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Mphasis eyes higher revenues from parent HP

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THE country's sixth largest software exporter Mphasis is targeting higher business from its top shareholder and largest customer, Hewlett Packard (HP). Mphasis currently gets about 70% of its revenue from HP. "We see significant potential for growth from HP beyond EDS," Mphasis chief executive, Ganesh Ayyar, told ET. EDS, the erstwhile parent of Mphasis, was acquired by HP in 2008 in a global transaction.

Outsourcing experts tracking the sector said HP spends over \$1 billion on IT every year.

A majority of the revenue Mphasis gets from HP still comes from the enterprise services business or the erstwhile EDS, and Mr Ayyar said there was opportunity to expand to other areas of HP, especially in areas such as application development and management, where Mphasis has traditionally been strong.

The enterprise services business constitutes only a percentage of HP's \$114 billion revenues, giving Mphasis sufficient headroom for further growth. Currently, Mphasis has three lines of business from HP — work it does for HP's internal IT, work on proj-

ects from HP's clients as a sub-contractor, and work that both HP and Mphasis have obtained through joint go-to-market strategies. Of the three, the second line of business constitutes the largest chunk.

Mr Ayyar, however, declined to specify to what percentage of revenues the HP business could grow to. "We see significant potential for growth for both our HP and non-HP business, so I can't give a percentage," he said.

The company is also in the silent period ahead of its quarterly results announcement later this month.

A long-time HP executive, Mr Ayyar has knowledge of the various businesses within HP and how they work. HP has outsourcing relationships with Indian vendors such as Wipro and Infosys Technologies for application development and maintenance. Mphasis could also target some of this work.

Since his joining and HP's takeover of EDS in 2008, Mphasis has staged a strong comeback moving up to nearly a billion dollars in revenues from being struggling mid-size IT services IT player. For the fiscal year ended October 2009, it reported a 44% rise in revenue to Rs 4,283.3 crore and a two-fold jump in net profit to Rs 908 crore.

UPSWING MODE

70	1	44	908
% REVENUE MPHASIS CURRENTLY GETS FROM HP	AMOUNT HP SPENDS ON IT EVERY YEAR (IN \$ BILLION)	CO'S RISE IN REVENUE FOR YEAR TO OCT 2009 (IN %)	CO'S JUMP IN NET PROFIT FOR YEAR TO OCT 2009 (IN CR)