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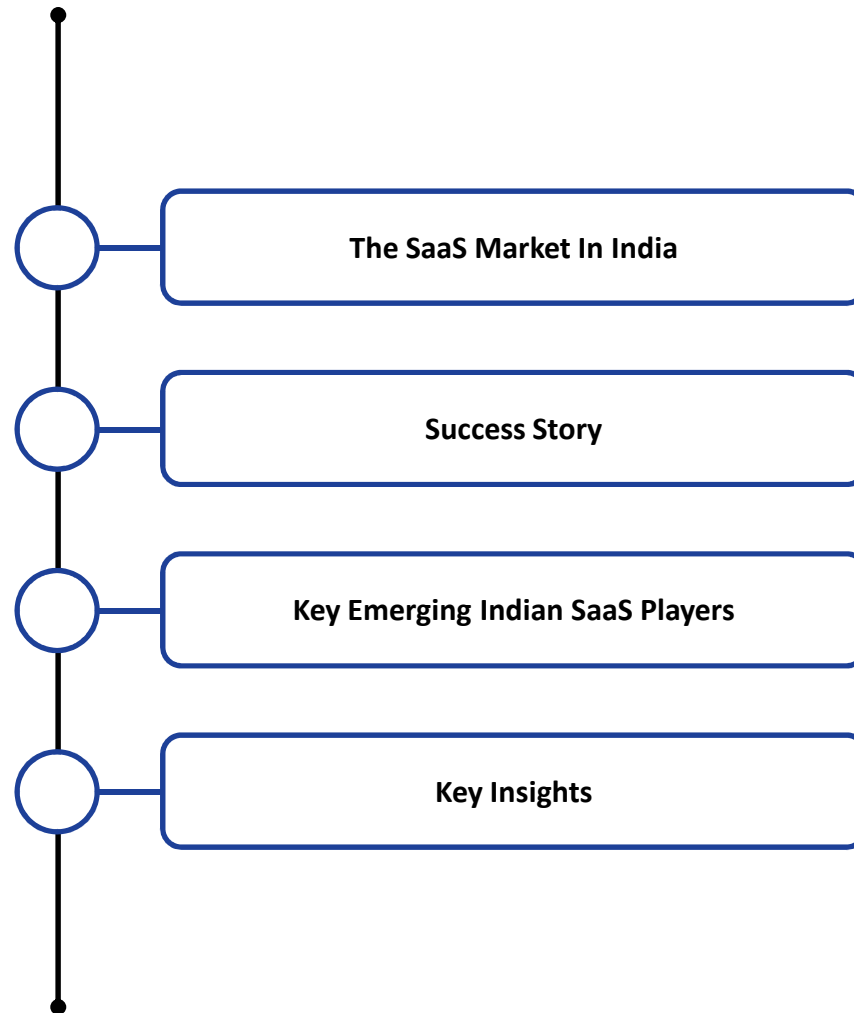
SaaS Landscape in India: Snippets

August, 2009

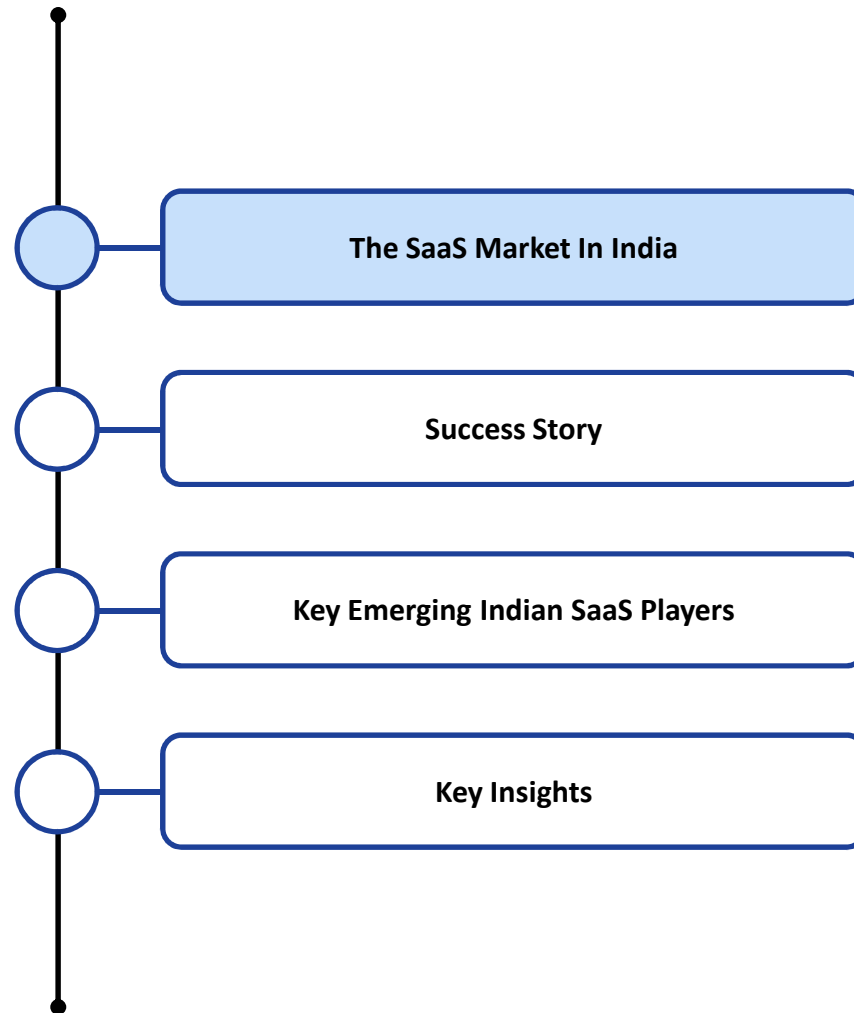
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Agenda



