

Gateway to Europe

A software developer from Ahmedabad provides services to mid-sized European companies

In 1997, when 25-year-old Niraj Gemawat set out to start a computer training centre with just Rs60,000 in his pocket, little did he know that his maiden venture would cross \$45 million turnover 10 years down the line, providing software services to mid-sized European companies.

Three years earlier, Gemawat, a fresh chemical engineering graduate, had failed to figure out from the balance sheet the financial health of the company he was working with, which prompted him to get into a business school to learn the fundamentals of managing a company. So, he took admission in the Pune-based Symbiosis Centre for Management and Human Resources Development. But, at Symbiosis too, Gemawat found the going tough. "I found English as the medium of instruction difficult to grasp," he says, recalling the inferiority he suffered during the initial few months at the B-school. "I was on the verge of dropping out when the director M.S. Pillai chastised me, wondering how a boy from Gujarat could not do well in a business school."

Egged on thus, Gemawat focussed his attention on developing soft skills. And, at the end of a two-year course, he not only passed his MBA, but also bagged seven of the 13 awards given to meritorious students. Since then, turning his handicap into an advantage has become Gemawat's second nature.

Armed with the management degree, as an icing on the cake, the chemical engineer had no difficulty in getting a well-paying job with a leading bank. "But, in three weeks, I realised that I can't be a risk manager, which was my job with the bank, if I want to become an entrepreneur," says Gemawat, who quit this job too to try his luck at starting his own business venture. "My father, who taught Physics in a college, fed me and picked up the petrol bills for my two-wheeler. However, resources being

limited, he could not help me with the seed capital required to start my own business," he recalls.

An offer to supervise a six-week training programme in materials management software for the officials of the Oil and Natural Gas Corporation (ONGC) proved to be the turning

public sector undertakings like Gujarat Narmada Valley Fertilizer Corporation, Indian Petrochemicals Limited, ONGC and the state Election Commission. The money he earned helped him set up computer programming training centres in Gujarat, Madhya Pradesh and Jaipur.

Enough manpower

"Between 1998 and 2001, my training centres churned out 4,000-4,500 students every year. We had no dearth of skilled manpower who could undertake programming job work for any



Niraj and Chhagan Gemawat (seated) with Mitra (right); turning handicaps into advantages

point in Gemawat's life. He earned Rs60,000 from this assignment, which came in handy when he decided to start an authorised training centre for the C-DAC. "I hired an apartment, four computers and four trainers," he says, travelling down the memory lane. The training centre expanded rapidly, with the number of employees increasing from four to 60 between 1997 and 2000.

He took up all kinds of computer-related jobs – from data entry to data processing that came his way from

establishment that was transitioning from manual work to automation," says Gemawat.

However, calamity struck during 2000-02. First the dotcom bubble burst in the late 2000, forcing many information technology companies to close shop. Faced with an unprecedented recession, IT companies and IT-enabled services either completely stopped or slowed down their expansion plans. Then, on 26 January 2001, a devastating earthquake struck Gujarat, shaking the confidence of

investors and entrepreneurs. "We too started scaling down our computer training operations across Gujarat, Madhya Pradesh and Rajasthan," says Gemawat.

Meanwhile, a public sector undertaking defaulted in its payment to Gemawat's company, resulting in a loss of over Rs50 lakh. The following year, communal violence engulfed Central and North Gujarat, paralysing business activities in towns and cities. Gemawat did not lose hope. "I closed all but one training centre and started exploring other business avenues," he says.

This was the time when Indrajit Mitra, an IT professional, returned to Ahmedabad. Mitra was working with the software major Veritas, as a senior project manager, with an exposure to overseas clients. Gemawat and Mitra had studied together and also had similar socio-economic background.

