

# BLUE STAR INFOTECH LIMITED



## Company Background

The Blue Star Group is a leading company for air conditioning, commercial refrigeration product and electronic equipments in India. The group started its International Software Division (ISD) in 1983. In April 2000, to keep pace with the burgeoning Indian IT services industry, Blue Star Infotech Limited was formed as a separate company out of ISD.

Blue Star Infotech is a publicly listed company and headquartered in Mumbai, India. It is a global provider of Product Services, Enterprise Services, Travel & Hospitality Services and Independent Testing Services. The company has seven software development centers in India (Mumbai and Bangalore). It serves its global clients through offices in USA (Santa Clara and New Jersey), UK (London), Finland (Helsinki) and India and works closely with active Business Partners in Austria, France, Sweden, USA and Japan.

Blue Star Infotech is a Microsoft Gold Partner, a Certified Oracle Partner and is included in the Global Services 100 list of service providers. Blue Star Infotech Limited was recently awarded the 'Best Dynamics Partner of the Year' award in India by Microsoft for the FY 2006.

The revenues of Blue Star Infotech stood at EUR 16.95 million for the financial year ending 31 March 2006. The net export income for this period amounted to EUR 13.71 million. The company employs 602 personnel (as of 31 March 2006),

with nearly 60 per cent of them having more than five years' experience.

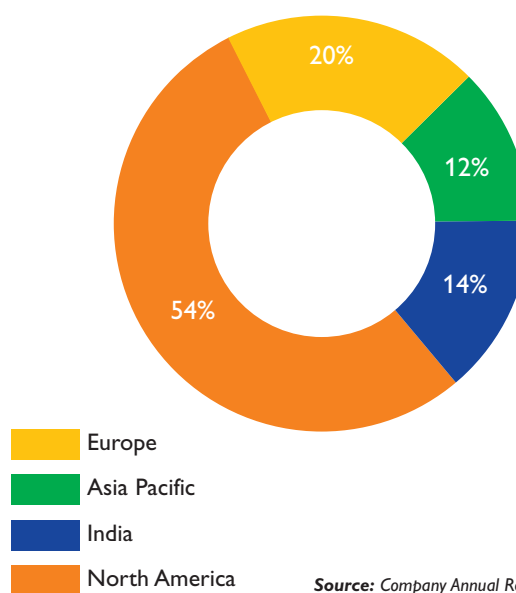
## Blue Star Infotech in European Union (EU)

Blue Star Infotech generated nearly EUR 4 million in 2005-06 from its operations in Europe, which accounted for more than 20 per cent of its revenues. The company entered the European market to better serve its Europe-based clients. The following pie-chart depicts the geography-wise break-up of the company's revenues.

## Blue Star Infotech in the UK

Blue Star Infotech markets its services in the UK and other European countries through its wholly owned subsidiary, Blue Star Infotech (UK) Limited.

Revenue Break-up of Blue Star Infotech (EUR million): 2005-06



Source: Company Annual Report (2005-06)

The total revenue generated by the subsidiary was EUR 2.85 million for the financial year 2005-06. Blue Star Infotech invested EUR 0.44 million during the financial year 2005-06 as additional share capital to fund the business requirements of this subsidiary. This raised Blue Star Infotech's shareholding in this subsidiary from 260,000 shares to 560,000 shares of GBP 1, (equivalent to EUR 1.44) each.

Blue Star Infotech received the 'European Seal of Excellence' award from the European Multimedia Association Convention (EMMAC) for its work on a UK government-funded e-learning project in 2004.

### **Blue Star Infotech in other EU Countries**

Blue Star Infotech serves its European clients from its sales office in Finland. Given the multiple markets, diverse languages and physical expanse in Continental Europe, Blue Star Infotech has been addressing this region with a dual approach. The first involves direct prospecting and account management, while the preferred model is to work through Business Partners. Blue Star Infotech currently has three business associates in this region – one in Austria (in Vienna), the second in Sweden in the Nordic region and the third in France.

## **Factors for Success**

### **Changing Outlook of EU**

Traditionally, Europe has not been an aggressive outsourcer. In addition, European companies preferred to deal with companies that they knew well. Therefore, when Blue Star Infotech entered the European market, it relied on leveraging its relationships with those Europe-based clients that it served from India. However, with the recent change in the EU's outlook towards outsourcing, companies in this region are now willing to outsource their work. This, in turn, is driving Blue Star Infotech's success in Europe.

### **Early Entrance**

Blue Star Infotech was an early entrant in the European market. With its already established subsidiary, it has developed a comprehensive understanding of market drivers and client expectations. It expects to benefit from the currently growing trend of outsourcing in Europe.

### **Focus on Customer Relationships**

Blue Star Infotech endeavours to maintain long-lasting relationships with its customers, resulting in a high level of client retention. The company opened its office in UK in 1999 to provide a local interface to its European client base. The company also works towards establishing long-term relationships with technology companies that require high quality software services. It aims at moving up the value chain by following a customer-focussed approach to provide complete solutions. It has recently launched its services around the Microsoft Dynamics® range of solutions across various verticals in the European market.

### **Forming Strategic Alliances**

Blue Star Infotech forms alliances with leading organisations, which helps it to provide its clients with better products, services and technologies across multiple domains. It offers a Business Partnership model to IT, consulting and software services providers, thereby enabling both partners to capitalise on the combined services offerings, delivery centres and client bases. Blue Star Infotech's Strategic Partner programme aims at forming alliances with major product companies in areas relating to the implementation, support and the value-added resale of their products. Blue Star Infotech also offers a Delivery Partner model to those companies that have niche technical capabilities and resource bases but whose progress is inhibited by a limited market reach. It makes use of the technological skills possessed by these companies and exposes them to international projects.

## Future Plans

### Focussing on Technology Sector

Blue Star Infotech has an approximate two-decade-long experience in the technology sector. The company is increasing its domain expertise and concentrating on specific business lines, to add value to its Europe-based clients. Blue Star Infotech is also poised to benefit from the expected exponential growth in product development outsourcing in future.

### Focussing on Travel Sector

The travel sector remains a relatively unrealised segment of IT services. Blue Star Infotech has established its Travel and Hospitality Service offerings over the last three years, and has serviced leading customers in this domain. It plans to further invest in both sales and delivery organisations associated to this field.

### Establishing new Business Partners

Blue Star Infotech plans to increase its presence in the EU Countries; especially through Business Alliances with established players who complement Blue Star Infotech's service offerings. They can leverage Blue Star Infotech's technical strength, experience and offshore delivery model to provide innovative and cost-effective solutions.

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