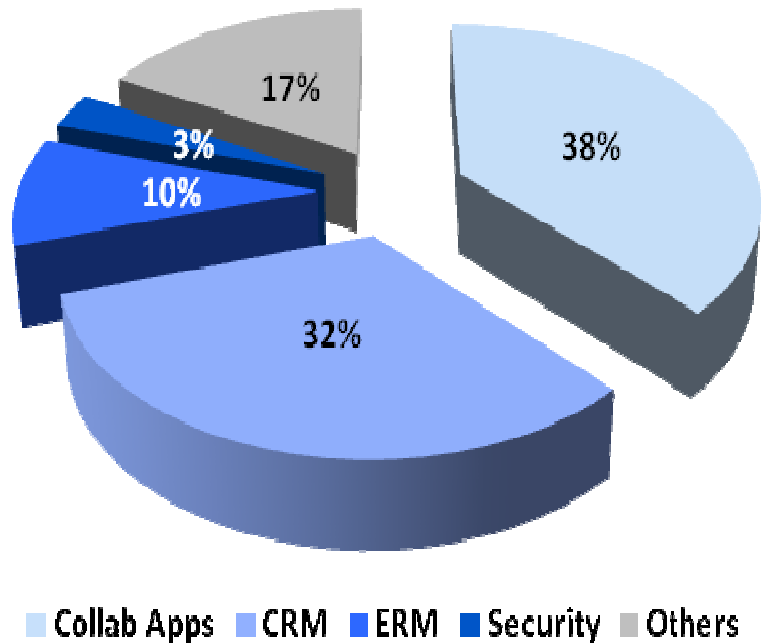
Agenda



The domestic market for SaaS is estimated to be about USD 50 million and is currently dominated by Collaborative Applications and CRM workloads

Workload-wise Distribution of SaaS Market in India, 2009

Total Market: USD 50 - 56 million*



Workload	Total Market in 2009
Collab. Applications*	USD 18.9 Mn
CRM	USD 16.2 Mn
ERM	USD 4.8 Mn
Security	USD 1.6 Mn
Others	USD 7 – 14 Mn

*Note: Market size does not include the SaaS Email Market

Nascent Market with a Couple of Early Movers

The SaaS market in India is extremely nascent with a total market size of USD 50-56 million. Three key workloads, Collab. Apps, CRM and ERM together contribute 80 percent of the market. With the market being so nascent, there are a couple of early movers who have cornered a large share of the market. These include Salesforce.com and Ramco Systems

Note: Confidence Level for Market Size is 85 – 90 percent, * Collab. Applications – Collaborative Applications include web conferencing, productivity suites etc..

Source: Zinnov analysis

Currently only a handful of the top global SaaS players are focusing on the India Market

Focus of Top SaaS Index Players on the Indian Market, 2009

Company	India Focus
Intuit	High (Full Blue Circle)
Blackboard	Low (Quarter Blue Circle)
Concur Technologies	-
Constant Contact	-
DealerTrack Holdings	-
DemandTec	-
Kenexa Corporation	Low (Quarter Blue Circle)
LoopNet	-

Company	India Focus
NetSuite	Low (Quarter Blue Circle)
Omniture	Low (Quarter Blue Circle)
RightNow Technologies	Low (Quarter Blue Circle)
Salary.com	-
salesforce.com	High (Full Blue Circle)
SuccessFactors	Low (Quarter Blue Circle)
Taleo Corporation	-
The Ultimate Software Group	-
Vocus	-



Some of the major challenges that SaaS providers face in India are lack of knowledge about Indian workflows, lack of IT support etc.



Note: *Broadband is defined as an internet connection with speed equal to or greater than 256 kbps

Source: interviews with Company Stakeholders, TRAI, Zinnov Analysis **Zinnov Management Consulting Pvt. Ltd**

Despite these constraints SaaS is likely to grow in India over the next few years



Mobile revolution and entry of large Telecom players will drive SaaS adoption

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Novatium provides a complete range of services in network computing and specializes in delivering customized solution to enterprises. It offers the extra edge, ensuring success in every field of specialization.

It is currently selling to consumers and has 2500 customers pan-India

plans to operate 5 million lines spanning all district headquarters and important towns by the end of this year. Investment outlay for the same is INR 2700 crores. It has tied-up with Nokia, Sony and Samsung to provide handsets that have been priced at INR 7000

players with plans for WiMax, a super-speedy version of wireless broadband. The plan will cost more than USD 100 million and span 115 Indian cities. The goal is to provide 20 million broadband connections by 2010.

Airtel is striving to become the CIO in the cloud, and is looking at offering an end-to-end stack of solutions

Background and Product Details



- Product Launched
- Partners
- Accessories
- Availability
- Product Pricing
- Installation Time
- Availability
- May, 2009
- Airtel (broadband), Novatium(Hardware), Microsoft (Software)
- 15-inch LCD monitor, keyboard, mouse, companion
- Delhi, Gurgaon and Noida
- INR 7,999
- 24 hours
- Airtel Stores and NEXT Electronic Stores

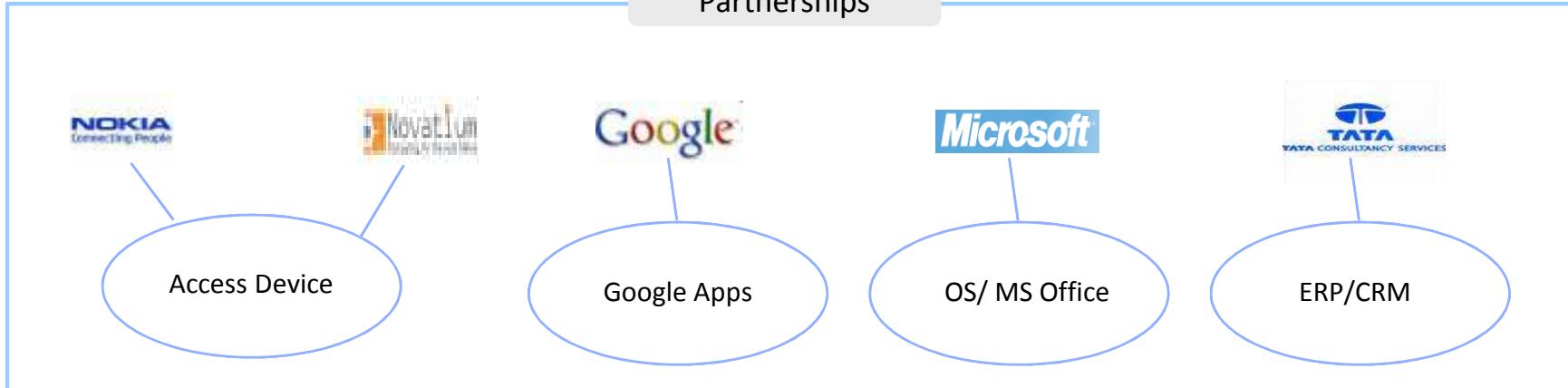
Other Details

- Technology –
 - Windows XP for client customized by Nivio
 - Linux-based server
 - Companion connector
- Support – It supports multiple USB peripherals (USB pen drive, USB hard disk, USB printer, digital cameras, etc.), speakers and microphone
- Power Consumption – 5 W only
- Competitive Products –
 - BSNL
 - MTNL

