ANNUAL REPORT 1999-2000

RS SOFTWARE (INDIA) LIMITED

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R S Software India Limited

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Contents

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RS Software

Enclosed : Proxy and Letters to Shareholders.
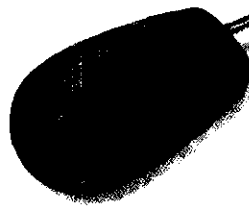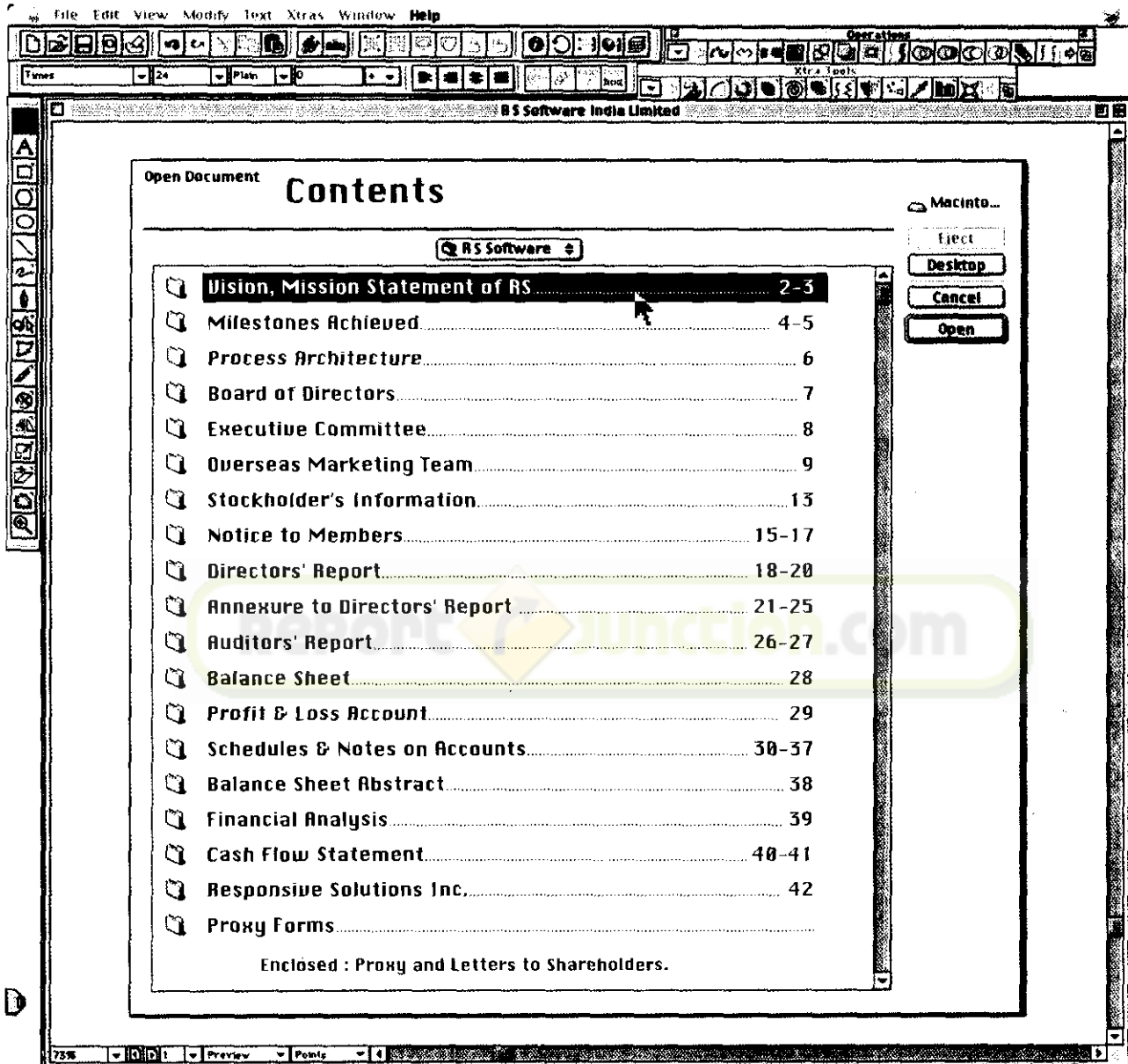
VISION

Provide Quality Software Services from India to International Markets.

MISSION

To achieve excellence in all our business processes.

Through people empowerment and continuous process

improvements leading to highest customer satisfaction.

