



Entrepreneurial Journey – The iGATE Story

*Sustaining Growth by Adapting
to Change*

Ashok Trevedi
Chairman, iGATE Global





Mastech's Purpose & Core Values (1988)

- **Purpose:** To help organizations maximize the return on their investments in Information Technology.

- **Values:**
 - Ambitious Goals
 - Respect for people who get things done
 - Honesty and Integrity
 - Teamwork
 - Sense of urgency

“Visualize the future keenly.”



Mastech's Business Model (1988)

	COMPETITION	MASTECH
Technology	IBM Mainframe	Network Computing & non-IBM Platforms
Market	Local	National
Sales	Face-to-face	Telesales
Recruitment	Local	National, International

Identify Opportunities in Market Discontinuities.



Start-up Problems

- Unable to raise capital
- Lack of infrastructure
- Difficulty getting clients/employees
- Period of misery!
- One partner dropped out

“Have the courage to stick with a tough job”
– A.G. Lafley, Chairman and CEO of Procter & Gamble



From Problems to Growth

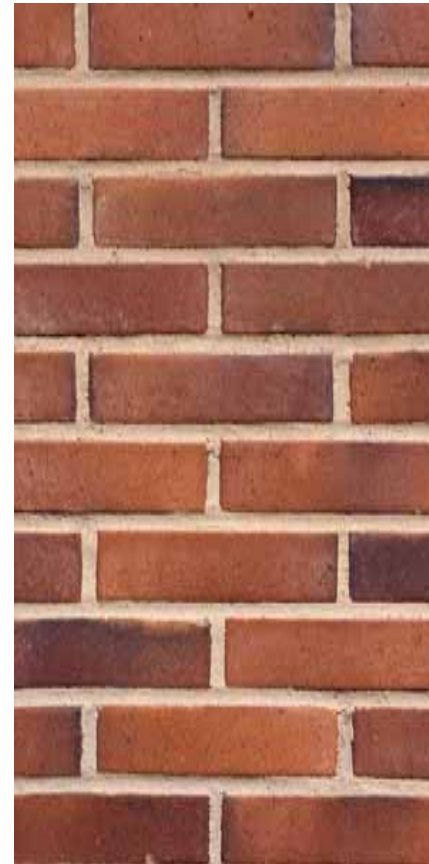
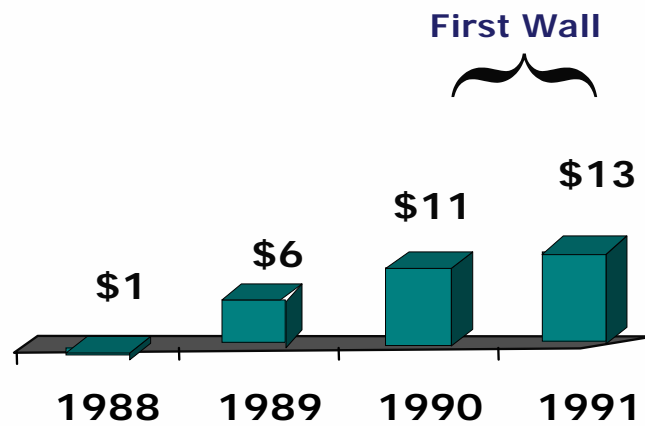
- Started in 1988 with only one employee
- Got initial clients
- Hired first overhead employee
- Validated business model

“Don’t Listen to the Naysayer’s!”
– Sallie Krawcheck, CFO Citigroup



Rapid Growth

(In Millions)

