

Indian tech, mobile services Cos. see growth in emerging markets

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When mobile software maker Myzus Infotech Pvt. Ltd set up shop in 2000, it found selling to phone firms in India a challenge. Mumbai-based Myzus' core product—a mobile portal that telecom operators used to offer third-party applications to users (such as the Apple iPhone store)—was hard to sell in a market with not many mobile Internet users.

Working with phone firms in India meant “longer purchase cycles and a lot of chaos”, recalled Myzus founder Roshan D'Silva. So, after testing its product with a few initial deployments in India, the company looked overseas for business. Instead of heading to developed markets such as the US and the UK, it chose to focus on West Asia, where phone firms were more receptive to data service solutions than peers in India.

The bet paid off for Myzus. Today more than 80% of the firm's revenue (which it won't disclose) comes from markets outside India, primarily in West Asia, Maldives, Mauritius and Sri Lanka. It is now exploring the African market.

Like Myzus, several small- and medium-sized Indian companies are looking to tap into such emerging markets that may have smaller customer bases, but are untapped by the big players and offer sizeable potential.

Firms making software and solutions for use by the mobile phone services industry such as IMImobile Pvt. Ltd, Jump Games Pvt. Ltd, Bay Talkitec Pvt. Ltd and Bharti Telesoft Ltd, as also tech and back-office service firms Mann India Technologies Pvt. Ltd and NettPositive Business Analytics Pvt. Ltd generate significant revenue from such markets.

IMImobile, which went to markets in West Asia and Africa in 2006, generates nearly half its revenue outside India, while Mann India from Gurgaon makes more than 90% of its revenue from Latin America, say their executives. **Others such as Adventity Inc., engaged in high-end analytics;** mobile software services company OnMobile Global Ltd and mobile commerce firm PayMate India Pvt. Ltd have operations in these markets. None, except OnMobile, disclose its revenues.

This approach is particularly attractive to those in the outsourced services business that want to tap these markets as an alternative to markets such as the US or Europe, which are slowing down. “Those dependent solely on the US market will find it challenging now,” says Promod Haque, managing partner, Norwest Venture Partners. Adventity, backed by the firm, today makes 55% of its revenue in non-US markets, compared with 5% in 2004.

In telecom, higher revenue is the driver towards new markets. While India is the second ranked telecom market with more than 300 million subscribers, behind China, its monthly billing or Arpu (short for average revenue per user) is among the lowest in the world at some \$5 (Rs244) a month. In contrast, customer numbers are lower in West Asia—Saudi Arabia has 27 million—but it has Arpus of \$150-200 a month and has more users using mobile Internet services. IMImobile is “focused on the data platform, which can be managed remotely”, says chief executive A.R. Vishwanath.

OnMobile, which listed earlier this year, says its focus has broadened from neighbouring countries to other markets as well. "Three years ago, I would've said our target market is Asia. Now it can be anywhere in the world," says Arvind Rao, chief executive, OnMobile. In the last year, after it acquired Voxmobili SA, OnMobile made about 18% of its Rs269.3 crore revenue from overseas markets.

New markets also level the playing field for small companies. Mann India developed its edge in Latin America by going vendor neutral in a market dominated by suppliers tied in with the likes of Oracle CorpCorp. "Not only could we . and IBM compete with them on our own terms, wonder of wonders, we were able to win (contracts)," says Noor Qazi, co-founder, Mann India.