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The Indian Entrepreneur who bucks the Trend...

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Hemal Patel
CEO
Elitecore Technologies



Cyberoam



CRESTEL
CONVERGENT BEING FRAMERWORK

24ONLINE

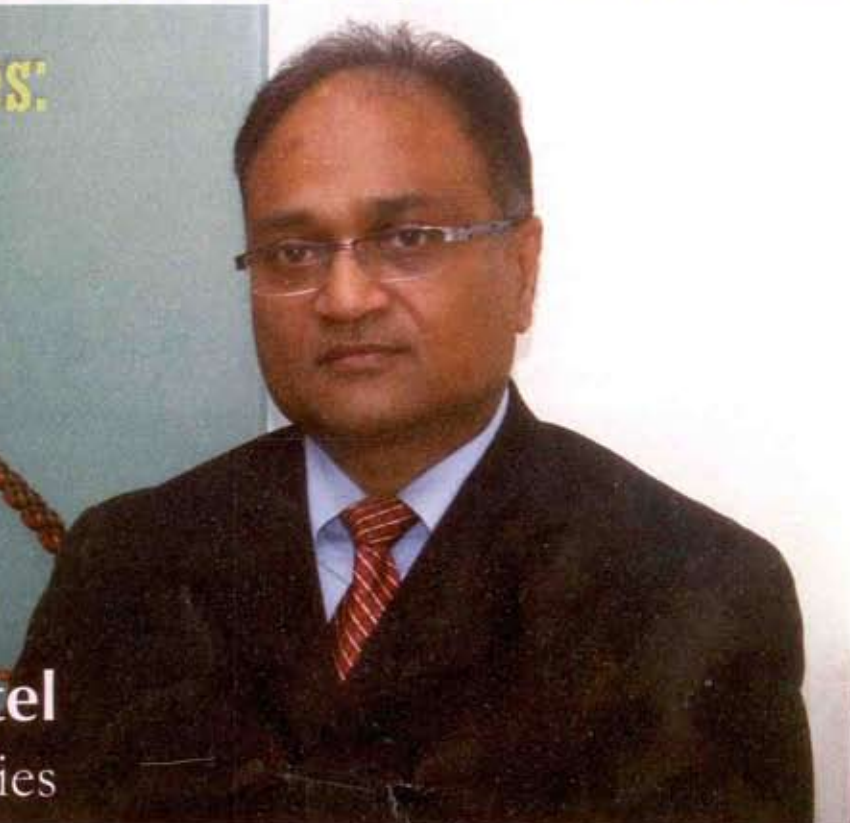
Indian Entrepreneur bucks the Trend

...brings out global products from India

**Elitecore Technologies:
A "Platform for
the Innovators"**

Hemal Patel

CEO, Elitecore Technologies



To be in India and successful in the IT products manufacturing space is the rarest of rare things. No wonder, if you have vision, attitude and strategy, you can actually make it happen. And, remember it is not always that a product made in the USA or manufactured in Germany could be successful. India has the potential to rise to the top and produce world-class products owing to its natural advantages. This is exactly what the Gujarat-based entrepreneur and visionary, Mr. Hemal Patel, CEO, Elitecore Technologies, has exemplified. He has actually bucked the trend by bringing out world-class IT and telecom products from his hometown Ahmedabad.

In 1999, like most of the Gujaratis, the first-generation NRI to the US, Hemal goes by his instincts to be an entrepreneur and chooses the core technology manufacturing and distribution. The technology he chose was security and telecom billing solutions, and the company under which he started was Elitecore Technologies. Though he is responsible for other enterprises and start-ups like Eclipse Micro Computer – USA – a technology consulting firm, Icenet – ISP in Gujarat, India and Ice Networks – ISPs in Puerto Rico, yet the success of Elitecore is actually a case study with a US\$10 million turnover.

Today, Elitecore Technologies owns three brands, including Cyberoam, next-generation Identity-based Unified Threat Management (UTM) appliance series, Crestel, Billing & Revenue Management solution and 24ONLINE, billing and bandwidth management solution.

Hemal had the gut feeling that India is the best place to manufacture IT products with substantial cost leadership, which could be competitive in terms of price, quality and packaging. India being a prime country of naturally talented cost-effective manpower, it can actually turn the tables, though there is a lot of challenge in managing and running the show.

Even though manpower is cheap in India, its retention is a heck of a challenge because most of the worldwide best companies have their backoffice activities, R&D and manufacturing here. They also pay handsomely to the employees. Because of these global activities, the cost of the employees to the company has been very high and the realty sector has skyrocketed in most of the metro cities, especially in Delhi, Mumbai and Bangalore.

Hemal knew all about these challenges very well and he also knew that there are quality people available in the tier-II cities, who – given a chance – can work wonders. He recounts, "Coming from this part of this world, my concern was to make the product of world-class quality at

a very competitive price and then I could think about profitability. It is a human-intensive company. Only I could achieve this if I have operations in one of the second tier cities like Pune, Ahmedabad, Kolkata, etc. – not Bangalore or Hyderabad – and I chose Ahmedabad being my native place." He also knew that having the base in Ahmedabad, could actually affect the pricing of the products. Secondly, most of his sales happen in the Middle East, South-East Asia, though Elitecore products also sell in the US and European markets. In two hours' time, one can reach any of the Middle East counties, which is again very cost effective.

The Ahmedabad facility of Elitecore houses an ISO 9001-2000 certified R&D centre of 11,000 sq. ft. developed area manned with 70 dedicated R&D workforce and a team of professionals for 24 x 7 GSMC (Global Support and Monitoring Centre).

