

MEDIA COVERAGE

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'Blackstone makes Choices that Generate Shareholder Value'

ET Q&A

Nearly two months after PE firm Blackstone announced it was acquiring a majority stake in Bengaluru-based IT services, Mphasis CEO **Ganesh Ayyar** spoke to ET's TV Mahalingam about the progress of the deal, the change it will bring to Mphasis and the road ahead with Blackstone. Edited Excerpts:

What's been the progress on the Blackstone deal? What's the mood in the firm after the announcement?

The Blackstone engagement has happened, the marriage hasn't. They

are not interfering or disturbing what we are currently doing. At the same time, we as a team are thinking through how to make this transaction successful because it would be a change – and change doesn't come naturally to any human being. We are not taking this lightly and saying we can ace it today. Let me start with myself. I have been interacting with CEOs of other companies who have either worked with PE firms and succeeded or those who failed. Some of these CEOs have been extremely helpful in sharing their perspectives. Within our own leadership team, we

have started having that dialogue: what do we do to become more successful than becoming an obstacle. To that extent, some work has happened, but what hasn't happened is Blackstone coming and saying you do this or that... they haven't given any dictums as of today.

You have said you didn't want Mphasis' culture to change post acquisition. Do you think that will be the case?

Culture is the soul of any company. If you yank off the soul, all you are left with is a body. There are four different attributes to our culture. One is empowerment, second is experimentation, third is customer centricity and finally, outcome driven. Suddenly, if you take away the concept of empowerment and take decisions centrally, people will struggle because that's not who we are. If you change behavioral aspects, that's okay. For instance, let's look at doing reviews once a month instead of three. Why not – as long as it helps our customers? That's what we are going through instead of Blackstone forcing us to.

As far as what Blackstone can bring to the table, its portfolio companies

have a collective IT budget of \$1 billion. Where do you see key synergies flowing from?

Ultimately, our business has to be infrastructure or application...we haven't approached the portfolio companies yet, but clearly it is a revenue platform we were not addressing before. The addressable market size is \$1 billion annually. Even if we get 20-30%, it will add significantly to our growth rate.

Blackstone has an off-now and on-again engagement with Intelnet. Do you think Blackstone is in for the long

haul with Mphasis?

Depends on what you define as long haul. If long haul is 15 years, I don't think so. Typically, they stay around for five years. They won't be in it forever.

What is the key message communicated to you from Blackstone?

One thing they have said is they aren't short-term. They make choices that generate shareholder value. They don't do gimmicks. They don't do a quarterly lap dance. That's what I am being told.