Different Monthly Plans

Packs	Common facilities	Monthly pricing (INR)	Differentiating factors
Home	10 GB Space 3 GB Data Transfer Online Desktop Service 100% Data Security	699	MS Office standard
Professional		899	MS Office standard with Admin rights
Business		1199	MS Office Premium with Admin rights

Partnerships



Nokia is leveraging mobile as an access device to provide CRM solutions on an independent operator model

Both the supplier as well as the agent have access to their orders right in their mobile every time

One's network consisting of first level and second level partners on the mobile can be viewed



All new orders can be received as a message in the inbox. The status of the order can also be tracked



Key Features

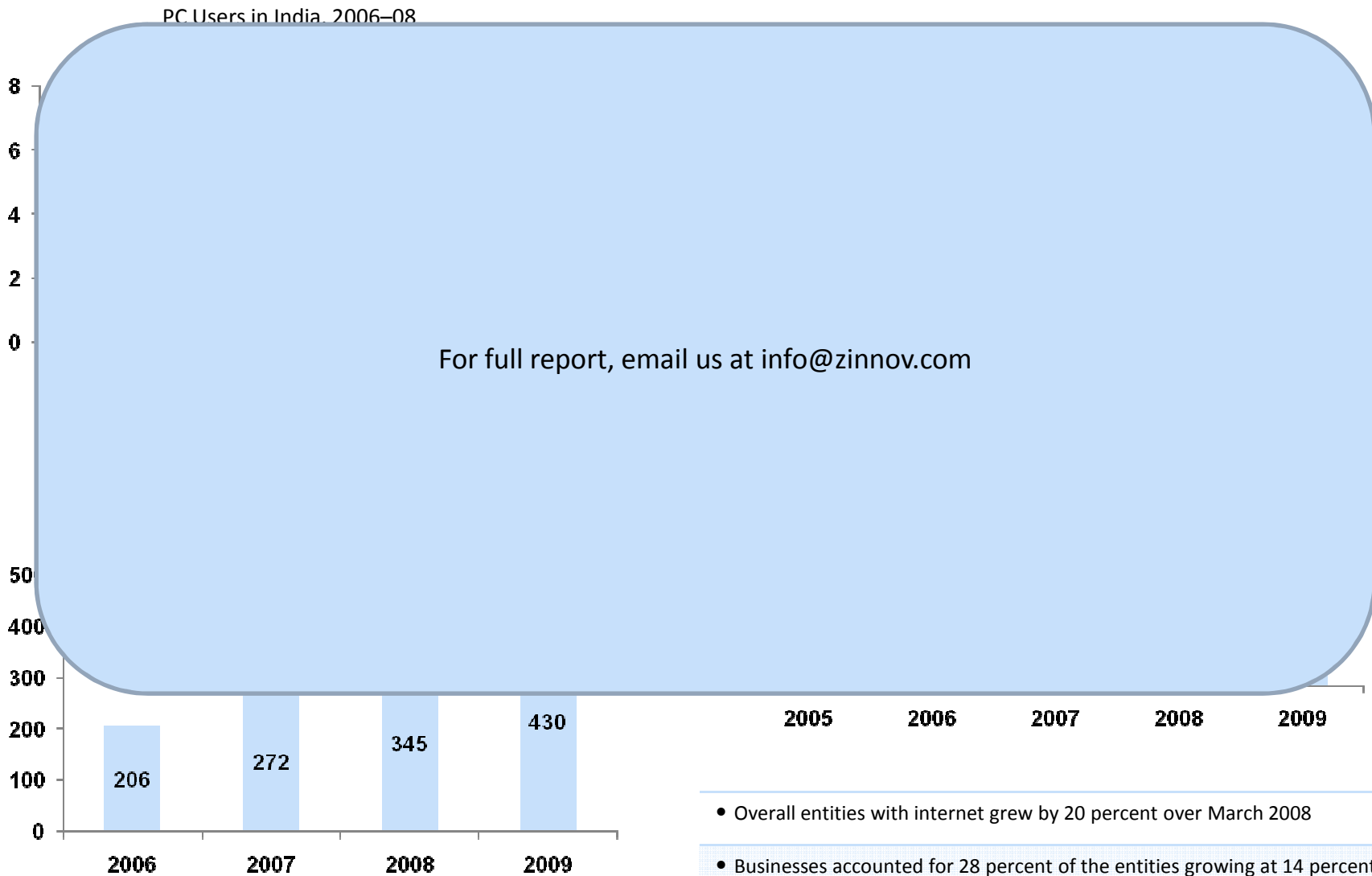
- Share and update product information
- Create and distribute purchase order information
- Create and send dispatch details
- Keep track of orders
- A directory service wherein published company information can be accessed

Key Advantages

- Portable access to business data
- Less paper work
- Less errors
- Shorter sales cycle
- Secure platform for data storage

Nokia India is piloting a Mobile CRM of textile distributors. Such solutions that are easy to use and are cost effectively are likely to be disruptive in the market

Increasing IT and internet penetration will also help in increasing the adoption of SaaS solutions in India

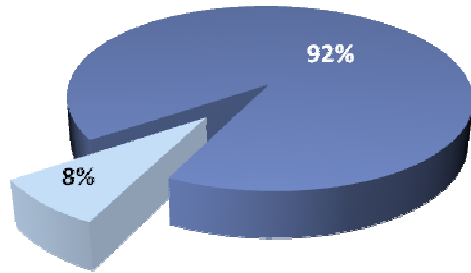


- Overall entities with internet grew by 20 percent over March 2008
- Businesses accounted for 28 percent of the entities growing at 14 percent while households accounted for 72 percent growing at 22 percent

Note: *Active Internet Entity – Individuals/Establishments with an internet connection. The numbers reported are for the year starting from March and ending in February
 Source: MAIT, TRAI, Zinnov Analysis

India is increasingly becoming a global hub for data center services, and this will further drive SaaS adoption in India