STRATEGY

To create process-driven culture to maximise Quality Implementation in Development

Customers and market drive the technology focus. Place at large

COMPANY VALUES

Price performing quality solutions

To achieve the highest levels of customer satisfaction

Achieving success through effective execution

Process driven architecture

Foster an environment for trust

Constantly work towards synchronising the goals of the individual with those of the organisation

To be a learning organisation.

OUR COMMITMENT

Continuous Investment in Technology Upgradation

Investment in Training and Skill Enhancement

Respect for the individual.

Commitment of Top Management.

2

R S SOFTWARE was incorporated with a clear vision to provide quality software services from India for the International markets. This is the essence of our vision statement and it is a reminder of what we are and we make sure that it is reflected in everything we do. From the time of our inception in 1991, we have been moving forward at a steady pace with a view to fulfilling that vision.

R S Software was the first company in India to bring in the IBM 390 architecture technology and build a world class infrastructure, in order to deliver quality software services from India. Today, the company's facility in Calcutta includes hardware like mainframes and high-end Servers, which are connected over LANs and WANs. This world class infrastructure is fully complemented by a team of highly qualified professionals, which steadily grew from 30 to over 400 in the past seven years, giving us the capability to handle bigger and more complex projects.

While laying this solid foundation, R S Software went on to focus on its key business parameters in order to sustain a steady level of growth. It promoted a process-driven architecture in all areas of its operations. Thus evolved well-defined methodologies for software development, project management and quality assurance and in 1994 it was accredited with the ISO-9001 certification for its processes after a rigorous audit by KPMG-Peat Marwick. These processes have since been continually enhanced and audited by KPMG.

R S Software's core competence has always been in the domain of the *Management of Legacy Code Applications.* This area of expertise has evolved over the years and today, we are one of the few software companies in India which is focused on conversions, maintenance, new development and testing work in IBM mainframe technologies from an offshore stand point. At the same time, our technology range has been further expanded to include capabilities in areas of AS/400, client-server, web & e-commerce. This has ensured that we are in tune with the needs of the market at any level.

Today, this ideal combination of skills, experience and infrastructure allows us to offer quality software services. Our price-performing solutions have attracted several clients to outsource work, through our offshore / on-site mode of execution. We are now in the process of consolidating our business strengths by providing value to our clients who are spread across USA, UK and France. The clientele include Fortune top 500 companies in the fields of Direct Marketing, Credit Cards, Insurance, Manufacturing and Finance.

R S Software today has the combination of qualities that have become a pre-requisite for success in the industry. By leveraging on its solid foundation, the company is now poised to grow exponentially in the years to come. Some of the factors that have contributed significantly to our growth are responsiveness to client needs, flexibility in terms of our functioning, priorities that we attach to our clients and other such intangible qualities. R S Software will now be setting new standards in quality and customer satisfaction in the new millennnium.

MILESTONES ACHIEVED AND FUTURE DIRECTIONS

On 4th March 2000, R S Software (India) Ltd. was assessed by KPMG India at **SEI-CMM Level 4**. This was the culmination of our year long effort at achieving the Managed Level (in SEI-CMM parlance). And certainly a new milestone in our journey to make R S Software a world-class, process-driven, and customer-focussed organization that started with the **ISO-9001** certification way back in 1994. The truly creditable part was that R S Software achieved this hallmark side by side the normal pressures of business, a remarkable growth in family size of 69% over the previous year, in the process spreading out to two more additional locations in Calcutta, covering a total of 40,600 sq. feet of space.

PERSON POWER BUILDUP

The benefits of SEI-CMM Level 4 Certification are manifest in terms of better visibility and better control on the project execution, leading to reduced cost and schedule overrun, conscious and quantifiable effort on defect removal, and continuously improving performance.

