

## SPECIAL STUDY

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### Most Interesting ISVs in India, 2007 and 2008

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## IDC OPINION

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The IDC study is part of IDC Asia/Pacific's exclusive research that looks at major ISVs operating in the region. Through exclusive interviews and existing information bases, IDC analysts aim to provide key company profiles, product/solution unique selling propositions and positioning, go-to-market strategies, and IDC analyses.

India is a very unique Asia/Pacific market. India ISVs are maturing in terms of offering best-of-breed IT products and solutions. Software vendors are increasing their focus on virtualization. ISVs are producing solutions catering to specific domains or niche solution areas. They are offering products and solutions that are compatible with those offered in other geographies throughout the world by technologically partnering with global technological leaders or customizing their products for offshore clients.

ISVs want to enhance their expertise in niche domains, which are expected to tremendously grow in the near future. "These ISVs are not limiting their reach to local clients but instead adding international markets to their clientele, attracting big multinational corporations (MNCs)," says Prateek Tokas, market analyst, IDC India. He adds, "Due to their expertise in specific domains and global reach, MNCs are becoming interested in acquiring these small but efficient India vendors to fill in gaps and complement their range of solution offerings, leading to strategic organic growth."

## InfoAxon

InfoAxon provides open source business productivity solutions to companies worldwide. It is headquartered in Noida, has international direct presence in the United Kingdom, and indirect presence in the United States. About 90% of its international revenue comes from the U.K. market. Table 40 shows some important facts and figures about the company.

**TABLE 40**

### InfoAxon Facts and Figures

	Facts and Figures
Year of inception	2001
Number of employees	70
Ratio of India/international revenue share	5:95
Expected ratio of India/international revenue share	40:60
Revenue for FY06	US\$0.5M
Growth for FY07	150%
Revenue for FY07	US\$1.3M
Expected growth for 2008	100%

Source: IDC and InfoAxon, 2008

### ***Product/Solution Unique Selling Propositions and Positioning***

InfoAxon as a solution provider in the open source space does not count its revenue from selling its solutions. Instead, it classifies revenue for these in the form of services provided to end users. About 80% of its revenue comes from services while the rest comes from reselling third-party software from companies such as Red Hat.

InfoAxon focuses on key business productivity areas such as:

- Content and knowledge management
- BI
- CRM
- Collaboration
- eLearning

Table 41 shows some of InfoAxon's product and solution offerings.

**TABLE 41****InfoAxon Product and Solution Offerings**

	Description
Mobile solutions	Provide all basic and various value additions for mobile solutions such as sending SMSs, complex data formats, and managing contacts
Content management	Provides a professional approach to managing content
Knowledge management	Indicates primary opportunities to achieve substantial savings, significant improvements in HR performance, and competitive advantages

Source: IDC and InfoAxon, 2008

InfoAxon spends around 5% of its total revenue on R&D. The solutions it offers can function on both the Linux and Windows platforms. Some features that make its products unique are:

- Being based on the professional open source platform makes it easier to localize them by customizing these according to local requirements
- Flexibility to be enhanced/extended due to the availability of source codes
- No vendor lock-ins
- No software acquisition costs (no licensing fees); costs are only incurred for customization, support, and maintenance

Table 42 shows InfoAxon's revenue shares by segment.

**TABLE 42****InfoAxon Revenue Shares**

	Share (%)
Services for solutions	80.0
Sales of third-party products	20.0
<b>Total</b>	<b>100.0</b>

Note: InfoAxon provides open source solutions, thus charges are incurred not for the solutions themselves but for services and maintenance.

Source: IDC and InfoAxon, 2008

Table 43 shows InfoAxon's revenue shares by vertical.

**TABLE 43**

## InfoAxon Revenue Shares by Vertical

	Share (%)
Financial services	25.0
Telecom and media	20.0
Discrete manufacturing	10.0
Retail/Wholesale	10.0
Others	10.0
Government	25.0
<b>Total</b>	<b>100.0</b>

Source: IDC and InfoAxon, 2008

Table 44 shows InfoAxon's revenue shares by company size.

**TABLE 44**

## InfoAxon Revenue Breakdown by Company Size

	Share (%)
Small businesses (100–499 employees)	15.0
Medium-sized businesses (500–999 employees)	50.0
Large enterprises (1,000+ employees)	10.0
Government	25.0
<b>Total</b>	<b>100.0</b>

Source: IDC and InfoAxon, 2008

***Go-to-Market Strategy***

InfoAxon approaches the market directly either through sites or direct sales forces. It also utilizes channel partners to boost its sales. It also has ISV partners that provide it with leads such as Red Hat, Pentaho, and Spikesource. Reselling Red Hat (Red Hat Application Stack and Red Hat Enterprise Linux) and Pentaho solutions (BI suite) makes up 20% of its overall revenue. It predominantly targets early technology adopters such as the financial service, retail, and government verticals and large enterprises that understand the business value of open source adoption as a strategy to remain competitive. It also leverages its partners and conducts road shows with their help. It also participates in events such as Linux Asia.

InfoAxon gained many benefits through its partnerships such as solution know-how, engineering support for customization/enhancement, troubleshooting help and integration, and interoperability support. It also made significant achievements in terms of acquiring big clients in the financial service industry such as HDFC Bank, Yes Bank, and the Indian Air Force. Its other clients are Castrol, Virgin Media, Home Connections, and the United Nations. After sponsoring Linux Asia 2007, it also received tremendous response as an open source business productivity solution provider in India and abroad.

InfoAxon is also about to launch Open Source BI Version 1.6 to fill in gaps between other proprietary BI products in the market.

### ***IDC Analysis***

InfoAxon is an interesting ISV due to the following reasons:

- ☒ As an open source solution provider, it positions itself as a cost-effective solution provider, allowing organizations to circumvent licensing and renewal process fees. The only fee its customers need to pay is for services.
- ☒ Open source is gaining prominence in India, thus providing a huge market opportunity for InfoAxon to tap. With this in mind, it plans to increase its focus on the country, expecting to increase its revenue share from 5–40%.
- ☒ It focuses on some of the most in demand solutions in India such as BI, CRM, and content and knowledge management.
- ☒ It procured established banks as well as renowned companies as customers. It also received a good response for its marketing activities. All in all, it has the potential to achieve significant growth in the next 2–3 years, especially in light of a new product in the pipeline.