The Entrepreneurial Journey of Dr. Anand Deshpande

THE ROAD LESS TRAVELLED

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Success has not been a coincidence at Persistent Systems, it has been the result of one man's vision and his perseverance to achieve it. Meet Dr. Anand Deshpande - Founder, Managing Director and CEO of Persistent Systems, the driving force behind one company's journey from humble beginnings to the profitable, 7,000 employee strong innovation engine it is today. Anand's mission has always been clear, he has approached his goals strategically and thoughtfully, laying the foundation for a sound, global company that takes care of its people and has been successfully positioned to achieve sustained growth.
Anand then faced the issue of capital investment - for any start-up, each day brings with it a new challenge and for Anand it was no different. He started by investing INR 360,000 of his personal savings and INR 400,000 that he acquired from a bank loan. Applying for a loan for establishing a business in the IT sector, in those days, carried additional complications, namely, an approval from the bank’s zonal office which took six months; for Anand, itching to get started, used this time to make news connections. Next, due to changes in the government, the disbursement schedule came to a complete standstill, thereby further delaying his loan process. The government also began closely managing all imports and they were cleared on a case-by-case basis. At that point, the computers that Anand had ordered to commence operations were also in jeopardy. In order to resolve the import clearance issues, Anand needed additional funding. Thanks to a friend who worked at a bank, he was able to get an additional working capital loan with which he was able to acquire the computers.

When it came to building his team, he faced additional obstacles—struggling to attract bright talent in the face of competition from already existing big name companies. Unwilling to compromise, Anand knew that his vision for the company would be displaced completely if he wasn’t able to attract the very best. He made his appeal to each prospective employee’s intelligence - “Persistent may not give you the branding you’re looking for,” he explained, “but it will give you something far more valuable, the chance to work on projects that involve cutting edge innovation, the very best in global technology.” Anand’s appeal based on his genuine love of technology attracted like minds - the kind of people who were aligned with his vision and the kind who would be committed to propelling the company forward. To this day, around 10% of those employees are still with Persistent Systems.

Dr. Anand Deshpande’s Entrepreneurial Journey

Anand Deshpande left India in 1984, to pursue a PhD in the United States of America with the aim to eventually join one of the world’s premier information technology companies as a leading contributor. Equipped with B. Tech (1984) in Computer Science and Engineering from IIT Kharagpur and a Masters (1986) and a Ph.D. (1989) in Computer Science from Indiana University, Bloomington, Anand followed through on his plan and joined Hewlett-Packard Laboratories. Despite the success it had at the company, he felt that he had another calling. Concerned that software product development would be the future of the Indian software industry, he left America and returned to India in 1990 and set up Persistent Systems to translate his vision into reality.

Instead of subscribing to the ‘copy-paste’ mindset and replicating the kind of success that software services firms in India were enjoying at the time, Anand wanted his company to specialize in software product and technology innovation. This meant two things; one, that it would be entering the space as a small company, and while the space was not as crowded as the IT services industry, it was ruled by heavyweights such as Microsoft and IBM Corporation. To differentiate itself, especially coming in with limited financial muscle, was an uphill task. Thought with all the challenges, most companies at this time were straddling two platforms of custom application development and packaged applications across vertical industries, but Anand felt it was a better bet to focus on providing software development services to independent software vendors (ISVs).
For a startup running on a shoestring budget, advertising is practically a dream, especially in the early 1990s, when the now more accessible forms of marketing such as social media etc., didn't exist. How then, was Anand going to get the wheels turning? He had to rely on his own personal networks of contacts and make this his most important sales tool. He charged his small visionary team to use their own contacts as well to create as many business opportunities as possible - networking face to face, Anand had been clear, the company’s growth meant their growth and everyone felt vested in helping chart the future course of Persistent.

Anand’s business strategy was to understand the ISV marketplace needs, analyze, identify, improve and then DELIVER on them. His philosophy has always been to create relationships that last; Anand explained to his team that in order for this business to grow they would need to acquire clients, and then ensure that these clients stayed with Persistent. The only way to keep them was to offer superior customer service, consistently reliable quality and of course, a compelling value proposition.

Under the leadership of Anand, the company has maintained this philosophy - adding one customer after the next, building meaningful, trusted relationships with each one, resulting in repeating business and a prestigious customer list that includes Microsoft, Salesforce, HP, Cisco, IBM, Google, Yahoo, Citibank etc.

In 2007, Anand had the foresight to pick Cloud, Mobility, Analytics and Collaboration as the four focus areas for Persistent to invest in. This was long before industry research analysts, and CIOs identified these as priorities. Over the past six years, and till date, Anand continues to drive the vision of the company, focusing on next-generation software product development and technology services. With several technology acquisitions (Agilent, Omron, Lambda, Biocom, Draexl, HPQ) and the addition of numerous offices, supporting 7,000 employees, the recent opening of its Collaborative Center for Software Development in Ohio, the company continues to benefit from Anand’s philosophy of attracting bright, eager, hungry talent dedicated to developing meaningful relationships with its customers.
Innovation and cutting edge technology

At the core of every Persistent product is the desire to innovate. Whether back in 1990 or today, Anand has always impressed upon his team that their success story will be a short-lived one if at any point they stop creating. Product development, therefore, is in the DNA of Persistent Systems. As a result, the company has developed over 3,000 products and applications for nearly 300 customers in just the past five years.

