

Enterprise apps for Indian SMBs

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The SMB market is growing rapidly and this segment has been providing a lot of growth for ISVs selling ERP/CRM solutions. Manjari Juneja takes a look at how these solutions for SMBs differ from those aimed at large enterprises

The SMB segment is a lucrative one and with its revival in recent quarters companies are focusing on solutions that are easy to deploy whilst providing faster returns. Enterprise class solutions with quick deployments and requiring lower maintenance are replacing expensive, customized solutions. According to the SMB Chamber of India, there are 35 million SMBs in India. IT vendors need to educate and have proper communication channel in Tier II / III cities where SMB proprietors are unaware of the existing solutions that could solve their problems.



Raj Mruthyunjayappa, Senior Vice President and Managing Director, Talisma Corporation Pvt. Ltd., said, "The SMB segment is definitely a growth driver for the Indian economy. Hitherto restrained by lack of access to technology and exposure to geographies, today the SMB sector is looking at technology as an enabler. According to the Indian government's estimates, there are over 13 million SMBs in India and as per estimates, the segment is under-penetrated and should turn out to be a major growth engine for the Indian IT market."

Arun Dharmalingam, Vice President, Distribution Channels at Cisco India & SAARC, added, "While a significant number of SMBs are still at a basic technology adoption level, others are maturing. There has been a clear change in the attitude of small businesses who now view IT investment as a strategic decision enabling them to fulfill their business needs."

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The SMB Market is going to grow by 50% year-on-year for the next few years. SMBs view IT as an enabler and since there are not many layers of decision making, adoption is quicker.

SMBs require simple, flexible, scalable solutions that are cost-effective and need minimum investment. In an enterprise context, the issues that matter typically revolve around scalability and interoperability. Most SMB institutions on the other hand are looking for easy, reliant and agile solutions that can meet their immediate business challenges and prepare them to address future ones. For example a networking project for a large enterprise would require a complex design consisting of servers, switches, routers, firewalls, Wi-Fi etc. However, for a small business, a small all-in-one box with limited ports can do the job at an affordable price point.

Small businesses are increasingly using mobile technology to run their businesses and improve productivity, but not all have dedicated IT staff to manage their mobile devices. This means that more often than not, small

businesses lack the tools to adequately protect the customer and business information that resides on mobile devices from threats and theft or loss.

SMBs are typically looking at higher ROI and value when they align with a vendor. Vendors need to understand their buying behavior, risks and pain points to ensure availability of the right solutions for them. The key differentiator is the combination of security and storage solutions to offer a more complete protection story for SMBs. The ability to address security threats is crucial but addressing issues like data loss is also important.

Sriram Rajan, Vice President - South, IBM India/South Asia, said, "The solutions offered to the SMBs are tailor-made to suit the vertical-specific needs of the businesses in the mid-market segment. These solutions are cost-effective and best-suited to support or run critical mission operations of these businesses. We have positioned our express offerings with features and prices that typically suit a SMB customer. Another important factor that impacts SMB clients is the availability of capital. Capital comes at a cost and the classic dilemma that clients face is about deploying the capital for business or invest the same in IT. More often than not SMB clients would like to use the capital for driving additional business. We can help SMBs achieve this by packaging an end-to-end solution as a service packaged with a quarterly payment plan. This helps clients use state-of-the art solution and pay for the same over a period of time."

Srinivas Anappindi, Chief Technology Officer, CSS Corp., said, "Considering the fact that SMBs need to have a strong information and communication system in place, Remote Infrastructure Management will be useful for them. Also Consultancy, Orchestration, Deployment, Maintenance services and solutions in Cloud Computing, Enterprise Mobility technologies specifically address SMB needs."

Venkata Rao Mallineni, President, Sify Software Ltd., said, "SMBs look for ready-to-use solutions. The solutions should be easily configurable and provide flexibility to adapt to the various situations in business. In the case of large enterprises, multiple/complex business processes might be required to talk to several layers in the organization."

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Opportunities

These 30 million SMBs present a \$100 million market opportunity in the ICT space. Mid-market customers have been underserved by traditional IT companies and yet they represent the fastest growing segment.

Lack of awareness about the best way to leverage IT for optimum ROI, the challenge of affordability, need for easy and simple management of IT infrastructure, the need for strong IT support that goes beyond the hardware and includes key applications are some of the key areas where SMBs are very different in their IT needs.

Each SMB will have unique business practices from unique credit providing system, personal customer communication to going across boundaries and specialization route to fulfill customer needs. It is difficult to implement an out-of-the-box approach for this.

