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Helios & Matheson to set up Rs 50 cr techno-campus in Kovai

Chennai, Dec 10:
H&M is in the process of expansion with an investment of Rs 75 crore. A techno-campus with a built-up area of 1 lakh sq ft is coming up in Coimbatore at a cost of Rs 50 crore. The company has shortlisted three sites for the building which was expected to be inaugurated by the end of 2006. A new corporate office cum delivery centre has been planned at an investment of Rs 25 crore and the management was hopeful of commissioning it by June 2006, which would be in addition to its existing four offices in Chennai.

'To move away from congestion and high attrition rate in Bangalore, we have decided to open a centre in Coimabtore, a tier II town, which has a good talent pool, besides air, road and rail connectivity,' said Ramachandiran.

Currently, H&M has two offshore delivery centres in Bangalore and Chennai with onsite delivery and service offices in US, Singapore and UK. The company is in the process of expanding its headcount by 800 to reach 2000 by the end of calendar 2006.

With expanding domain knowledge, more people acquiring proficiency in English and the brand value of Indian IT and ITeS (IT enabled services) getting due recognition in global markets, the country would sustain a competitive edge in software development and outsourced services for a whole range of industry verticals, said V Ramachandiran, chairman, Helios & Matheson Information Technology Limited.

But he hastened to add that Indian IT companies have to professionalise the offshore delivery system, expand technical knowledge and expertise across domains before hiking the price points of their range of service offerings to global customers. 'Indian brand has gained credibility in the global IT market and we are bound to sustain our edge in export market, not just because of cost arbitrage, but mainly due to enhanced, high value, diversified offerings backed up skilled human resource,' he explained.

According to Nasscom estimates, Indian IT exports which stood at $17 billion (out of world IT spend of $550 billion) was expected to touch $48 billion by 2008, increasing its share from the present 3 per cent to 15 per cent. As

Helios & Matheson chairman V Ramachandiran and managing director G K Muralikrishna breifing about their project in Coimbatore.

against a headcount of just 1.50 lakh a decade ago, the IT services have under its present rolls 15 lakh professionals and the number was expected to touch 40 lakh in the next three years. In 2008, it was predicted, around 7 per cent of GDP would come from software services which would earn not less than 30 per cent of foreign exchange by then.

Helios & Matheson, a 14-year old IT services company focused on healthcare solutions, has been growing through acquisitions of overseas firms in the last three years. Laxmi Group Inc, US, SytemLogic Solutions Ltd, Bangalore (both acquired in 2001), Maruthi Inc and its delivery centre in Chennai (2004) and all the three units of vMoksha Technologies in the US, Bangalore and Singapore (2005) were all acquired by Helios & Matheson for a 'seamless integration with the parent company which had scaled up operations with enhanced client presence as a result of such buy-outs,' informed G K Muralikrishna, managing director, H&M.

A technical team would understand the operations of the acquired company and new responsibilities that come up with acquisitions to chart out a smooth process of integration with H&M, he explained. The Chennai-based software provider derived 35 per of its revenue from healthcare, 30 per cent from technology solutions, 15 per cent each from BFSI (banking, financial services and insurance) and manufacturing, and 5 per cent from retail. For a $80 billion IT spend of the healthcare segment in the US, 'we have just about entered the scene in catering to the software needs of hospital chains in the US which depend on outsourcing their software needs to countries like India which has a large resource base to service global IT requirements,' Muralikrishna explained.

But even in long term perspective, the domestic markets of developing economies like India and China would not have the scale of operations and automation as in the US and Europe, which suffered from paucity of human resource, said Ramachindran. Hence, US and EU markets would remain attractive to the Indian IT companies for many years to come, he averred.

For the half-year ended September 2005, H&M had notched up sales of Rs 102 crore with net profit at Rs 16.7 crore and has targeted to end the current fiscal ending March 2006 with an income of Rs 220 crore (Rs 120 crore in 2004-05) and net profit at Rs 37 crore, as against Rs 18 crore in the last financial year.

Top management claimed H&M was well poised to become a $100 million IT company in the next two years through overseas acquisitions to enlarge its domain expertise and spread customer base, and partly through organic growth following expansion of its infrastructure.

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