



# Sonata Software Investor Presentation

Q2'23

**Platformation™**  
Makes the Difference

[www.sonata-software.com](http://www.sonata-software.com)



# Sonata - A Snapshot



## The Company

**36 YEARS**  
as a IT Solutions  
Provider

**\$700+ M REVENUE**  
23% 3 Yr. CAGR

**5600+ TEAM**  
across US, Canada,  
EU, Asia, ANZ,  
Japan, Malaysia, and  
China

**SEI CMMI L5, ITIL  
& ISO** certified



## Industry Focus

**CPG & MFG**  
Consumer  
Goods, Industrial  
Goods,  
Wholesale

**RETAIL**  
Apparel, Hard  
Goods, Grocery,  
Hypermarket

**TRAVEL**  
TO, OTA,  
Airline, Rail,  
Hotel, Cruise

**SERVICES**  
Energy & Utilities,  
Oil & Gas, Specialty  
Contractors &  
Professional Services

**AGRI &  
COMMODITY**  
Agri manufacturers  
& commodity  
Traders

**SOFTWARE  
VENDORS**  
ERP, SCM,  
Retail, Travel



## Competencies

**DIGITAL**  
Omni-channel, Mobility &  
IoT, Analytics, Cloud

**APPLICATION LIFECYCLE  
SOLUTIONS**  
ADM, Testing, IMS  
Managed Services

**PLATFORM IP**  
Brick & Click Retail,  
Rezopia Digital Travel,  
Modern Distribution

**TECHNOLOGY  
INFRASTRUCTURE  
SOLUTIONS**  
Software, Cloud, Server &  
Storage, Systems Integration



## Credentials

**CUSTOMERS**  
Global Top 5 – Leisure  
Travel Co, Grocery Retailer,  
F&B CPG Co, Software Co

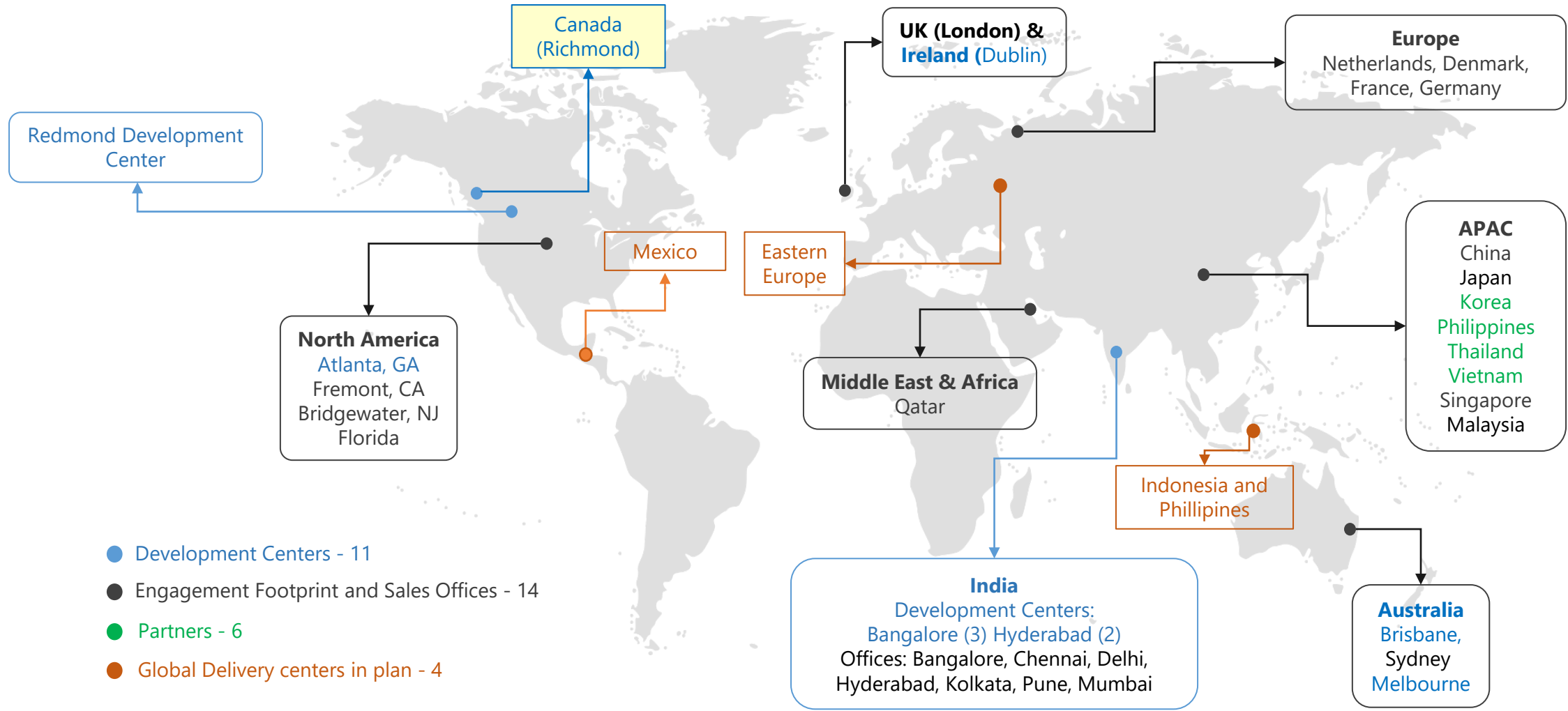
**TECHNOLOGY**  
Microsoft, SAP, Oracle,  
Open Source, IBM

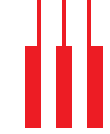
**Strategic acquisitions  
and investments**  
Microsoft – Inner Circle,  
SAP Pinnacle Award,  
Microsoft Country Partner  
of Year India

**FINANCIAL**  
National Stock Exchange  
Listed Public Ltd Co

**A Global IT Solutions Organization, with focused Industry Verticals, versatile Portfolio of Services covering wide range of Technologies and delivering value through our unique Platformation™ approach**

# Global spread and locations





A world class firm  
that is a benchmark for  
Catalyzing Business  
Transformation for our Clients,  
Fulfilling Employee  
Aspirations &  
Caring for our wider  
Community

through Depth of:  
Thought Leadership  
Customer Centricity  
Execution Excellence



## For the Customers

IT Partner of choice for transformation  
thru deeper industry, technology &  
customer focus



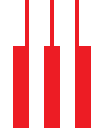
## For the Employee

A fun & fearless environment where the  
potential & passion for work flourishes

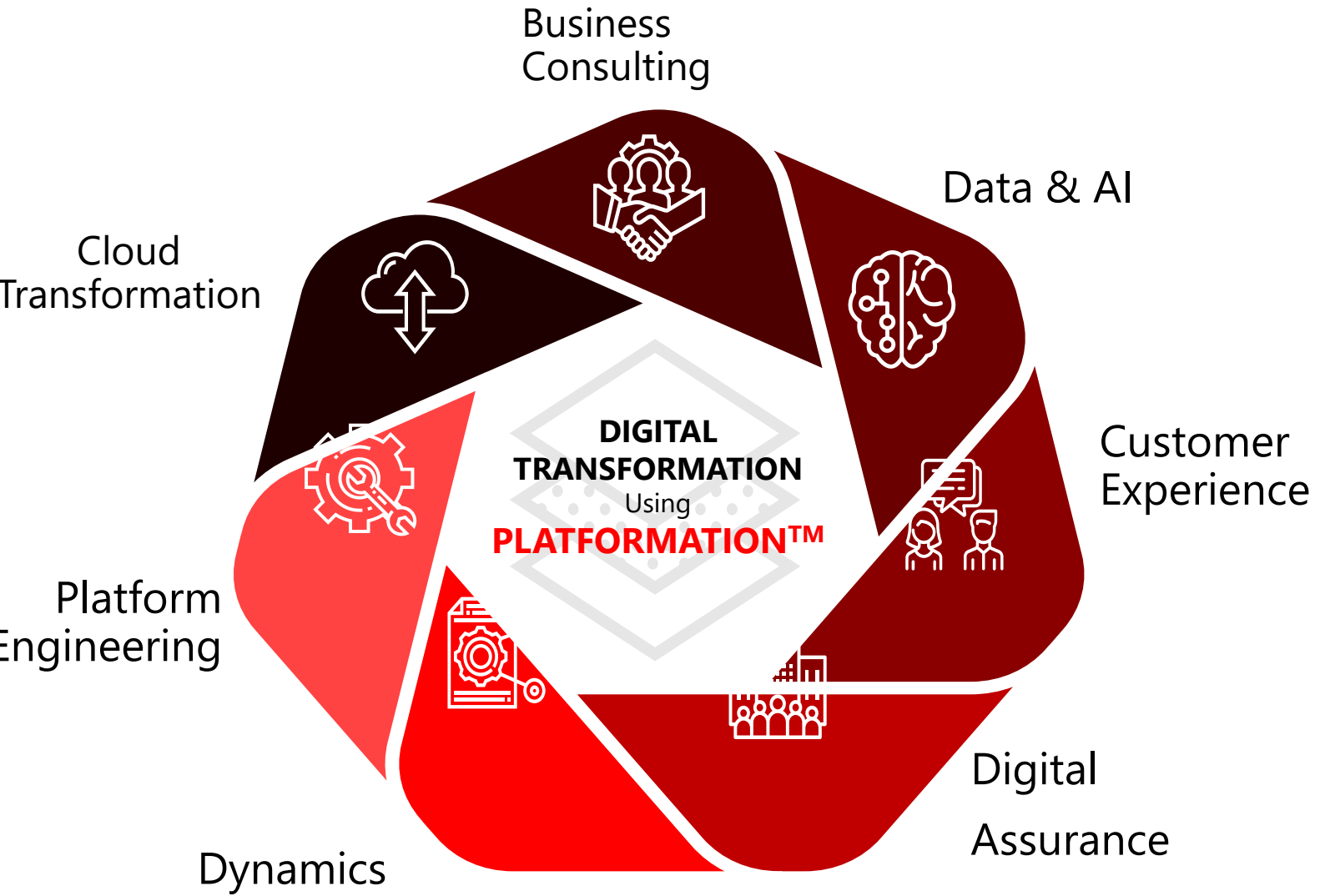


## For the Community

CSR initiatives to support IT needs of  
projects with Social impact

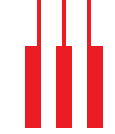


# Focus Areas

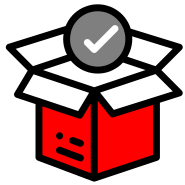


## Expertise through IP's

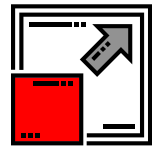
- Brick and Click
- Modern Distribution
- Agri Business
- Rezopia
- Service Industry
- GBW



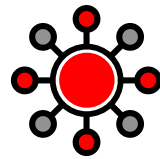
## PLATFORMATION™



OPEN



SCALABLE



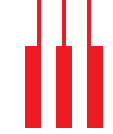
CONNECTED



INTELLIGENT

Platforms - the secret behind the digital economy's most successful companies





# Platformation™ a unique proprietary methodology for Digital Transformation

## Sonata's structured process for Platformation

- Digital Business Process and industry blueprint led
- CDAT (client digital agenda template) based approach
- Platform Maturity Assessment (Separate Business & Technology maturity assessment)
- Platform Characteristic technology assessments (With a 16 point Framework)
- Marchitecture™ aligned to CDAT

## Unique Platformation Realization

- Platformation consulting and assessment services
- Cloud Engineering (Cloud Native Development)
- Data Platformation Methodology (Structured Assessment of Data Infrastructure & Platform)
- Accelerated Platform Engineering (Solution Accelerators)
- IPs aligned to Platformation™



## Dis., Agri & Mfg

- Joint branding with Alliance around Agri Cloud
- Focus on Top 100 Agri Alliance EOU accounts, Direct channels
- Aligned sales & presales structure
- Ecosystem Partnerships- Local Agri Industry Bodies and Rainmakers
- Build/Scale capability in Agri Cloud & enhance IP

## Travel

- Leverage for other digital natives and travel enterprises
- Sharper Positioning and alliance
- Customized Solution to cater to the key drivers of each industry segment

## Retail

- Domain led Implementation & Engineering
- Build a Local ecosystem Advisories & Rainmakers
- Aligned Sales structure
- Investing; Local Retail Industry Experts, Consulting & Solution teams
- Creating Brand Recall & Marketing- with Microsoft & Analysts
- Build/Scale capability & align IPs on Microsoft Retail industry cloud

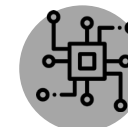


## Health Care

- Enterprise Digitalization,
- Data Intelligence
- Alliance: Microsoft, AWS, Sinequa

## ISV/Hi-tech

- Sharper Segment focus
- New segments – Digital Natives, Connected Platforms
- Longer term and Digital PODs kind of engagements
- Dedicated sales and presales in markets
- Marketing investment – new branding, events and analyst coverage
- New hyperscaler, ecosystem partnerships





# Microsoft relationship – jointly driving customer success

<p><b>30 Years</b>  <b>MICROSOFT PARTNER</b>                  GISV, ISP, CSP, ISV Dev Centre, SI.                  Global alliance footprint</p>	<p><b>400+ Clients</b>  <b>ACROSS THE GLOBE</b>                  USA, Europe, Asia, India, Australia, Middle East</p>	<p><b>\$495 million/annum</b>  <b>REVENUE TO MICROSOFT</b>                  36.7% YoY Growth , Cloud Mix 77.3%</p>
<p><b>2500+ TEAM</b>                  On Microsoft Technologies with                  1500 + on Microsoft Biz Apps                  300 + on Microsoft Azure</p>	<p><b>18 Gold</b>  <b>CERTIFIED COMPETENCIES</b>  <b>10 ADVANCED SPECIALIZATION</b>                  Dynamics 365, Microsoft Azure Expert MSP,                  Data Analytics, Teams, CAF, M365, Azure</p>	<p><b>JOINT EXECUTION</b>                  Microsoft FastTrack, Global Delivery,                  Microsoft Consulting Services</p>
<p><b>CATALYST LED SALES PROCESS</b>                  Industry Point of View, Business Value                  assessment, Envisioning Workshops, Design                  Thinking</p>	<p><b>INDUSTRY CLOUDS GO TO MARKET</b>                  Retail, Agri, Sustainability, Manufacturing</p>	<p><b>INDUSTRY DIGITAL TRANSFORMATION</b>                  Retail, Consumer goods, Distribution, Agri                  Manufacturing, Service, Healthcare, ISV</p>