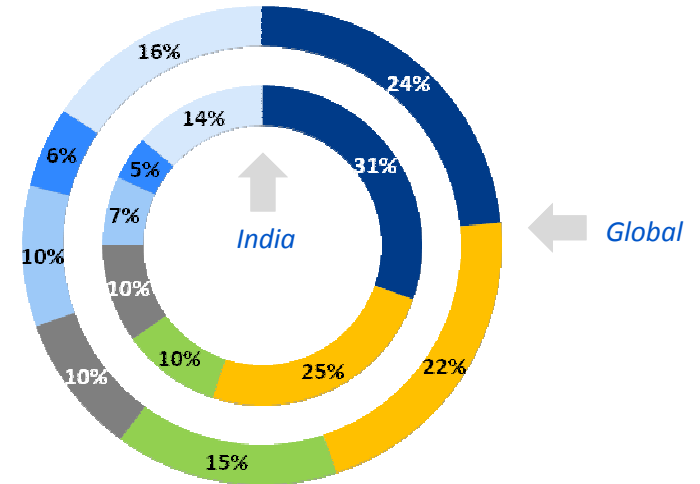
Indian Data Center Market, Global Perspective, 2009



India

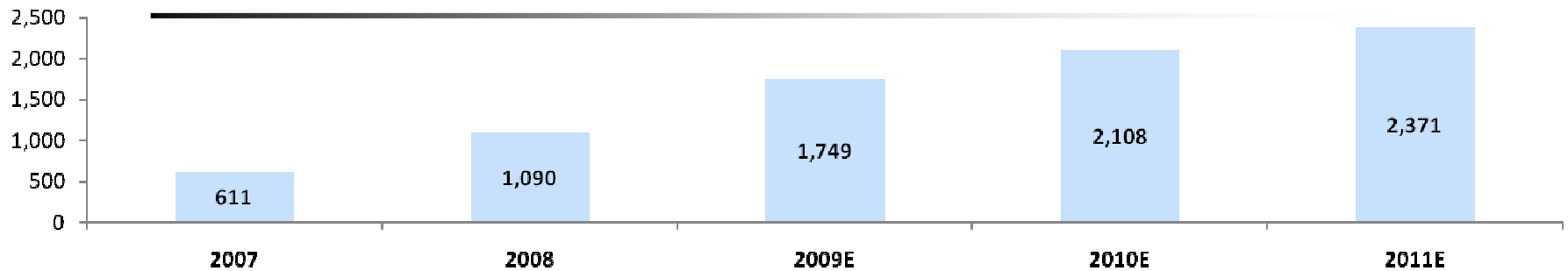
The Indian datacenter market is estimated to be between USD 1–1.2 Billion which accounts for about 8 percent of the global market

Vertical Play of Indian Hosting Service Providers and Global Comparison, 2009



■ Financial Services
■ Public Sector
■ Retail & Distribution
■ Others
■ Manufacturing
■ Telecom
■ Travel, Logistics, Hospitality

Data Center Space in India, 2007–2011E (thousand square feet)



Note: * Does not include captive data center space (Captive data centers include those being outsourced to system integrators)

Source: Data Monitor, Zinnov Analysis

Data center players like Tata Communications and Reliance have a significant Indian and global play



Tata Communications, largest player in the market, has 22 data center worldwide with 7 data centers operating in India. It has Tier-3 data centers with 1 million square feet capacity. Services include co-location, managed hosting and storage. The flexible on demand model allows clients to purchase as per capacity and then adjust as their business evolves.



Reliance has over 500,000 square feet of hosting space. It has 6 Tier- 3 data centers in India with a customer base of 500. Its hosting services include co-location and application hosting depending on the services required by clients.



Sify has 200,000 square feet of hosting space in 4 Tier-3 data centers. It offers co-location, dedicated and shared hosting services. It is the first in the country to deploy Gigabit Switch Routers in its back-end infrastructure.



NetMagic has 5 data centers across India and the U.S. and also a virtual data center in the U.S. It has a customer base of 600. It has close to 100,000 square feet of hosting space

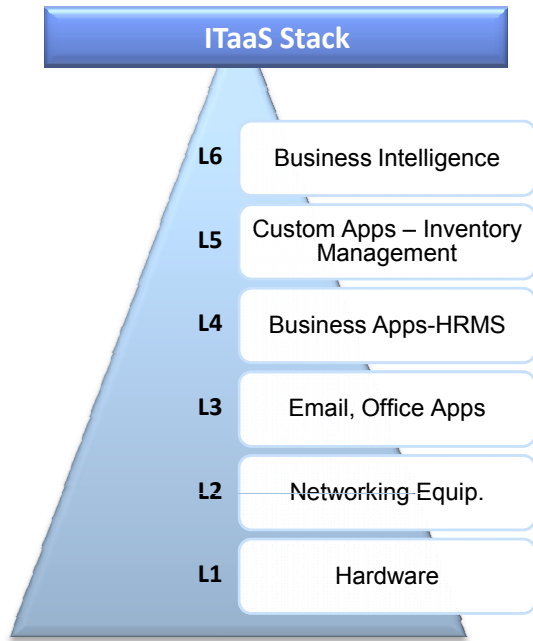


Ctrl S's services include infrastructure services such as co-location, managed services such as managed backup, dedicated hosting, hosted exchange and disaster recovery. It is the first in India to deploy water-cooling technology, which would save 30 percent of its energy cost annually. It has 30,000 square feet area of hosting



Net4's services include virtual private servers, server colocation, backup & recovery and managed services. It has data centers in 8 different locations. It has a hosting space of about 30,000 square feet

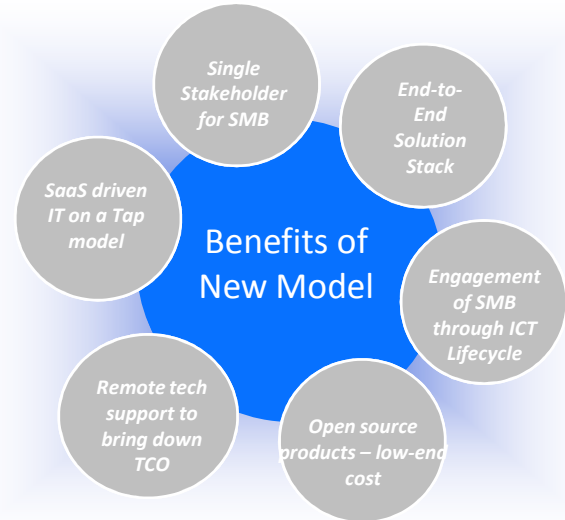
Companies such as TCS with their ITaaS model are likely to be disruptive in the market and would increasingly drive adoption



