in Sri Lanka going above 6.5 years on average.

We have over 350 employees working for more than ten years while over 500, more than five years. The industry norm is somewhere around three to four years if you are lucky. We have been able to retain talent due to the culture of the organization, which encourages empowerment, inclusiveness, delegation, flat structure as well as support for women in the workplace. We maintain a gender balance of 60:40, male to female employee ratio, which again an impressive ratio compared to rest and industry.

IFS set up its CSR arm globally in 2018 and decided to run the first program in Sri Lanka. Thus, we selected a remote village in Puttalam district and are working on developing their standard of living through – health, education, water and sanitation and that’s, is a starter. The funding doesn’t come from company but its from various innovative ways from the 4,000 plus employees of IFS global. Funds are collected through many voluntary programs conducted by staff all over the world. Many of our customers too do contribute to the cause.

Can you elaborate on the Sri Lankan operations?

We have offices in around 60 countries, out of which Sri Lanka has the largest set up having close to one third of its employee base. Naturally there is a great prominence and output from IFS Sri Lanka operations. One of its main units, IFS Global Support Centre, that supports over 10,000 customers globally has its main center in Colombo. Over 60 percent of the product is been developed from Colombo. With close to 300 resources, Global Consultancy Services Organization

which sources consultants, software engineers for some of large global projects are from the Colombo offices. Colombo office houses the global Academy, which is the main training center for partners, customers and staff. IFS labs, which does research on advance technology and future trends has its main unit in Sri Lanka. South Asia regional sales and consulting unit operates from Colombo servicing over 150 companies in the region in automotive, manufacturing, F&B, retail, projects and construction and services related industries.

Currently, IFS is going through transformation within and one of the first we did was we implemented IFS within our own companies. For our sales, projects, HR, procurement, maintenance and support we now use IFS Applications. Colombo being the largest entity of IFS, we were one of the first to roll out the system. It was a nerve wrecking exercise but succeeded at first go. Just imagine having a system of such magnitude being implemented to such a large establishment in one go. This was one of our key successes in 2019. Now many of the global operations are being set up in Colombo. For example global services such as finance, HR and procurement are being channeled to Sri Lanka providing more employment opportunities for Sri Lankans.

Last two years alone we recruited more than 500 employees. With a pause due to the pandemic, we have plans to further expand Sri Lanka in years to come. We are growing and will continue to invest in the country.

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You mentioned core areas IFS focuses on. Can you tell us why they are important to IFS?

We have five focus areas – Aerospace and Defense; Manufacturing; Utility Resources & Energy; Construction and Project Based Industries; and the Service Industries. We provide three solutions – Enterprise Resource Planning systems, Enterprise Asset Management Systems and Field Service Management. Having such a focused approach for product development and implementation has made us to

put our resources to build and maintain a strong footprint in terms of width and depth of functionality. Continuous R&D for the next version on these industries with industry trends and future technologies enables us to be there first and offer the value to our clientele through version upgrades.

For example, in Aviation and Defense, over 20 percent of the world's active jet plane fleet is maintained with IFS products and we maintain over 40 percent market share in EAM for the A&D sector consecutively for nine years (ARC Advisory Group). We have maintained this leadership because our solutions cater to asset intense markets such as Airline engines and large machinery, which need maintenance to avoid downtime for operational readiness.

In terms of Service industry, IFS FSM (Field Service Management) solution has been a leader for five consecutive years with a distance space on the Gartner magic quadrant. The ranking is given through independent research done on ability to execute and completeness of vision. IFS FSM (Field Service Management) has been positioned as the highest on overall for execution, and for our product breadth and depth, substantial revenue growth, and industry understanding that comes with deep industry experience. Continuous investment to strengthen the functionality and performance along with a robust road map for future, keeps IFS far off the competition in Service industries.

In terms of Manufacturing, IFS globally have a significant and an impressive list of clients from high-tech to industrial to F&B, chemical, pulp and paper, and packaging. In Sri Lanka, four of the top ten tea exporting companies use IFS software. Three of the top rubber product manufacturing including industrial and automotive tires companies are of our customers. The top two desiccated coconut producers use IFS. In the region, Bangladesh's largest confectionary manufacturer and largest leather shoes manufacturer (that produces over 15M pairs of shoes per year) uses IFS from planning to manufacture, to distribution to retail sales. While implementing and working with these projects, we also learn and introduce best practices and latest technology into these organizations. New functionalities, extensions and new processes may come into IFS next versions as standard offering.