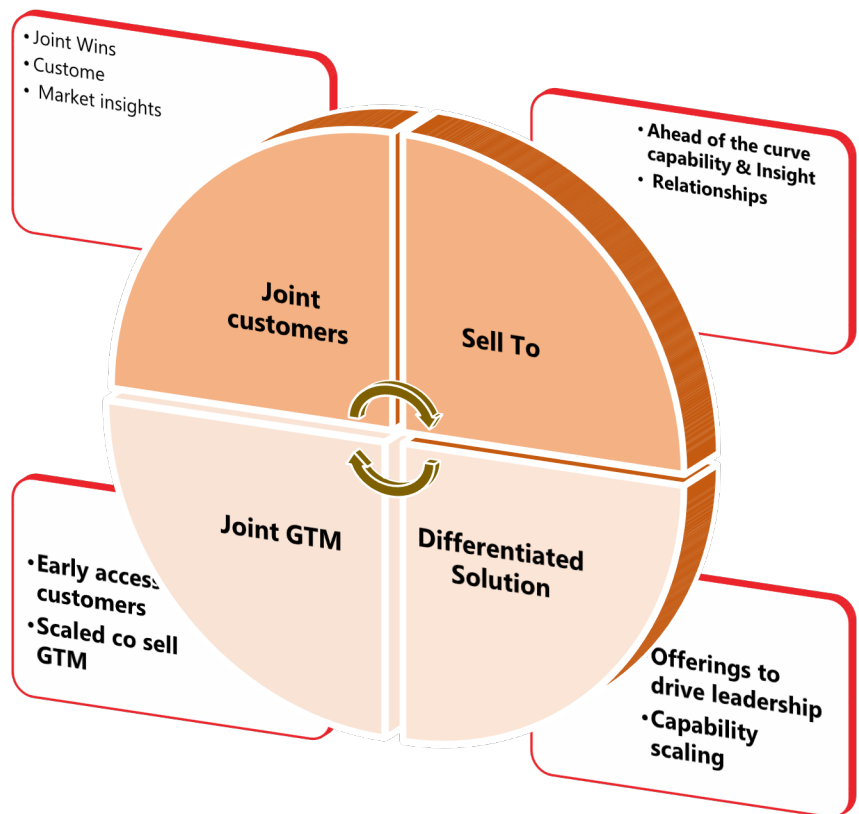
Competency Name	Status
Application Development	Gold
Application Integration	Gold
Cloud Business Applications	Gold
Cloud Platform	Gold
Cloud Productivity	Gold
Collaboration and Content	Gold
Communications	Gold
Data Analytics	Gold
Data Platform	Gold
Datacenter	Gold
DevOps	Gold
Enterprise Mobility Management	Gold
Enterprise Resource Planning	Gold
Messaging	Gold
Project and Portfolio Management	Gold
Security	Gold
Small and Midmarket Cloud Solutions	Gold
Windows and Devices	Gold



**Celebrating 30 years of partnership with Microsoft**



# Microsoft Sell to- Building on 360 degree synergy



## Key Strategies

- Expanding existing groups and opening of new groups
- Strategic Partner for Dynamics 365 BizApps portfolio – F&O, C&E and Power Platform
- Focus :“Microsoft on Microsoft – First party implementations of Biz Apps.
- Get C& AI in growth mode for growth in Product Engineering and IT
- Scale New programs for Next Gen Service offerings and Customer Success and Data
- Invest in relationship building – across product and functional groups
- Investments : Global delivery center expansions, Marketing and Sales team, Architects onsite to accelerate
- Scale our delivery structure and resource onboarding
- Setting up CoE
- Continuous focus in customer service domain in emerging & growth segment
- Most new win are for transformational and modernization work
- Multi year contracts
- Vertical expansion from traditional to new high growth vertical

## Focused offerings

- Product Engineering; Product Support
- CE&S and Data and Analytics
- new service lines – Cx, BPM, Digital Support
- BizApps full stack
- Power Platform

## Biz Apps (Dynamics)

(Avg qtr rev. rate past 3 years)



### Key Highlights

- 60% Modernization | 8 large deals | Annuity
- Recognized for Modernization opportunities
- Quality of accounts and of deals better – Platformation led, Larger Multi Geo, Multi Stack
- Existing customer Adjacencies leading to broad-based engagement

Offering	Customer Segment
Modernization	Customers on Microsoft AX, CRM, GP, NAV
Transformation, Implementation & Rollouts	Legacy landscape on Non-Biz Apps
CCOE- Managed Services, Workload expansion, Engineering, Power Platform	Existing Dynamics (Sonata & Non-Sonata) Large surround areas

### Focus GTM

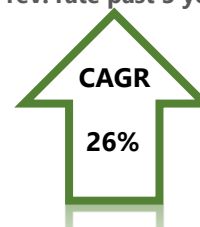
- Focus to get large Dynamics Transformation deals
- Industry Themes and Industry cloud-based offerings
- Work with SAS team- Compete, Full stack migrations
- Get alliance Status in other Geos
- Co-Sell Alignment with MS Enterprise & major accounts
- Joint demand gen/ marketing with alliance teams in all Geos
- Improve Direct Demand generation & marketing

### Capability

- Build Transformation capability-Consulting, OCM, Domain
- Build Skills- New Biz Apps components, Industry Cloud, collaborative apps (Office, Teams) & Microservices
- Large Program Delivery
- Geo local presale presence
- Investing in enhancing IP's

## Cloud and Data

(Avg qtr rev. rate past 3 years)



### Key Offerings

- Full stack Modernization for cost takeout
- Platform Engineering for Business Agility
- Data platforms for smarter and connected business

### Alliance Positioning

- Full stack Modernization for cost takeout
- Platform Engineering for Business Agility
- Data platforms for smarter and connected business

### GTM Focus :

- Broad based partner for existing account
  - Data services - annuity business – larger data pool of work
  - Cloud/ Data modernization
- NBD
  - Sharpen current offering - Platform Engg, Data
  - Direct NBD – sharpening Pull and Direct sales approach
  - Alliance offers for modernization/transformation deals
  - Alliance led – SaS led , Field led

### Alliance status and recognition:

- Status - Azure Expert MSP, Advance specialization, AMMP
- Sharper Positioning and alliance packaged offering
- Managed status for cloud in 2 geos, and in 2 Industries

### Capability

- In market presale presence – ANZ, Europe, North America
- Investing in creating demos
- Cloud Management Tools for automation of managed services,
- Building capacity and bandwidth
- Technical leads and architects

We have added new clients across different industries – Retail, BFSI, Mfg, and Travel. We will continue to focus on Enterprise clients to accelerate our growth across the markets we operate.



A telecom provider chose Sonata for implementing CRM Solution for its newly merged entity. This would involve streamlining of business processes across the merged entity and implementing CRM solution.

An automobile members club providing insurance, banking and roadside assistance has chosen Sonata for its Digital transformation program which will start with implementation of ERP for its Finance, retail and Supply Chain functions across all its locations.

A Human Capital Mgmt solutions company awarded Sonata for multi yrs managed service deal for Modernization of current suite of products of -LMS on AWS including UI/UX Modernization, Sustenance activities to start with & Feature enhancements in the future, Engineering support

A premier high quality flexible packaging manufacturer has chosen Sonata as its Modernisation partner. The program will start with modernisation of their ERP followed by data modernization.

A large ferry services company has awarded Sonata contract to maintain and support its SAP Commerce Cloud implementation. This will also include enhancements to the functionality.

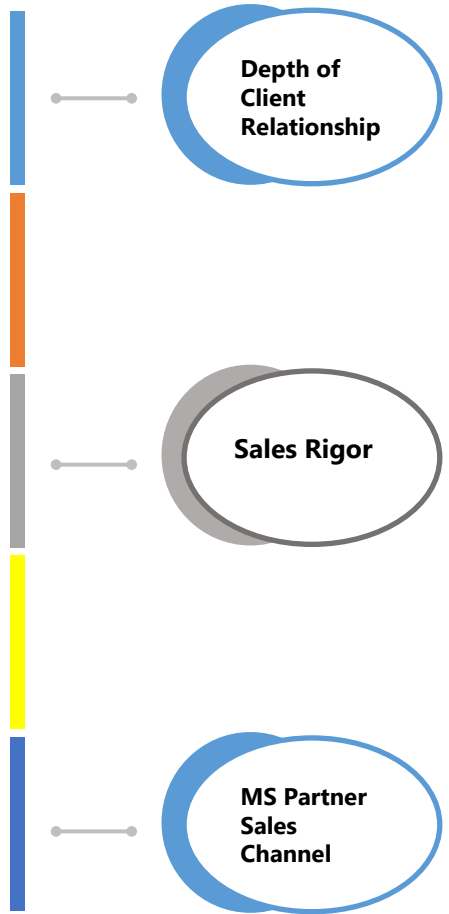
# Going forward strategy – drive innovative value-based outcomes.

- Pivoting towards Managed Services contracts.
- Proactively for 3+ years (renewals + new business).

- Proactive large deals & open new buying centers in existing clients.
- Leveraging market connects (Deal advisors, Rainmakers, Client connects) to increase sales pipeline.
- Collaborate with Competency Center to create market relevant GTM solutions.
- Forging partnership with Hyperscalers (Azure, AWS & GCP).
- Exploring partnership with PE firms to be their Digital System Integrator (OneVista, TrueNorth).

Annuity Mix

Large Deal Pipeline & Conversion



Depth of Client Relationship

Sales Rigor

MS Partner Sales Channel

- Increased interaction & coverage with Client Execs.
- High responsiveness and call to action on red projects.
- Highlight value delivered beyond contractual obligations.

Focus on value differentiation layers; Sales Rigor – MHA, OB, Pipeline, Deal Desk, Sales Productivity.

Continuous focus on leveraging the MS sales channel to increase the order book and deal intake.

# With a team nurtured to make a difference



## Deeper roles

Regular exposure to newer technologies, evolving business scenarios, and building cross-functional expertise

## Customer impact

Continuous exposure to clients to assess business impact of solutions delivered

## Freedom to contribute

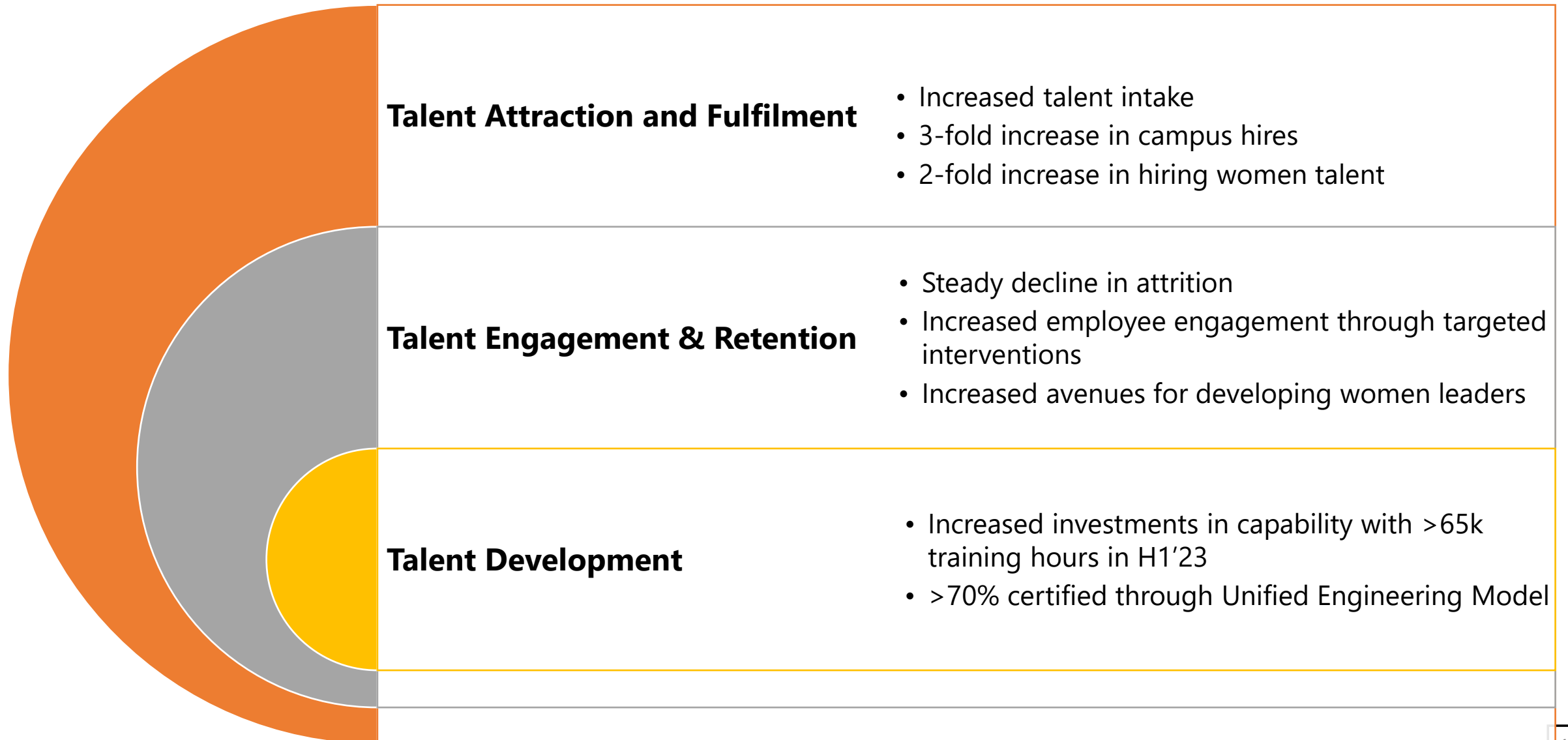
Our flexible working style encourages ideation within broad boundaries

## Growth

Early identification, mentoring, and nurturing of talent for growth by senior leaders

“We need to take a pause and appreciate the drive and determination we have seen from every player on what is a complex effort and delivery. We commend you all for your effort...keep up the good work!”

