

# Outsourced product development firms see no slowdown

## Gearing to meet anticipated surge in business following economic recovery

**Vishwanath Kulkarni**  
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Outsourced product development (OPD) firms that build software products for other companies are largely unaffected by the current turmoil and are gearing to meet the anticipated surge in outsourcing following economic recovery.

"New business has not slowed down at all and we have added some 25 new customers in the past six months," said Mr Peter Harrison, CEO of Global Logic. Though some of the small customers of Global Logic have been impacted by the crisis as venture capitalists funding these early stage

companies have raised the bar, the company was seeing increased business from its larger clients. "More revenue from our top 10 large clients has offset the loss from small customers," Mr Harrison said.

Global Logic earns over half of its revenues from large clients, while the early stage companies account for a fifth of its overall earnings, with the rest coming from mid-sized customers.

**CAUTIOUSLY OPTIMISTIC**  
Mr Ajay Kela, Chief Operating Officer and Managing Director of Symphony Services, is cautiously optimistic on the outlook and "expects custom-

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ers to do outsourcing with more vengeance once the recovery process starts."

Most of the R&D outsourcing happens in a bust cycle as cost pressures force customers to outsource more. "We have seen that happen in the past some five to seven years ago and we expect that to hap-

pen now," Mr Kela said.

Symphony, which develops software for firms such as Oracle, NetApp and Nokia, said the financial crisis has not impacted its customers. "We do expect clients to hold on and come back with more long-term contracts," Mr Kela said. Symphony has added 37 new clients so far in 2008, while its revenues grew 41 per cent year-on-year.

### **SMALLER ISVS TAKE HIT**

Sonata Software, which works with companies such as Microsoft in the R&D space, has seen some of its smaller ISV (independent software vendors) being impacted by the crisis. "After the

dust settles down, we expect ISVs to look at outsourcing to India to be efficient," said Mr B. Ramaswamy, President and Managing Director, Sonata.

These OPD vendors are expanding their delivery capabilities to meet the rising demand. Last month, Global Logic acquired InterObject, a software product engineering firm in Tel Aviv with development centre in Ukraine. Symphony is expanding its facilities in Bangalore, Pune and Beijing. Symphony, which has some 200 employees in China, plans to have some 500 by next year end, while it added 1,300-seat capacity in Pune recently. Sonata is expanding its facility in Bangalore.