This year also saw R S Software significantly consolidating in newer technology areas, in terms of acquiring the right skills, nature of projects undertaken, as well as training. A separate entity called the New Technology Group was formulated under the Delivery Organization to give direction to this endeavour. The Sourcing Organization was totally revamped to reduce the cycle time for recruitment as also reaching out to other skill catchment areas, like Chennai, Mumbai, Bangalore and Pune. Whereas traditionally, the company's core competence has been in technologies such as MVS, CICS, DB2, ASSEMBLER, RPG-III, AS/400, J D EDWARDS, IEF, and ADABAS/NATURAL, this year saw a marked increase in acquiring skills relevant to the dot com bandwagon. While the focus on conversions, maintenance and new development work in IBM technologies from an offshore standpoint will continue to be there in the coming years, there will be an equal emphasis on web-based development, and web-enablement of legacy applications.
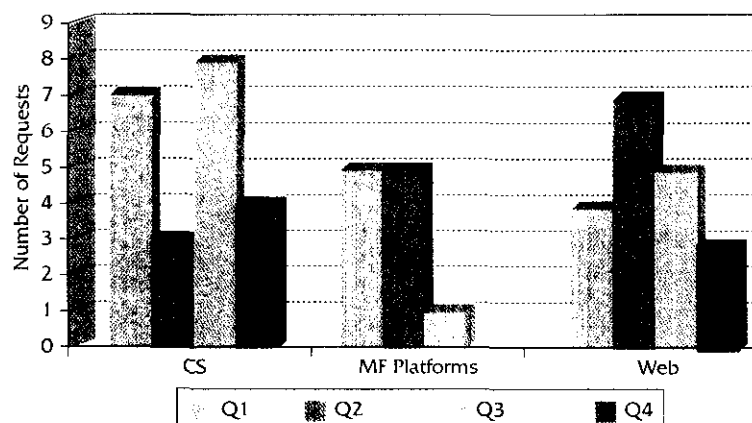
In August 1999, R S formed a **Joint Venture with Hanover Direct (HD)**, which is a US based direct marketing company. R S received the first e-commerce assignment "Always in Style" in September 1999 from HD.

R S continues to be the largest software house based in Eastern India. Since its formation, the company has shown excellent growth and has maintained a consistent average growth rate. As its main resource, the company has highly qualified and professional manpower which has increased from 30 to over 500 in the past 8 years giving the organization the capability to handle bigger and more complex projects. Today, R S Software has the resources with the right combination of skills & experience, matured & proven processes to complete offshore projects in an efficient and cost-effective manner. R S Software has got a solid customer base in the US and Europe. Longstanding relationship with our clients means more business from each of them in new technological areas and in wider domain-knowledge. VISA-USA, VISA-EU (UK), Lexmark-USA & France, Newell & Budge (UK) are a few of our clients who have been doing business with us for quite some time now.

TECHNOLOGY DIRECTION 1999-2000

This year, R S consolidated its onsite sales teams located at Phoenix (Arizona) and San Mateo (California) in US, and London in UK, to tap the opportunities emerging in the new technology areas, as well as leveraging our associations with our existing clients. The R S onsite sales teams now comprise hardcore US-based sales professionals who have brought with them not only rich selling experience, but also associations with past accounts which can be prospected effectively to enhance its customer base.
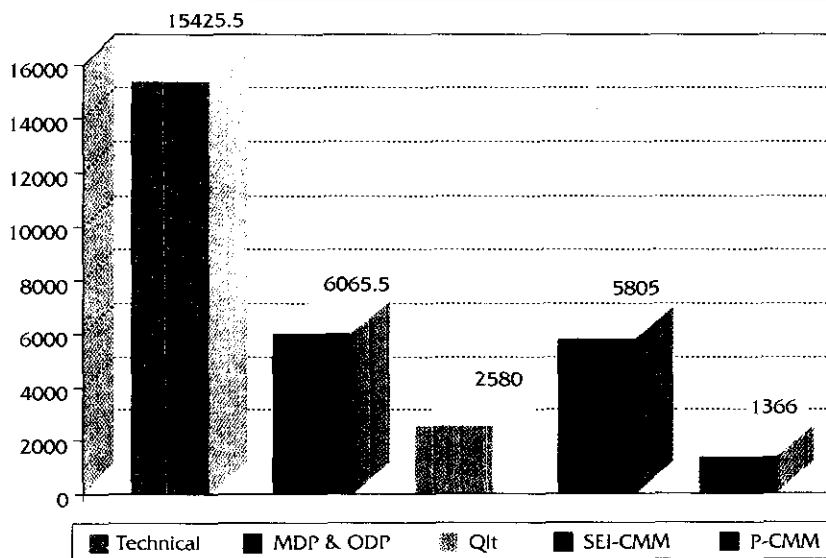
At offshore, R S has concentrated on creating a wide spectrum management bandwidth to fulfil the needs of managing the challenging growth that R S has set itself out to achieve. R S has a strong team of senior managers to drive the business in future. The graph shows breakup of professionals according to their roles. 15% of the software professionals at offshore are in managerial positions.
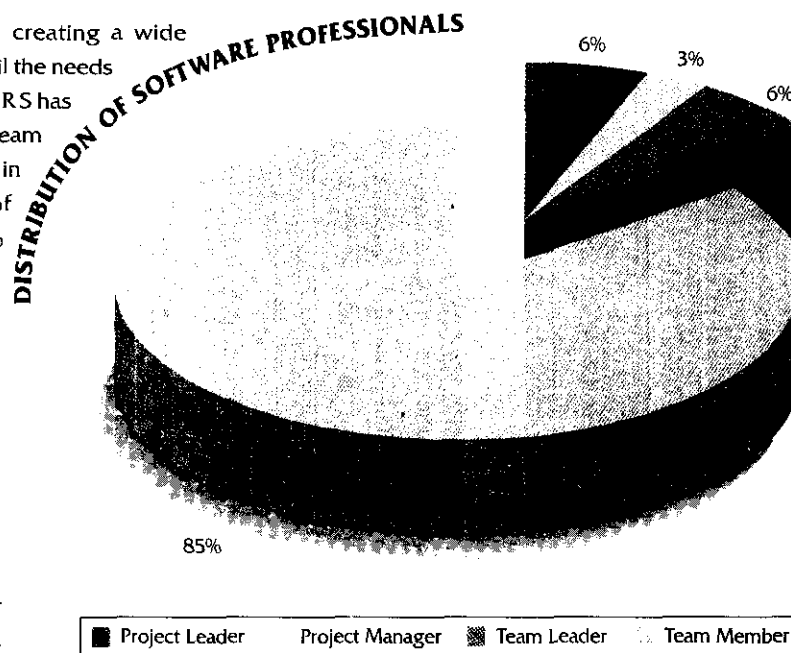
This year R S has also embarked on the **People Capability Maturity Model (P-CMM) Assessment at Level 3**. The assessment exercise is slated for the end of the first quarter of 2000-2001. If R S achieves this certification, it will be one of the first companies in India to do so. The P-CMM initiative is part of our continuous focus on people related issues and practices.