- Director – Platform Systems, US Travel Leader



## Vision & Values aligned to individual purpose

Customer & People success, Innovation, Winning teams, Growth mindset, Diversity & Inclusiveness, Social citizenship

### Constant upskilling & training

~10% of workforce upskilled through cross-training

~60% covered through Unified Certification Programs

### Diverse & Inclusive workplace

Employees of more than 17 nationalities thriving and contributing to our success



### Robust Employee Engagement & listening systems

>80% score on Sonatian Experience; leading to lower attrition

### Career Growth

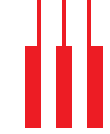
- >70% of leadership (SM) grown from within
- Avg. tenure: Senior management ~13 yrs and middle management ~9 yrs





# Financials





## International Business

**Platformation™, IP & Alliance led growth**

**Deeper revenue mining from existing customers**

**Strong Pipeline and Acquiring new clients**

**Strong sales hunting leading to acquiring of new clients**

**Margin levers**

**High-end digital services**

## Domestic Business

**Very large deals, Consistent absolute gross margin growth**

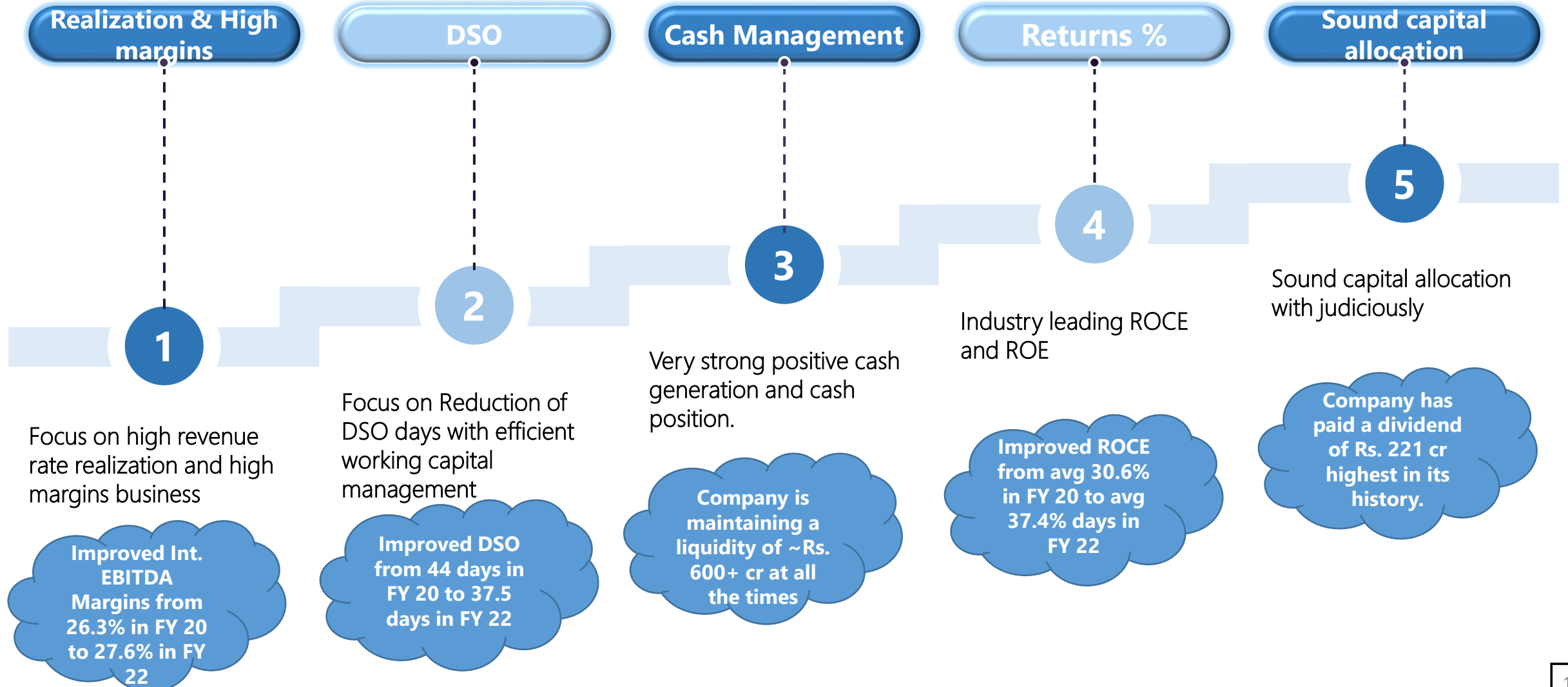
**Strong Customer Retention & growth in Market share**

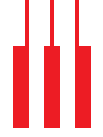
**Strategic shift towards cloud**

**Addition of new strategic business lines for expansion**

**Multi year annuity license sales**

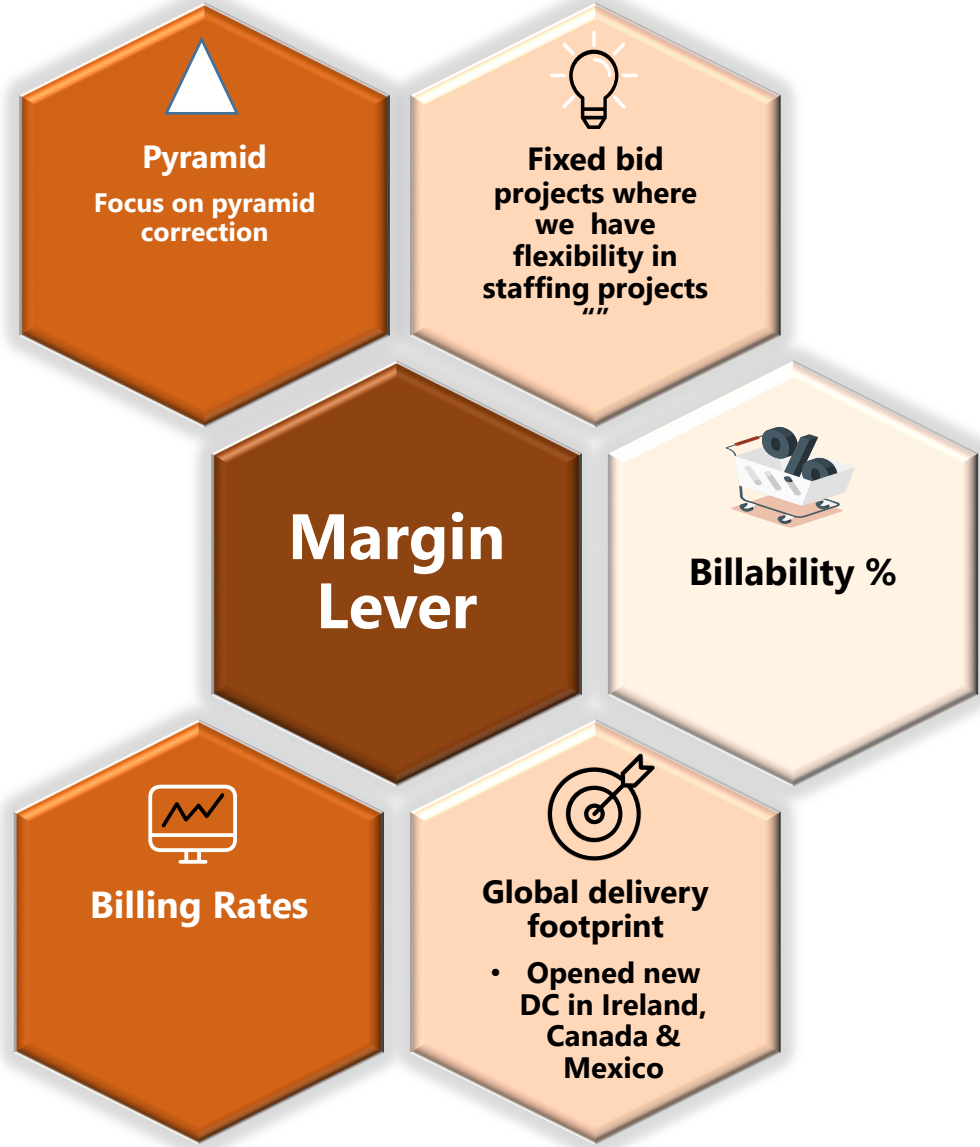
**Leading ROCE and ROE**

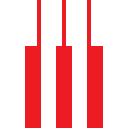




# Margin Lever

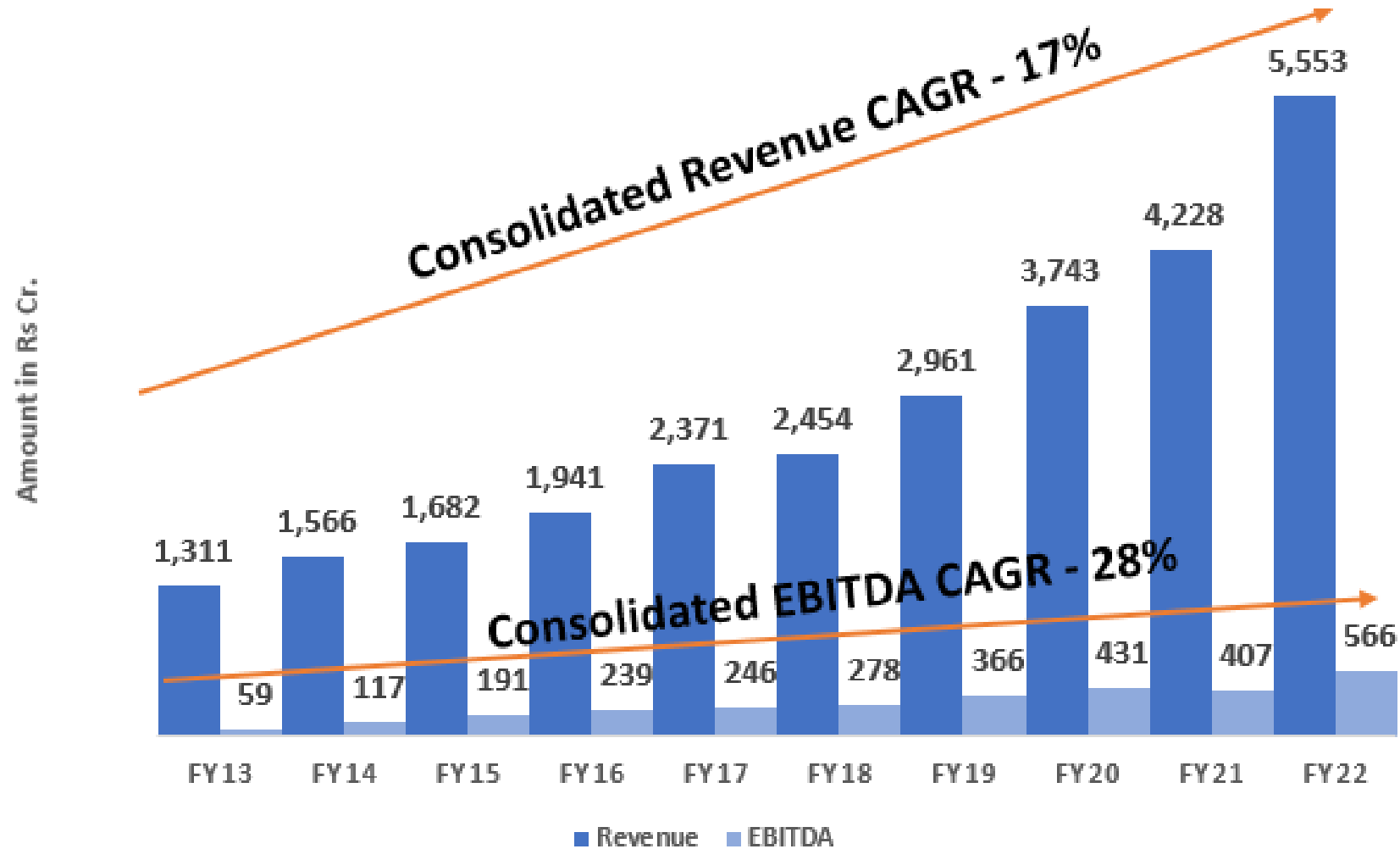
We are continuously working on the below margin lever to ensure highest profitability.





