

ARUN JAIN, CHAIRMAN AND CEO, POLARIS SOFTWARE founded the company in 1993 with \$250 and a dream. Today, Polaris has become a global Financial Technology corporation with annual revenues of USD 350 million, 29 offices in 20 Countries, 15 Business Solution Centers and talent strength of over 10,000 Financial Technology experts. It is ranked among the premier IT Product Companies and serves 8 out of the Global Top 10 Financial Institutions amongst an impressive list of clients. Arun has groomed the business to deliver sustained excellence across Services, Products & Consulting.

Arun's hobby, in his words, is 'Dreaming'. He attributes Polaris' success to the power of 'organizational subconscious' and 'common destiny'. He is passionately involved in creating the Learning Architecture for the organization and his vision is to position Polaris among the top 3 financial technology companies in the world.



Arun Jain

## DOMINATING A NICHE – the most complete player in financial services

### WE INTEND TO BE A FULL-SPECTRUM FINANCIAL TECHNOLOGY PLAYER

Polaris as an organisation has decided to specialise in just one vertical – banking and financial industry. We intend to be a pure financial technology player – a player that has the ability to deliver not just the cost efficiencies but can also craft techno-business solutions that contribute to business productivity across the full spectrum of a financial institution in a scalable manner.

For us, Banking and Insurance vertical is not just a single vertical but it itself leads to more than ten sub verticals. Retail banking, lending, cards, private banking, securities, brokerage, cash management, trade finance, treasury and liquidity are

the sub verticals under the banking vertical. Similarly insurance has three business lines under it. Each of these sub-verticals are treated as separate business units and thus given an independent focus in order to serve our customers end to end.

Within the 10 sub-verticals for BFSI, we would like Polaris to be seen as a comprehensive player which in general language can be equated to a Super-mall of services and products. Today, our aspiration is to be a pure financial technology player offering an entire spectrum of financial services including products. This will enable customers to engage with us to implement total solutions rather than a specific service or product.

“What customers demand is a modernisation path at the right price and at the right place.”

Financial technology outsourcing earlier was seen only as a technology outsourcing. We have decided to shift the paradigm and thus make our niche specialisation in just one vertical as our biggest differentiator. Through our domain research labs, we publish at least 15,000 processes in banking library alone which gives us lot of domain oriented tools around application managers.

In any financial services scenario, for instance in a capital markets case, there can be 20 different financial processes that can be outsourced. A normal provider will categorise them as processes that will be retained onsite and processes that can be taken offshore. But we approach it in a different manner. We divide them into front-office and back-office requirements which have to be serviced. Any requirement that is categorised under front office can be serviced at the client site while the back office requirements are executed at Polaris Engineering Centers in India.

#### **PRODUCTS AND SERVICES APPROACH**

Polaris started off its journey as a services company focused on the Banking and Financial Services vertical but our brand recognition came through our product suites. The products have become a mechanism for us to demonstrate our deep domain expertise and our innovative attitude. These products are not conventional products, but have the ability to connect pieces of different processes in the financial business, and internally we call them as Business Services Framework. The products enable us to engage our customer's right from

the beginning and in turn enhance the value of our service offerings by building up the trust quotient.

Having said that, the market might perceive us as primarily a product company, but services business continues to be an integral part of our overall strategy. What customers demand is a modernisation path at the right price and at the right place. At Polaris we recognise these demands and have built a strong applications development team of over 7,000 people servicing over 500 applications for various financial services customers contributing over 77% of our total revenues. This is our core strength which has given us the ability to build our products business.

#### **DIFFERENTIATING THROUGH THE OUTSOURCING PYRAMID**

We approach all our global outsourcing engagements through a pyramid which basically measures areas around frameworks: Account Management and Relationship Management, Business Functionality, Technology Value, and Execution.

For each of these, we have decided to drill down further. To take the first, the Relationship Management Framework can be viewed through 4 Cs as

- Content (the basic backbone, infrastructure, technology etc.)
- Context (the value that is created)
- Connect (can we listen to managers and provide what they want) and
- Communicate with the customer (can we articulate and communicate it better with them).