"After completing my B Sc, I had appeared for the state's engineering entrance test and was among the 20 students who got selected for the two-year post-graduation course in computer applications," says Mitra. "IT was the sunrise industry and soon I rose to the level of senior project manager handling software development projects of a company for its overseas clients. It was when the company wanted to relocate me to the US that I decided to quit and explore other avenues within India, preferably in Ahmedabad, the city I had grown up in," recalls Mitra. "Niraj was then toying with the idea of branching out to some IT-related business. And we thought of focussing our attention on software development," Mitra adds.

Together, they incorporated Gateway TechnoLab (GTL) and their first clients were Internet service providers. And their first overseas breakthrough was provided by another of their schoolmates, who had migrated to Silicon Valley in the US, who gave them a lead on a software development project for a multinational corporation.

Mitra soon bagged software development projects from a series of overseas clients, mainly from the Benelux countries. Then, Gemawat's chance meeting with the owner of a small-

scale Denmark IT company resulted in the Danish firm striking an alliance with GTL for offshore software development. However, a major breakthrough in the European market came when Vipin Mohare, who was working with a Netherlands-based IT firm, joined Gemawat and Mitra. He is today the head of the European operations of GTL. "We were young, small and flexible. So, it was easier for us to enter into business deals and partnership with small and medium enterprises. Moreover, major Indian IT companies were looking at the US and considered European countries too small to do business with," says Mitra.

Satisfactory service

"Clients look at technology, competence and price, while choosing their business partner. We were able to

COMPANY	Gateway TechnoLab
PROMOTER	Niraj Gemawat
YEAR OF INCORPORATION	2001
BUSINESS	Software development
TURNOVER (2007-08)	\$45 million (about Rs200 crore)
PROJECTED TURNOVER (2013)	\$3 billion (about Rs13,500 crore)
LOCATION	Ahmedabad

satisfy them on all the three counts," Mitra adds. As a result, GTL could secure firm orders from small and medium-sized IT players in Benelux countries. The company now provides software development and application services to banking, financial, insurance, automobile and product design companies, which include 30 of the Fortune 500 companies. It has offices in Denmark, Sweden, Belgium, Netherlands, Finland, France, UK, US and the UAE and is in partnership with 60 software products companies and 40 software development houses across the world. It has 300 employees in Europe and 800 in India.

It is this success of GTL in the Euro-

pean market that prompted Morten Lund, one of the main promoters of the Internet telephony company, Skype, to pick up a 2 per cent stake in the company. "Morten is more of a friend than an investor," says Gemawat.

GTL grossed revenue of over \$45 million in 2007-08, registering an average growth rate of 200 per cent year on year since it was set up in 2001. As much as 60 per cent of its revenue comes from Europe.

In the domestic market too, GTL saw great opportunity in marketing data security and network security products. "We formed a product company Gateway Nintec in 2003 to sell data security and network security products in India. Our customers include Hindustan Unilever, Reliance Industries, Satyam Computers and Wipro," says Chhagan B. Gemawat, executive director, GTL. "We spotted unique products related to these fields during international exhibitions and decided to obtain long-term exclusive rights to sell these in the Indian market," he adds.

With a view to professionally manage the 1,100-strong team of IT professionals, GTL recently brought in Praveen Kumar, head, human resources, DHL, the courier giant, onto its board. "As many as 80 of our senior staffers are from Ahmedabad. Many of them left their jobs abroad to come to Ahmedabad which offers a good lifestyle, while also exercising a cultural pull on them," says Gemawat. Chirag Shah, who had the experience of working with consulting firms KPMG and PricewaterhouseCooper, left the US to work with GTL in Ahmedabad; so did Pavak Shah, a management graduate from the Ohio State University and Rahul Ganatra from Australia.

Gemawat, who, at 35, is the chairman and managing director of the GTL group, says he has set his eyes on making his company reach a valuation of at least \$3 billion by 2013. He also has plans to tap the capital market by offering 20 per cent of the equity to the public. Another 20 per cent is reserved for the employees, while the be will be with the promoters.

• NACHIKETA DESAI