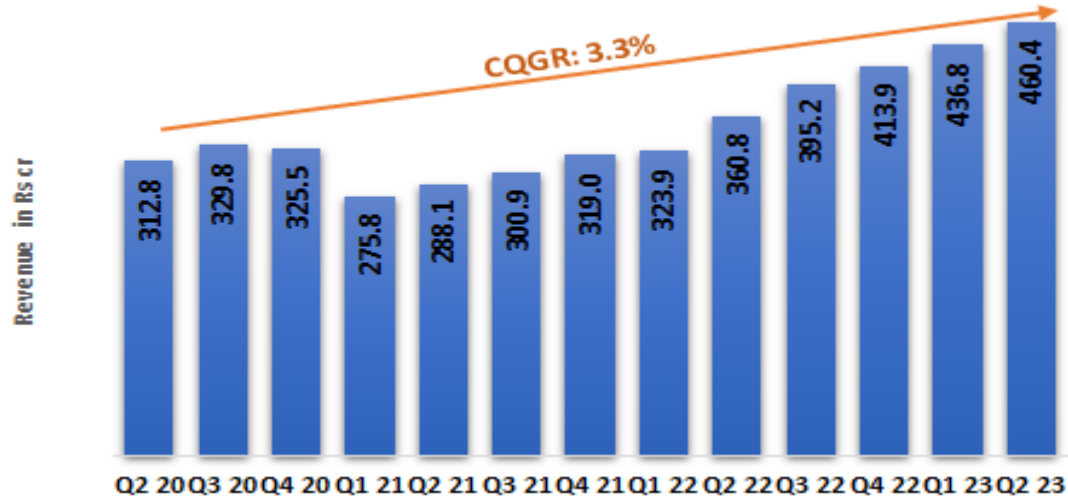
# Consistent Growth Over Last 10 years

## Consolidated Revenue & EBITDA

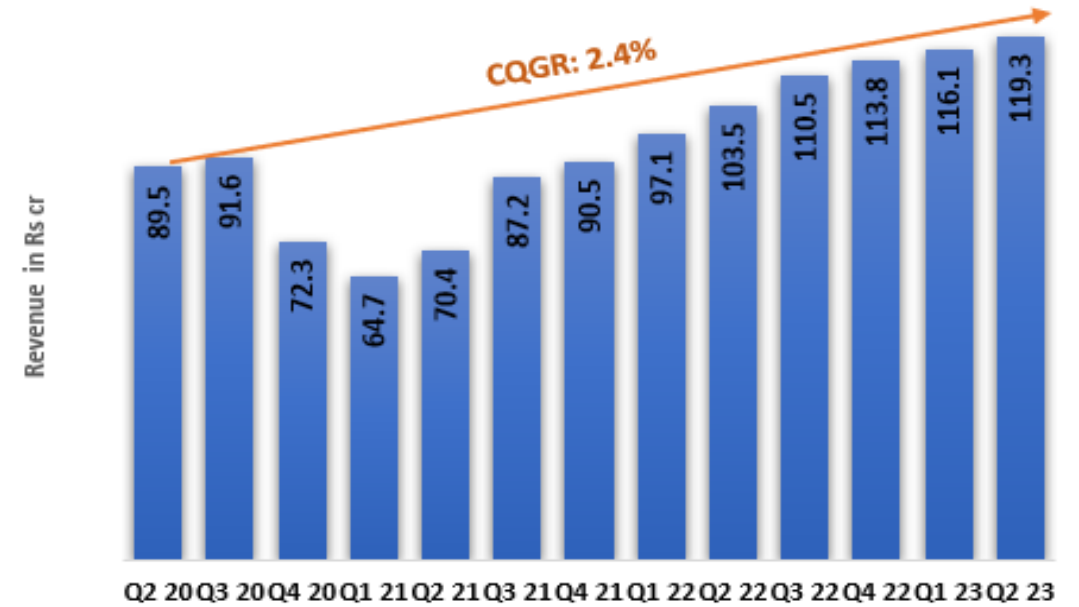


# International Services Revenue & EBITDA trend for last 12 Quarters

## Revenue (in crs)

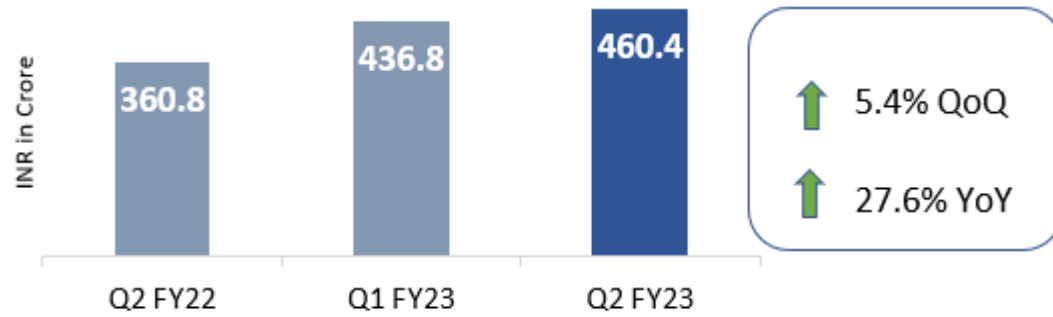


## EBITDA (in crs)

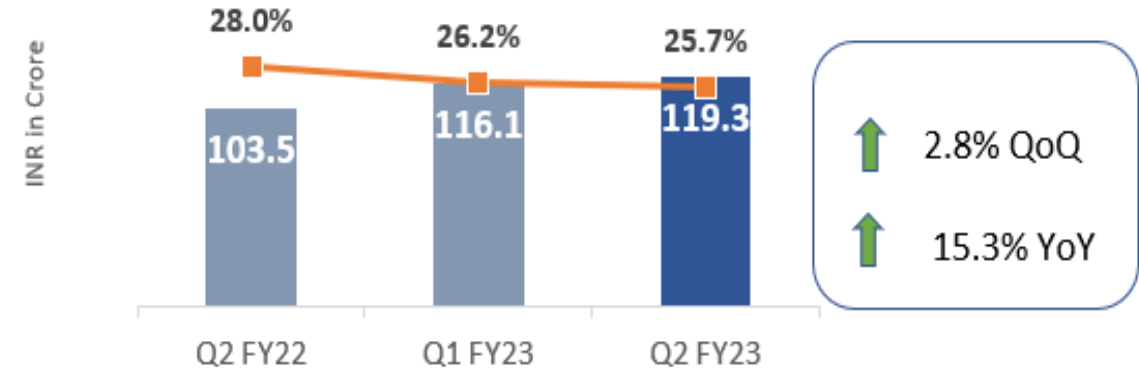


# Financial Performance of International Services – Q2 FY23

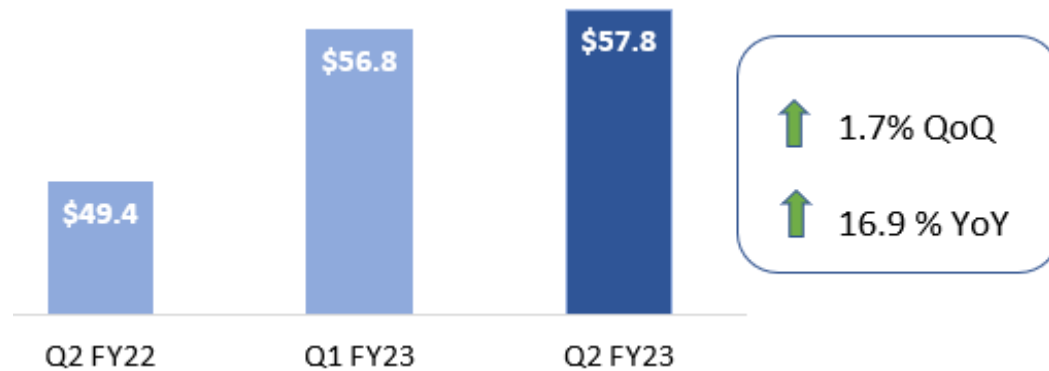
## Revenue in INR. Cr



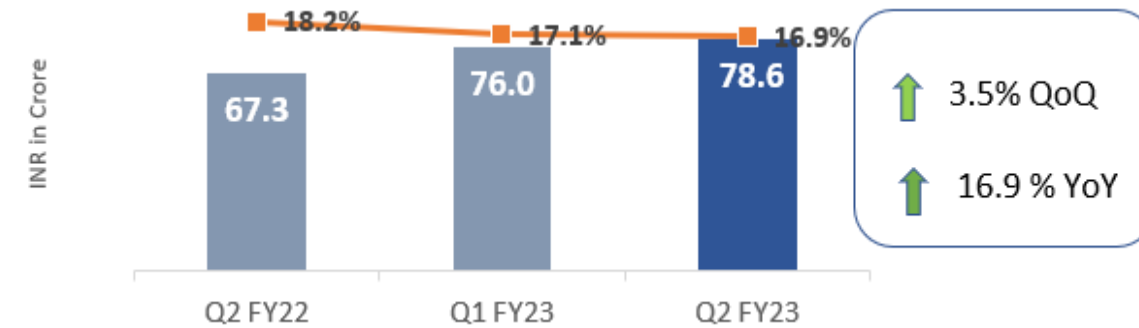
## EBITDA



## Revenue in \$ Mn

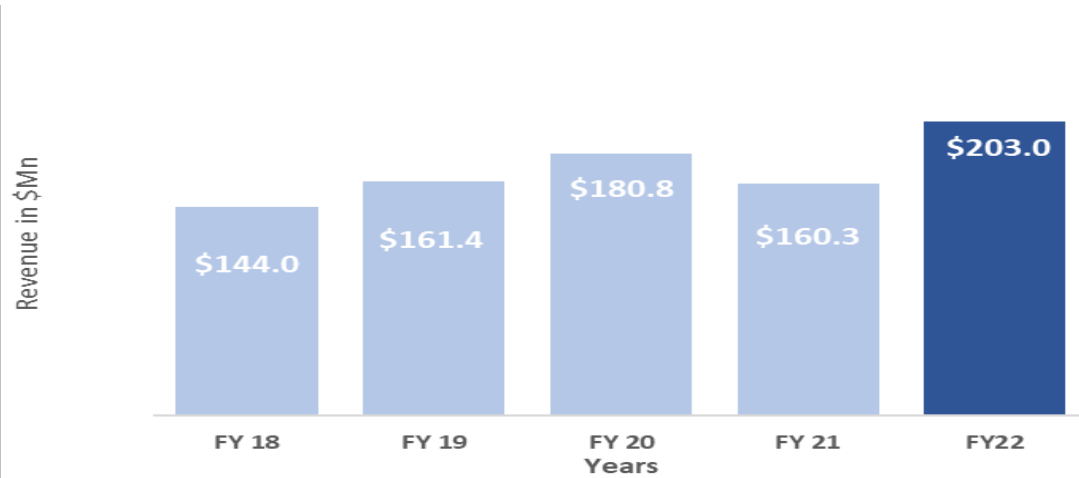


## PAT

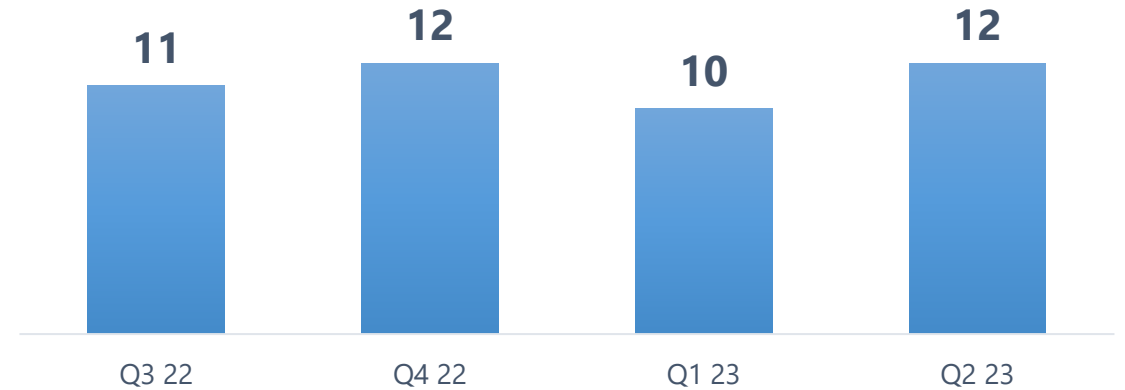


# International Business Revenue Growth

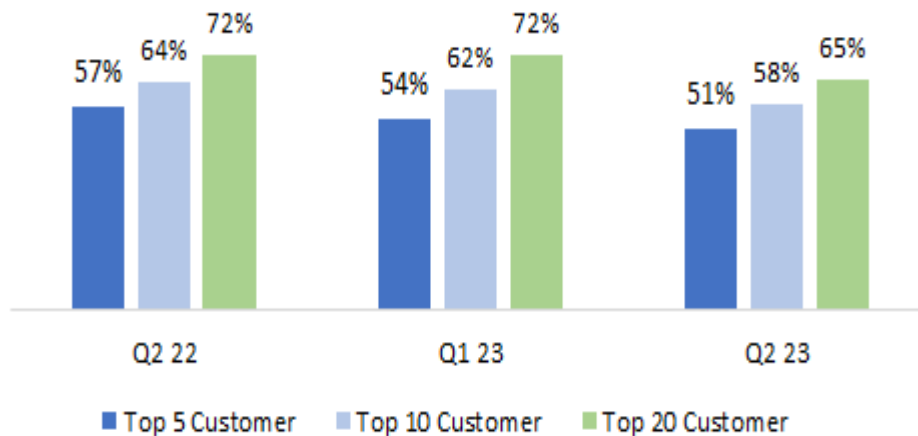