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For Utility, Oil, Gas and Assets industries, we have a significant number of oil and gas customers using IFS to maintain assets in the Scandinavian countries. When you have a rig out at sea, you cannot go back and forth to make repairs or bring parts. Therefore, you need a robust system that would connect with your equipment or spare parts supplier or even with your head office warehouse or the maintenance team and notice the next service or repair cycle in advance and prevent machinery from breakdown to avoid down time. These are standard functionality however, how effectively it would operate and has been operated, makes the huge difference. Same goes with Utility and Energy sector. We have strong Enterprise Asset Management solution. In fact, not many know that IFS founders got their first contract to develop and implement a Maintenance Management Solution to a nuclear power plant in Sweden. IFS products are being used in many large energy generating companies including nuclear, thermal, hydro, solar and wind power. While we also have clients in power transmission and distribution too. In Sri Lanka, nine of our hydropower dams in the central hills use IFS Maintenance Management system to upkeep the turbines and other assets that support continuous power generation to the country. More than 50 percent of our energy is derived from hydropower. Out of that, over 60 percent is generated from the nine dams I mentioned. In fact, the world’s largest hydropower plant is China’s Three Gorges Dam, that too uses IFS Applications. National Hydro Power Corporation in India is another large customer, who uses IFS for their operations. One of world’s largest solar power plants, Toressol Energy in Spain is one of our greatest reference clients.

For Construction and Project Based Industries we have a solution that covers the project from installation, run, operate, maintain and for decommissioning. In construction, in addition to constructing there is also the decommissioning aspect, such as with oil rigs or power plants to large construction sites. This is a specific industry, which behaves differently to others. You need specific functionality such as project accounting, project management, contract management, assets and facilities management, project specific material and sub-contracting, engineering,

multi country, and currency projects. We have a solution encompassing the whole nine yards.

We have impressive references in the industries that we have focused on, and these companies have throughout the years got significant value by reducing costs, managing resources, expanding operations, and increase in profitability. Companies opt to invest with a product vendor who has done it before, has the expertise and has a good repute and hence our leadership in industries that we focus on.

Some may question as to why our focus is only on five industries. Play in five industries, and we play hard. That’s our strategy and that’s how we win.

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What are the key success factors clients should look out for when deciding to implement an ERP?

A product that suits you. Don’t follow or get carried away. Be wise when it comes to realizing what type of company you are and where your organization would want to be in next five years. Throughout my experience in Sri Lanka, I have seen companies investing in white elephants as well as investing in software, which would serve your immediate need, but not the needs and demands of next year. Or solutions that crack during acid tests. In both cases, organizations have failed to realize business value of the investment while some go back to glorious Microsoft Excel days and others dump their expansion plans or delay them. ERPs are not expensive, and I trust it should not be. You should value the ERP investments from the view as to how it would reduce costs, increase profitability, reduce risks and finally how it will help your strategy. ERP’s are not just Inventory, GL and Procurement. It should be much more. One needs to do this assessment prior to commencing the journey to invest. Many miss this due diligence and simply follow or get carried away wasting lots of resources or assign the wrong person’s within the company.

Partner with a vendor that has you as their obsession. Customer obsession should not be limited only to collect the AMC cheque annually.

ERP investments and projects are long-term partnerships between companies. The vendor needs to be close with the client and must have the attention towards the customer similar of a parent to a child. As a parent we wouldn't say yes to all, which the child asks. While having your interest as the best for the child, you need to guide and groom them with utmost care. Same goes for an ERP implementation and support. The client needs due care and your obsession to make them succeed. Revenue and profits from project would follow once you fulfill your duties and responsibilities.

A committed approach from the top to bottom from your team. Like procuring a product or service, ERP is purchased by your company. One needs to have a fully committed management team including the senior most management to the user levels. You cannot afford to have a one weak link in the chain of command as that would put pressure to others to carry forward with many road bumps. It's a marriage. And both parties need to understand their respective roles.

