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Dialling for success

Subash Menon of Subex has set the benchmark for telecom companies in India

By P. Sreevalsan Menon

Till 2006, Subash Menon, founder chairman, MD and CEO, Subex Ltd, had to face the very same question from his shareholders—When was Subex going to announce the 'big news'? For the confident and methodical Subash, those were taxing moments. He and his team had been working hard to deliver value to shareholders, yet they wanted an acquisition to show that Subex had arrived on the global scene.

In June 2006, Subex acquired Azure, a British firm, and changed its name to Subex Azure to reflect the deal's significance. Subash said that though shareholders were happy as it led to a spurt in share prices and the company bottom line, their reaction was, "we knew you could do it, but is there anything more?"

Subash founded Subex in 1992 as a systems integrator in telecom hardware space. Within seven years, the company grew moderately and earned a revenue of around Rs 9 crore. The company then switched to telecom software making, focusing on revenue maximisation. Subex created a niche for itself in operations support systems solutions, giving telecom operators a competitive advantage. From a revenue of \$1.5 million in 2000, Subex now earns \$83 million.

The company pioneered the strategic concept of the Revenue Operations Centre—a centralised infrastructure for new service creation, subscriber-centric

fulfillment, provisioning automation, revenue assurance and cost management, data integrity management, fraud management and interconnect/inter-party settlement for the telecom sector.

Subash flaunts a clientele that includes 32 of the 50 largest telecom operators in the world. Subex was also named in the prestigious list of Deloitte Technology Fast 500 Asia Pacific 2006, which underlines the company's growth and leadership status.

According to Sandeep Shah, analyst and head of research at Tower Capital, Subex's biggest advantage was its courage. "They entered a space within telecom vertical (revenue maximisation and fraud management) where no Indian company dared to go before. Subash bought out much-needed products and upgraded that to world standards and gained foothold among top telecom vendors. This is a distinguished feat for an Indian company," he said.

Calling him one of India's greatest wealth creators, Sandeep says that, more than anything else, Subash's decision to enter telecom space when the odds were against him in 2001 was a great feat. Even when telecom companies were not doing well in India, Subash stuck to his original plan and made Subex grow through sustained aggression, acquisition and product quality. For funding the acquisitions, Subash did not flinch to rope in big financial investors, which means a fall in promoter holdings over the years. Yet, every one, new or old, big or small, gained



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subsequent value, despite his shareholding remaining flat.

Subash says the big move for the company was the IPO. "While the fundamental shift in business earned us growth and revenue, it's the IPO that charged us up. We wanted the shareholder's respect as a value creator." Subash guided Subex through a successful IPO in 1999 and through its next seven acquisitions. Subex Azure is also listed on the London Stock Exchange.

The takeover of Syndesis in Canada, the largest overseas acquisition by an Indian firm in the software space till then, confirmed that Subash meant business. With over 20 years of experience in management, sales and marketing, Subash is a wealth creator par excellence by Indian

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standards.

Subash has successfully fought large firms in the open source software (OSS) area to gain business, using the Indian background to the hilt. His aggressive combination of the best products, backed by the finest customer support, may be a new mantra for global companies. From Rs 19 (post a few bonuses), Subex today trades at Rs 290, having hit a high of Rs 790 before the bonus issue. Recently, he raised \$180 million from external borrowing. As Subex decides to make the third

fundamental switch back to its old name, Subash and analyst Sandeep see great value in this change. Subash calls it the strengthening of the mother brand. And Sandeep says, "Subex will be able to sell all products on the brand name Subex, which will add value to its products."

Subash is surging ahead to make a difference in the world of telecom. So, what are his next targets in terms of competition or acquisition? Could be the biggies of the OSS scene, an Amdocs or a Telcordia.

