



## Unique initiative for learning, collaboration and marketing

Dear members,

It gives me great pleasure in addressing you all through this forum, an internal newsletter carrying news, accomplishments, information and voices from our members across the country.

This is another platform for knowledge sharing, networking and business development. The objective behind this initiative is not only to share our individual strengths and learn new things, but also to realize the collective strength of ISODA.



**L. ASHOK**  
President, ISODA

Christened as ISODA InterConnect, the newsletter will comprise of four sections. The first section will feature news about ISODA's initiatives and new developments at member organizations including new partnerships, achievements, and awards.

The second section will carry perspectives from members on an important topic. The topic covered in this edition relates to the pros and cons of software subscription as compared to perpetual licensing, for customers and partners.

The third section will carry the best practices followed by our members to tackle key business challenges. This month we are discussing best practices for payment collection. Payment delays is the most critical challenge for any business as it negatively impacts cash flows and thus hampers the growth of an organization.

The last section will feature a case study of an innovative project completed by a member. In this issue, we have featured an ERP project successfully completed by our friend D Kabilan from Cetas Information Technology, which will make an informative read.

Some excerpts from this newsletter will be carried in the major IT magazines like DQ Channels, VAR India, CELLIT and IT VAR News. Thus, the newsletter will be a complete package for knowledge sharing, marketing and networking.

I look forward to your active participation and urge all the members to make this initiative a success story. ■

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- SNS wins Excellence Award from IBM
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- BMG wins ISODA's Significant Achievement Award

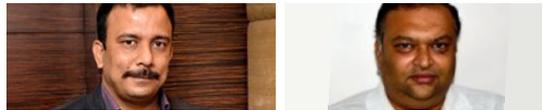
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### Cetas' NAVBUILD delivers major RoI for Durga Projects

Cetas' vertical-specific application is helping Durga Projects enhance operational efficiencies and to manage infra projects smartly, thus increasing revenue and margin potential

## ISODA expands with Pune chapter

ISODA inaugurated its Pune chapter in a bid to increase its membership across the country and to have increased representation from smaller cities.

"Pune is an important market with a strong IT partner ecosystem. Hence, we decided to open a local chapter. Our aim is to have a larger representation of partners from across the country in addressing the challenges and issues, and foster collaboration among our members," said Rajeev Mamidanna, Regional Secretary, West, ISODA.

ISODA held the inaugural event on March 9, 2016, which was attended by ISODA Western region committee members and leading partners from Pune, including Askari Infotech, GTS Technologies, C-DOT Systems, Supreme



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**RAJEEV MAMIDANNA**, Regional Secretary, West, ISODA

Computer and Software, Vintech Electronic Systems and Sujata Computers.

The event witnessed a discussion about smooth on-boarding of new partners and how ISODA can add value to Pune partners. ISODA committee also noted some of the critical issues faced by Pune partners and promised to represent it at the right forum.

Under its ISODA 2.0 vision, the

industry body has ambitious plans to open more chapters in smaller cities in coming months.

"Each of these chapters will have full autonomy and will conduct their regional meets independently. Members from these chapters will have access to all the initiatives and activities conducted by ISODA including our annual TechSummit forum," added Mamidanna. ■

## Secure Network Solutions wins Excellence Award from IBM

Chennai-headquartered Secure Network Solutions (SNS) has bagged the IBM Security Operational Excellence Award at the IBM Global Interconnect Conference 2016 held in Las Vegas, US.

The award recognized the company's technical expertise and operational excellence in the security solutions and services domain.

"We are honoured to receive the award, which recognizes our

technical and operational excellence. In 2015, we grew our revenues by 18 percent and improved margins by 35 percent. The primary reason behind this growth is our employee-centric approach. When we take care of our employees, they take extra care in delivering quality solutions, which has taken us a long way," highlighted NK Mehta, Managing Director and CEO, Secure Networking Solutions.

The company received the IBM

award for executing a large and complex security project spread across multiple branches for Vodafone. The multi-locational project was completed in record time with quality output.

