

Food caFE ARUN JAIN

# A journey into the cloud

Polaris CEO tells **Sushila Ravindranath** he's focused on building India's largest financial technology suite, with his client list already boasting 10 of the top global banks and six of the top global insurance majors

Chennai-based Polaris Software Lab announced recently that it is buying an 85% stake in a San Francisco-based digital identity authentication services provider, IdenTrust, for \$20 million. This acquisition will help Polaris enter the cloud computing space for financial technology solutions. Arun Jain, the founder chairman & CEO of Polaris, and I arrange to have lunch at the Madras Club, a green oasis in Chennai, to discuss this acquisition and other issues. Then it turns out that it is his daughter's birthday and he is needed at home. A couple of days later we meet in his office as he is leaving for Australia that night. We share his lunch sent from home—roti, dal and sabzi!

Polaris was planning to enter cloud computing in a structured manner and aimed at doing so in 2012. As it happened, an opportunity presented itself when IdenTrust, headed by John Sculley (of Apple, PepsiCo fame), was looking for buyers. "The future is in cloud computing, which is going to be \$200-400 billion business. Many mid-sized banks do not need a data centre. When you enter the European and US markets, having an American or European brand to do high-end cloud computing helps. Owing a local company gives us credibility. With increasing dependency on the Internet, security solutions that incorporate identity management are a key element in any cloud (computing) offering. We believe that IdenTrust, being a proven provider of bank-grade identity authentication in 175 coun-

tries, will bring the required expertise in this area, allowing us to create more value for our clients by providing the most secure financial infrastructure solutions," says Jain.

It has been an exciting journey for Jain, a first generation entrepreneur from Delhi, who chose to set up Polaris in Chennai in 1990. He graduated in electrical engineering from Delhi University in 1983. Jain comes from a large family of eight brothers and two sisters. His father was a government servant. There were no luxuries to think of. However, young Arun wanted to build something on his own and has always been a man with a *lakshya* (goal). With two other friends, Jain started scouting around for opportunities to work in the IT area. A small set-up, Nucleus Software Workshop, came into being in 1986. This unit essentially provided back-end services to Citibank global consumer banking operations.

The friends bought a scooter, which they shared. They graduated to an old Flat the following year. The association with Citibank and the fact that this MNC was impressed with the youngsters led to more projects. Citibank's takeover of the Diner's Club card business presented further challenges, which were met. When Citibank decided to relocate its global consumer banking business to Chennai from Delhi, it was time for Jain to look at Chennai seriously and also think about launching his own organisation.

Polaris Software Lab was set up in 1993 with just ₹25,000. "In 1994, our



Jain has been quite low key lately, after being high profile in the earlier years. 'Do I please the investor or build an institution for the next 20 years? I am committed to the longevity of the company and not the share price.'

*lakshya* was to turn this ₹1.5-crore company into a ₹100-crore company in six years. We ended up with ₹270 crore." Polaris went public in 2000 and did something audacious the next year. Jain merged his ₹294-crore company with ₹321-crore OrbiTech Solutions, a technology subsidiary of the Citigroup. Overnight, he headed a company that had 3,800 employees with a turnover of over ₹600 crore.

There was a period during the IT boom when Polaris's share prices went through the roof and then crashed. Now it has settled into a mid-cap scrip, which is handled by small portfolio managers. It is not a favourite of MFs either. I ask Jain why he has been so low key after being high profile in the earlier years. "Do I please the investor or build an institution for the next 20 years? I am committed to the longevity of the company and not the share price." Polaris hopes to end the year with a turnover of nearly ₹2,000 crore. The company saw a growth of 22% and hopes for 29% this year. It employs 11,000 people.

He says, from 2004 onwards he has been focusing on building the largest financial technology suite in the country. Many companies are only in one space in financial services. Polaris has developed 95 products in all areas like core banking, lending, cards, wealth, brokerage, securities, cash management and so on. Jain says in financial technology Polaris can provide most complex solutions, end to end. "From 2001, we knew that providing just services will last only for a decade. We had to get into prod-

ucts." When Polaris took over OrbiTech, the product had very rich functionality. But it was a monolith that had to be broken down to different services to provide clients whatever they wanted. Jain put 800 people on the job in Delhi, Chennai and Hyderabad. The OrbiTech consolidation was the beginning of Polaris's services to products journey.

Jain says the biggest challenge in this business is to keep reinventing oneself every 7 to 10 years. "Course correction is a very painful process. The biggest bottleneck is old management. To start with, I have to change myself. I have to be willing to take the pain myself." When Polaris grew rapidly in 2002, with several new subsidiaries, it earned the reputation of not being able to retain people. That was a course correction Jain had to implement. He started concentrating on building his human resources. He says, in the last five years, the attrition rate among the top management is less than 3%.

When the business model had to be global, Jain decided to play the role of the chief architect himself. "I rolled up my sleeves between 2003 and 2007 and plunged into technology architecture." He followed it up by taking over marketing for a year. "I read every book on marketing available. We took 1,000 TV spots on Wall Street alone for six months in 2009 to let our market know what Polaris is all about."

All these efforts have obviously paid off. Polaris's client list today includes 10 of the top global banks and six of the 10 global insurance majors.