Hemal adds, "My close competitor spends nearly US\$32 million in R&D, whereas we on similar or better R&D activities spend substantially less amount at Ahmedabad. This is a place which asks for very less investment in terms of people and processes. Most of the core people are with me for the last nine years."

From 1999 till 2005, when the company was in a growing stage, he was completely focussed on training and retaining manpower, which is the key to his success. At the same time, he laid stress on product quality, product range, packaging of the products and brand building.

As there were not much talent available in Ahmedabad, he had to recruit the right people, train them and at the same time establish channel network in India and worldwide. Today, Elitecore is the biggest employer in the IT engineering space in Gujarat with 450 people. They compensate well and offer good career path. Hemal proudly says, "Once upon a time, the industry attrition was 20 per cent, whereas ours was only 3 per cent, which is very nominal."

"We have a lot of innovations in HR. 50 per cent of my employees have travelled abroad to participate in various events. We have done a lot of automation to enhance their efficiency, including the entire supply chain and order processing. Therefore, we are the only UTM firm that is profitable today," he adds.

Today, the company has 45 distributors active in 72 countries and it has reached a level. The visibility and brand has also gone up. "We have noticed that whenever we have any road show, we have measured the success against our website hit. That has gone up substantially. We have 40 thousand visitors per month in our website," he adds. "The people in

marketing and Communication have done a phenomenal job to make our product visible”

The company has almost grown by 100 per cent and has earned 25% profit in the bad market. It has developed the entire range of identity-based UTM products for the enterprises addressing from SoHos till very large enterprises. The company also has SSL VPN and central console for the enterprises. The flagship product range of UTM starts from CR15i till CR1500i addressing the entire breadth of the industry and VPN range spans from CR-SGX800 till CR-SGX2400. In the central console, they have CCC 15 till CCC 200. Recognizing the capability, IDC says, “Cyberoam offers identity-based policy making and visibility across all its security features. It allows administrators to create customized user-based policies based on the user or department work profile. In addition, it offers instant visibility into ‘who is accessing what in the enterprise’. In doing so, it enables enterprises to meet compliance requirements in addition to facilitating instant action in case of a security breach even in dynamic IP environments such as DHCP and WiFi.” Similarly, the global consulting house Gartner’s Market scope for SMB multifunctional firewall rates Cyberoam as “positive” ahead of Cisco and Check Point based on Identity. Awarding Cyberoam as the Emerging Vendor of the year – 2008, Frost and Sullivan said, “One of the biggest strengths behind the success of Cyberoam is its innovative product line – identity-based integrated security appliances.” Besides, the brand has been awarded by global and domestic publications including SC Magazine, USA, VARIndia and CRN India Network Computing Middle East, etc.

It being identity-based solutions, Cyberoam UTM has been highly appreciated and integrated at most of the institutes, including University of Mumbai, JNU, NMIMS, Osmania University, Hyderabad, AIIMS, Birla Institute of Technology, Ranchi, Anna University, etc.

In the telecom space, another Elitecore brand Crestel is a carrier-grade solution enabling next-generation voice, video, data services over wireline / wireless networks. It has the essential OSS and BSS offering for the NGN solutions of the service providers. Today, perhaps most of the service providers including Tata Tele, You Telecom, MTNL, Bharti, Hathway, Spice Telecom and a host of other companies run on Crestel platform.

Similarly, under its Cyberoam brand, it has the entire range of identity-based UTM products starting from SoHo, Robo to large enterprises.

In 2007, Elitecore also received investment of \$10 million from the Carlyle Group, a Washington-based equity firm for its next phase of growth and has brought out yet another world-class solution for 24ONLINE Billing & Bandwidth Management Solution by the name of 24ONLINE. 24ONLINE Access Gateway is the complete billing and bandwidth management solution that enables broadband, dialup, WiMAX and Wi-Fi service providers, hotels, hotspots and cafes to



provide time and usage-based Internet access and manage subscribers and franchisees.

Hemal says, “It is now to bring out more innovation and more products. Therefore, I have renamed our vision as the ‘Platform for the Innovators.’” He does not shy away from giving credit to the partners and the entire marketing team, for whose dedicated work and understating the company has brought fortune. His personal touch with each of the partners in India and abroad makes them happy and driving towards the goal. That perhaps is the reason why the partners vouch for Cyberoam products. Even Cyberoam UTM solutions are selling in Taiwan and the partners there are very aggressive about it.

He says, “We are marching ahead with innovations and whoever has got innovative ideas can join us. For the next 3-4 years, we want to bring more products, which could include bundled wireless solution with Cyberoam UTM for the home market or some integrated desktop security products with more intelligence, etc.

After making a very good name in the global market, it’s time for the company to preserve its intellectual property, so it has applied for a patent in India and the US. As per Hemal, it is a mandate for them to file 2 patents each year from next year, which actually is aligned with their vision of ‘Platform for the Innovators’.

Now as a visionary, Hemal thinks how to reduce the cost of the partners towards communications. He is all set to provide VoIP infrastructure free of cost. Hemal adds, “My objective is to increase channel support and at the same time reduce the cost to the channel partners.”

Finally...

Hemal’s contribution to the industry and to the country has won him many accolades. He has been recognized as one of the top 50 powerful persons of Gujarat, India by Zee Business Media and the profiled as Rising Generation by Divya Bhaskar of Bhaskar Group. These are perhaps early days of his success, but the vision he has will surely take him to a bigger league. ■