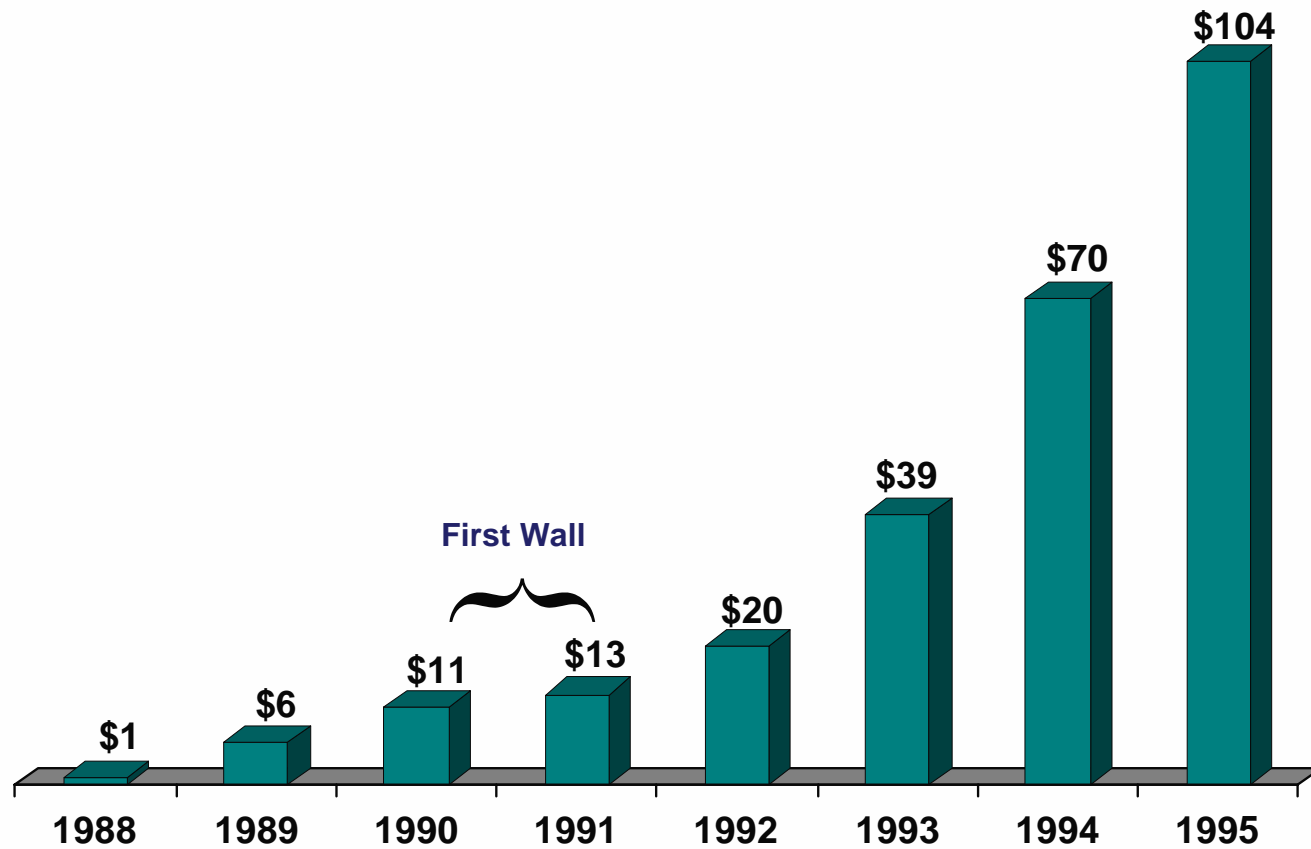


“Get good – or get out”
– Peter Druckner



Rapid Growth

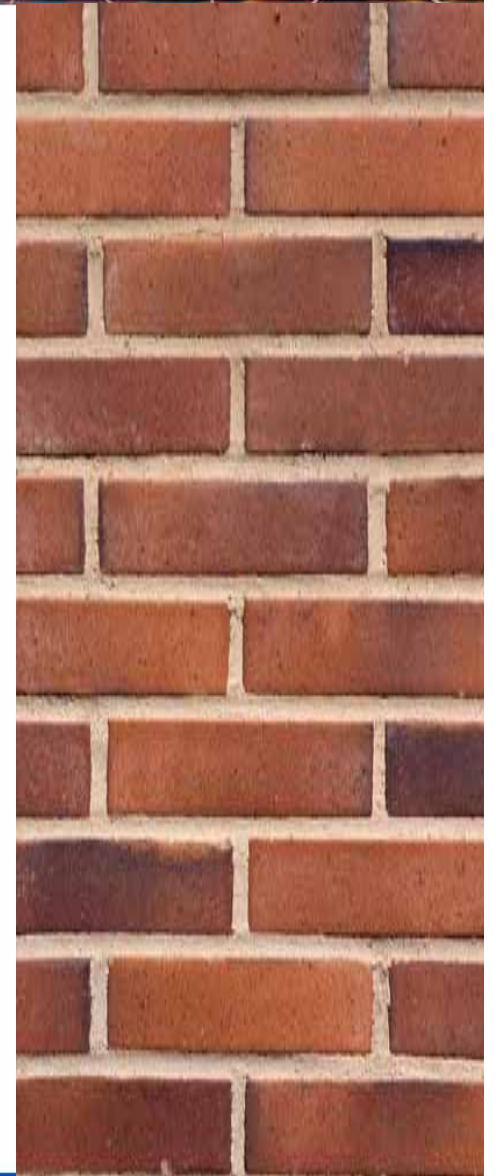
(In Millions)





