

# 7th Annual Report 2000-01

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**Solutions and Beyond"**

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## M i s s i o n   S t a t e m e n t

"To be a catalyst  
and change manager  
for the e-world  
and  
provide complete solutions  
to the growing demands and needs  
of a world reaching out  
to information technology".

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## SOFFIA SOFTWARE LIMITED

### Q u a l i t y   P o l i c y

We commit to provide  
computer software solutions  
that give added benefits  
to customer processes.

### Q u a l i t y   O b j e c t i v e s

- ⌘ Updation of knowledge and skill
- ⌘ Use of appropriate technology
- ⌘ Continual resource improvement
- ⌘ Customer satisfaction measurement
- ⌘ Encouraging creativity and innovation

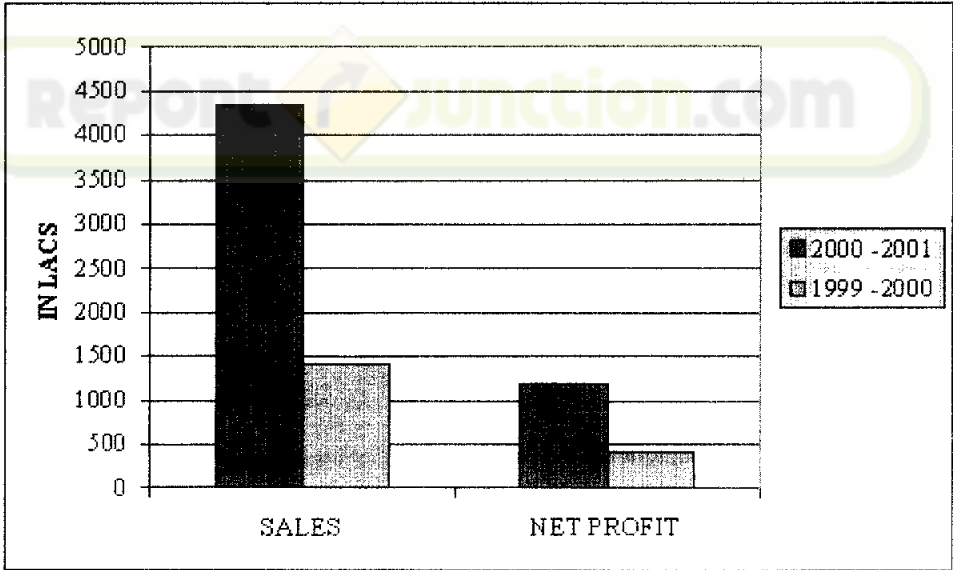
Date : June 5, 1999

R. Venkata Subramani  
Chairman

Key Financial Indicators

Rs. in Lakhs

REVENUE	4285.50	1411.70
EXPENSES	2973.87	883.88
PB/DT	1716.25	548.82
INT & DEP	498.50	118.78
TAX	28.30	17.50
PAT	1191.06	411.74
EPS	29.78	2.05



**Chairman's Message.**

*Half-way through the sowing  
problems galore and impede our seeing  
But, when tougher gets the going*

It's chance for the tough to get going

If it was pleasure presenting last year's report, it is bliss this year. Strange it may sound to talk about bliss in these times of human holocaust, military might, excessive extremism, inert industrial growth and the portrayal of the likely possibility of a possible global recession. However, facts are never properly understood in the contemporary world and those who do comprehend it, survive and flourish. We have learned to live the hard way and our perseverance during the hey-days are beginning to pay back and quite surprisingly, when the world is pessimistic about technology and its growth, we are moving ahead, more faster than ever, seeking our objective of optimization and excellence and are in the way to attaining greater heights than anytime earlier.

It is not sans reason that we had underlined the fact that we live in the future. We had, during the honeymoon days for technology, anticipated this technical correction and planned our strategy to combat this day, thus helping us survive these passing clouds without much backlash.