Anand appointed executives to focus on implementing and perfecting the company’s product engineering processes using agile methodologies across distributed teams to deliver highest quality scalable products on schedule and on cost. As part of the corporate culture, Anand ensured that the teams completely aligned themselves with customer product shipping cycles and based employee reviews on his employees’ commitment to ensuring a truly positive end-user customer experience.

Unlike his competitors, Anand has approached entering the enterprise market by focusing on the client’s revenue enhancement and business growth, not just cost minimization. Anand was instrumental in leading the strategy of entering the enterprise market through focus on next generation technology, integrating new platforms such as BigInsights and Force.com and partnering with start-ups to develop solutions for businesses that are faster and less costly than traditional enterprise IT applications.

Strategic Direction, Innovation & Global Impact

Persistent’s Diverse IP portfolio

Anand recognized 4 years ago that IP (products, solutions, tools & accelerators) would be important to developing technology solutions for enterprises quickly. He led a concerted effort with the company’s board and management team to expand Persistent’s IP. The strategy included both internal development and targeted acquisitions. For example, five percent of Persistent’s employee base is dedicated to research and IP development and the continuous tracking of disruptive technologies in the market. Today, Persistent’s IP is 17% of its revenue, the highest of any Indian IT Services provider and this is helping to fuel Persistent’s growth.
Anand’s decision to mix onsite consulting with outsourced software product has had major implications for the company. It has allowed Persistent to continue growing even in challenging economic climates and to meet larger competitors head on and win extremely lucrative engagements. Together with his key advisors, Anand developed the capability and process to handle large technologically complex projects remotely. This has translated into cost savings for customers, as more work could be done offshore as well as faster turnaround time. At a time when ‘outsourcing’ was still a novel concept, Anand made it an integral part of the company’s business model.

Persistent as a Pioneer in Outsourcing

To be the best, Anand has maintained, you have to work with the best, which is why he has strived to add some of the most prestigious and well-reputed companies to Persistent’s list of partners. These include Cisco, IBM, Microsoft, Nokia, Oracle, salesforce.com and SAP. In addition, Persistent has partnered with 100s of innovative start-ups over the years to ensure that the newest technologies reach Persistent clients. Anand’s willingness to partner with companies and people, both big and small, is one of his most unique qualities as a leader. He sees the potential in new technologies and partnerships before they become mainstream.

Persistent’s Partners
Persistent’s global growth and reach was always a strategic goal and immensely important for Anand — going right back to his original vision where he saw the enormous potential for a software development business based in India that would end up serving a global customer base. With offices across the world, the company has a solid presence across North America, Europe and Asia. It has reached over 300 customers and the company’s services extend to many verticals including Telecom, Life Sciences, FMCG, BFSI and Healthcare. Today, Persistent is considered one of India’s fastest growing technology companies by leading research organizations including Gartner, Forrester and Zinnov.

Persistent’s Reach

Anand has always maintained an open-door policy when it comes to managing his teams. He has encouraged senior level management to incorporate insights and suggestions from their team members as he believes it gives each employee a sense of ownership in the company. Anand encourages entrepreneurship throughout the company by allowing employees at all levels to take risks with new ideas and technologies. He realized early on that there is far more value in building a company for the people who work within it than for the person who manages it.

Persistent’s People

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Persistent’s workforce, which started with 5 people, is currently more than 7000 employees strong. Persistent is an equal opportunity employer and fervently impresses upon its employees the significance of work-life balance.
Persistent is a debt-free company and is known for being financially stable and its strong and clean balance sheet. Persistent's IPO opened on March 17, 2010 with its price band fixed between INR 290 and INR 310 per equity share. In 2013, within three years, the stock price has reached INR 590.

Persistent Systems is appreciated by both market analysts and researchers for the excellent performance of its stock and because the company's management provides a clear picture, on a regular and consistent basis, of the company's performance to all its investors and stakeholders. Key clients include Bridgestone, Constant Contact, StrutsView, Google, Yahoo, HP, VMware, BMC, Voltage Security, Microsoft, Oracle, Amdocs, Motorola, Wells Fargo etc.