When we look at the engagement from these 4 Cs, we are able to slice and dice the business processes linking Context and Content with Connection and Communication. This helps us in reducing significant customer onsite component and increase the offshore part of it. This compared with some of our larger peers, we have realized we are at least 15% more efficient in global sourcing than them.

The Business Functionality Framework or the domain aspect of this pyramid can have a further structured decomposition to L0, L1, L2 and L3 levels. The way it is structured is to number the domain processes into different levels of complexity and link all the processes together for financial products and services. So for example, if we take retail banking domain, the domain can be drilled to a 4 level functional framework to give a complete perspective around it.

For Technology framework, we designed a COPARIS methodology. This methodology was adopted to measure the efficiency index of an application around 7 different dimensions: Customer (C) experience of the applications, Operational effectiveness of the applications (O), Application Performance (P), Analytics (A), Risk (R), Integration (I) and Security (S). These 7 dimensions are measured quarter-on-quarter for application efficiencies on production support. It's sort of a questionnaire on customer experiences. Weaknesses in any of these seven areas become the focus of our improvement in that quarter.

The COPARIS framework is transforming into an aggressive outside-in audit of current processes.

The last in the outsourcing pyramid was Execution Framework which we call D-3 On Time In Full (OTIF) Framework. This is a Milestone based calibration, measurement, monitoring and reporting mechanism of Project Life Cycle management. We measure 4 milestone stages as Completed Early, Completed on Time, Completed Late, and Slipping. This measurement goes through a formal work flow process with an automatic alert system depending upon the milestone stage.

This outsourcing pyramid and the functional decomposition research has resulted in a comprehensive book. The book articulates each domain and its functionalities and also simultaneously identifies applications that can be picked for global sourcing perspective. Once we know the applications, we give both product and service's approach to the customer. So before offshoring a certain application, we know the complete application landscape and also best benchmark available for offshoring which was created through our COPARIS methodology.

This allows us to train the people on both customer perspectives well as on the internal base line created through our methodologies. Its not only on what the customer is telling us to be outsourced but we ourselves can look at gaps to proactively tell what other things in customer's processes can be improved through outsourcing.

“Europe is a combination of many such markets despite it being called as a European community.”

**BRINGING FOCUS BACK TO EUROPE**

Our revenues are evenly distributed around the globe (30% in Asia, 30% in Europe and 40% in the US) and we are witnessing growth in all these regions. We have further divided Europe into UK and non-UK (Western Europe) to enable us to give dedicated focus to both regions. Initially, we were a bit slow in Western Europe with just 1 major customer as Deutsche Leasing. We even withdrew from that market during 2006 when our efforts were not generating sufficient returns. However, the market is now re-opening and we are once again focusing on Western Europe as the momentum builds up.

Communications is a challenge and so is understanding customer behavior. Each country in Europe is different and hence understanding what customer wants is very important. The European region is fundamentally different from the US market which is a single market. Europe is a combination of many such markets despite it being called as a European community. So we have to align our communications keeping in mind the culture and sensitivities of each market. For all our marketing efforts including building customer awareness, brand building, developing relationship with analysts and advisors, we are treating both UK and Western Europe as two separate regions.

In Western Europe, trust and relationship is very important. We have also realised that the size of the provider does not make much difference as long as the provider can add value to the customer's business. Customers prefer more personalised focus in a relationship and hence price is usually not an important barrier. The question that we need to answer is what kind of message we are communicating to our customers. Within the same bank itself, we can have different kinds of managers. For instance, the person handling retail banking business unit might take a decision on outsourcing earlier than someone who handles capital markets. So we need to understand which lifecycle of outsourcing a particular manager is in, and then we need to customise our pitch for that individual. A customised message has to be created for different customers as well depending upon what stages of outsourcing they are in. While in some cases projecting a deep domain focus opens door for us, in some cases over-specialisation can also be intimidating to the customers. Today, we have selected 20 accounts where we have built a relationship. Our intention is to expand our relationship further in each of these accounts.

Apart from being an end-to-end financial technology player, we would like to be a brand known for flexibility and one that provides focused attention and control to the customer in its outsourcing journey.

# GLOBAL SOURCING

Mid-Tier Offshore Providers

PERSPECTIVES FROM THE CXOs