We Hit Our Second Wall (\$100M)

- Mastech's differentiators were eroding
 - Technology edge diminishing
 - Customers wanted solutions
- Revenue growth 79% \boxtimes 49% \boxtimes 19%
- Margins slipping





We Set New Goals

- Become a major, global Systems Integration firm
- Accelerate revenue growth: \$500M by 2000
- Industry-leading margins

“Visualize the future keenly.”



Our Strategy Evolved

1. Broaden range of services
2. Move up value chain (complete project responsibility)
3. Expand into key global markets
4. Attain critical mass: \$500M in revenue by 2000



Actions Taken

- Raised capital – IPO in December 1996
 - Increase visibility
 - Attract/retain talent
 - Acquisitions

- Set up operations in Canada, UK, Japan, Singapore, Australia

- Set up offshore development center in India

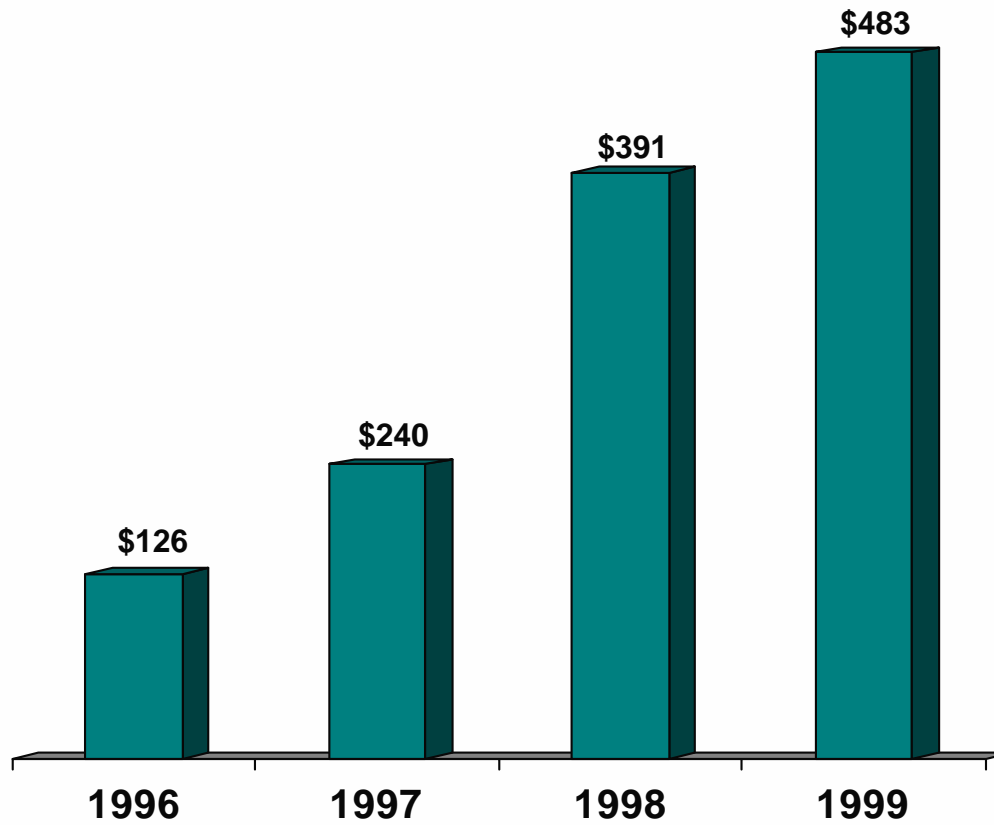
- Strengthened management team

- Invested in systems, processes, infrastructure



Accelerated Growth

(In Millions)



