



SAI Systems CEO Dr. Ramesh Wadhvani (center) with Dr. Fred McKinney director for GNEMSDC and Tom Davis, Supplier Manager, of Cendant Mobility.

# SAI Systems Marries the Best of In-House, Offshore Work

## IT Consultant Demonstrates Benefits of Overseas Outsourcing

By Vivian Tse

When Dr. Ramesh Wadhvani started SAI Systems International in 1987, he would have been hard-pressed to predict the scope and geographic base the company would take. In the early 1990s, the company entered full-line consulting services by partnering with IBM and other Wall Street firms, but even before then, the company had started a joint venture in Taiwan to create a distribution center for PC parts. Since then, the company has expanded from its base in Shelton, Connecticut to Taiwan, India, Romania, Hong Kong and Singapore.

The company provides technology services to major banks and telecommunications companies such as Goldman Sachs, JPMorgan Chase, Citibank, UPS, TranSwitch and AT&T, as well as automotive and life sciences companies such as General Motors and PerkinElmer. In response to performing IT outsourcing work for several Wall Street

firms, it established its own dedicated subsidiary in India to do larger-sized IT outsourcing work in 2000.

“We look at the problem and give a blueprint for the company,” said Dr. Wadhvani. “Sometimes with these developed products, the company will sell them, or the products will become their intellectual property on which they sell their services.”

The company’s 2007 revenue exceeded \$14 million with 250 employees worldwide. Part of the company’s mantra is evidenced in its toll-free telephone number in the U.S.: 1-877-SAI-IS-IT.

“Our key difference is our agility,” said Dr. Wadhvani. “We are a small company, but we have the footprint of a mid-sized to large company. The quality of workmanship that we deliver is on par with any of the larger companies, but we have the agility, muscle and bandwidth to be able to deliver products on time and under

budget.”

Dr. Wadhvani believes companies do repeat business with SAI because of its response time, open-book integrity and the way in which it delivers tools and services to its customers. “There are only two customers who have left SAI Systems since inception,” he said.

“We’re located in a country like India in terms of a delivery center, which is cost-effective to our customer. We’re also located in Singapore. It’s not cheaper than India, but it’s cheaper than the U.S.”

Anand Stanley, director of supplier development at United Technologies, Corporation, says that SAI has brought in a good balance of low cost and value proposition with good customer service and quality. “I was pleased with the cost savings and quick turnaround time they had brought to us,” Stanley said.

The company shares its revenue stream with a prime contractor for

large conglomerates such as GM or also subcontracts the work depending upon the contract, size, nature, duration and structure.

“Clients know the work is done with a partner, but we are the face of the project,” said Dr. Wadhvani.

Companies the size of SAI like staffing services, but it doesn't simply take work offshore to India. First and foremost, onshore work is conducted at its design center in Connecticut. Customers can discuss their needs and expectations with project managers, business analysts and on-site coordinators in-house or on-site in New York where clients are based. Requirements are then shipped offshore and the process is managed through tools like STARS, a ticketing system tracking client concerns.

The best source of growth is through word-of-mouth, said Dr. Wadhvani. “Our customers speak for themselves, giving us great references, accolades, recommending us, that has been a major push in our growth,” he said.

“Once we put our foot in the door, the customer stays with us as long as they have consistent need for our services. Our customer retention is very high compared to anyone in competition.”

Rose Pryor, principal of Practitioner Support Services, a non-profit organization supporting nurse practitioners, said that what makes SAI different from its competitors is accessibility and their ability to ensure receipt of promised deliverables.

“They function as our revenue cycle management team. We consider this to be our single most critical variable of our particular business and have entrusted them with this task/service,” she said.

“SAI does not consider larger footprint firms like Infosys Technology or Cognizant Technology Solutions, with 50,000 to 60,000 employees, as competition. “Our GM team is 70 percent outsourced,” said Dr. Wadhvani.

SAI is constantly expanding its lines of services. The company is looking into taking on cost-prohibitive work that other companies are reluctant to

do that can be done in second- and third-tier cities. Pilot work has begun with a large company for \$60,000. If it succeeds, the project will be worth about \$1 million.

The company is also equipped to weather financial storms. Dr. Wadhvani is reluctant to lay off employees since he was laid off when he started the company.

“We have seen three financial ups and down in our life cycle,” he said. “The dot-com burst was the worst we have experienced. Our revenue base had increased to up to \$7 million to \$8 million and we came down to \$3 million. We're a privately held company. We do not have external investors, venture capital firms who could pull the rug from under us in tough economic times. We know how to tighten our belt.”

Since 2000, the company has engaged a 60-40 model, in which 60 percent of its staff are its own employees and 40 percent come from a large database of at least 5,000 consultants with whom it has dealt with in the past.

“We were shell-shocked,” he recalled. “Our clients cut back work, but most of the big clients stayed with us. We cut our costs and changed our modality of working in terms of how we deliver services to our customers. We draw upon that base at a pricier model, but at the same time, we minimize our losses. There's a six to nine-month need rather than hiring a big group. We use them on different projects.”

The company constantly adds certifications to its roster to win more business. “We did not have any exposure to the government and federal sector, but being a minority small business company, we're now able to compete with our own GSA schedule in the government field and government sector,” said Dr. Wadhvani. “That's almost 8% to 9% of our business.”

Dr. Fred McKinney, director of the Greater New England Minority Supplier Development Council, said he is impressed by the feedback when he speaks to customers of SAI Systems.

“A common response that I hear

when I speak to corporate members who are introduced to SAI Systems is ‘Wow!’” said Dr. McKinney. “They are simultaneously surprised at the excellence and offering of the SAI team and eager to find ways that they can engage SAI Systems in meaningful ways into their supply chain.”

Each overseas entity is encouraged to run itself like an entrepreneur. Its Romanian subsidiary, along with operations in India and Detroit, was able to help a customer losing almost \$100,000 a month on a major contract to turn around and start making \$10,000 in profit a month and sustain the project for the next four to five years under the guidance of his son, the account manager. Although the Romanian employees do not speak perfect English, their language skills are passable and the aim is to grow together by expanding its level of services.

Dr. Wadhvani's role model is Sathya Sai Baba, whose three P's - purity, patience and perseverance - and three D's - discipline, dedication and determination - guide his business principles. He invests in his employees and pays for MBA degrees, subsidizing 53 percent of education costs in exchange for a three-year commitment to remain at the company after graduation or full reimbursement of the fees.

Dr. Wadhvani insists that MBEs and diversity can succeed, but cautions that they must strive for business. “MBEs working with MBEs is what we try to promote and participate in as much as possible,” said Wadhvani.

He also cautioned diversity companies from restricting themselves to providing only for one market and emphasized diversifying the service base because tastes change quickly.

“If I can help them grow, that's my passion. The key thing for managing a person, minorities especially, is to have a mindset and eyes open. Do I want to have 100 percent of a \$500,000 pie or 30 percent of a \$10 million pie? You must have an open mindset that by aligning yourself with other expertise and other business you would otherwise not have attracted had you not been there, that will be more business.”