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“Entrepreneur takes risks? No, he does not see risks”



Ishan Srivastava & Sangeetha Mathew | TNN

Nothing much seems to have changed in the way Arun Jain, CEO of Polaris, has functioned in the last 15 years. He sits in the same office, in the same building from where the Polaris story started. But Polaris has changed. It is one of the few product companies in the world that has managed to double its revenue every four years. With an air of pride, Jain says, “We have doubled our revenue from Rs 1,000 crore to Rs 2,000 crore in the last four years. There are only five product companies in the world that did the same.”

For Polaris, the journey started with Citibank. As a dominant customer accounting for over 90% of the business, Citibank helped him gain an understanding of the global marketplace, Jain says. “There are many product companies in the world but they sell only in the US or the UK or Australia. We got rich in terms of geographies and product lines, like very few have. So, we can aspire to be a global leader in the financial technology space.” Today Citibank continues to be a major force in Polaris, accounting for 40% of its business and 19.5% stake in the company.

However, it was not always smooth sailing for Jain. Whether it was the acquisition of OrbiTech in 2002 (a company bigger than Polaris at the time), which pulled down the company, or the failure of BPO/KPO arm Optimus, the challenges showed up regularly. “With Optimus, we failed. We were too early in the game,” Jain admits. “We are running Optimus as a standard domestic operation currently

ARUN JAIN
CEO | Polaris

Achievements | Acquired OrbiTech, a Citigroup unit, in 2002, but it weighed down Polaris; managed to double revenue to Rs 2,000cr in last four years; acquired Laser Soft in 2009 to foray into Indian market, which helped company bag orders from clients like RBI, Nabard

“We had invested around Rs 40 crore in Optimus and that has already been written off.” Regarding the Data Inc litigation, where the US-based firm sued Polaris for not complying with an agreement to acquire it, Jain maintains that the media got manipulated. As for Indonesia, where he was jailed for a commercial transaction by Bank Artha Graha, he says the experience helped the company when it went to Africa.

Jain says that with the OrbiTech acquisition, the motivation was to get access to products. However, with Laser Soft, the objective was greater presence in India. Polaris wasn't able to compete for large PSU orders earlier. Now, because of Laser Soft, the company has been able to get large projects from clients like RBI and Nabard.

Polaris' profits have been up recently but Jain can already see roadblocks to growth. “A single-product company can quickly find its market saturated,” he says. Polaris has been pumping in Rs 100 crore annually in R&D for the past seven years to sustain current product lines. A big fan of Steve Jobs and his creation Apple, Jain says that marketing and distribution are the only two keywords as the company prepares for its next phase of growth.

“We have taken our marketing spend to \$55 million from \$35 million two years ago. By 2015, we plan to double our total revenue again.” He calls the current marketing avatar of the company as Polaris 4.0, with pre-OrbiTech acquisition, post-OrbiTech and the launch of a series of products in 2009 being the first three phases. To fuel growth, he is also looking to acquire two companies every year in the \$20-\$30 million range.

However, Jain admits there are areas of concern. Business from the top-10 clients is growing at only 2.9% compared to around 11% for the non-top 10 customers, suggesting lack of strategy when it comes to very large customers. “The \$25-million-plus bracket is really difficult for us now. Our focus is more on the \$10-million-plus customers where we are making significant gains.” The entrepreneur in him though quickly resurfaces to the fore. “I will keep building what's right for the company and the investor. We have created something that many US and European companies haven't been able to. Everyone from IBM to Caggeemi has tried to buy us, so we must be doing something right,” he says.

As an entrepreneur, ask him what risks mean to him and he is ready with an answer, “You say that an entrepreneur takes risks. I say that an entrepreneur doesn't see risks. Elders used to say that one should have a scooter and a house for good living. In the worst case that all my bets go wrong, I would still have that.”

Prod him further as to what he would have been if he had not started Polaris, he pauses and then says, smiling, “Just like any other kid from a middle-class family I would probably be searching for a job.”