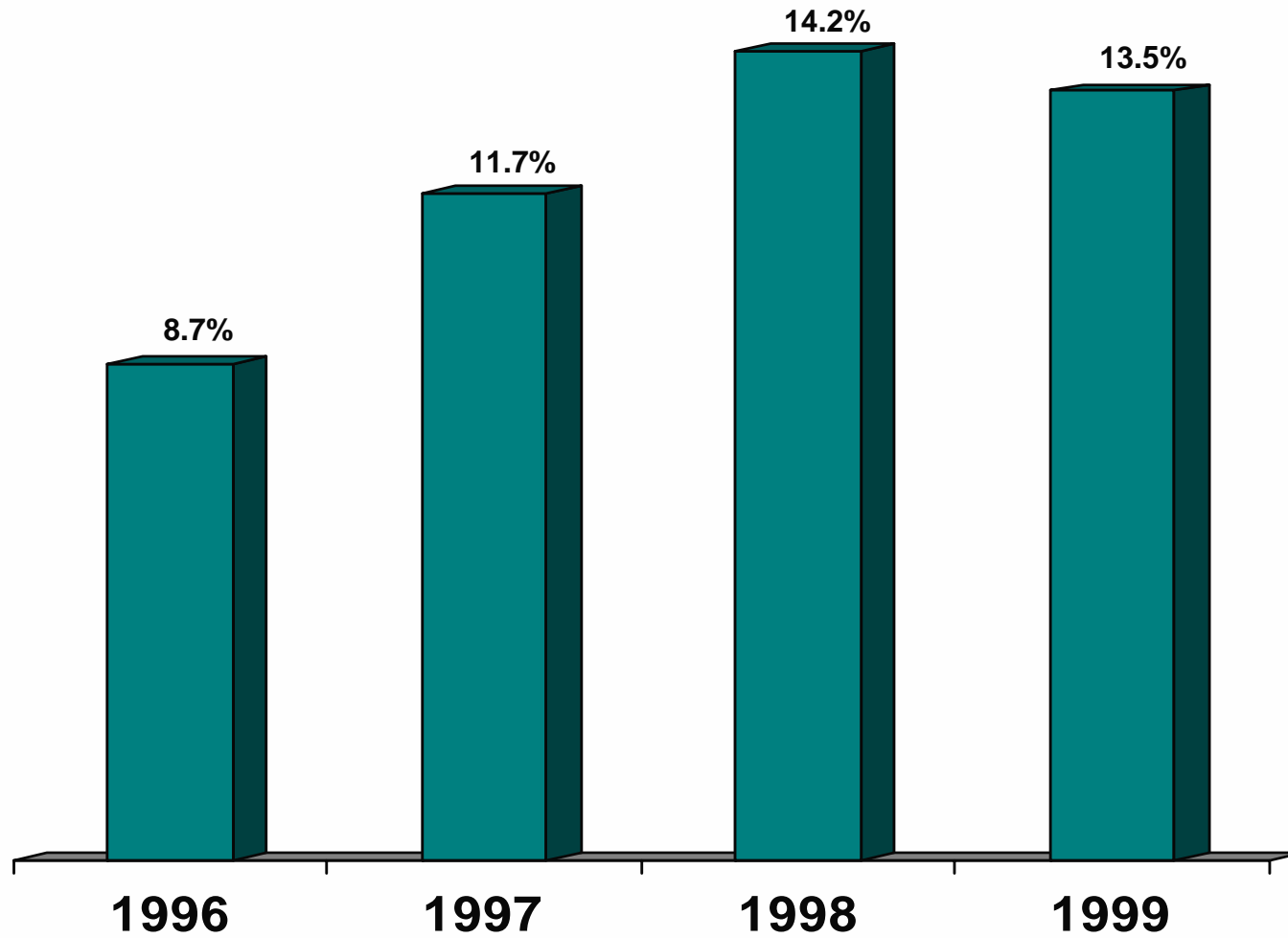


1996 – 1999 Accelerated Growth

- Hottest Growth Company
(Business Week)
- Top Global Consulting Firm
(info Week)
- Top Growth Company
(SI)



With Significant Margin Expansion





1999 – 2000 Facing a New Set of Challenges by Taking Risks

- Rapid growth of the Internet
- From Mastech to iGATE – offering a complementary blend of technology services companies



Invested over \$100M in 2000!