The company has won several awards in the recent past including the Best Partner Award – South from Checkpoint, Best Support Partner from Fortinet, Best Partner-India from WatchGuard, Best Emerging Partner from Websense, Best New Logo Partner Award from Websense, and Rising Star from Sophos.

With 9 branches across the country, SNS provides network and data security solutions like firewall/UTM, DLP, mail and Web security, end point protection, auditing and vulnerability assessment, SIEM, security consulting and implementation services. ■



**"The award recognizes our technical and operational excellence, and our employee-centric approach, which enabled us to grow our revenues by 18 percent and improve margins by 35 percent in 2015"**

**NK MEHTA**, MD and CEO, Secure Networking Solutions

## E-Square wins Best System Integrator Award

Bhubaneswar-based E-Square System and Technologies has won the Best System Integrator Award 2016 from VAR India, for implementing innovative and complex projects.

"This award is a testimony to our operational and technical expertise. It motivates us to excel in providing innovative solutions to our customers that deliver remarkable business value," stated Dharendra Kumar Khandelwal, Managing Director, E-Square System and Technologies.

E-Square won the award for executing several prestigious government projects during FY2015-16. The largest project executed by E-Square, valued at Rs 18 crore, included the modernization of records across 130 Taluka offices in Odisha. The second large project, worth Rs 7.9



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**DHIRENDRA KHANDELWAL**, MD, E-Square

crore, involved deploying a large data warehouse for running the HRMS of the Odisha government.

In the last fiscal, E-Square also set up a centralized data center to host various applications of the Civil Supplies Department, in a project valued at Rs 3.5 crore. Moreover, it bagged an annual contract worth Rs 3.5 crore to provide managed database services to Indian Railways.

The company has won a spate of awards in the past few years,

including the Best System Integrator Award 2013 from DQ Week, OEM Educational Partner of the Year for East and South from Microsoft in 2014 and Strategic Deal Partner Excellence Award 2014 from Oracle.

Incepted in 2009, E-Square has branches in Raipur, Kolkata and Delhi, and offers services including network and server management, managed security and disaster recovery, and application and database management. ■

## BMG Informatics wins ISODA's Significant Achievement Award

BMG Informatics has won the Significant Achievement Award from ISODA during the annual TechSummit season-6 of the association. The award recognizes companies based out of non-metro locations for innovative business practices in marketing, sales, customer relationship and revenue growth.

"This is the first time we have received the award from ISODA and it's an honor for us. The award recognizes our business practice to be focused on identifying and resolving problem areas and act as a solution provider for customers. It has definitely enhanced our reputation and helped our employees to take pride in their

work," said Bhaskar Kalita, Co-Founder, BMG Informatics.

Few of recent awards won by the company include Best Regional Partner from Cyberoam and Best Geo Partner from IBM. The company also has the distinction of winning Most Popular System Integrator from Compuvar magazine for the last seven consecutive years.

Founded in the year 2003 by Bhaskar Kalita and Joydeep Gupta, BMG is head-quartered in Guwahati and has branches and service locations at all districts of Assam and state capitals of the north-east region. ■



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**BHASKAR KALITA**, Co-Founder, BMG Informatics

## Perpetual vs subscription licensing

Vipul Datta, CEO, Futuresoft Solutions and Paresh Shah, Director, PH Teknow, weigh the pros and cons of software subscription versus perpetual licensing model

### Subscription model is a double whammy



**VIPUL DATTA**  
CEO, Futuresoft  
Solutions

The move by several software vendors from perpetual licensing to subscription model is adversely affecting customers and partners.

**Double whammy for customers**  
Indian customers have a software upgrade cycle of 5-7 years, which makes perpetual licensing economical. With subscription, customers end up spending more than double as compared to

perpetual license over a 5-6 year period; and they still don't own the software. If the subscription is not renewed, customer is unable to access the software.