Stack based business model to deliver IT enablement to SMBs



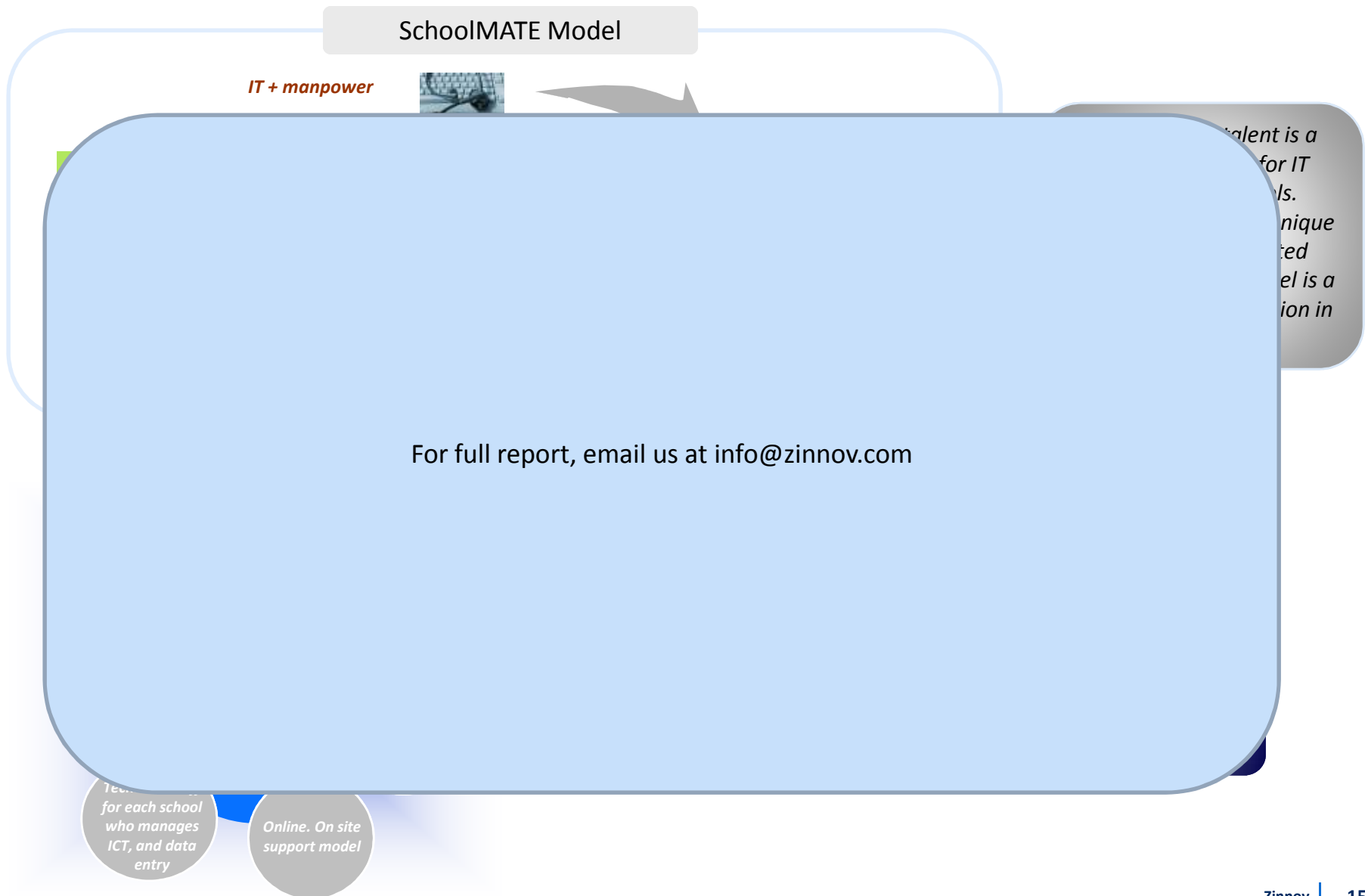
What are the benefits of the model?



Business Impact

Industry Vertical Focus	Anchor Clients, Low Price points
<ul style="list-style-type: none"> • Manufacturing • Health care • Education • Retail 	<ul style="list-style-type: none"> • 18 anchor clients in manufacturing have tied up with industry associations such as CODIASSIA, AEPC • Entry price point as low as INR.500 per user per month.

SchoolMATE is another example of a unique business model that provides staff augmentation support along with SaaS offerings



Ramco is an ERP solution provider that has launched disruptive pricing model to drive adoption of its solutions

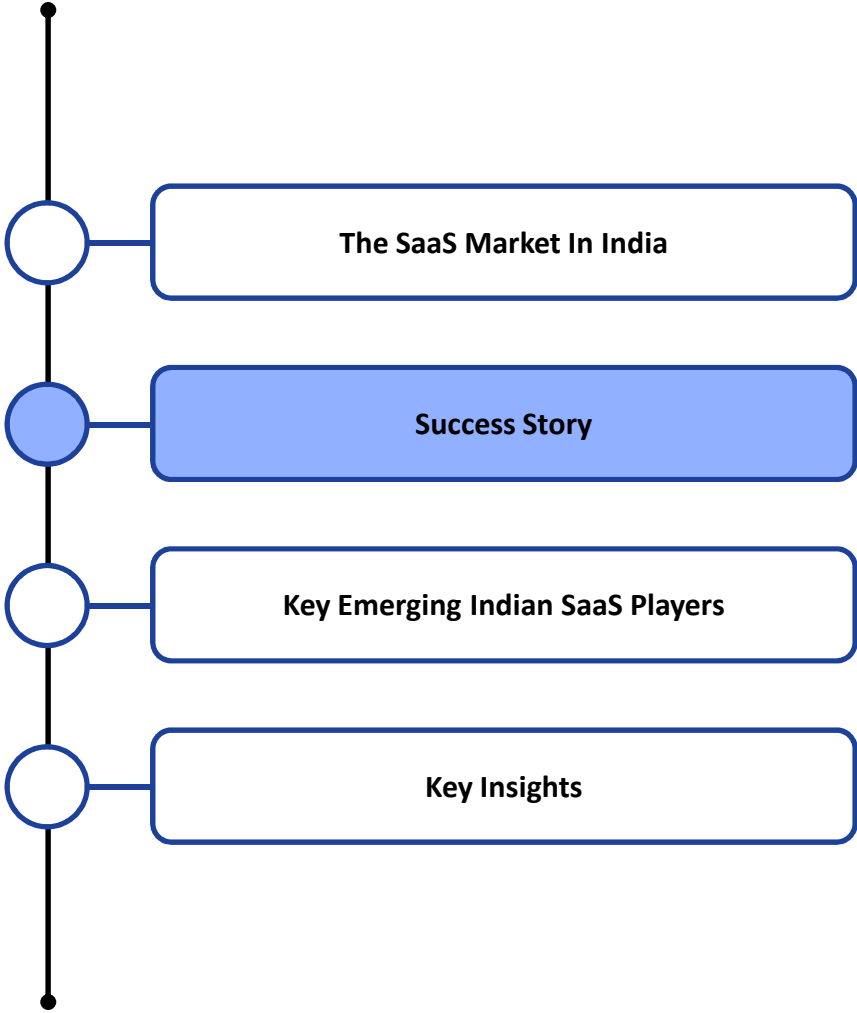
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- The solution is being used to generate and manage the government payroll. The government is charged on the number of pay slips generated and not on the regular model depending on 'number of users'