An understanding of business change and future readiness post ERP. With ERP you'd be a different organization. The pace of work, the quality of work output, the readiness of information, one source of truth, integration between departments, visibility of operations, efficiencies of supply chain, employee productivity, market intelligence, control of finance and book keeping are some of the key changes that you can expect post ERP. One needs to take a good assessment of these changes prior to taking the plunge. The world and local market space have changed and keeps changing rapidly. A company needs to keep up to these changes and demanding market through continuously being better at what they do, or can opt to stay where you are, and let others overtake and thrive.

A transparent commercial road map by the vendor. As a customer you have all the right to demand the costs and commercials for your next three to five years. One needs to openly discuss the future road map of your company's journey and inquire the commercial road map from the vendor to support it. Hidden costs' can be a death trap. In many cases, companies miss to discuss the future expansions and changes of business with the vendor and sign for locked contracts without any visibility of how the product or vendors would support your journey. One of the main reasons for this is that the senior Management assigns the ERP project to a middle

or junior level manager from IT or Finance. ERP is a game changer for your business and the future of it, and hence best advice is nothing less than a C level should be responsible or take ownership of the project.

A simple to understand none augmented solution and technology map. Vendors and CIO loves to flaunt a complex IT system or solution map, when it comes to the IT/Technology landscape. Half of it wouldn't add any value or rather brings in pain and frustration to users who are using the system. The CEO should understand the requirement in simple terms and whether the solution would give the expected outcomes should be easy to understand. Too many technologies and too many solutions in many different platforms and many different vendors and different technologies bring in a mess into an already complex business environment. Easy to notice these trends are if a vendor cannot explain why you need three different solutions in three different platforms using three different technologies in more than one deployment model, implemented by three different vendors and supported by another set of companies, you should pause the discussion and have a nice strong Brazilian coffee.

An experienced implementation vendor with an innate track record. ERP products in the same tier has mostly the same functional and product capabilities. The product support primarily is been done by the principal product owner and hence little differentiation comes in terms of product suitability and product performance. However, the difference comes through the vendor who would implement the solution. It's like choosing the right garage for your sophisticated vehicle.

There are roadside one to five-man garages while fully-equipped full functional, sometimes principal supported, set-ups that would offer an end-to-end service. Both types would have the resources you need (even a small set up would have a technician who knows it all) but look at long-term dependability and their past records. Vendors ability to execute and support should be scrutinized through their references, financial stability, outlook and plans for future, and experience of course. This too depends on the nature of the work or contract you want to source. Some vendors (primarily startups) maybe best at certain services and others may have expertise in different areas. Such as database services to applications management services to training. Some vendors would do all and others may offer only one or two types of services.

Industry experience; this adds immense value to the project. Consultants and Solution Architects exposure in dealing with similar projects in same industries helps deep understanding of pain points, requirements, and value additions from the system that can be passed down to the project.

One of the success factors for an ERP project is having a vendor who has a team that has experience in handling multiple projects related to your own industry. However, there should also be room to listen and collaborate with your team than just having a one-way traffic approach from the vendors to the customer. In other words, I have seen in some cases there are friction created when experienced vendors bulldozers ‘there way or no way’ attitude into the solution.

A vendor should be able to have at least one or two resources to the project team with prior experience in similar industries in the markets they operate. This plays a major role for success.

Do you work with partners?

Our partner program has existed for decades. However, since 2016 the Board realized that the required scale of expansion can be achieved only through strengthening partner network. Since then there was a concerted effort to enlarge the network through various initiatives and now, we have seen a worldwide trend of large partners, SI’s (System Integrators), companies partnering with us as Channel partners, Services partners, and Co Sellers. We are expanding our partner network globally as well as in the South Asia region. At present, we have three channel partners in Sri Lanka, two in Pakistan, one in Bangladesh and many □□ervices partners in all three countries.

Few more SI’s and Channel rated companies are on the final stages of discussion for partnerships. Globally we have a network of over 400 partners in four different levels (certified, Silver, Gold and Platinum).

In South Asia, we are rapidly expanding the network with having an increase of nearly 60 resources in the region within 12 months among five partners. Many of our projects are currently and independently implemented and supported by our network and I am personally happy on the enthusiasm of our partners. This has a snowball effect, and many clients are very happy as they now have so many options to get their requirements served. We have won three back to back deals with our new partners in the region during the last few months and it has encouraged them

to invest more for resources and expand their search for business including in other countries.