**"In the subscription model, customers end up spending more as compared to perpetual license over a 5-6 year period; and they still don't own the software"**

#### Reduced margins for partners

Vendors floated subscription model claiming that it offers revenue predictability and better margins to partners. However, partners are facing reduced topline as the size of deals has shrunk. Many customers are holding up purchases as they are unwilling to opt for subscription.

Interestingly, while vendors want us to sell subscription, they haven't reduced our topline targets. Hence, most partners are unable to get their incentives and rebates. The subscription model has also triggered a price war—earlier we made 15-20 margins selling perpetual licenses, but now it's dropped to 5 percent.

#### Impact on vendors

Reports suggest that vendors like Microsoft, Oracle and Autodesk are struggling to sell cloud and subscription-based applications.

Customers would be more comfortable if vendors can price their subscription fee at par with perpetual license cost, over a 6-year period. ■

### Subscription model has failed to impress Indian customers



**PARESH SHAH**  
Director, PH Teknow

Many customers and partners are not pleased with software subscription, but I have mixed views about it.

#### Customers not amused

Indian customers are conservative when it comes to IT upgrades. Nobody upgrades IT, specifically the software, as fast as the vendors want them to do. While large companies have an upgrade cycle of 5-7 years, SMBs have an even longer cycle.

While on the positive side, subscription model reduces capex and ensures an always-upgraded infrastructure; negatively, the customer ends up paying a lot more over 5-7 years.

Perpetual licenses on the other hand, remain active for life, even if not upgraded. For instance, the Microsoft Office perpetual license sells at Rs 20,000, but annual subscription is at approximately Rs 5,000.

It's been very tough to convince customers—only five percent of our customers have opted for the subscription model.

**"It's very tough to convince customers to opt for subscription model. Just five percent of our customers have opted for it, which demonstrates the customer's low acceptance"**

#### Mixed bag for partners

For partners, perpetual license deal is a one-time business, while subscription model offers constant revenues. Although annual revenues and margins from subscription are low, over the longer term they exceed those from perpetual licenses. However, one can't ignore the reality that the subscription business hasn't picked up.

Vendors need to do something innovative to convince more customers to adopt the new model. ■

## Best practices for payment collection

Vipul Datta, CEO, Futuresoft Solutions, and Rajeev Mamidanna, Director, Eden Infosol, share best business practices that have helped their companies reduce payment delays and defaults

### “We have dedicated team for collections”

Contrary to normal practice of sales team managing the order processing, in our organization finance team has the final authority to approve a deal on the basis of payment terms and customer's credit history.

The finance team disapproves projects that offer less than 10 percent margin, after factoring payment terms and credit cycle. We have a three-layered approach for payment collection. Payments up to Rs 1 lakh are followed up by payment executives, up to Rs 3 lakh by managers and any transaction above Rs 3 lakh is followed up by VP and Director-level personnel.

We have automated our payment follow-up mechanism by integrating



**“In our organization, the finance team has the final authority to approve or disapprove a deal on the basis of payment terms and customer's credit history”**

**VIPUL DATTA, CEO, Futuresoft Solutions**

the electronic order processing form and Tally with our CRM. This generates automatic reminders to customers and our collection team.

We incentivize sales personnel for advance payments—they earn incentives of 0.5 percent on advance payment of up to Rs 1 lakh, 0.2 percent on up to Rs 10 lakh and 0.1 percent on more than Rs 10 lakh. This enables us to get

Rs 20-25 lakh advance payments per month, which reduces our credit exposure.

Three years back, 60 percent of our payments used to come in 40-45 days, 30 percent within 90-100 days and the rest took more than 100 days. However, now we receive 35 percent payments in 25 days, 60 percent in 35-45 days and the rest in 60-70 days. ■

### “If payment terms aren't agreeable, we don't do the deal”

In order to streamline the payment collection mechanism, we began involving our finance department as well as that of the customer to finalize on payment terms.

Involving the finance team from both sides helps arrive at realistic payment term. This is essential in large deals where managing finances become crucial.