The Internet Bubble!

- Invested about \$100M in new technologies, startups
 - Wireless, Data Mining, Network Consulting, Voice Recognition
- Our market value grew to over \$3 billion!
- Our startups were losing money
- Became unprofitable, cash flow negative
- Debt grew to \$88M



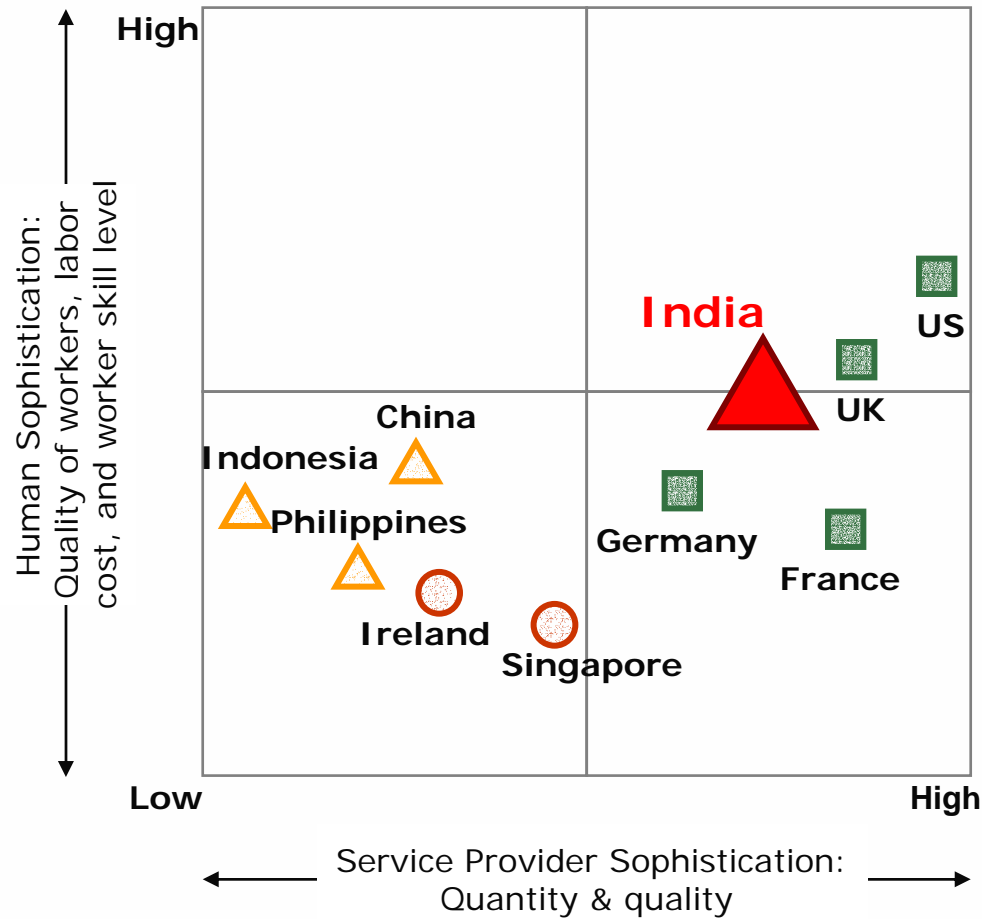
Cleanup, Focused on Offshore

- Sold or closed unprofitable operations
- Reduced SG&A expenses from \$45M/Q to \$18M/Q now
- Paid off all debt, and now have \$80M cash
- Focused on offshore services
 - IT, Infrastructure Management, Mortgage Origination, Equity Management, Clinical Data Management

“If you make a mistake, admit it and then fix it!”