Driving IT
Adoption

Agenda



Zoho is one of the early successes in the SaaS space and the firm currently offers a whole host of applications on a SaaS model



Company Overview

- Founded in 1996, Zoho Corp is privately held and has split its business into three divisions – Zoho, ManageEngine and WebNMS
- Zoho Corp's main focus for its applications is the SMB space, but it also nurtures enterprise ambitions
- ManageEngine provides enterprises with IT management software, while WebNMS targets OEMs in search of a network management suite

Employees & Locations

- Zoho Corp now has around 1,000 employees, compared with 750 a year or so ago
- The Zoho division of Zoho Corp currently employs 330 staff, up from 250 in July 2008
- The company's headquarters are in Pleasanton, California, but the majority of its staff is based in Chennai, India. It has other US locations in Austin and New Jersey and offices in Beijing, London and Tokyo.

Products

•Productivity & Collaboration Tools

- **Zoho Mail** : Web-based email service
- **Zoho Writer** : Online word processor
- **Zoho Sheet** : Online spreadsheets
- **Zoho Show** : Online presentation tool
- **Zoho Docs** : Online document management
- **Zoho Notebook** : Online note taker
- **Zoho Wiki** : Full featured wiki
- **Zoho Share** : Centralized public repository
- **Zoho Planner** : Online organizer
- **Zoho Chat** : IM tool

•Business Apps

- **Zoho CRM** : On-demand CRM solution
- **Zoho Meeting** : Web conferencing; Remote support
- **Zoho Creator** : Platform to create database apps
- **Zoho Invoice** : Online invoicing
- **Zoho Projects** : Project collaboration software
- **Zoho Reports** : Online Reporting & BI
- **Zoho People** : HRIS & Application tracking system
- **Zoho Business** : Email hosting & Office suite
- **Zoho Marketplace** : Buy apps/ post requirements

Zoho is predominantly focused on the SMB and CMM customers and offers free versions of its products to promote usage

Product Innovations

- Zoho has been consistently removing redundancies between its standalone offerings and focusing more on the sale of integrated offerings
- A classic examples is the integration of CRM with e-mail, project management with chat, Invoicing with time sheets etc.
- Zoho is also looking at integrating its products with third party technologies such as Microsoft Office and Intuit Quick Books plug-ins for CRM and Write

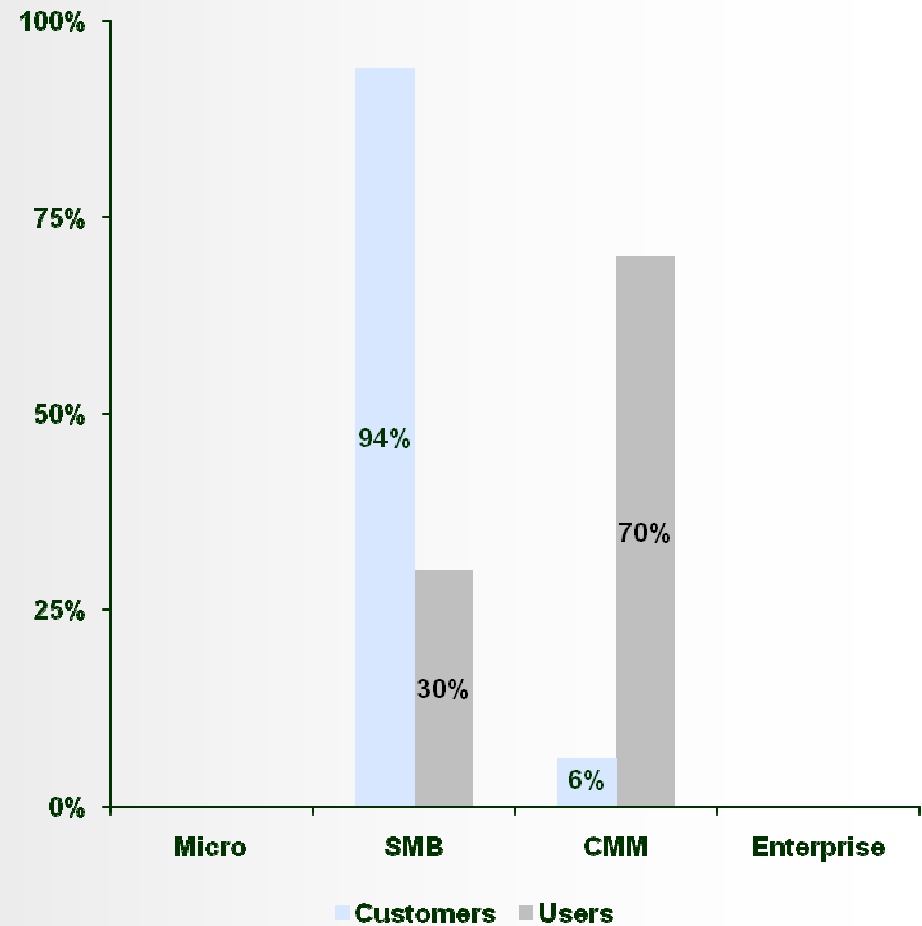
Strategy

- Zoho has deliberately not branded itself as a SaaS player as it also offers onsite deployments of its software
- Zoho is looking to expand in the cross-fertilization of technologies across Zoho Corp as a whole. The company's ManageEngine division has over 30,000 customers and already has some links with its Zoho counterpart