## Revenue in \$Million



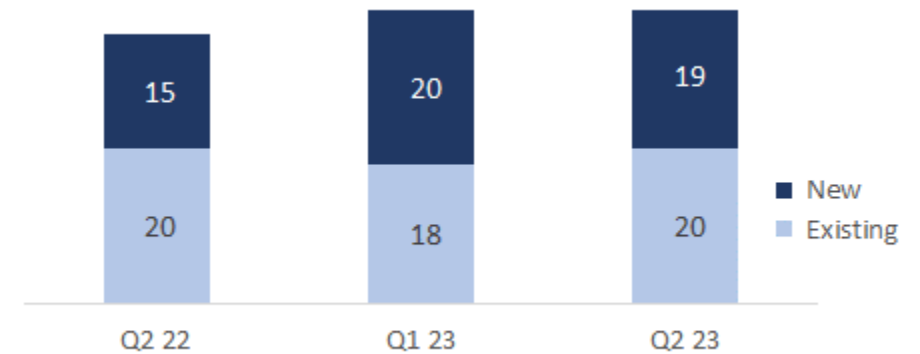
## New Customer added



## Client Concentration

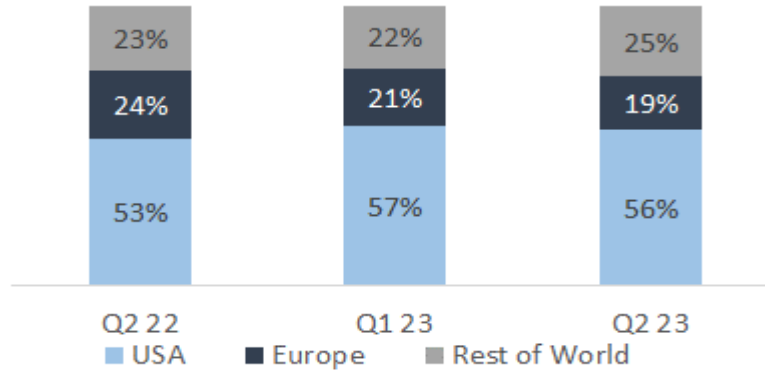


## No. of \$Million Customers

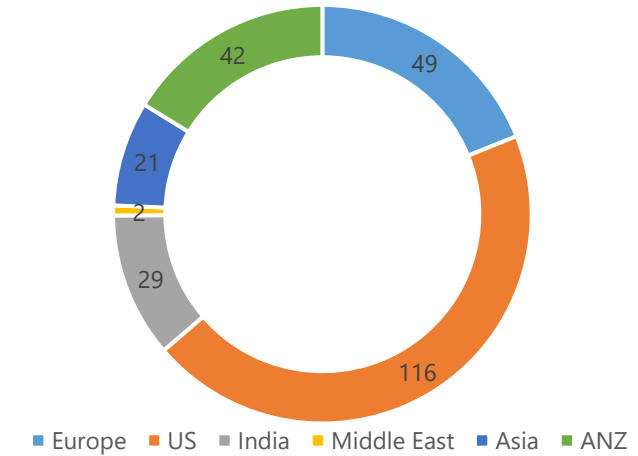




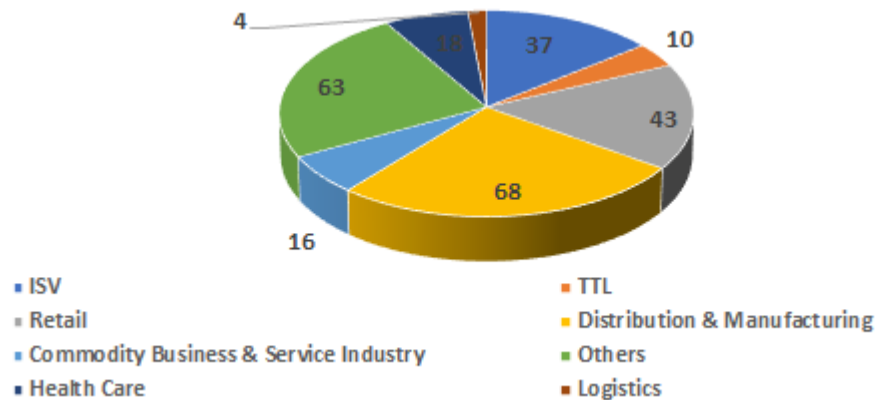
## Revenue by Geography



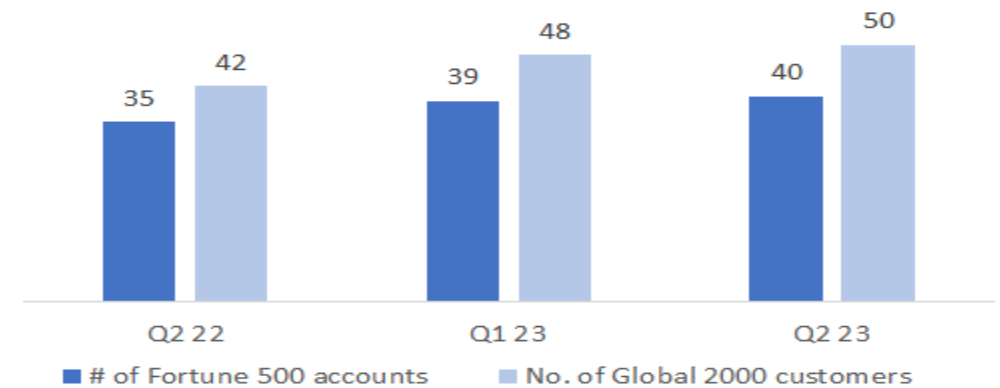
## No. of Customers by Geo



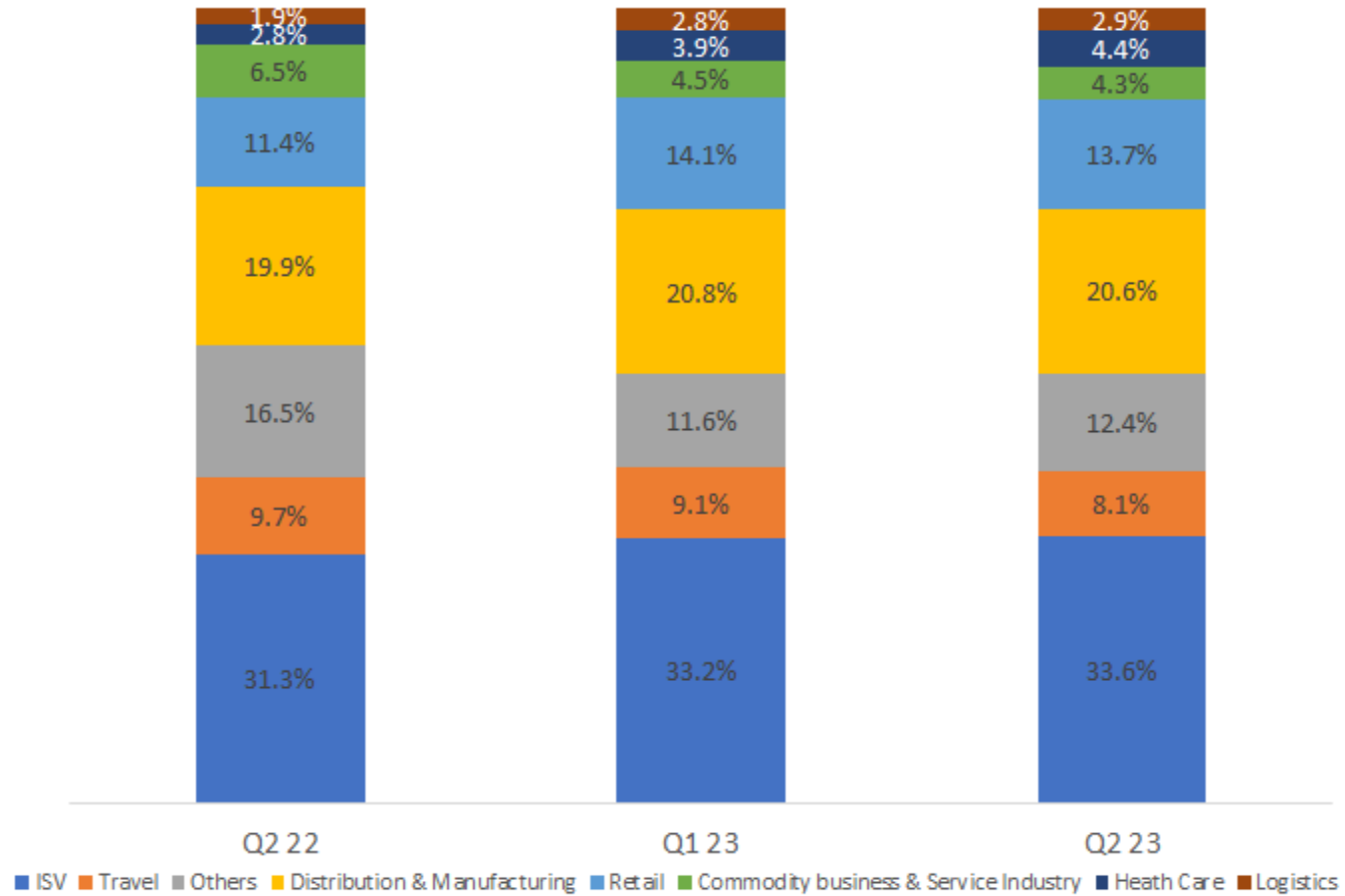
## No. of Customers by industry

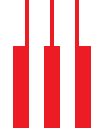


## Customer Category

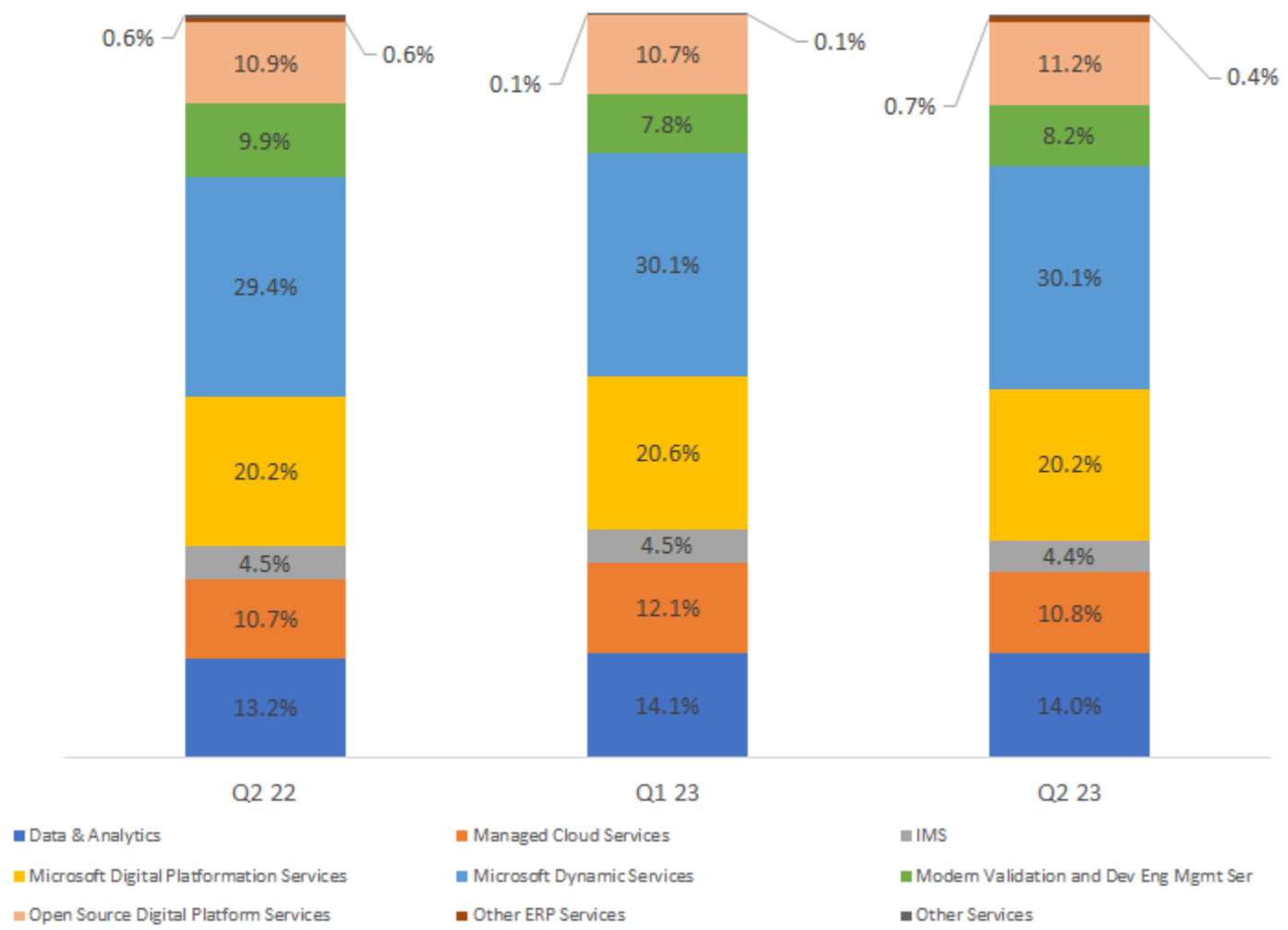


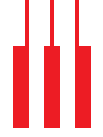
## Revenue by Vertical Mix



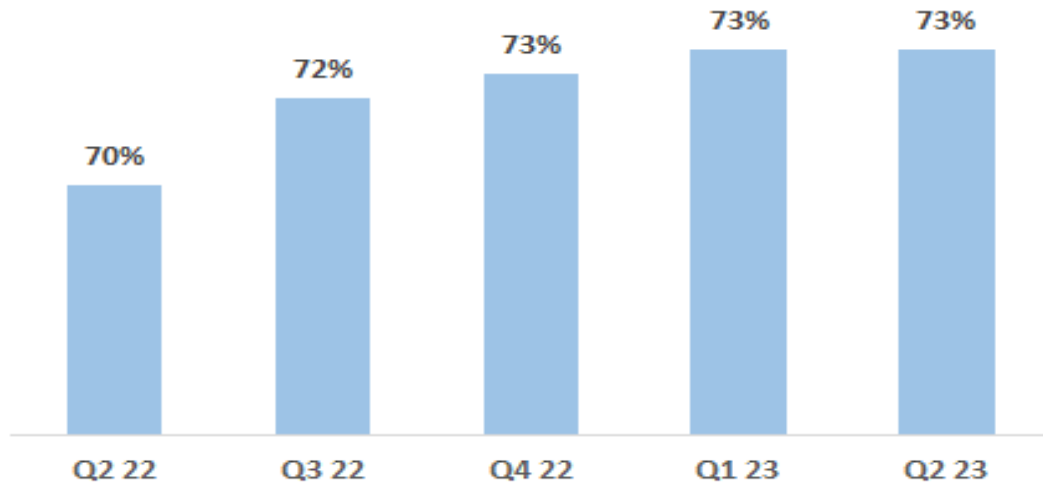


## Revenue by high end Service Mix

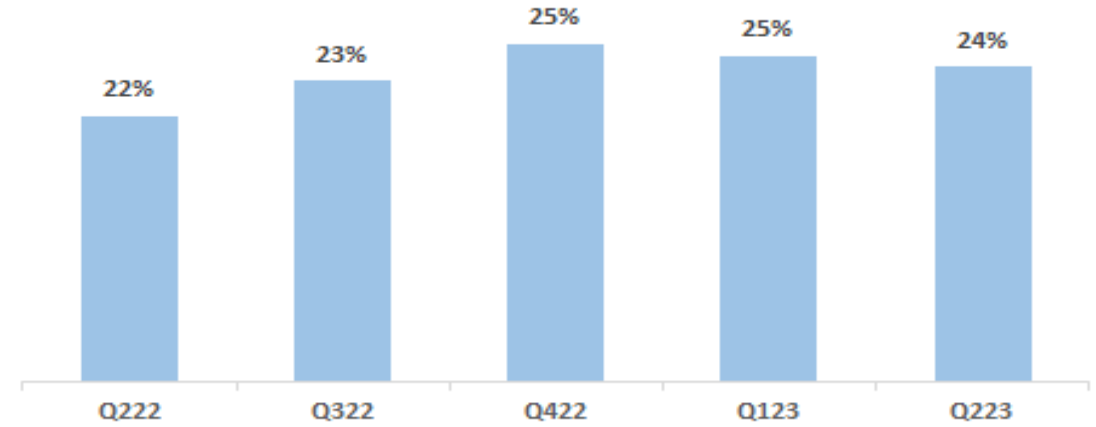




