

Our bet is on intellectual property biz which is sustainable: Polaris CEO



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Arun Jain, Chairman and CEO, Polaris Financial Technology (earlier called Polaris Software Labs), is always cool and composed. Even in these days of global turmoil that is affecting the software industry, Jain is unfazed.

The Rs 2,052-crore Chennai-based company provides software products, service and consulting to global banks, including Citi, and insurance companies to improve operational efficiency. It is the chosen partner for nine of the top ten global banks and seven of the ten top global insurance companies.

Jain spoke to *Business Line* on the market sentiment and the company's future roadmap. Excerpts from the interview:

Is it really a worrying time for the IT industry?

Do not look at three-four quarters of ups and downs. In the sugar industry, it could be a three-year cycle but in a technology industry it could be for one year.

Companies such as Tata Consultancy Services, Infosys and Wipro are institutions. Nothing can happen to them. It is just the expectation, which is too much. The IT



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**- Arun Jain,
Chairman and
CEO, Polaris
Financial
Technology**

industry should have expected saturation and handled it better as there is no optimism all around. Whenever the industry grows, there is a saturation point. There is nothing wrong with the industry. At some point, there will be saturation, which is different from depression. The industry should learn to handle such saturation.

How do you take this global slowdown?

When everybody is growing, you are also growing in a momentum. But when the slowdown happens, the differentiation starts becoming visible.

Has your decision to increase focus on the product business taken eight years ago helped?

It has, certainly. We took a decision to diversify into products at an appropriate time. We invested more in products to maintain growth margins better than the industry. Our investment of Rs

700-800 crore in the last eight years will make it sustainable. The product business can easily grow at 20-25 per cent as it is not limited by the ups and downs of industry. Currently about 25 per cent of Polaris' business is in products. We would love to grow at 30 per cent but we need to have a realistic picture.

What is the uniqueness of the financial technology space in which you specialise?

A lot of people are becoming vertical-focussed but finally we need to solve the problem of a particular customer. Let's take the analogy of a doctor. A few years ago, we used to visit a doctor with an MBBS degree, and later we went only to those having a MD but now only a few opt for a doctor with only an MBBS for any ailment. Now, people are looking at specialists for various diseases. There is a similar transition happening with clients too

and they are looking at specialists in a particular field. Super specialisation is required to overcome saturation.

What's your take on skills in the IT industry?

In the last ten years, IT people have become disproportionately arrogant. They get such fast promotions but never acquire the necessary skills. A manager in a software industry is paid three to four times more than a manager with a similar experience in an automobile industry. Is the competency of engineers in the IT delivery three to four times more in value than in manufacturing? This discrepancy disturbs the society completely, as the person is not competency-focused. The learning curve stops. If people do not learn, it decays. The learning culture in IT has stopped over a period of time. I am observing that people are scared of their subordinates to educate them because attrition is high.

What is Polaris betting on for growth?

Our bet is on intellectual property, which will give sustainable business. The Indian IT industry over the years has moved from general service providers to specialised service.

The next stage is IP creation, and that's what we are doing. We have around 80 products, and IP will help us generate solutions at lower cost and faster cycle time.

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