What are your thoughts on the IT and BPM industries in Sri Lanka?

IT-BPM industry is one of the youngest industries in the country. It is the fifth largest export revenue earner in the country. Currently the industry generates an export revenue of 1.5 billion US dollars per annum (as of 2019) and we hope to reach a target of five billion USD by 2025. With the organic growth, the country would hit three billion USD by 2025, but the industry is working towards pushing it to the five billion mark with many initiatives scaling up capacity and reaching out to markets promoting Sri Lanka. SLASSCOM (Sri Lanka Association of Software companies) represents the software and IT companies in Sri Lanka also plays a major role in driving this industry forward and plays an active role in promoting our nation as a hub for IT and Knowledge solutions. However, there is a lot to be done with strong and consistent policies with a cohesive approach by the entire system. Alignment of the industry, academia, and government are taking place at a pace never seen before.

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Sri Lanka aims to become an IT/ITC hub. Is the country ready for that?

It is a tall task. We can reach there but many basic requirements need to be put in place before even thinking of such a position. Like the educational reforms supporting tech savvy output resulting increase in workforce, further strengthening infrastructure and uninterrupted high speed bandwidth, consistent policies and vision, recognition along with a positioning for the IT-BPM of Sri Lanka in the global marketplace and much more. Much is done as we speak by the industry, government, and academia but there are more miles to cover.

We, our workforce, have some unique propositions that attributes to our culture. Sri Lankans are born with adaptability, flexibility, accommodativeness, and ingenuity.

Also have an impressive aptitude for new things. I see that in our own organization, IF□□. This has helped IFS to invest more in expanding the Sri Lanka operations and bringing many global functions to its Colombo base. If IFS was looking for low cost destinations or cheap workforce, Sri Lanka is not the best. Adding to that something common I hear from many working with Sri Lankans, be it customers, partners, expats is that “You guys are easy to work with”.

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What are your thoughts on human capital in the industry?

Currently we have approximately 80,000 in work force in the industry though the demand is for more. We have a target to get this to 300,000 by 2025. Government and industry including the IT Skills Council are working towards this goal through many initiatives and programs. We are also looking at school level attraction to IT and reaching out to other industries to attract and convert talent to technology. The country needs all its citizens to be tech-savvy. Years ago, Bill Gates envisioned to have a laptop in every household in the world. We can learn from it and come up with our own thing. Just see the mobile phone penetration in the country. Everyone who has a mobile phone knows to use it for basic needs. Why not we educate and enable to do more such as mobile banking, mobile office, education, health, travel, food & drink, and entertainment. Now you might wonder we already do all that. Yes, I agree, but let’s get the entire population adapting and using it. That’s the starter. Many more could come.

Could you elaborate on your collaborations with Sri Lankan universities to develop human capital?

As we hope to see an increase in the number of university graduates enrolling in the IT stream, we collaborate with all leading Government universities. We get involved with curriculum and even cover the entire syllabus from developing course material, lectures, and examination in certain universities. We actively participate in career days and offer scholarships to students. IFS has been one of the first in the industry to introduce scholarships to IT graduates. The program is different to the traditional as we give them employment during the four years of the university period. When

they complete the program the graduates have four years of work experience as well as a degree. These students also do contribute immensely and seen them being very productive in our projects and work streams. Once they complete the four years many of them get on boarded to the company. Over the last three years, we have recruited at least 120 employees through scholarship programs from universities.

COVID-19 has imposed challenges on many organizations. How has IFS as a technology solutions provider faced this challenge?

The main challenge was business continuity. The least affected group was our product development teams. They simply stayed home and continued doing what they did. We in fact have fast tracked certain programs and releases to the market. Our global support teams were impacted as the companies and customers were slowing down operations and some coming to abrupt hold. The teams used this space to complete the back log and hit high speed resolution times for those customers and companies who were in operational world over and in the region. The project and the consulting teams had an interruption during the early days as the new norm set in. As there were many on going external projects and the clients focus was diverted to getting logistics right to operate in a new environment. Once it was settled, the pace caught up and productivity hit the usual levels.

