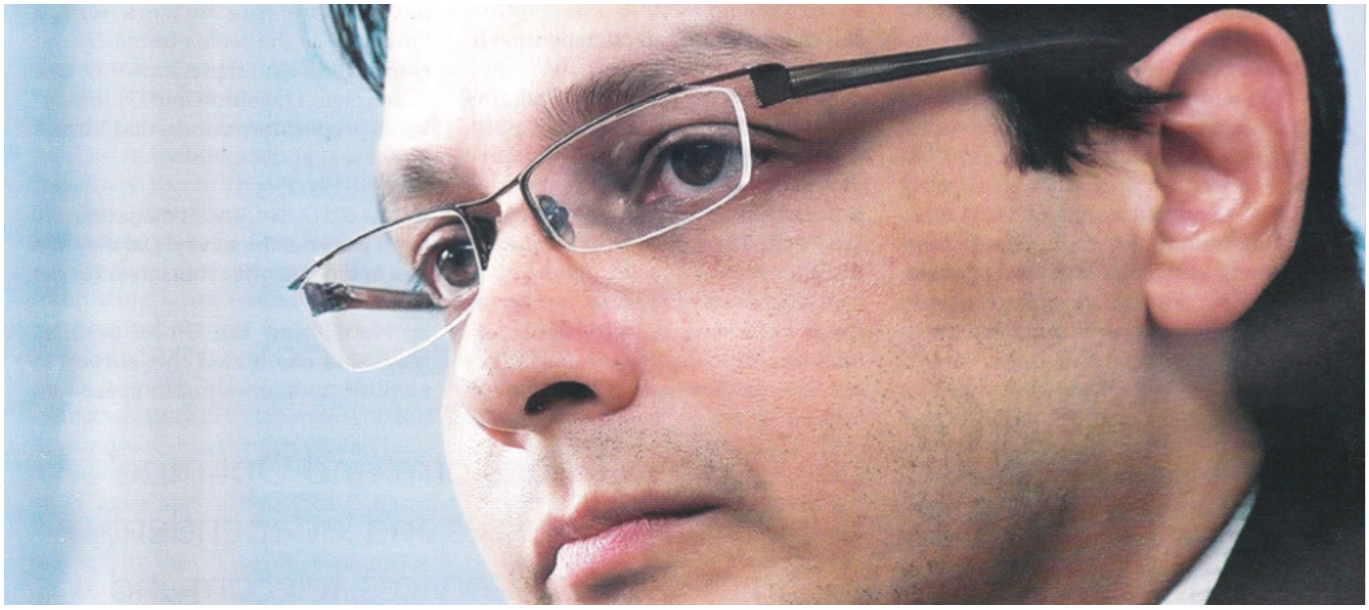

The Best in the Business

By Keith Bernard I Assisted by Anisha Niyas
Virtusa Corporation was recently recognised as one of the world's 'Most Innovative Service Providers' by Global Services Magazine in conjunction with neolT, a consulting firm specialising in services globalisation. Business Today spoke to Keith Modder, Managing Director, Asian Operations, Virtusa Corporation, on what the recognition means to the company and what its future aspirations are.



Congratulations on being selected to be among the best global Off Shore 100 companies for the Global Services 2006 awards. You must feel elated.

The Global Services list recognises excellence in leadership, innovation and outstanding performance amongst global services providers. It is a very prestigious

list to be included in, and puts us in the company of industry giants such as Infosys, Satyam, Wipro, etc., that are many times our size. We are indeed very proud of the capability of our global teams and the success of our unique “Productization” methodology and Global Innovation Process. These are the bedrock of our ability to provide high value to our clients, enabling us to differentiate ourselves in a changing Global Services landscape.

You mentioned your relevance in the market place. What is your market?

Virtusa is in the IT services space. We provide consulting, systems integration and outsourcing services to our clients through a “Conceive, Transform, and Optimize” framework that helps our clients realise their vision for agile, responsive, customer-centric IT systems. We start each client relationship with consulting services that help our clients “Conceive” their “to-be” state from their current “as-is” state, and develop the right architecture to support their evolving business needs. Next, we “Transform” their IT systems into that “to-be” state by using state-of-the-art technology that builds in flexibility and agility. Finally, once those systems are in place, we “Optimize” them over time through ongoing investments that result in appreciating IT assets focused on supporting evolving business needs. This is an unbeatable recipe for high value creation, enabling our clients to improve their top lines through new products and services, increase operating efficiencies, and improve the customer experience.

We provide our “Conceive, Transform and Optimize” services to Fortune 1000 enterprises and independent software vendors in the financial services, telecom and high tech industries.

Is there a geographical dimension to your market?