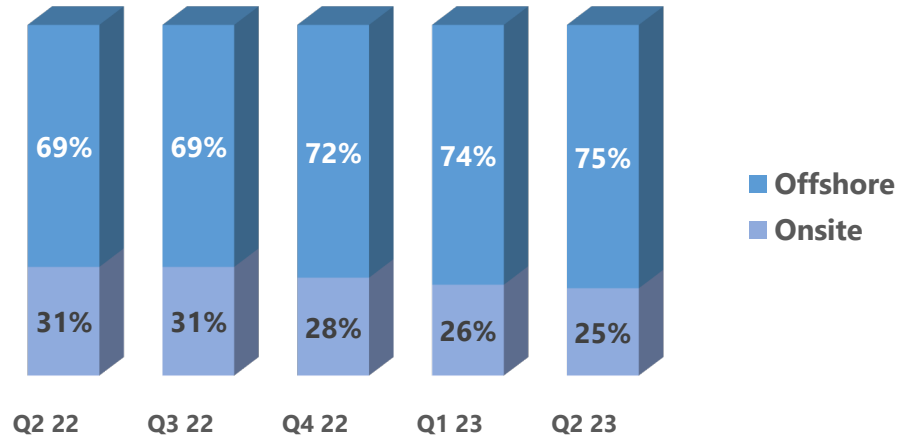
## Digital Revenue %



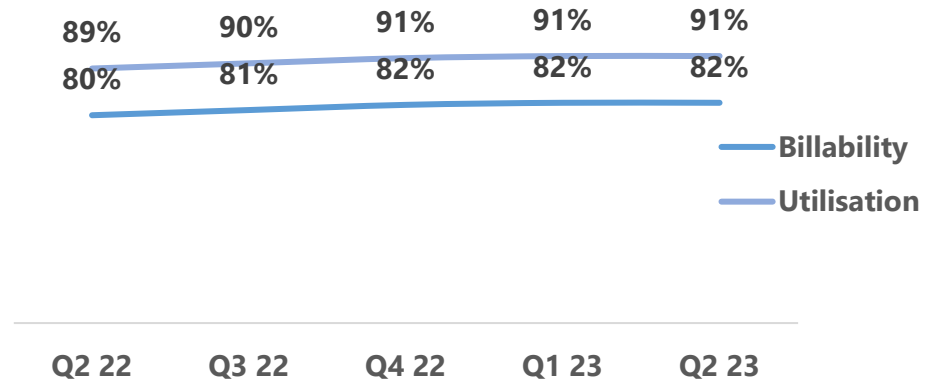
## Platformation™ Revenue %



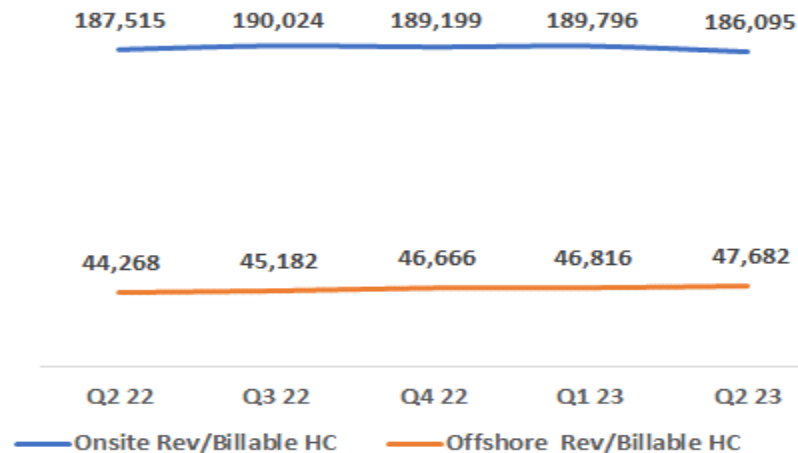
## Revenue by Onsite / Offshore Mix

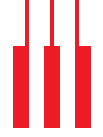


## Utilization & Billability

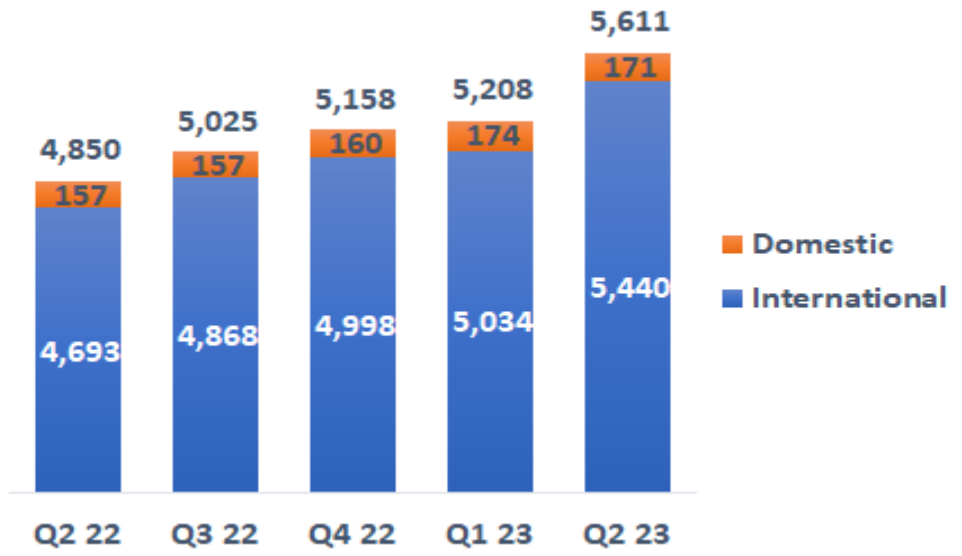


## Revenue per Billable HC (USD)

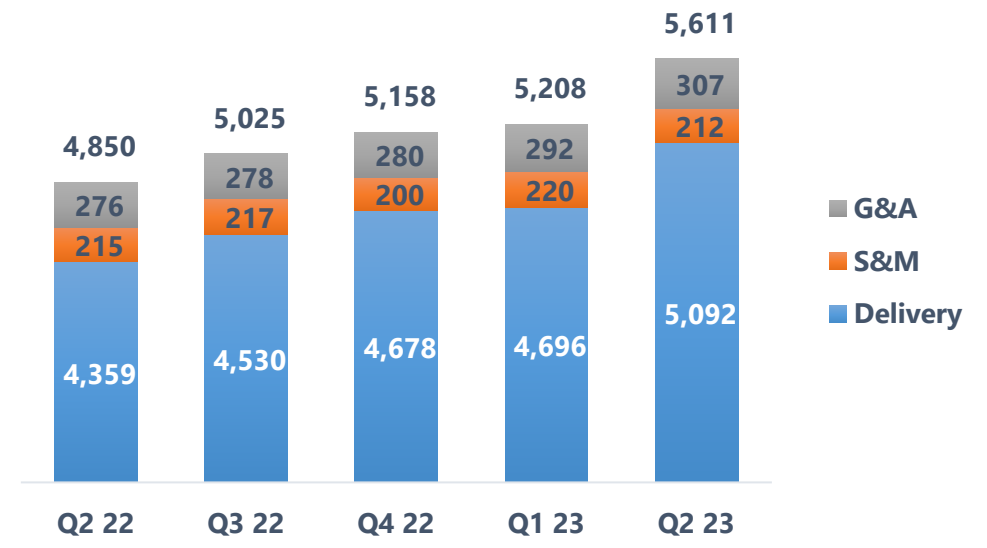


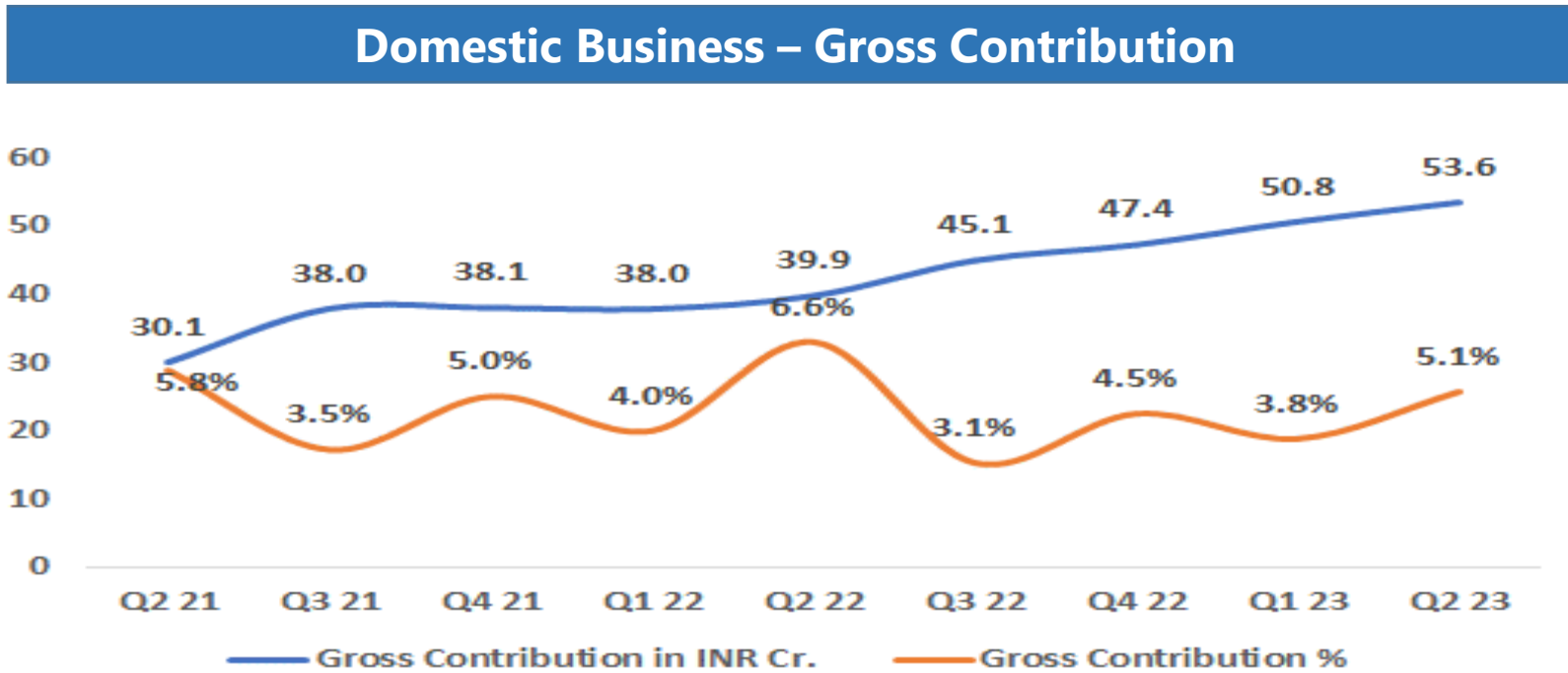


## Overall Headcount



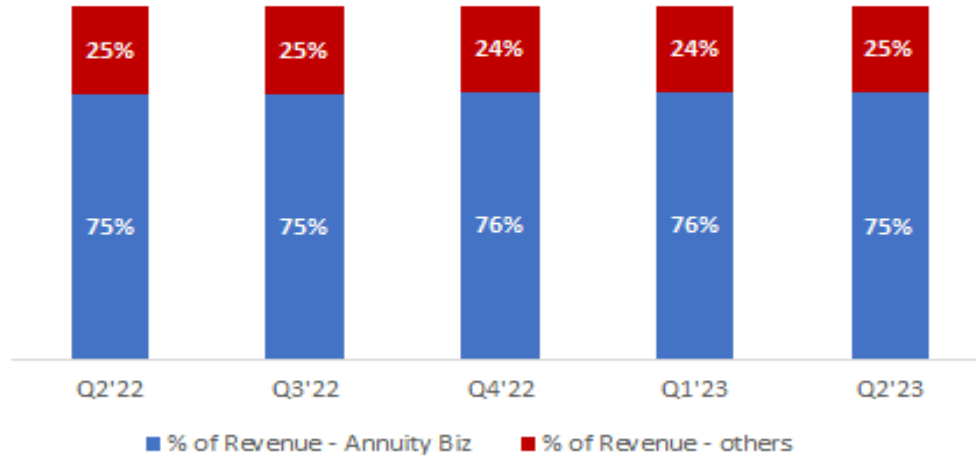
## Headcount by Business Type



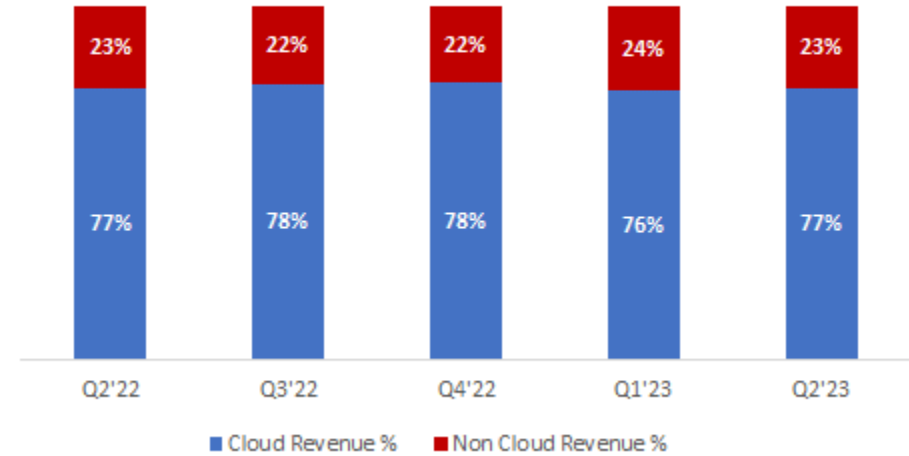


# Domestic Business - Revenue

## Domestic Revenue (Annuity/Others)



## Domestic Revenue (Cloud/Non Cloud)

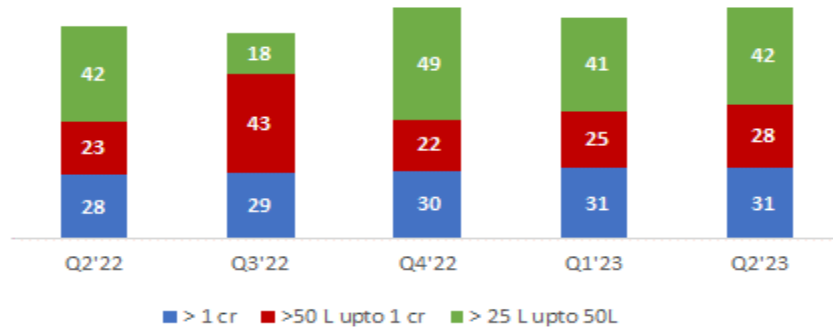


