



Managed Services High

With more than 1,000 corporate customers in its kitty, Sify is a strong player in corporate data services market

With its offerings of IP-VPN, Internet bandwidth solutions, and end-to-end services to enterprise customers, Sify, has emerged as a V&D100 company to watch out for in the coming years. Despite an unfavorable regulatory environment, the company has grown in strength and is on course set to give the telcos a tough fight, particularly in the realm of managed services. It has gained its market share based on its capabilities. For the fiscal year 2004–05, Sify reported revenues of \$82.8 million, 29 percent higher than the previous year. Sify also managed to reduce its net losses to \$7.05 million, which is 17 percent lower than the previous financial year. It also expanded its network aggressively and is present in 99 cities with several customer wins to its credit. During the last financial year, it incurred a capital expenditure of \$11.4 million. Sify also had to shell out \$2.3 million towards payment for continuing to offer its IP-VPN license. This was on account of the entry fee necessitated by the DoT when it came out with a directive asking the ISPs to stop of-

fering VPN services as this was not part of their original license. Another government regulation affecting the company is of not allowing IP-VPN services to connect to public PSTN network. This regulation has restricted the adoption of IP-VPN service.

Sify has benefited from the growth of the data services market in the last few years, owing to the abundance of bandwidth. Sify's strength lies in staying in the game and taking a major chunk of the market in the IP-VPN space, despite the presence of large telecom providers such as BSNL, MTNL, Reliance Infocomm, and Tata Indicom. As the VPN market grows, thanks to spurt in demand from IT and ITeS companies, which operate in multiple locations and as well as in overseas locations. Its alliance with Global Crossing offers a good strength to its aims of going beyond India.

The alliance with Global Crossing, towards interconnecting their MPLS-based IP networks, gives the two companies an opportunity for providing converged IP and data services to each other's networks. The services offered include: VoIP, IP video, and Internet access across IP-VPN connections to

their combined network footprint. The alliance has resulted in some big customer wins for Sify. Some of these wins include: Symbian, Gecis, Seaton India, and Equinox Global Services. On the domestic front, Sify's new IP-VPN customers include Birlasoft, Bosch Rexroth, CSAV group, Rhodes and Schwartz, and Usha Martin. It also managed to get repeat orders from some big companies including Hutch, HDFC Standard Life, Jet Airways, and Nestle.

Sify did well on its business line of home Internet user, which it offers under the umbrella of Sify Broadband. Its subscriber base rose to 89,000 and it has a presence in 52 cities thanks to its successful strategy to rope in cable operators. Internet services accounted for 39 percent of Sify's overall revenue. iWay cyber cafés are also growing in numbers despite tariffs reaching rock bottom. There are around 2,500 iWays. Sify has been a frontrunner in terms of making Internet telephony as well. Sify is all set to reap the benefits of the growing data services market in the coming years.

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