**Technology and human resource**

It is said that the best indicator of the well-being of the human race is the average life expectancy. Today, reports say that the average life expectancy in a particular African country has nearly doubled from what it was in 1900; the reason given is the advancement in medicine. When medicine can do such a yeomen service to the human race, information technology should also participate in making things better. It is with this intention that we are focusing on providing solutions to companies that will not only help them make their process cycle much better but also improve their human resource management and it is not without reason, that we have in our order bag, a number of such prestigious orders that will speak for our principle, focus and efforts. One of the largest public sector banks has sought to implement our human resource product across the country in all its branches.

**Year bygone**

Our 'object'ive-oriented mission was clearly charted out last year and not unexpectedly, we have kept ourselves linearly focused on to it. To reiterate, what we are seeing today – sagging investment in technology, depressed share markets, companies' net worth touching nadir (though at the time of writing this report itself, we have started seeing the uptrend in the markets), gloomy industrial climate, all are, if seen from a holistic angle, too familiar and gives a *déjà vu* feeling. It is quite a repeating phenomenon that when the cycle comes to this stage, we have to face these songs of the market. We saw this with the pleasant anti-climax of the Y2K, then the dying down of the ERP hype followed by the crash landing of the e-commerce herds and their repercussions.

**September 11**

The year was quite turbulent and one that will be remembered in history with a bitter connotation, for the September 11 incidents were one of the most dreaded attacks ever seen. We mince no words in strongly condemning such barbarous attacks on innocent civilians. However, from the business perspective, it has furthered the agony of the already-reeling industry in the US. However, hopefully, it has also sounded the bottom of the slowdown and now, with hope and optimism, the industry will definitely muster the required energy to work its way up again.

**Coming of Age**

On the other hand, for the Indian industry, the investment-led slowdown of the US economy has made the domestic companies to learn to live and feed on its own. We have also understood the necessity to be self-contained in whatever we do. A clear signal that has been polarised to the bottomline is that we have started to look at things that cannot self-sustain, marginalise them and have also turned the heat on unprofitable ventures and SBUs. The message is simple and clear. Learn to live on your own or perish. The message has had unbelievable effect and has already started producing results. Even the personnel at the bottom-most of the hierarchy understand the business significance and are appreciating the move. More domestic projects are pouring in and they are being executed with astounding accuracy.

**For a few dollars, euros, dirhams more**

We also understand that your company has to look through the situation, as we have been doing, and think about what's in store for the future. Your company is looking at a number of virgin markets and other markets with great potential in Europe, in particular Scandinavia, Germany and Ireland, and the African and the Australian continent. We have outlined a strategy to work on this and decide on the methodologies to foray and penetrate into these markets. Further, we are also looking at some good markets in East and West Asia and the Far East. Towards this end, separate groups have been formed to work on these two separate geographical divisions – one that works on Asia and another that looks at Europe, Australia and Africa.

**Focus unperturbed**

In the last report, I explained the clear focus of your company. There is not a major shift except that it has been further fine-tuned and key result areas have been identified at the macro level and work is going on to attack those segments in different ways.

For example, the products group has clearly come out with a strategy to attack the related segments of various industries. The products teams have been through a process of maturity and have evolved into a much more professional shell and with them, our products are also getting better in terms of performance and features, the orders of various multinationals and the public sector bank stands proof to that.

The projects group too has come through its own cycle of maturity. We have, especially, made deep inroads into the engineering and the manufacturing segments, with projects executed in production processes, covering the cycle of marketing, planning, purchase, works, stores and quality. The projects group's core focus is on the small and medium-sized companies (SMEs).

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A special mention needs to be made about our telecom SBU as we have been quite successful in pushing through our hand-held solutions into the insurance market and a big one is in store that may open new vistas in the insurance and the banking segments.

**The Road Ahead**

What lies ahead? It's the question on everyone's mind. The industry, as a whole, has been through this phase, though this time the domino effect has been quite painful. However, sunny days are ahead and we are looking forward to it quite optimistically. Though we are in for the next uptrend in the cycle, we will, as we always do, remember that good days are not always there and will always be ready for any eventuality. Our objective is to make inroads into new markets, absorb newer technologies and always seek to corner niche segments. We will prove it wrong that Indian companies have a herd mentality. We will tread where others fear to step in, but with caution and optimism. We will seek a place uniquely reserved for us in the global IT market and we will have only examples to follow rather than follow other's examples. As always, our key focus is on the fundamentals, create more wealth for the company and we will always strive towards this end.