Domestic business major revenue contribution from multi year annuity enterprise sales

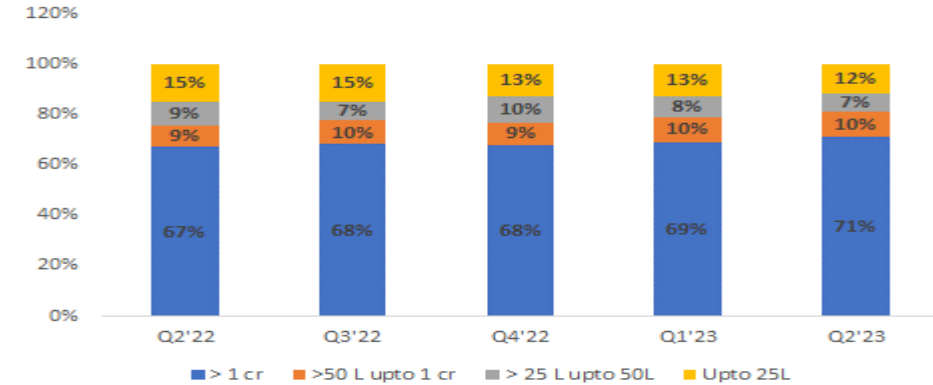


# Domestic Business - Gross margin Analysis by customers

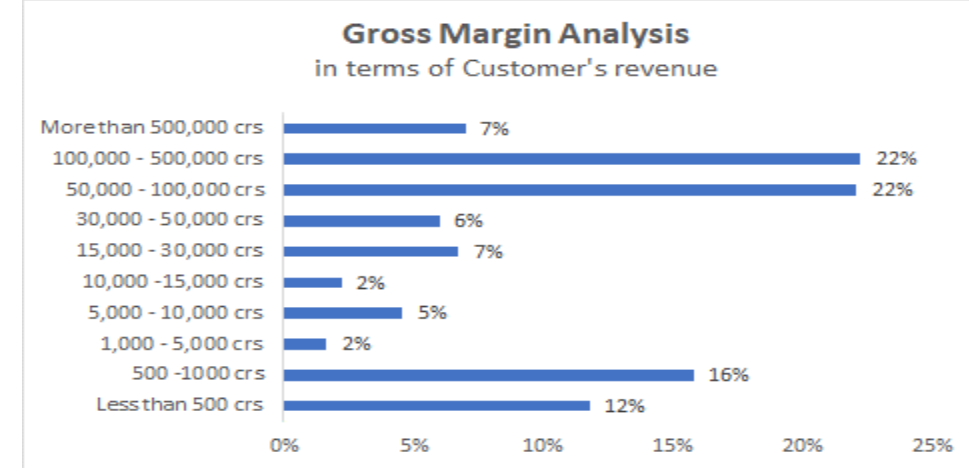
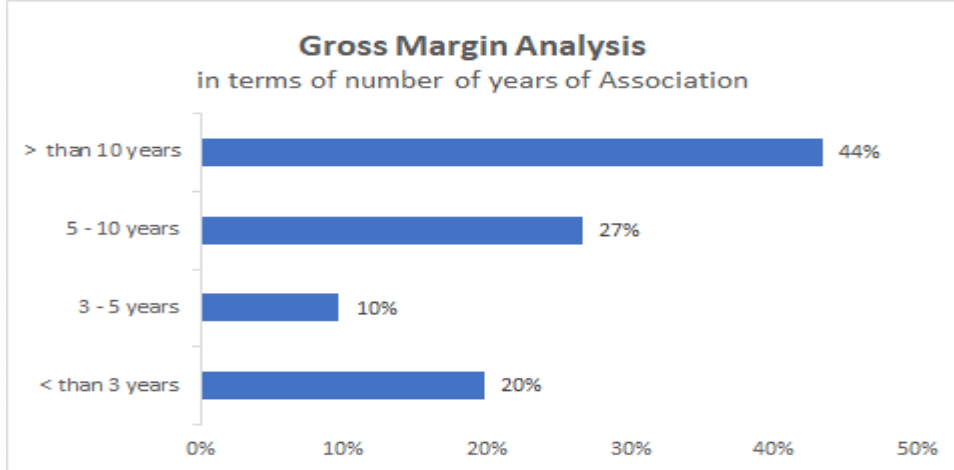
## Domestic Customer Count



## Domestic Customer by GC %



Calculated based on annualized GC

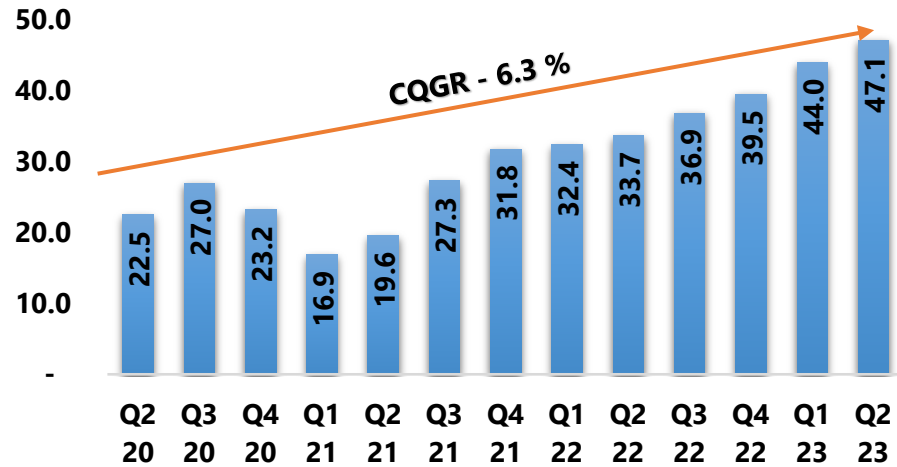


Top ~ 48 customers contribute to about 80% of Gross Margin  
 Strong customer retention - ~ 71% of Gross Margin contributed from customers associated for more than 5 years  
 Established customer base - ~72% Gross Margin from customers with revenue greater than 1,000 crs

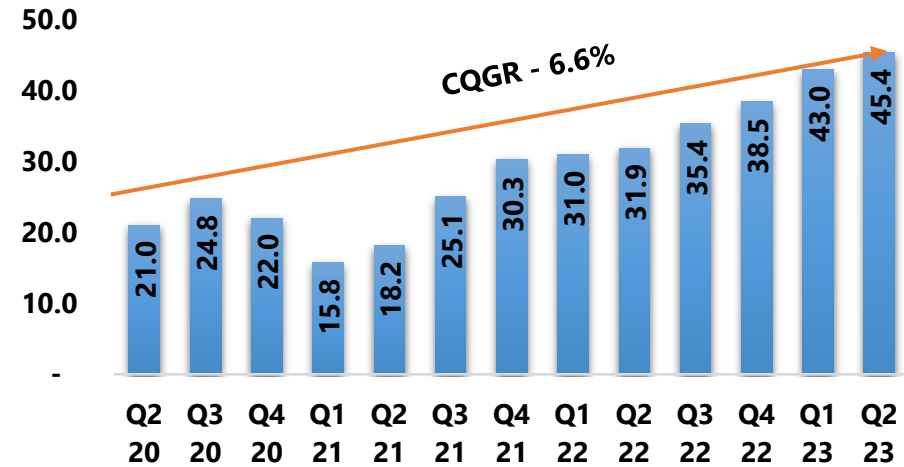
# EBITDA, PBT and PAT – Last 12 Quarters