Persistent - Financial Performance

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<tr>
<td>2013</td>
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24% CAGR

Persistent - Corporate Governance

Persistent is widely recognized by its peers as well as companies in other sectors, as a leader in corporate governance, an activity which is very proactively managed by Anand. According to the Institute of Company Secretaries of India, Persistent Systems has been recognized for three consecutive years as one of the top five companies in India for excellence in corporate governance, and been categorized for its proficiency in this area with stalwarts like GAIL, Hindustan Unilever, Union Bank of India and ONGC. Persistent has also won awards for corporate governance, investor relations and corporate transparency from Thomson Reuters and The Asset (a finance publication for Asian corporates). Persistent Systems has been further declared as the Winner of the 'Golden Peacock Award for Excellence in Corporate Governance' in 'National Category' for the second consecutive year by the Institute of Directors.
In the area of Education, the Foundation establishes supports and grants financial assistance to schools, colleges, libraries, laboratories and other institutions for the use or benefit of the students and run studentships and scholarships. Recent Education programs initiatives include:

- Computer education programs for teachers and students in Nagpur and Pune
- Student-sponsorship program in Pune, Nagpur, Hyderabad and Goa
- School uniform donation drive in Pune

From a community development perspective, the Foundation provides aid to senior citizen homes, orphanages, homeless shelters, welfare centers and rehabilitation centers. In cases of natural disasters, the Foundation pledges to donate medical, monetary or other relief to assist victims. It is also committed to granting aid to establish or maintain public resources such as wells, tube wells, tanks, canals, dams, water reservoirs and parks, as well as to participate in rural development and village improvement projects.

In the Healthcare area, the Foundation establishes, or grants aid to, hospitals, welfare centers and institutions for the physically or mentally handicapped. Recent Healthcare activities include:

- Sponsorship for physically and mentally challenged children in Goa and Hyderabad
- Clinical health checks for students in Pune and Goa who cannot afford adequate healthcare
- Blood donation camps in Pune, Nagpur, Hyderabad and Goa
- Translation services for a Cancer Center in Pune
Persistent Green Initiatives

Anand believes that reducing global warming is our social responsibility and as a result, has launched a company-wide initiative “Green Persistent” that involves:

- Conservation of Energy
- Conservation of Trees
- Pollution Control
- Waste Management

Anand is also very hands-on in encouraging and supporting his employees, regularly scheduling and supporting in-house events such as International Women’s Day celebrations, Annual Day, monthly technology lecture series, technical events for employees within the company such as Seminars, Innovation Day, Alan Turing centenary year, etc.

Anand has an active interest in the technology community and has hosted many successful events, participated in program committees of international conferences, and held various positions and memberships in leading associations like the premier Association of Computing Machinery (ACM), Institute of Electrical and Electronics Engineers (IEEE), Institution of Engineers (India), Computer Society of India and many more. He is currently also a member of the Association of Computing Machinery (ACM).
A Snapshot of Anand Deshpande's Achievements & Awards

Over and above Anand Deshpande’s leadership responsibilities at Persistent, he has continued to be an active part of the industry, through the organization of events and as a speaker at seminars, discussions etc. He has regularly received accolades for his vision and entrepreneurial spirit.

• He is personally involved in supporting the national strategic ‘Inclusive Innovations’ conference aimed at bringing grass root innovations aimed at improving the quality of life in India.

• He was responsible for hosting VLDB 1996 in Mumbai and ICDE 2003 in Bangalore.

• He has actively participated in committees of international conferences like member of Industrial Program Committee: VLDB 2003 in Berlin, VLDB 2004 in Toronto, IEEE 2007, ICDE 2005 in Tokyo, VLDB 2007 in Athens, Program Committee Chair for Annual Convention CSI 2008 in Pune, General Chair for COMAD 2008 in Mumbai, Industrial Program Committee Chair for DASFAA 2008 in New Delhi, Organizing Committee Chair for IEE 2009 in Pune, launched the ACM India Chapter, 2009.

• He is a member of the Association of Computing Machinery (ACM), Institute of Electrical and Electronics Engineers (IEEE), Institution of Engineers (India), Computer Society of India.

• He has served the Association of Computing Machinery (ACM) India Council as President in 2011.

• He is a member of the Executive Committee of NASSCOM.

• He serves on the Board of Trustees of the Computer History Museum in Mountain View, California.

• He serves on the Dean’s Advisory Council of the School of Informatics of Indiana University and is on the Executive Committee of NCCIA.

• He was the President of SEAP from 2005-07.

• He was Chairman of the Pune Chapter of CSI from 2003-05.

• He served as Chairman of CII, Pune Zonal Council, in 2009-10.

• He is a member of the Maratha Community Chamber (Chairman of IT committee).

• He is on the Board of Directors for Symbiosis Distance Learning Education.
In recognition of his contribution to the Information Technology sector, he was awarded the **Entrepreneur Award** at the Brihan Maharashtra Mandal Convention held in Atlanta, USA, 2005.

He was the recipient of the **CSI Fellowship Award**, in 2007, for outstanding achievement in the field of Information Technology.

He was awarded the **Career Achievement Award** of the School of Informatics at Indiana University, Bloomington in 2009.

He was awarded the **IIT Kharagpur Distinguished Alumnus Award** in 2012.