Presently we are operating in the US and the UK, where we have significant client concentration.

Back to your selection for the Global Services 2006 Awards, who conducted the survey?

Global Services Media compiles the list in collaboration with neoIT, an outsourcing consultant house. This was the second time that they have published a list of top 100 Global Service providers. This was compiled on the basis of quality and range of offerings, client reputation and client reference checks, human capital practices,

industry certifications/ quality audits, size and multi-shore presence.

How would you rate Virtusa on leadership, innovation and performance?

From an innovation perspective it goes back to being relevant to the market and understanding our client needs, and providing high value through Virtusa's "Productization" methodology which is at the forefront of what we do. We aspire to conceptualise or "Conceive" with our clients a technology asset roadmap that defines where they want to get to from an existing state. We help them "Transform" or execute through a robust global team framework. The resultant client's IT assets are continually "Optimized" and treated as appreciating assets in sustenance mode as opposed to typical maintenance of depreciating assets.

The proof is reflected in our preferred partner status with many of these Fortune 1000 companies that have pre-existing partner relationships with mainstream, typically Indian, offshoring companies based on simple cost arbitrage. Our clients have no appetite to work with a "me too" as the scale offered by our competitors would preclude this. Our "Conceive, Transform and Optimize" value proposition ensures that Virtusa gets a seat at the table.

How did Global Services magazine and neoIT carry out the survey? Did they find you or did you offer yourselves for the survey?

NeoIT and the Global Services magazine conducted this survey to identify companies in our space that meet the award criteria which centre around, clients, value proposition, global presence, quality of service and industry verticals supported.

What does this award mean to you at Virtusa?

It is a tremendous achievement for Virtusa to be listed in the Global ServiceslO0. To be ranked among the hundred best companies in the offshoring space is a huge testament to Virtusa's global teams and the "Conceive, Transform, Optimize" value proposition. It is a milestone achieved in a race that is a marathon and not a sprint.

For a company like Virtusa, human capital is the most important asset. Success is a result of a collective effort not of an individual. How do you share your achievement and recognition with all these people who have contributed to your success?

The message to the company is very clear in applauding the efforts of our global teams over the last 10 years, which is manifested by this recognition. We nurture a Virtusa global culture predicated on Teams and trusted advisor relationships with our clients. Client delight, people delight and a global culture will provide Virtusa scalability and offer a sanctuary that people will grow and learn within.

From a Human Resources perspective how do you retain your staff and ensure consistent performance?

That's a good question. Our aspiration is that the value proposition that resonates with our clients will also transfigure our ability to attract and retain people. Our clients look to Virtusa to perform high value and interesting work from a consultant perspective, not just a cost arbitrage opportunity. This provides incredible motivation for our people who have the opportunity to collaborate with top tier companies in their space and help define and plot the road map from an IT asset perspective. Just think of the gratification a Virtusan has when sitting with the CIO or VP of engineering considering and evaluating the technology and architecture paths of next generation IT platforms that will provide the client with competitive advantage. That happens every day at Virtusa, even for junior consultants who get access to our clients within our team culture. How energising!

How do you inculcate your values and expectations in your employees' minds?

When we hire we look at two things – scalability and alignment with Virtusa's core values: Pursuit of Excellence, Integrity, Respect and Leadership. For more senior hires we also look for domain experience. While the posters on the walls and messaging of values in an organisation are great, we believe that behaviour drives culture and values much deeper. As new Virtusans come aboard they look across and above, and take cues from their peers and leaders. This sets culture and behaviour from day one. It is really about people aspiring to be a part of successful global teams as opposed to individual contributors. We take this seriously, as this focus will enable us to maintain the DNA that the company was founded on and scale our global teams.

How do you do that?

Our strong people focus is also reflected in our Individual Support and Growth (ISG) structure, which is charged with growing our stars from within and providing a well-rounded experience in terms of career growth and personal development. If you

think about the number of hours people spend in the office, especially in the IT space, it is not only about creating an environment from a work perspective but also about personal growth through training and development, as well as family-inclusive fun activities. The ISG focuses on providing a home, the project team provides a work place and the competency group provides a learning place which gives them training in their particular domain. So, for example, if someone is on a project management track he will belong to the project management competency group which furthers his education in terms of certification and so forth.

In effect what you are saying is that you take responsibility for nurturing and developing your employees' personality, character and their personal well being within and outside their work life.

A well-rounded individual is a successful and motivated one. Looking back over the years with Virtusa what has floated my boat the most is ,•,ratching people grow literally before my eyes. We have many examples of Virtusans who have joined fresh out of college who are today leading multi-million dollar engagements and helping clients define the next generation of their companies' IT platforms.

