

# Africa beckons mid-tier IT companies

■ Polaris, 3i Infotech and AurionPro among companies to gain from Africa's economic recovery

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**M**ID-TIER Indian IT firms, particularly software product firms, are expanding their sales effort in Africa with the continent rebounding from the economic crisis of 2009. Sub-Saharan Africa's recovery, according to the IMF, is well under way — with the region's GDP growth earmarked to average 5.5% this year and 6% in 2012. Just a couple of years ago, it was hovering around the 2% mark.

Indian mid-tier firms wanting to diversify their geographical mix have been targeting East Africa. They are seeing growing traction in Kenya, Tanzania, Uganda, Ethiopia, Rwanda as well as in some countries of West Africa such as Ghana and Nigeria. Encouragingly, the politically disturbed countries of North Africa such as Sudan and Egypt are also beginning to re-

visit contracts they had put on hold after turmoil erupted earlier this year.

According to estimates by market research agencies, IT spending in Africa will jump 10% in 2011 to \$25 billion, an overwhelming majority of this coming from sub-Saharan Africa. Indian IT firms, with cheaper products than their American or European counterparts, are keen to grab a slice of the pie.

Banking and insurance software company Polaris entered Africa in September last year and already has 11 active customers. The firm is looking to double its installed base over the next 12-15 months. K Srinivasan, head of Indian subcontinent, Middle East, and Africa (IMEA), said the firm is currently focused on East Africa where it is building a strong distribution and local support organisation. "Product firms catering to the banking segment stand to benefit as the central banks of some African



countries are mandating automation. Banks are keen on addressing fraud, a big issue in Africa. Also, there is a growth in consumerism that is leading to higher loan origination. All these require core banking products," he said.

3i Infotech, which sells banking and insurance products in 25 African countries, said it can grow 30-40% in the continent in the coming years. "Africa was badly affected during the crisis, so there is lot of pent-up demand. There is de-

mand in core platforms — an insurance system for a new insurance company, a fund management system for a mutual fund company firm and a retail banking system for a new bank, for instance," Pankaj Chawla, president of India, Middle East, APAC and Africa at 3i Infotech, said.

Like Polaris, 3i Infotech is also bullish on East Africa; it has established a subsidiary in Kenya and a partner network for the region. The executive added that the crisis-hit North Africa

may soon open up as well. "We had pipelines in Sudan and Egypt. We had contracts on the table that were put on hold. It is coming back slowly. Sudan may start picking up in the next two quarters; Egypt in another 6 to 9 months," he noted.

Vishnu R Dasad, CEO and MD of Nucleus Software, another banking software company, said the firm is taking to customers in Mozambique, Ghana, Egypt, Tunisia, and Morocco. "We have noticed that the disturbed regions are opening conversations again. The continent is going through some turmoil but there is sizeable opportunity. I think we are taking about 15-20% growth rates over the next few years," he noted.

AurionPro, an IT products and services company, started Africa operations in 2008 and is now present in Kenya, Tanzania, Uganda, Nigeria and Ghana. It sells products and niche services around core banking areas such as cash management, lending and treas-

ury. "Africa is a huge and potential market for AurionPro. Our business transaction in Africa is good and the size of transaction will increase significantly in the next two-three years," Banesh Prabhu, CEO and chairman of the firm said.

Product realisations in Africa, executives said, can be smaller compared with even smaller Asian countries such as Bangladesh. The client base for African banks, for instance, is low and therefore, price points have to be cheaper compared with other continents. Ajay Shankar Sharma, CEO Sriшти Software, a healthcare product company, reckons that Indian vendors are able to service at the price points that are affordable to African companies.

"An African customer's reception of Indian product companies is very high. I think Western companies charge them humongous amount of money for equivalent solution," he said.