**'When winter comes, can spring be far behind?'**

R. Venkata Subramani  
Chairman





## Director and COO Message.

From being a manna once upon a time, the IT sector today has become a bad word. The bane of the sector is this. People and companies, cutting across continents, countries, languages, platforms etc, are more often than not reactive. It has become an involuntary action and has resulted in the whole world sneezing when there is rumour of cold. However, today, we have learnt to be proactive than reactive. We always try and look beyond what is obvious and plan and strategise our operations accordingly.

From the day I took over the mantle of the operations of the company till today, my priority has been to strictly define the focus areas of the company and bring about more semblance in our day-to-day work to achieve a synergy. The idea is to set a clear long-term vision with medium-term goals and short-term milestones. This, to a large extent, has helped bring in more discipline in our work and has answered many a question that previously remained unanswered.

### Quality & performance improvement measures

One of my primary initiatives to make the processes of the company better was to make the Software Engineering Process Group (SEPG) — the engine of growth of any software company — a well-oiled machine. The SEPG was reconstituted and has been given clear guidelines as to what is expected out of it. This, I am sure, is a step towards achieving better quality and will help us march towards SEI-CMM.

As regards the general employee initiatives, we have come out with various employee performance improvement measures. At the outset, each and every employee today has been given a set of key result areas (KRAs) and the appraisal system will take its inputs largely from this. Further, we have also initiated an intranet system that seeks to make internal communication better. The system will be an evolving one with the initial attempt to keep informing company personnel about the happenings, the projects, people and the system.

Another key area that is and will be given thrust is Knowledge Management. A separate Knowledge Management cell has been set up and that will work in co-ordination with the intranet team to disseminate information. We strongly believe that knowledge is like energy; it can neither be created nor destroyed, it can only be transformed from one form to another. Hence, the knowledge management initiative that will help share employees' experience inside and out of the company so that the learning curve is shortened and troubleshooting cycles are not repeated.

### Markets redefined

The global software market, in the recent times, underwent a complete shake-out, changing the complete arithmetic. Today, if you seek to do the same thing what people have been doing a couple of years ago or follow the crowd, you will be lost. The key here is to understand the arithmetic of the new global scenario in the industry.

We though have not completely changed our focus area. Instead, we have identified our strengths, then looked at the market and have come to a meeting point where we will be able to deliver solutions with considerable margins and seek to repeat it. The key areas we are looking at and have refocused ourselves are enterprise applications, legacy systems etc. Segments like banking and insurance, though crowded, offer niche areas that

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are still virgin. We are looking at those areas. We are also looking quite seriously and have already penetrated to a certain extent into the engineering and the manufacturing sector and also the utilities segment. The cliché here is not to do different things; rather, we have to do things differently.

For our products, we are in line to tie-up with people who will act as our channel partners. This we have done to grow wider into unexplored areas in the domestic market. The idea is to look at volume rather than at value as far as the products SBU is concerned.

**Soffia Infology**

For the education SBU, it is somewhat a quite period, what with big names in IT education, getting battered. However, we have scaled ourselves to the present circumstances since we understand that going too much into anything is dangerous. Rather, we should sometimes wait for things to settle down. On the other hand, we aren't sitting completely idle either. We are also working on novel ideas to give a boost to our educational SBU, Soffia Infology. We are looking at licensing and other models to make it a more lucrative SBU.

**Race is not what others run. It is what we run**

To conclude, we will not hesitate to pull every stop and will leave no stone unturned in our endeavour to achieve success in this difficult times. Our actions will be a co-ordinated effort to take an objective look at our performance whenever it is required and keep our focus and direction in tact. Ultimately, the proof of the pudding is in its eating and we are sure to strike more and create the brand that will lead to more value to your company and subsequently boosting its chances of entering the big league.

K. Ashok Natarajan  
Director & COO