Do you at all celebrate individual performances, achievements and success of staff, or is it always about the team?

Our awards are team oriented so if it's delivery excellence award it is the team of the quarter. If it is an ISG award, it will be based on the people in that ISG team being recognised. In the Global Services model the global team perspective is key. You have an offshore and an on site contingent. The closer those two teams are meshed around common objectives, the greater the chances of success. While celebrating team success, we also foster family oriented activities. For example, this weekend there are celebrations for teams to come out and enjoy fellowship and fun with their families and fellow Virtusans.

Virtusa is a global company having a large number of people, most of them young, working in different countries. How do you create bonds between these people? How do they get to know each other and develop relationships when they work from your different Advanced Technology Centres?

Good question. I probably have the best job at Virtusa as I get to work with the largest pool of very smart Virtusans. The ability to work with people from different

cultures and backgrounds with a glue that keeps it together – a common set of Virtusa values whichever country or ATC you are from. The second thing that keeps people very focused is client success. We are maniacal about our global teams ensuring high client delight. The third aspect is our well-defined “Global Innovation Process,” which clearly defines how the teams interact both offshore, on site and with our clients. All of those together create a common ‘Virtusa’ culture respectful of individuals and cultures.

Virtusa is a relatively young company that found success in a short period of time. What keeps you ticking and how do you maintain the momentum?

The fact that we have a great set The fact that we have a great set of clients that keeps us on the edge of innovation has always been a key part of our growth. We have never really worried about technology obsolescence because of that. Our ability to be relevant to the market place and take cues from both our clients as well as our employees will ensure that we remain nimble as we move forward. The opportunity and timing is ripe for a company like Virtusa. Traditional offshoring companies have leveraged the cost arbitrage. Clients having reaped those cost-only benefits are looking for higher value services from global services providers. This really brings into sharp focus the collaborative and inclusive part of our value proposition – “Conceiving” and defining with our clients at the top end of the value chain, and providing the necessary “Transformation”and “Optimization” services with an appreciating asset perspective across a global model.

Cost arbitrage has been the predominant reason for outsourcing, at least in the traditional sense. You say that may not necessarily be so in the way you have built your business. What are clients looking for when they decide to outsource their work to Virtusa?

The cost arbitrage only play has been made. Clients want a trusted adviser that provides higher □□alue and services PLUS all of the inherent cost advantages of the global model. It is not about being handed a set of requirements from the client to execute the implementation. It is more about “can you bring expertise to help me define our IT asset roadmap?” Can you help me be competitive and leverage IT assets to be more agile and responsive to the market?” This is where Virtusa’s platforming methodology resonates. Given our experience with independent software vendors and our deep product development DNA, we provide an attractive value proposition for our clients.

In the US you requested and were granted the service mark, “Productization.” What does this mean?

Virtusa was granted a registered service mark in the US for “Productization.” Virtusa’s “Productization” methodology embodies \’irtusa’s approach to software development and IT services generally which focuses on platforming and creating scalability in a client’s applications and IT architecture, as well as leveraging and rationalising existing client IT assets .. This is something we have done as an organisation from day one. We have worked with independent software vendors, we have built products for them and have released over 1,000 software product releases over the last ten years. That methodology is proving to be very attractive to clients in the enterprise sector.

Growing organically offers no problems from an ICT perspective because any company can make its own choices in terms of IT platforms and systems. The challenge is when two companies with different ICT platforms decide to merge or consolidate for greater business synergies. How could you intervene in such a situation and find an IT solution that guarantees optimisation?

That’s a good question. The short answer is one of a collaborative and inclusive approach. Our product development expertise and “Productization” methodology together with the client’s organisational goals and objectives are the foundation that we build on.

You are active in the Telecom and Financial Services industries that are heavily dependent on IT assets for superior uninterrupted services and where consolidation is more common. Do you get to look at the ICT challenges before a merger happens?

Generally, the answer is no. It is after the merger and not before because mergers are often tightly guarded secrets, so we invariably get introduced to the situation post merger. That being said, it would be very powerful for companies to engage Virtusa in a “Conceive” project when they are in the process of doing a merger or acquisition, because we can add great value in the consolidation planning process up front.

How do you measure up to the challenge of being able to optimize the IT systems of the consolidated entity resulting from the merger within tough

deadlines?

It is really about being able to manage client expectations and clarifying the business imperatives. Obviously there are constraints in terms of timing and resources. You have to be able to keep the business functioning while at the same time executing to a road map.

Virtusa works on a model described as “Conceive – Transform – Optimise.” What does that really mean and how does it work?