As said earlier Sri Lankans adapt fast to any situation. It was reflected when after few early days, our teams and customers were in sync and were engaged to keep work flowing. Having invested in technology at the right time enables you to face tough conditions and the pandemic basically tested all of us on how disaster ready we are.

As individuals and human beings, we depend on technology unlike ever before and everything we do, reflects that dependency. When you wake up in morning just how many minutes would you stay without the use of technology We even have mattresses that gets warmed up half an hour before preparing the body wake up, nice and fresh. Same goes to organizations, considering the sheer load of volume and velocity of data and things to do within a short time span, you miss it, your competitor gets it. Technology and systems enterprise wide, complements and keep your house in order while giving you the ammunition in terms of right information (single version of truth) at the right time (information at finger tips) for the right purpose (value creation) through the right channel (mobile or desk top) to the right person (be it back end production supervisor or the front end sales rep).

Technology and enterprise solutions have now become a way of life. One leading exporter ordered and delivered 60 laptops and dongles to connect a week before the lockdown in Sri Lanka. As the Government encouraged exporters to continue production and exports (this company anyway had well-planned shipments lined up) the effect of the lockdown was a near zero.

We had most of our customers continuing businesses with little disruption. In fact, during the peak of lockdown, we had two companies Going Live with the system. A manufacturing company signed up to implement the ERP in their company taking the advantage to utilize resources for technology enablement.

When an unexpected disaster befalls to the business environment, after ensuring the safety of your team, next thing any management would want is to know is a snapshot of your resources, products and services and, most importantly the outlook for future business short and long-term.

You basically freeze and take a picture of the entire organization in terms of ongoing work and deliverables, production in process or WIP, debtors, pending orders to deliver, pending orders to come, creditors, capacity, and stocks. This information would be required fast and it must be accurate. IFS Lobbies (in built dash boards from version 9 onwards) gave just that to our customers. A snapshot of finance, production, supply chain, sales, CRM, and HR. The tool provides at-a-glance real-time visibility into the business□□the right data at the right time.

IFS customers managed to get the required snapshot view of operations right from their homes when the lockdown hit the markets. Based on that information, the businesses continued planning in a new normal environment and executed the respective go to market strategies.

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How did the IFS team proactively service clients during the crisis?

Like everyone, the IFS team worked from home. Continued and completed project implementations from home. Everything we do and say has the customer at the center point. Many customers during the crisis shifted their priorities while changing the way do business. When these changes take place, one needs to have an agile system with an equally agile vendor who could support the change of-course. Some of our customers wanted to pause or go slow with ongoing projects while others wanted to accelerate the momentum. Some wanted cleanup and restart with upgrades while others cleaned-up and fine-tuned current service levels and pending work. During the crisis we in-fact signed up with three net new customers (two in Sri Lanka and one in Bangladesh).

We have a spirited team with lots of empowerment. To that mix when you have customer obsession, customer's interests became priority number one. This was reflected the way we handled customer service during the crisis where, none of our ongoing projects were abruptly stopped or cancelled. Support cases were given high priority most of the back log were cleared resulting our utilization of resources hitting near 100 percent throughout the lock down. A feat unprecedented.

Our staff are always enabled to work anywhere, irrespective of the location. The situation didn't bring anything new or stress other than missing that in-house coffee meets or lunch time comradeship. We had daily online meetings on various functions such as project updates, support catch up, operations chats, sales catch up, and regional meets. It was something new (the intensity) at the beginning but soon became something to look forward to and many initiatives and proactive solutions were put to use as result of these regular online meets.

> We set this vision at the beginning of 2019 and we are on track to reach this through organic growth. Even through the pandemic, IFS operations globally has shown impressive resilience and results and is recognized as the fastest growing company of scale.

What are IFS' future plans?

Globally, IFS has a vision to reach a certain size in terms of revenue by next year continuing to be the leader and most preferred choice for Enterprise systems. In working towards that, we have certain go-to market strategies, such as Partner first, Cloud and Subscription first, Focus industries, and three core solutions. We set this vision at the beginning of 2019 and we are on track to reach this through organic growth. Even through the pandemic, IFS operations globally has shown impressive resilience and results and is recognized as the fastest growing company of scale.