DISTRIBUTION OF SOFTWARE PROFESSIONALS

6%   3%   6%

85%

| ■ Project Leader | Project Manager | ▓ Team Leader | Team Member |

TRAINING BREAK-UP

15425.5

6065.5

5805

2580

1366

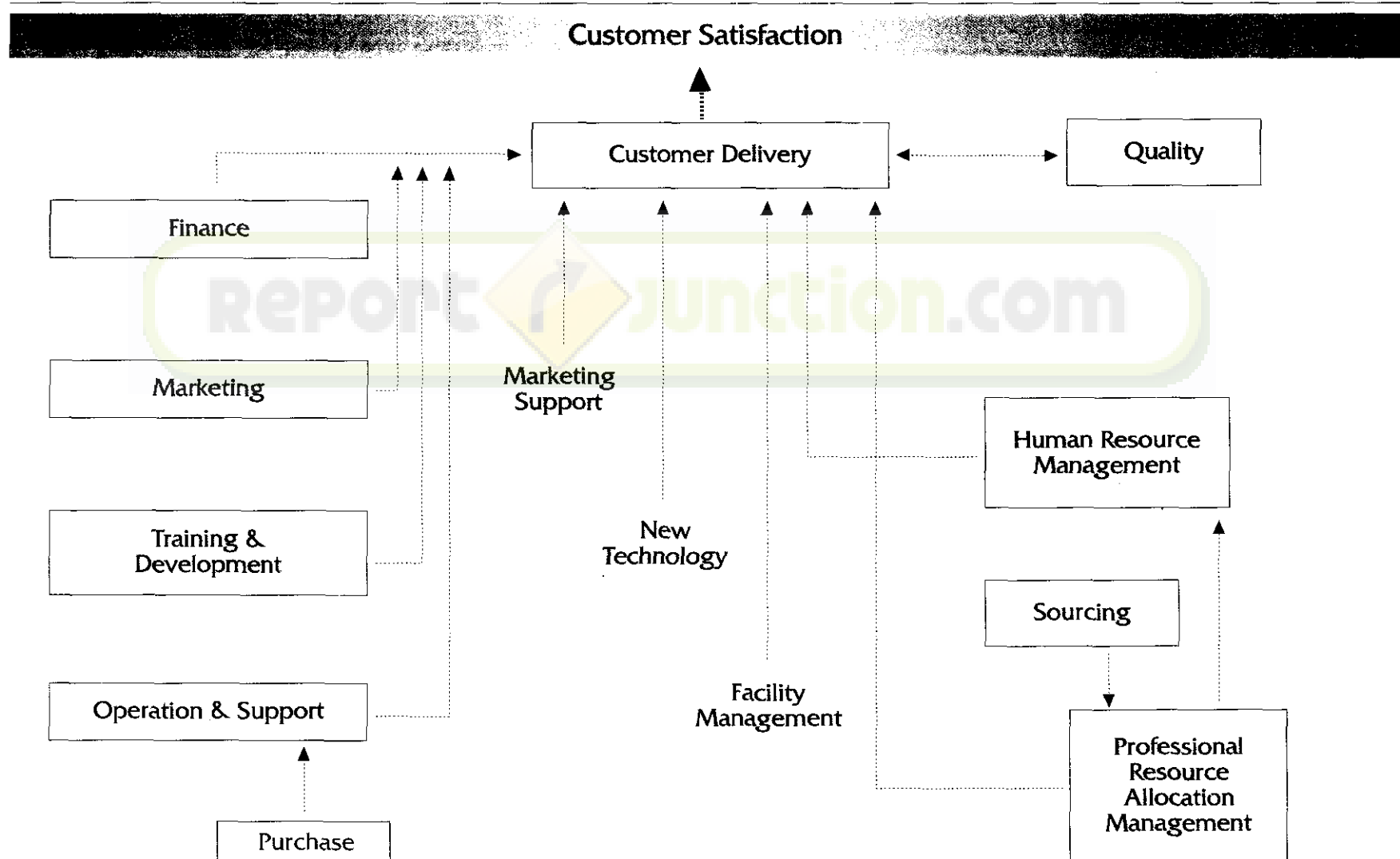| ▓ Technical | ■ MDP & ODP | ▓ Qlt | ■ SEI-CMM | ■ P-CMM |