“Conceive” – is how we apply our platforming principles to help clients visualize their future state. “Transform” – We accelerate the realization of the future state, through software development and integration, consolidation and rationalisation. “Optimize” – Unlike traditional outsourcing, we apply our platform ing principles to continuously imprm·e applications and oftware products. We treat these as appreciating assets.

You earlier mentioned technological or IT obsolescence … IT is in a continuous flux of change and for a company such as yours that wants to stay ahead of the game, how do you acquire technology and transfer that to your staff?

Technology obsolescence is not something that we lose any sleep over. We are involved with our clients at an early stage and we understand in which technology direction they would like to go. We have research and development initiatives that keep close tabs on emerging technologies, which ensures that our teams are early adopters of the same.

> “Given our experience with independent software vendors and our deep product development DNA, we provide an attractive value proposition for our clients.”

Do you develop systems for your clients or do you and run their systems for them?

We develop platforms and systems for our clients, and we “optimize” them over time once they are built. So it is the former-we are not in the business of IT operations; we stay focused on creating value through building great software that

our clients use to run their operations better, faster, and more cost effectively by ensuring agile, time to market responses ..

Are systems developed by you for your clients based on your innovations or theirs?

As we get into the “Conceive” phase, we help our client define its IT requirements for what it needs to compete in the market space. We like to think that we facilitate the innovation with our clients using our deep “Productization,” technical and industry expertise.

You are very likely bound by contracts for services and solutions provided to clients, preventing you from transferring such technology and know-how elsewhere?

Absolutely. We have non-disclosure and assignment of inventions agreements with our clients, meaning that the clients own what we create for them. In addition, data integrity and security are key parts of IT infrastructure at our ATCs. Industry certifications like BS 7799 certifications that we have obtained for all our A TCs are just a benchmark that we are constantly upgrading.

> “Our product development expertise and Productization methodology together with the client’s organizational goals and objectives are the foundation that we build on.”

How do you lock your people into such contracts, especially at a time there is high mobility and transition within the industry?

Our people are very well versed and informed in terms of our agreements with our clients, and in turn have signed non-disclosure and other agreements that protect IP. We take these matters very seriously. In addition to strictly enforcing the terms of these agreements, we have also invested heavily in best practices and security systems to preserve and safeguard our client’s proprietary information. Besides domain expertise which is gleaned and in your head, we have monitoring and security systems to deter misappropriation of proprietary information. We have also been certified as BS7799 compliant as further evidence of our commitment to IP security and business continuity practices.

Do you believe you are in a business that allows you to plan ahead? You expect this trend to continue in the future?

Yes. Typically about 80% of the revenue comes from existing clients which allows us to have increasing predictability as to revenue forecasts (as compared to, for instance, a software company which often must wait until the last week of the quarter to gain certainty as to its revenues). If you look at the addressable offshore space, recent studies have shown that the addressable market is in the region of US$500bn. For example, India for the year ending March 2006, exported about US$22bn in IT and IT-enabled services. They expect that to grow to US$60bn by 2010. So there is headroom to grow.

Your growth in the top and bottom lines invariably means a growth and expansion in your knowledge force as well. Given the supply constraints and growing competition for such knowledge products or ICT specialists in the market, how would you sustain your current growth level?

If you look at some of the leaders in the space, they have staff cadres of 50,000 people with revenues of over US$2bn. I was reading an analyst report on one company that elaborated on plans to hire 15,000 more people in one year. This is something that the industry has been able to take on. There is a demand and it is growing very rapidly. As long as we can provide interesting growth opportunities for our people, Virtusa will continue to be a very attractive destination.

> “Our plans are to continue to keep growing at the high end of growth in our space. We have been privileged to have a 45% growth on a compounded annual basis for the last three years.”

With that kind of growth in numbers can you also maintain consistency in quality?

That is a key focus area for our training and on-boarding divisions. As people come on board you want them to be able to quickly assimilate into not only the project perspectives and all of the processes that we apply but also the culture. Our on-boarding is focused on providing both formal training as well as project team simulation and role plays. Cultural alignment and scalability are the key focus areas at the point of recruitment.

Virtusa has recorded good performance in the last fiscal year. What are your plans for the immediate future? What will be your next milestone now that you have achieved the feat of being awarded the prestigious Global Services 2006 Award?

Our plans are to continue to keep growing at the high end of growth in our space. We have been privileged to have a 45% growth on a compounded annual basis for the last three years. Our client delight focus and continued investment in providing trusted adviser relationships and higher value through our “Productization” methodology will be keep us in sharp focus. Our value proposition continues to define and identify client’s platforming opportunities and execute this over a global delivery model. We provide all of the cost advantages of a global delivery model while consulting with and leveraging our client’s IT assets to introduce products and services to the market faster, thereby impacting top-line growth as well.




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back over the years with Virtusa
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