India Leads the Offshore Race

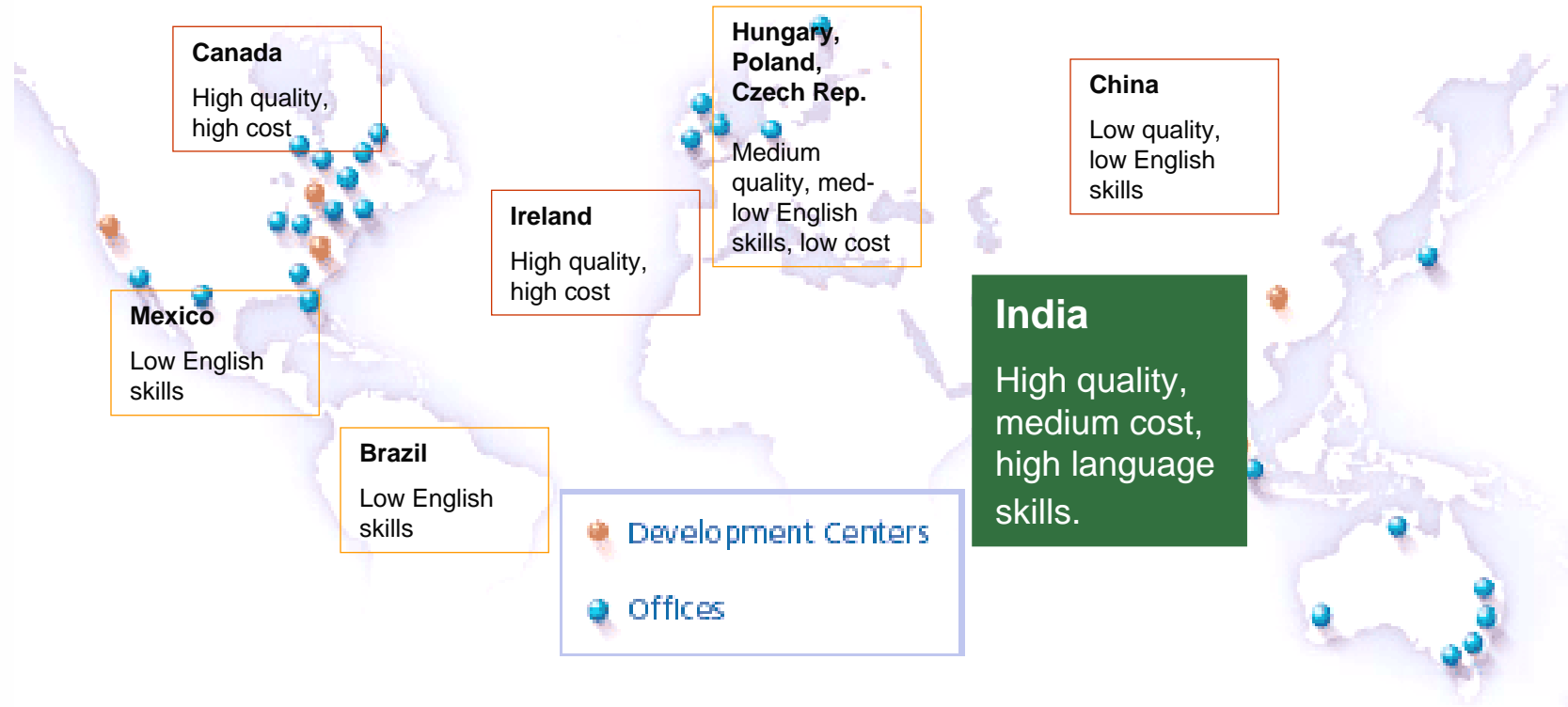


- Skills surplus
- Buyers of technology services
- Regional Hubs

Source: Nasscom-McKinsey



Advantage India: IT Sourcing Choice Set





Hyderabad Campus





Bangalore Campus





iGATE Today

- Scale: \$300M revenue, 6000+ employees
- International reach: 40 offices on 5 continents
- Strategic global relationships
- Strong balance sheet
- Very well positioned for growth



Today's Goals

- Stay financially healthy
- Grow in scale: \$600M in revenues
- Grow our profits: 12-15% Operating Margins
- Grow in value: \$1B+ market cap
- Become, once again, an exciting, fun place to work



Mantra's

If you need 8 hours of sleep,
worry about the opinions of others,
dislike having partners
and hate debt,
then forget about being an entrepreneur.



Treat time as money
and be frugal with both



It is a long way
from a **good concept**
to a **successful company**



Thank You

