'Cloud based ERP is the way forward'

—Kamesh K Ramamoorthy, COO, Ramco Systems

Ramco Systems has come a long way since its inception in 1989. When in the late 80s the IT services boom had just begun.Ramco took a route that's least taken. It chose to develop enterprise apps and came out with its first full-fledged ERP in the early 90s— called Marshal. Since then the product has evolved into a platform and all products are now meshed into Virtual Works. Ramco today is into a whole lot of enterprise apps cutting across ERP, HRMS, business analytics, SaaS among others. In the last two decades Ramco has stood firmly on its product initiatives and while it has struggled all the while to make profits and has just posted two straight breakeven quarters in FY '10, it has developed a world-class product. Tracing Ramco's journey so far, the company's COO ***Kamesh K Ramamoorthy*** *talks about the trails, tribulations, and triumphs of the company in an interview with Dataquest. Excerpts*

How difficult was it to evolve a product and compete with global giants in the enterprise apps space?

When this company was started the key goal was to create a world-class enterprise product and compete with the best in the world. We didn't want to take the typical services approach, and strongly believed that a product centric approach is the way forward. That was two decades ago. By 1993 we had built our first ERP, Marshal, and we had pretty good success both within and outside India. We did face challenges in the realm of deployment and it took a while to understand the enterprise product dynamics as there was a need to compete with global biggies and had to break a lot of perceptions. Initially, the product was a single monolithic solution based on the client/server architecture. But with time it has become web enabled and now evolved into Virtual Works with a suite of diverse solutions for multiple verticals. We have so far invested about $75 mn, and I can say with great confidence that our solutions have gained global acceptance and are one of the best in class in the enterprise space.

What about the top management attrition in early 2000?

Well, I would say that the top management attrition was indeed good as it created an opportunity for us to infuse fresh talents and be able to bring in expertise more tuned to the market dynamics.

With giants like SAP in the fray, how did you position your ERP and drive home the value proposition?

As I said it was very difficult in the initial days. Convincing the IT decision makers for a product that is homegrown and new was not an easy task. The value proposition that has stood all these years is the product's agility. Our ERP is one that is suited for very complex processes. For instance, ITC eChoupal had deployed our ERP and it is a classic case of our solution's inherent strengths and we were able to address the unique requirements of that model. Our solution supports eChoupal's complex and innovative supply chain and by any standards the operations are complicated and for the last few years eChoupal is running its operations seamlessly using our ERP. So the message we are driving home is—ERP is all about having control. Here is where we differ from others, we provide absolute control and at the same time give a very flexible and agile environment; so functionality is not compromised at all.

Is it any different from other ERPs as other vendors also have such claims?

Well, if you look at the development phase of our ERP. First, it's made in India and we understand the country specific requirements better and from the beginning we developed our solution as business components, hence you can say that we are an early mover of SOA, when even the term didn't exist. As a whole our enterprise solutions are being used by 2,00,000 users across the world and many large enterprise deployments are supporting complex processes for years without any problems. Our alliance with Boeing in the past for MRO solutions has given us rich domain expertise and today Ramco's Aviation solution is one among the top three and we have customers such as Indian Airlines as well as major airlines in the US and Europe. The point I would like to stress upon is that our domain understanding of key verticals has led to the creation of world-class products.

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Profitability has always been an issue all these years with severe bottomline pressures. Your comments?

Yes, there has been a constant pressure on bottomlines, but the intrinsic value we have created through our products is what makes us proud. I agree that we need to turn around business from a profitability point of view. With a highly mature multi-vertical product and platform we are heading for the next phase of evolution.

What is happening on the cloud ERP front?

It's one of the strategic decisions we took a couple of years back and we are the first company to provide a fully functional ERP in an 'on-demand model'. We have had around 150 customers in the last eighteen months and it's a great success with mid-sized enterprises. It's an extremely cost-effective solution and this solution has empowered SMBs to adopt an enterprise class solution without accruing IT assets on premise. Our in-house data center hosts all SaaS customers. We have invested heavily in the data center with a highly scalable model. We are putting in place sales and implementation partners for our on-demand ERP. I think cloud based ERP is the way forward and it takes the traditional pains of ERP.

What is the road ahead?

Our positioning at this point is value for money. We have a very powerful ERP, but we are going into a lot of divergent areas as well. For example, take the case of logistics where we have a complete suite of solutions. We are able to deliver the power of ERP to such niche areas. This is the kind of product breadth that none of our competitors have. What we have done in the last five years is that from a single monolithic ERP, we have branched into multiple things in a natural and an evolutionary way. We are aggressively focusing on expanding our footprint from a sales perspective as well. The results are already obvious; in the first two quarters of FY '10 we are able to break even and we are heading towards growth.

—Shrikanth G
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