If customer's payment terms

aren't agreeable to us, we walk away from the project. For instance, for a deal with payment term of 30-45 days, we expect at least 10 percent margins. On large deals with similar payment period we keep a 15 percent margin. Today the cost of capital is high and hence one needs to factor in the interest on the payment in every deal.

In many deals, we insist on customer paying 25-50 percent advance. While many existing customers pay in advance, it is still a challenge with customers where we have stiff competition from other partners. Still, this practice minimizes payment risks to a significant level and helps us manage cash flows.

We have also appointed a person in our finance team dedicated for payment collections. Her job is to send payment alerts and reminders 10 days before due date.

We have realized that by bringing discipline in payment collection process, one can get at least 75-80 percent payment within the agreed time. ■



**“We don't hesitate to walk away from a project, if customer's payment terms aren't agreeable. After factoring payment terms, we expect at least 10 percent margin on deals”**

**RAJEEV MAMIDANNA, Director, Eden Infosol**

## Cetas' NAVBUILD delivers major RoI for Durga Projects

Cetas' vertical-specific application is helping Durga Projects enhance operational efficiencies and to manage infra projects smartly, thus increasing revenue and margin potential

**Durga Projects** and Infrastructure is a leading property developer with successful track record of providing residential, commercial, hospitality and retail space solutions, across India. Over the past 15 years, the company has delivered more than 20 million square feet of built-up area and over 75 residential and commercial projects.

### The challenge

In the construction business certain processes are outsourced to sub-contractors, which require managing multiple sub-contractors and the ensuing change orders. In addition, the company required to monitor the progress of the sub-contracted projects and ensure project delivery in line with project schedule and financial planning.

For this purpose, Durga Projects evaluated standard ERPs and finalized on Microsoft Dynamics Navision. However, it found the necessity of an industry vertical add-on solution to meet the industry requirements.

### The solution

That's when Chennai-based Cetas Information Technology pitched its NAVBUILD, a Microsoft-certified solution compatible with Navision ERP and customized for construction, interior designing, industrial automation and project engineering verticals. The solution is Certified for Microsoft Dynamics (CfMD), the highest accreditation status for ISV solutions developed using Dynamics products suite.

NAVBUILD manages project activities including project

tendering, costing, scheduling, quality, sub-contract management, material and resource management, project accounting and industry-specific analytics.

Developed in 2012, the solution has been deployed in over 18 leading Indian and international companies.

Cetas integrated NAVBUILD with Durga Project's Navision ERP. "The entire project was deployed in three months with all the necessary customization and customer training," informed D Kabilan, Founder Director, Cetas Information Technology.

### Benefits

Since implementing NAVBUILD, Durga Projects has reaped numerous benefits. The company achieved complete project governance and profitability with the Earned Value Analysis (EVA) feature. EVA measures project's progress at any given point of time, forecasting its completion date and final cost, and analyzing variances in the schedule and budget as the project proceeds.

"NAVBUILD helped us automate our business processes to gain real-time visibility to take informed decisions, which resulted in increased and predictable business profitability," highlighted Neeraj Jhunjhunwala, CIO, Durga Projects.

The company observed increased topline and bottom line with change order monetization feature, which enables to effectively manage change in scope of work and provides the escalated cost figures.



**"We are closely working with partners who provide software solutions to the construction industry, where they can pitch NAVBUILD to customers and we deploy the solution on their behalf"**

**D KABILAN**

Director, Cetas Information Technology

### Future plans

With success of NAVBUILD, Cetas is now closely collaborating with other ISODA members who serve the construction industry.

"We have been closely working with partners who are involved in providing software solutions to the construction industry, where they can pitch NAVBUILD to their customers and we deploy and support the implementation on their behalf," informed Kabilan.

The company has strong support infrastructure in north and south India with offices in Gurgaon, Chennai and Bengaluru. "We are now planning an office in Mumbai and look for collaborating with more partners in Gujarat, Mumbai and Delhi NCR," concluded Kabilan. ■