1999-2000 was a busy year for the training and development function at R S. The total training person-hours logged by R S professionals was more than 31,000 hours (in classroom sessions alone), which is more than double the number logged in the previous fiscal. A great deal of focus was given to cross-platform training, and training in quality and project management related skills. A significant no. of training hours were clocked in Web-related training and training in new technologies. R S consolidated its in-house training infrastructure as well as forming associations with leading training vendors.

R S Software has set out on a route to becoming a **High Performing Organization**. R S plans to achieve this goal by enhancing the management bandwidth through associations with leading Management Consultants like Professor Krishna Pallepu of Harvard University, and Dr. Zahid Ganjee of IIM Calcutta. R S believes that having a clear vision & strategy, adopting world class practices, and keeping a clear focus on the internal management of talent, knowledge and execution will take it in the desired direction.

Process Architecture

Customer Satisfaction

Customer Delivery

Quality

Finance

Marketing

Marketing Support

Human Resource Management

Training & Development

New Technology

Sourcing

Operation & Support

Facility Management

Professional Resource Allocation Management

Purchase

BOARD OF DIRECTORS

Chairman	Mr. K. S. Bhatnagar
Vice Chairman & Managing Director	Mr. R. R. Jain
Director	Maj. Gen. A. Balasubramanian (Retd.)
Director	Maj. Gen. K. C. Mehra (Retd.)
Nominee Director – WBEIDC	Prof. A. Sen
Nominee Director – ICICI	Mr. D. Pal
Director	Mrs. S. Jain
Vice President & Company Secretary......................	Mr. Kunal Sen

Auditors Chaturvedi & Company

Bankers Allahabad Bank, ABN Amro Bank N. V.

Share Transfer Agents ABC Computers Pvt. Ltd., Jadavpur University Campus, P. O. Jadavpur, Calcutta 700 032

Corporate Office FMC Fortuna, A-2, First Floor, 234/3A, AJC Bose Road, Calcutta 700 020

EXECUTIVE COMMITTEE

C.E.O. .... R. R. Jain

C. O. O. .... Akhil Pandey

VP Finance & Company Secretary .... Kunal Sen

VP Business Development .... Suman Sasmal

Country Manager USA .... Sudipta K. Bhattacharjee

GM Projects .... Partha Chattopadhyay

GM Operations Supports .... Asish Haldar

DGM HRM .... Anantadeb Bandyopadhyay

Process Owner Quality .... Sanjay Mondal

Process Owner Network Support .... Anindya Sengupta

Process Owner Training & Development .... Aniruddha De Choudhury

A FEW OF THE OVERSEAS MARKETING TEAM

US OPERATIONS

Mr. Sudipta Bhattacharya
Vice President -
U S Operations

Mr. Grant Kominek

Mr. E. F. Sweeney

Mr. Rick Davis

Mr. Tony Rayburn

Ms. Diane Byrd

Mr. Ralph Smith

Mr. Gautam Chatterjee

ROW OPERATIONS

Mr. Suman Sasmal
VP – Business
Development–ROW

Mr. Rajnish Singh