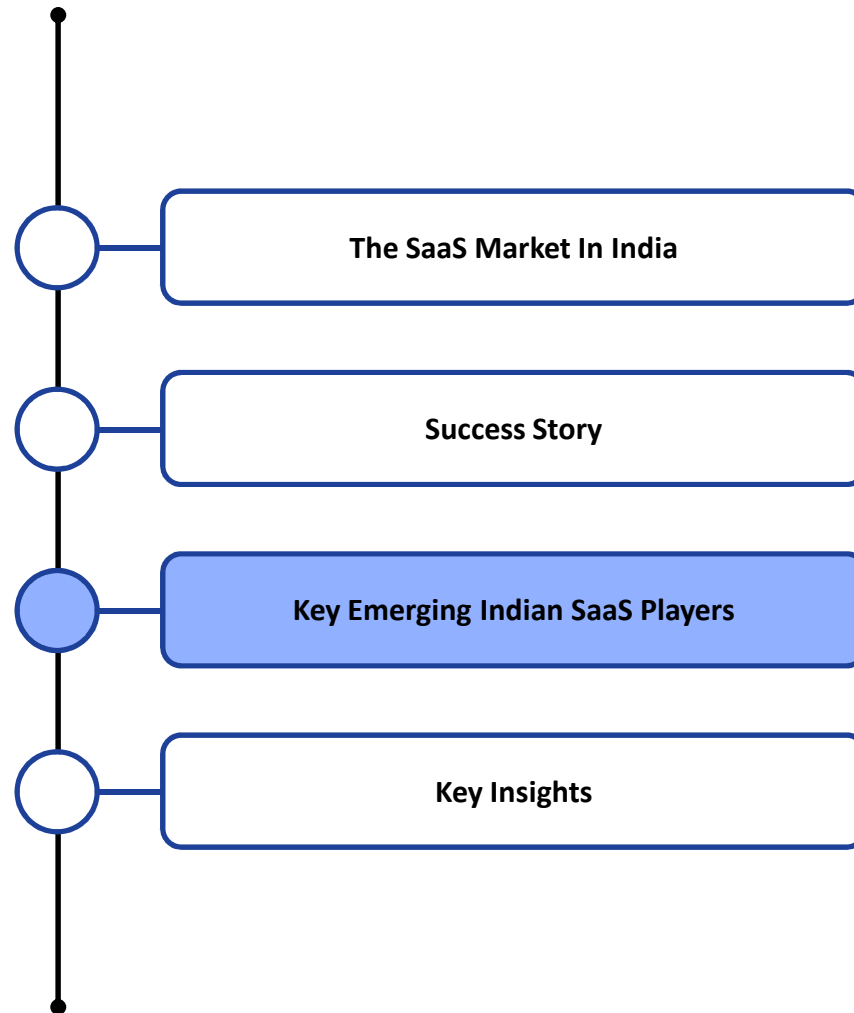
Customers

- Zoho currently has 2 million registered users for its apps, a doubling in size over the past year or so
- The growth has mostly come about through word-of-mouth referrals and SEO
- Zoho has about 100-150 resellers around the world and is keen to ramp up indirect sales
- It's also looking to partner with systems integrators as it attempts to win more enterprise deals.

Customer and User Base Distribution



Agenda



HRMantra has seen good success with its products in the Indian market due to its low pricing



Company Overview

HRMantra launched SaaS-based products in India in June, 2006 and started by offering HRM payroll software. Today, it offers numerous modules which are focused on diverse areas of HR management, such as module for leave, performance management modules to name a few

HRMantra has done significantly well with a customer base of more than 70, where the smallest client has a headcount of 6 and the largest 1800.

Due to the hassles faced for technical support issues on licensed software, the company has started offering SaaS solutions where the support can be managed remotely

*Pankaj Bhargav,
CEO*

Products

On Demand HRM, includes the following modules:

- **Induction:** Company induction policies, holiday calendars etc.
- **HRIS:** Employee information management
- **Attendance:** Employee attendance management
- **Leave:** Employee leave management
- **Claim:** Claim & Re-imbusement management
- **Payroll:** Employee salary and income tax management
- **Appraisal:** Employee performance management
- **Training:** Employee training management
- **Staffing:** Candidate recruitment management
- **Project:** Project team management and time sheet tracking
- **Funds:** PF Trust Management
- **Administration:** Asset and travel management

People

The company was founded by Pankaj Bhargav in 2006 in Mumbai

Impel believes that mobile phones as access devices face psychological barriers in the minds of prospective customers



Company Overview

PK4 Software Technologies Pvt. Ltd. is a Bangalore-based software company and Impel is its flagship On Demand CRM product

Currently Impel has a customer base of more than 800 with its smallest customer having a revenue of INR 5 crores and its largest customer having a revenue of INR 500 crores

Now only offers On Demand CRM. Clients using on-premise were given choice to buy-out or move to On Demand. Most moved to On Demand.

*Narasimhan Mandyam,
CEO*

Products

Offers 3 editions viz. Team edition, Corporate edition, Enterprise edition.

The major features of Impel include:

- Sales Force Automation
- Marketing Automation
- Customer Support
- Email & Collaboration
- Product Management
- Quotes and Order Management
- Inventory Management
- Report Management
- Content Management

People

The company is headed by Narasimhan Mandyam who is an Electrical Engineer with years of management experience running technology companies

iWeb opines that large organizations do not prefer SaaS since they have a dedicated internal IT team to cater to their needs



Company Overview

iWeb was incorporated in the year 2005 as a software product company but has diversified into SaaS

iWeb has 20+ clients with revenue ranging from INR 17 crores to INR 200 crores

...It is interesting to note that in many companies, to cut cost, one user feeds in data of multiple people, acting as a super-user...

*Varsha Udhvani,
Chief Marketing Officer*

Products

iWeb Enterprise Suite is the company's flagship product and includes the following modules:

- Customer Relationship Management
- Supplier Relationship Management
- Manufacturing Resource Management
- People Relationship Management
- Finance Management
- Quality Management
- Enterprise Business Intelligence
- Helpdesk Management
- Etc.

All of the modules are SaaS ready

People

The company has a headcount of about 50 and has a presence across 57 locations in India shared by the group companies

Kallos believes that the motivation for adoption of a SaaS solution is the inevitability of its need



Company Overview

The company is headquartered in Chennai, and in the past has predominantly focused its efforts around Chennai. It is currently focusing on other locations across the country including Delhi and Mumbai.

For a SaaS solution it takes 5 years to build. 3 years for specifications and multi-tenant framework development and 2 for product development...

*George Vettath,
CEO*

Products

The company offers a multitude of products including:

- Customer Relationship Management
- Enterprise Resource Management
- Human Capital Management
- Retail Specific Solutions
- Etc.

Of the products mentioned the CRM, ERM and HCM are SaaS ready

People

K-Serve (Kallos Systems) is headed by George Vettath who has over 21 years of experience in the IT industry. The company currently has over 17 people.

