

Company Background

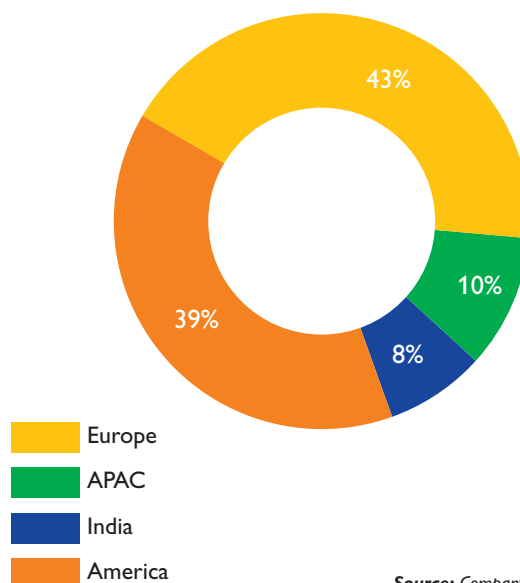
NIIT Technologies (NIIT) was incorporated in 1981 as an IT training company. It started its software services business in 1984, with a focus on the domestic market. In 2004, the company split its software services business and its IT training business into NIIT Limited and NIIT Technologies Limited.

NIIT Ltd. continues to focus on IT training, while NIIT Technologies provides services in the spheres of software development and Business Process Outsourcing (BPO). NIIT Technologies offers a comprehensive portfolio of IT solutions to its customers who are spread across North America, Europe, the Asia Pacific and Australia. It has a strong vertical-focussed strategy that helps it to address different industry segments such as banking and financial services, insurance, transportation, retail and manufacturing. The company has formed alliances with reputed global IT companies such as Microsoft, IBM, Oracle, SAP, Informatika and Metalogic.

NIIT Technologies has a subsidiary, NIIT SmartServe, which provides integrated IT and BPO solutions to its clients and has operations in India and the UK.

The revenues of the company for the year ending March 2006 amounts to EUR 114 million, which represents a growth of 17 per cent over the previous year. The employee strength of the company was 3,543 at the end of the FY 2005-06.

NIIT Technologies: Geography-wise Revenue Break-up (2005-06)



Source: Company Annual Report

NIIT Technologies in the EU

Europe is a key market for NIIT Technologies. The company's European operations accounted for 43 per cent of its revenues in FY 2006. This percentage has increased to 46 per cent in the first quarter of FY 2007. Its strategy has provided it with an early mover advantage in this high potential geography. The company provides services to various clients in the different member countries of the EU, including Germany, the UK, Austria, the Netherlands, Belgium, Switzerland and Sweden.

NIIT Technologies in the UK

NIIT Technologies has a subsidiary, NIIT Technologies Limited UK, which offers different IT solutions to its clients in the UK. It has also a BPO

subsidiary, NIIT SmartServe Limited UK, which was incorporated in May 2005.

In May 2006, NIIT Technologies Limited UK acquired a majority shareholding in ROOM Solutions, a leading supplier of IT solutions to the commercial insurance market in the UK. This acquisition is critical to the company's strategy of expanding its commercial insurance business in the UK and Europe. This acquisition will facilitate NIIT Technologies Limited UK to provide new range of products and services that will help underwriting organisations to effectively face and surmount the challenges posed by increasingly demanding regulatory regimes. NIIT Technologies UK, also plans to expand ROOM's current portfolio of services to the USA and Bermuda.

In March 2006, Generali Insurance, a leading European insurance and financial services provider, has entered a three-year agreement with NIIT Technologies, whereby NIIT will restructure Generali's IT systems and offer NIIT technologies insurance products directly to its customers and brokers over the Internet. In addition, NIIT will also offer an array of IT services to augment Generali's expansion plans in the Dutch insurance market. According to the initial agreement between the two companies, NIIT will offer its services in a dual-shore model with a significant part of the work being carried out in India.

In 2004, Caudwell Communications Limited, a UK-based IT company, joined hands with NIIT Technologies to develop a scalable IT model that could absorb large fluctuations in demand. Both parties signed a joint partnership which involved sharing risks and tackling key challenges in areas of development, testing, support and maintenance. The development and support delivery models implemented by NIIT are an integral part of Caudwell's IT processes even today.

NIIT Technologies in Germany

NIIT Technologies acquired AD Solutions AG (ADS), a German IT company, in 2002 which is now a wholly owned subsidiary of NIIT. ADS has headquarters in Germany and subsidiaries in Austria and Switzerland. The company specialises in developing custom solutions and providing development outsourcing services. This acquisition facilitated NIIT Technologies to effectively address the IT services market in Germany, Switzerland and Austria”

NIIT has two subsidiaries in Germany:

- NIIT Technologies AG, Germany (formerly AD Solutions AG, Germany)
- NIIT Technologies GmbH, Ostterreich (formerly AD Solutions AG Ostterreich)

NIIT Technologies in Other EU Countries

Apart from the UK and Germany, NIIT Technologies

- The Netherlands: NIIT Technologies BV, Netherlands (formerly known as NIIT Benelux BV, Netherlands)
- Belgium: NIIT Technologies NV, Belgium (formerly known as NIIT Belgium NV, Belgium)
- Austria: NIIT Technologies GmbH, Austria

Success Factors

Acquisitions and Collaborations

NIIT Technologies has followed the strategy of acquiring IT companies and by entering collaborations in various countries to increase its presence in the EU. Pursuing its strategy of inorganic growth in the EU, the company has acquired companies such as ADS in Germany. Further, NIIT Technologies has been able to leverage the strengths of its acquired companies.

Focus on Well-defined Industry Verticals

NIIT Technologies focuses on specific industry verticals such as banking and financial services, insurance, transportation, retail and manufacturing. The company plans to provide its expertise and services to its clients in specific verticals.

Future Plans

NIIT aims to expand its presence as a global player in all areas of IT solutions and improve its position of pre-eminence in learning solutions in years to come. The company plans to expand through the inorganic route in Europe by acquiring companies that have a service portfolio, which is compatible with NIIT's expansion strategy.

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