

# Polaris banks on bigger product push

Sees segment contributing 30% to revenues by 2009

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Polaris Software Lab, a BFSI (banking financial services and insurance) focused software services company, is looking at increasing the contribution from its product business to 30% of its revenues, from about 20% currently, by March 2009, a senior company official has said.

Also, the company hasn't witnessed any impact of the sub-prime crisis that is currently plaguing the banking sector in the US and UK on its business and is confident of meeting its guidance of 25% topline growth for the full year.

"As far as sub prime issue is concerned, we haven't been impacted since we are not in the segment. We are not yet sure whether it would increase or decrease the business. Our hope is it should increase, since sub-prime is an example of process inefficiency and inefficiencies bring opportunities for companies like us who have products and services to address such inefficiencies," Arun Jain, chairman and chief executive officer, Polaris, said.

US accounts for 35% of Polaris' revenues, followed by Europe at 32%. Close to 90% of its revenues come from the BFSI segment.

The company entered the products space about two years ago. It has invested over Rs 150 crore, including the acquisition of Citi-group-held Orbitech in 2002, to bring to market what Jain claims is the world's only end-to-end banking suit, Intellect.

For the quarter ended June, Intellect business grew 56% on-year, against an overall 11% on-year growth for the company. Also, margins are 40-50% better in the products business. Initially launched for

tier-I banks in Europe, the company is now exploring new geographies like China, Latin America, Eastern Europe, and Southern Europe to market Intellect.

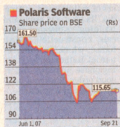
"We are looking at entering into joint venture partnership with local players in these markets and by the year end we should have at least two such partnerships in place," Jain said.

## Business sense

**Company is** exploring new geographies like China, Latin America, Eastern Europe, and Southern Europe to market its banking software product Intellect

**Products business** currently contributes 20% to the company's revenues

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Polaris entered the product business through consulting, which currently contributes about 5% directly and indirectly to its topline. The target is to double it.

The company has managed to bring down Citi-group's contribution to 40% of revenues from almost 60% two years ago. Citi-group holds 43% stake in the company. While Citi-group continues to remain the single-largest customer, Jain said non-Citi business has grown by over 60%. "We are in a comfort zone (at 40% business from Citi-group). An ideal situation would be one third from the largest customer and balance from others," he said.