Synage offers a limited functionality SaaS solution free to its customers increase awareness about its products



Company Overview

The company was founded in 2006 in Mumbai and offers an online collaboration tool called DeskAway

The company is focused on the international markets and has over 80 percent international customers

For adoption of SaaS in India, customer education is very essential...

*Sahil Parikh,
CEO*

Products

DeskAway has 5 editions viz. Free, Personal, Professional, Plus and Power with varying levels of project, user, storage limitations.

It offers SSL security, email reminders for tasks, time tracking, time zone support and full data export

People

The company was founded by Sahil Parikh who has over 8 years of experience in the IT industry. He holds a bachelors degree from University of North Carolina and is a serial entrepreneur

The company has a total headcount of 12 people

Despite being a very young company, Lattice Purple has been able to acquire a good base of customers in the global as well as the Indian market



Company Overview

The company was founded in 2008 and is based out of Noida, India.

The company currently has a customer base of 54 both in India and outside

YouSuggest is a social suggestion box for companies, where companies can engage their employees, customers, vendors etc., to provide suggestions and ideas to the company...

*Nilesh Trivedi,
Product Manager -
YouSuggest*

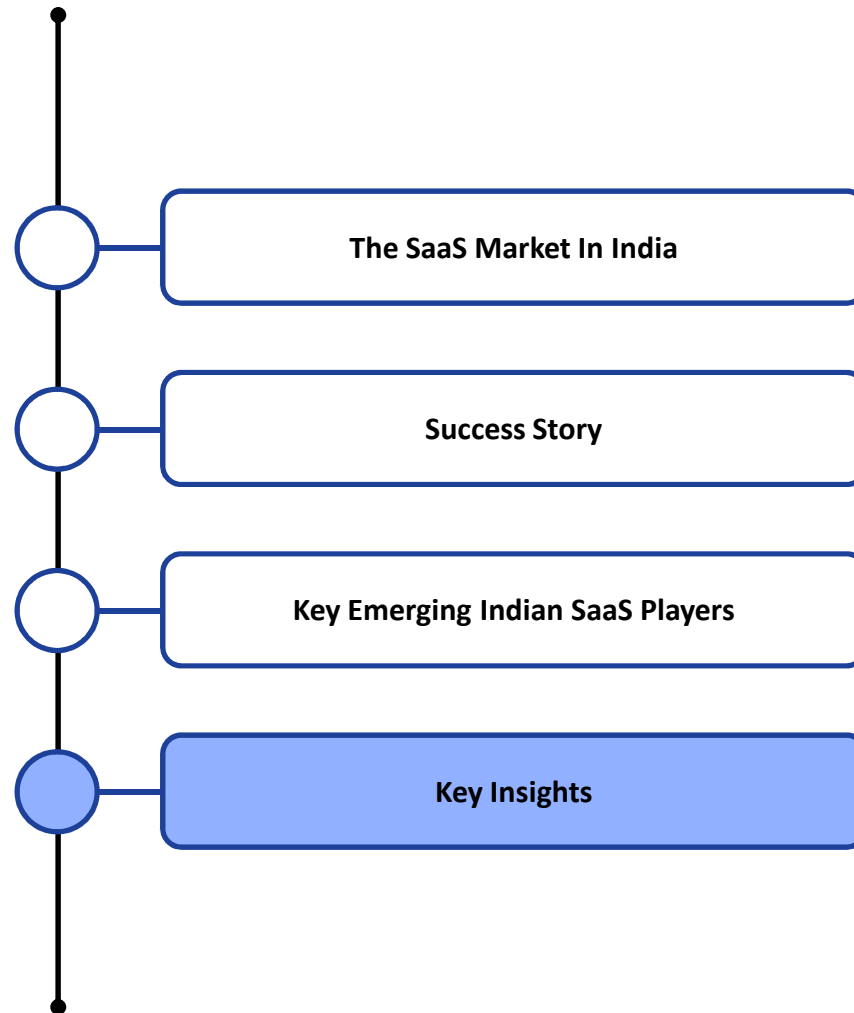
Products

YouSuggest is a social suggestion box for companies, where companies can engage stakeholders such as their employees, customers, vendors etc., to provide suggestions and ideas to the company.

Suggestions are publicly visible to all the members, members can vote the suggestions up or down. As the suggestion gets more up votes, it moves up in the list and vice versa enabling fasted decision making.

Offers 5 editions of its products viz. Enterprise, Corporate, Business, Standard and Basic which have varying levels of customization and moderation capabilities.

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There are 4 essential aspects that players need to address before looking to grow in the SaaS market in India

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•Most Indian sales forces have hierarchical reporting. However, this is not a standard feature in many SFA products currently in the market. Companies thus pay an additional fee to be able to use the feature. For example, ZOHO charges USD 20 per user per month to enable users with hierarchical reporting.

manufacturing clusters. In addition, there are multiple other verticals such as retail, education, etc. with each having limited levels of IT awareness.

- The need to create IT awareness through events, demos and a lot more off line modes than globally accepted online modes, will substantially increase the spend on S&M to acquire clients.

landscape and requires communicating with clients in at least 8 major languages if not 22. This requires a strong local channel partner ecosystem to scale effectively in the market.

act as effective partner for payments.

- Clients prefer to pay via, Demand Draft, Cheque or wire transfer and tracking payments is a challenge. Telcom players can be leveraged as a payment channel to increase efficiency and reduce overall cost of product delivery.

It is also essential to look at innovative channels to engage customers and grow business in the Indian Market

- *Sales* allian word lifecy and r

- *Zoho* acces

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- *Zoho* Sheet a enabling users to chat and work together through the social network

- *Salesforce* has launched an application on *Twitter* which enables Salesforce users to engage with their client base faster and more efficiently, either individually or en masse

- Indian gaming company *Indiagames* has tied up with several ISPs such as *Airtel*, *MTNL*, *Tata Indicom* to deliver Games On Demand

To succeed in the India market it's essential that firms look at the right price-value mix, followed by a solution centric approach

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69 "Prathiba Complex", 4th 'A'
Cross, Koramangala Ind. Layout, 5th
Block, Koramangala
Bangalore – 560095

Phone: +91-80-41127925/6

575 N. Pastoria Ave
Suite J
Sunnyvale
CA – 94085

Phone: +1-408-716-8432

21, Waterway Ave,
Suite 300
The Woodlands
TX – 77380

Phone: +1-281-362-2773