

# FOUR SOFT LIMITED



## Company Background

Four Soft Limited (4S) was founded in 1999, by Srikanth Palem, a graduate from Stanford University. The company has its headquarters and global development centre at Hyderabad in India. 4S is the leading provider of software products for transportation, logistics, freight forwarding and supply-chain management. The company's products for the transportation and logistics industry include eTrans, iLogistics, eSupply and eTrans SME. The company's unit at Hyderabad has been registered as a 100-per cent export-oriented unit under the Software Technology Park Scheme of the Government of India.

4S has recently set up a technology centre in Pune, India. The company has wholly owned subsidiaries in the UK, the Netherlands, USA, Singapore, Malaysia and Japan. The company has its sales and support offices located across Asia, Europe and North America. Its customers include major companies such as DHL, Eagle Global Logistics, Kuehne & Nagel, Schenker, PWC Logistics, Panasonic Logistics, UTI, Geodis, Frans Maas Europe, Franklin Distilleries and Geodis.

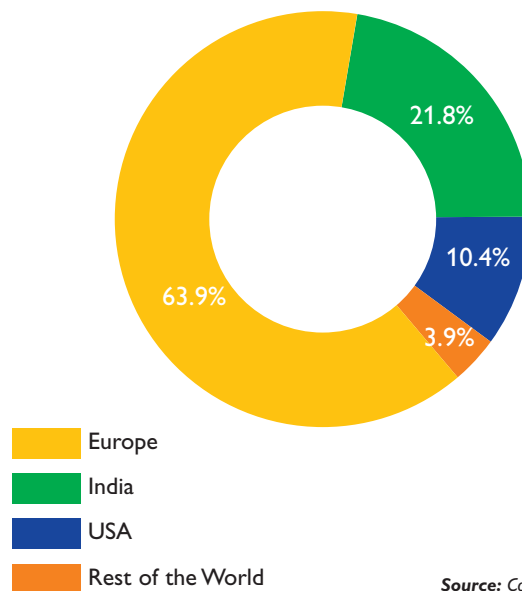
4S, an ISO 9001:2000 certified company, registered a total income of nearly EUR 17.6 million, with a net profit of EUR 1.1 million in the financial year ending 31 March 2006. The current workforce of the company comprises 700 plus employees, located in India and abroad. The company received the 'Award of Excellence' from the Awards Committee at the Global Institute of

Logistics (GIL) for its contribution to the logistics industry.

## Four Soft in the European Union (EU)

4S began its operations in Europe around 2004. Currently, the company has a workforce of 210 employees in its European subsidiaries. It has its European headquarters in the Netherlands. It generates approximately 64 per cent of its revenues from its European operations, as depicted in the figure below.

Four Soft Limited's Revenue Break-up by Geography: 2006



Source: Company Website

## Four Soft in the Netherlands

4S acquired CargoMate B.V. (now known as Four Soft B.V.) in the Netherlands in September 2004 at a transaction value of EUR 1.5 million. Four Soft B.V. provides transportation and freight forwarding

software solutions. This subsidiary is of strategic importance to 4S, and provides it with a base to expand in the UK and other European countries, thereby offering it avenues for future profitability in the EU. Four Soft B.V. services 40 clients. It generated revenues of EUR 1 million in FY 2006.

#### **Four Soft in the UK**

4S, through Four Soft B.V., its subsidiary in the Netherlands, acquired for EUR 15 million 100 per cent shares of DCS Transportation and Logistics Solutions, a division of DCS Group Plc and headquartered in the UK. The acquisition gave 4S an access to markets such as the UK, the Netherlands, France, Germany and the US. DCS Transportation and Logistics has the top 20 transportation and logistics companies in the world as its customers. 4S has leveraged the capabilities of this subsidiary to enhance its customer base from 150 to 250 companies spanning 75 countries, thereby evolving into a leading transportation and logistics software products company in the world.

#### **Four Soft in Germany**

4S, through its wholly owned subsidiary in the Netherlands, Four Soft B.V., acquired DCS Transport and Logistik Solutions Deutschland GmbH (now known as Four Soft Germany GmbH) in September 2005.

DHL Global Mail, a business unit of Deutsche Post World Net and the leading global express delivery and logistics company, has selected 4S to manage its daily logistical operations. DHL Global Mail would make use of 4S iLogistics' product suite for this purpose.

#### **Four Soft in Other EU Countries**

4S has developed eCustoms PLDA to support export and import SAD declarations for those dealing in the transportation of goods via Belgium to and from the EU. This application has been developed especially for Belgium and is a part of

4S' new customs module for digital declarations. Apart from the subsidiaries, 4S also has branch offices in France and Belgium.

### **Success Factors**

#### **Cost Competitiveness**

The success and growth of 4S in the EU can be attributed to its ability for offering products and services at lower costs, as compared to its competitors in the industry. This is one of the core selling points of 4S. It uses its cost competitive and highly skilled labour leverage to provide quality products at approximately half the cost of similar products sold by its competitors.

#### **Focus on Technology**

4S offers technologically advanced products and services using Java-based J2EE Internet technology. This focus on technology has enabled 4S to deliver functionally rich products capable of delivering solutions to complex business requirements in the EU. The company spent EUR 0.5 million on R&D activities in FY 2006. With this technological bent, the company has also introduced a model-driven highly productive application framework, which has increased productivity by 200 per cent.

#### **Enterprise Resource Planning (ERP) Applications**

4S is among the world's few companies to extend end-to-end ERP applications to transportation and logistics services providers. This web-centric application provided by the company has many features developed to meet the needs of the EU market. 4S solutions follow an integrated approach without losing modularity.

#### **Customs Brokerage solution**

4S has specifically created its eCustoms product suite, which is a web-centric (J2EE) multi-continent customs platform designed to support import, export and transit to US, Canada, the UK, Belgium,

the Netherlands, France, Germany, Singapore and HongKong. eCustoms enables companies to operate using a single application for their worldwide customs declaration and brokerage activity. In future, many other countries will also be a part of this product suite.

## **Future Plans**

### **Focus on Organic and Inorganic Growth**

4S intends to focus on mergers and acquisitions to counter competition from its competitors and strengthen its local presence in the EU. The company is willing to invest between EUR 4 million and EUR 8 million on acquisitions. As 4S operates in the steadily growing technology area, the inorganic growth route is generally preferred wherein new technologies can be acquired. However, organic growth is also encouraged to garner revenues from its license sales. Currently, 4S is in talks with two European companies for its acquisition plans.

### **Focus on R&D**

4S owes its success in the EU to its ability in meeting new technological demands. The company plans to concentrate on R&D activities to continue its growth. It has technical alliances with leading technology providers such as Oracle and IBM Software. Currently, the company is evaluating new technologies that would enable it to enhance its product offerings and facilitate integration with other applications on diverse technologies

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