Bobby Mon, Head – Enterprise Business, SMB at Dell India, said, "The enterprise applications market in India is set to see massive growth in the light of new technologies and aggressive new players. The market is positively changing due to a powerful environment that is leveraging new technologies to deliver business benefits. Growth in the Indian mid-market is also a factor supporting the growth of this market."

Ajay Goel, Managing Director, India and SAARC, Symantec, added, "We see a huge potential in this highly untapped SMB market in the tier II and tier III cities of India. As a solution provider, we aim at helping our customers manage information and provide our customers with a solution, which secures their information over and above the infrastructure."

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SMBs can benefit a great deal by going onto the Cloud. They are opting for a hybrid model initially and progressing closer to the Cloud one step at a time. Apart from the Cloud, the other areas of focus are data archival, e-mail on to the Cloud and mobile access to corporate applications.

Sundara Raman, Chief Architect, Ramco OnDemand ERP, added, "There is a strong traction for the adoption of Cloud solutions and this trend is expected to continue. Indian SMBs have realized the need to migrate to the Cloud and leverage their growth on a robust enterprise system. This is a huge opportunity that is being addressed. The Cloud is a scalable and flexible model which helps organizations do their business with the latest technology without having to spend a fortune on an ERP system."

Doug Farber, Managing Director, Enterprise, Google Asia Pacific, said, "The Cloud is changing the way that people communicate and collaborate worldwide. The computing world everywhere has evolved from 'the Cloud is the future' to 'the Cloud is the present'."

The SI's role

System integrators are the customers' go to person when it comes to understanding the range of technologies in the market, the best option suited to meet their specific needs and actually be present throughout the sales cycle from pre-sales to the actual deployment phase. This enables them to go beyond just being a solution provider to become trusted advisors for their customers. As the size of the SMB market grows, they will be required to talk to several functions within the same business. Hence, SIs would become more of a necessity for the business. One cannot ignore the role of Systems Integrators as they play a vital role in completing the IT supply chain.

Ajay Data, Founder, XGen Technologies Private Limited, said, "SIs are vital and play an integral role for solutions. Till now we were addressing all opportunities directly but now we are looking to having tie-ups with SI vendors countrywide in order to create a win-win model."

Sayed Naved Shafi, Vice President - SME & Channel Business, AGC Networks Limited, added, "ICT adoption among the SMBs is still limited due to lack of awareness. Adopting ICT is an adaptive challenge, not a technical challenge. SIs can play a critical role by breaking the myth of 'technology is for large enterprises' by first understanding their business needs and help them choosing the appropriate technology and showcasing them the concrete benefits it can bring to their business."

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The value add from SIs would be a direct result of the engagement each vendor has with its SIs. Both parties need to increasingly work in tandem and engage in training and awareness programs that would ultimately benefit the enterprise customer.

Rafiq Somani, Area Vice President, PTC India, said, "System integrators play an important role in taking solutions to the target customers. They also add significant value to the business. SIs not only implement solutions at customer locations but they also help customer organizations adopt the solution methodically."

Average deal size

The size of the deal for every ISV varies depending upon the solution from few thousand rupees to crores, as the licensing depends on number of customers, SLA, service delivery etc.

Newgen looks at an average deal size of around 15 lakhs or less in India. Deal sizes for large deployments are, of course, much higher. **CSS Corp** has seen deals ranging between \$100,000 to \$3 mn. AGC Networks sees deal of `4 to 5 lakhs on an average. "We have been fortunate in celebrating 2 deals a quarter on an average," informed **Anappindi**.

For PTC India the average size of an enterprise deal varies approximately `15 lakh onwards in the SMB space. "Every quarter, we have about 15-20 enterprise deals in the channel space," said Somani. IBM addresses solutions valued from few thousand \$ up to multimillion dollar deals.

Raman of Ramco OnDemand ERP said, "We are witnessing a good demand for RODE. We currently have 3,500+ users. On an average, we have achieved 30 to 40 wins per quarter and expect this run rate to surge in the future."

Going forward, SMBs will move towards Tier II cities led by opportunities and improved connectivity. Growth driven by corporate India expanding into semi-urban and rural markets and a number of 'urban solutions' focused enterprises which are expected to develop and grow on the back of government schemes like Bharat Nirman, which will focus on rural infrastructure, tele-density, broadband, and retail supply chain will actively influence this movement.

SIs need to move fast and start working closely with local channels and develop them through proper training and solution design support in order to serve the local SMBs with appropriate technology offerings.

Source: http://bit.ly/ExpressComputer_CSSCorp