## Domestic Business

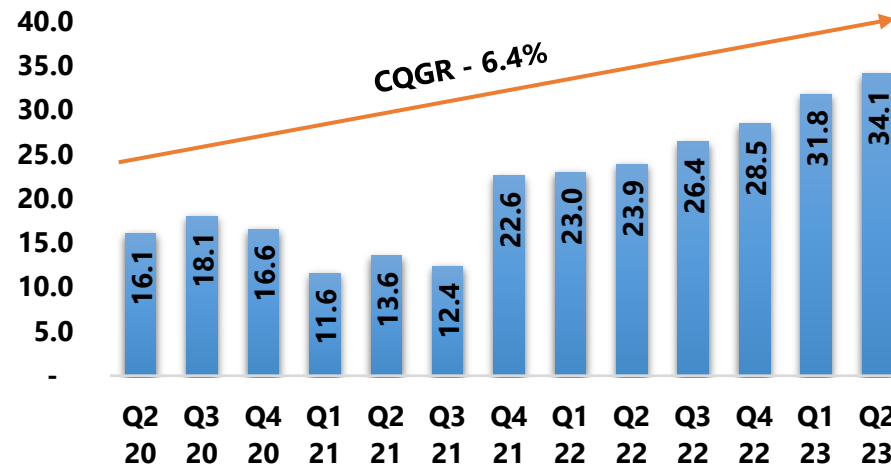
### Domestic Business EBITDA



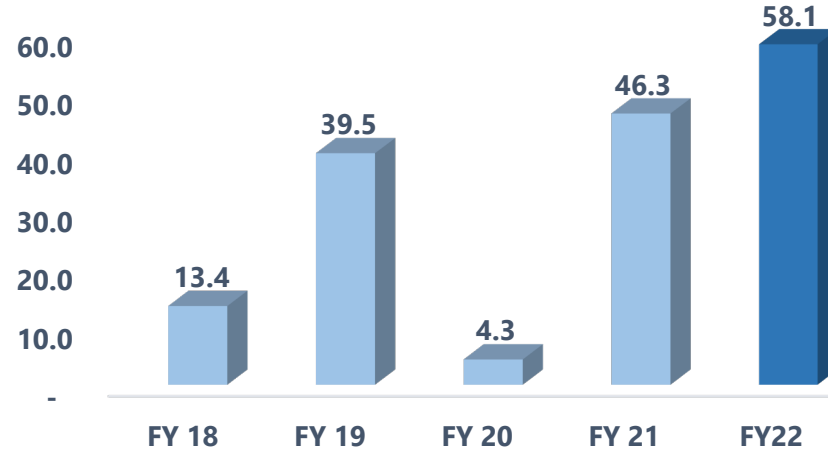
### Domestic Business PBT



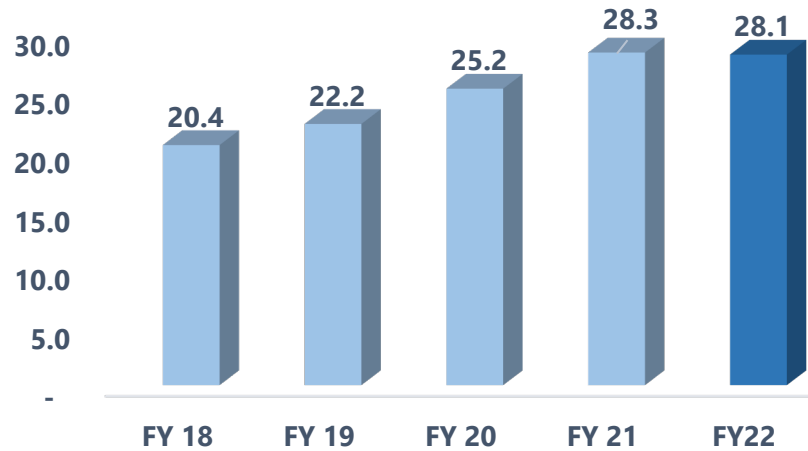
### Domestic Business PAT



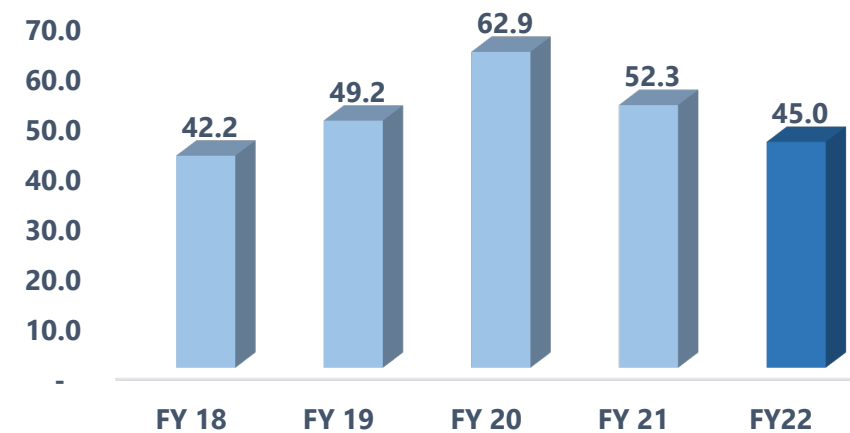
### M&A Investment



### IP & R&D Investment



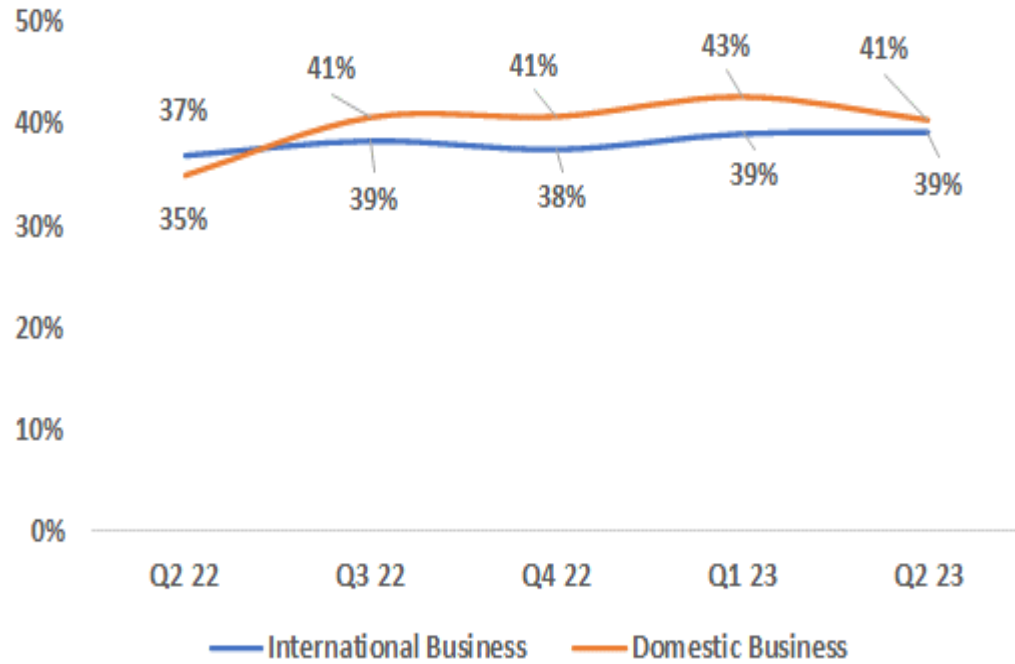
### S&M Investment



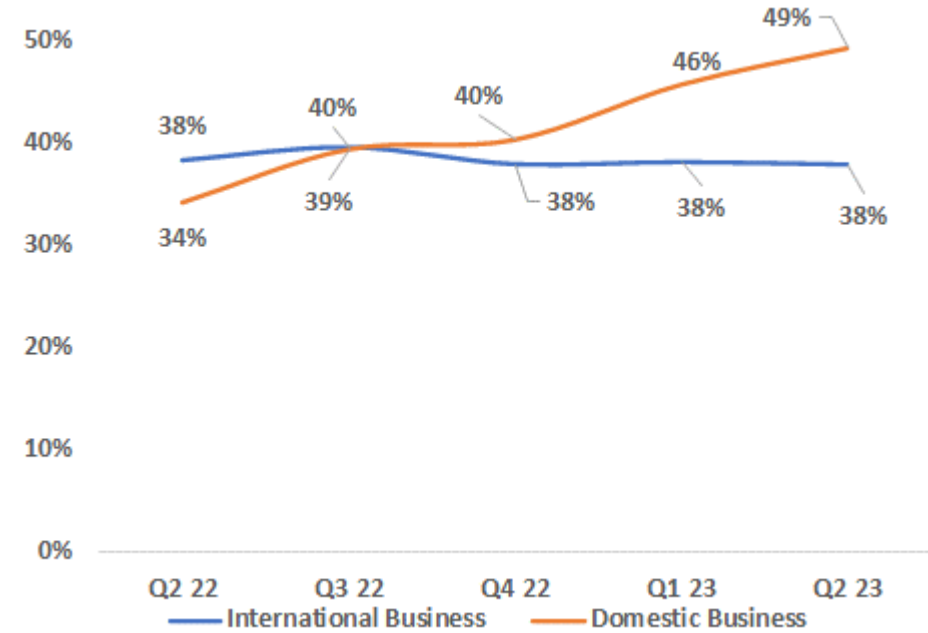
Lower S&M cost in FY22 due to reduction in travel cost

# International and Domestic ROCE & RONW

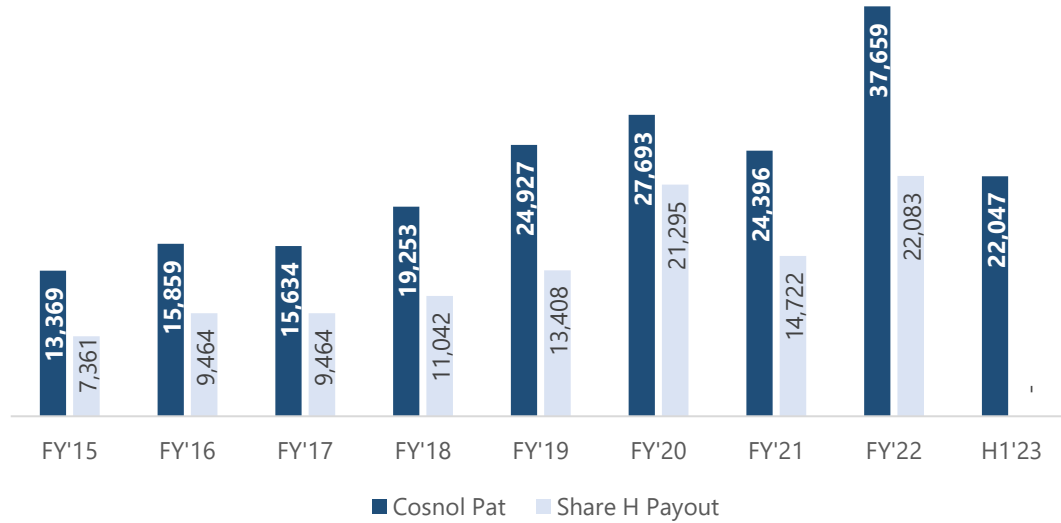
## ROCE



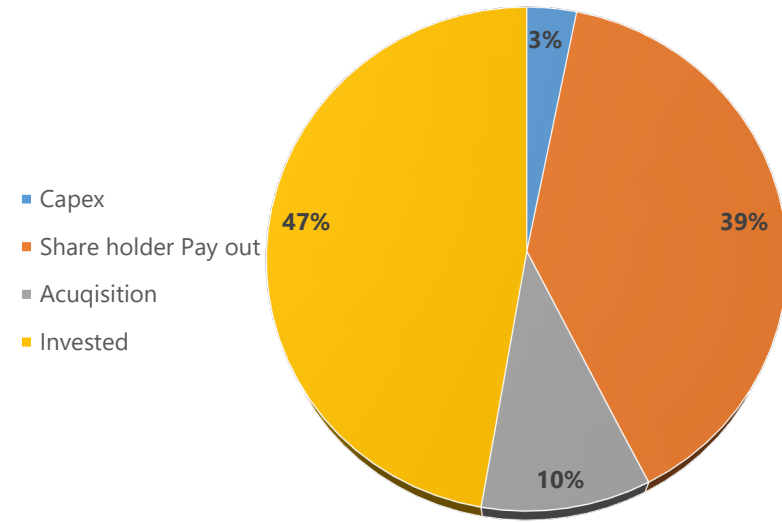
## RONW

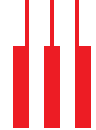


## Capital Allocation (INR Lakhs)



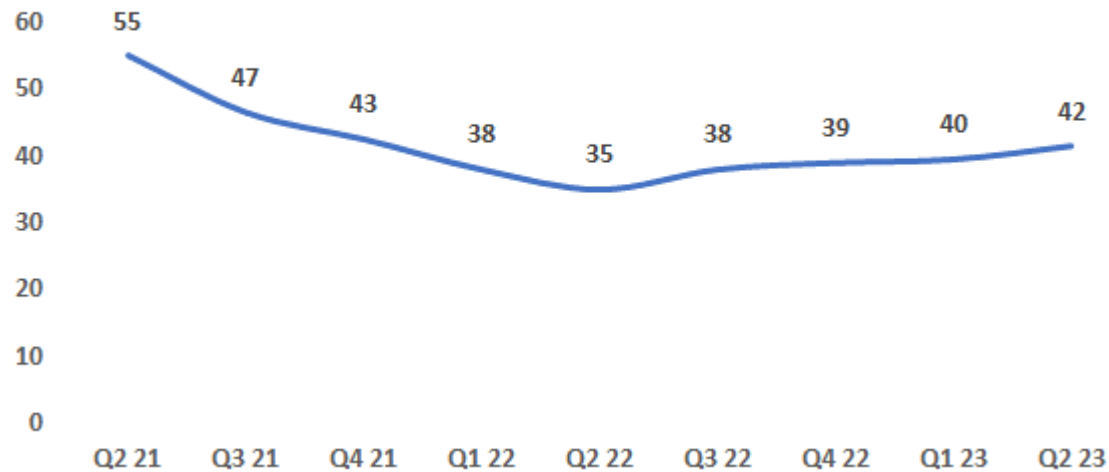
## Cash Deployment



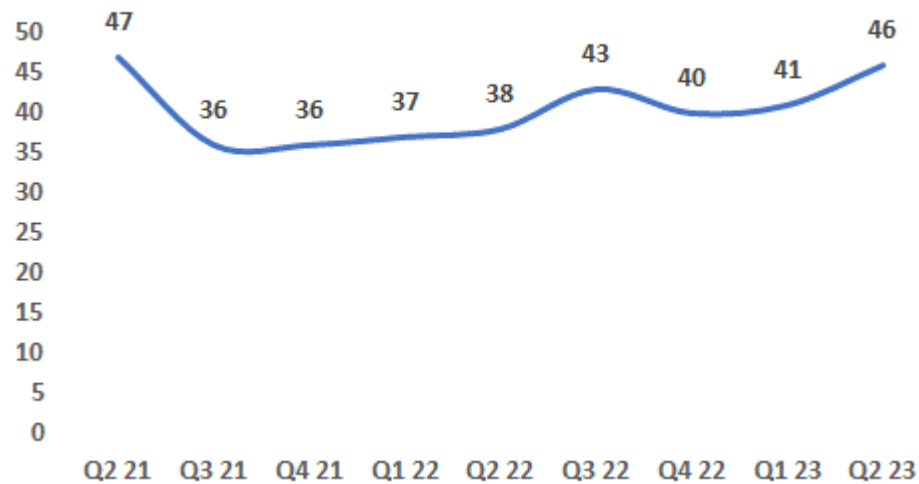


# Days Sales Outstanding

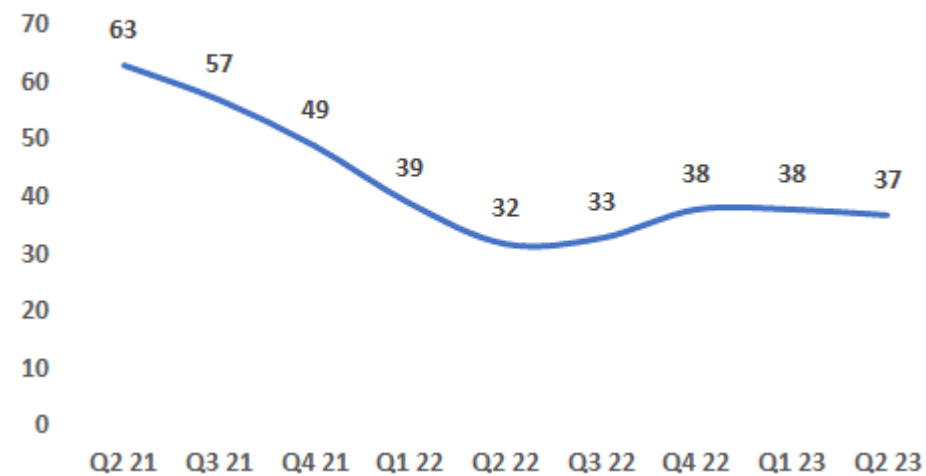
### Consolidated DSO

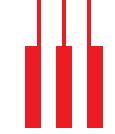


### International Services DSO

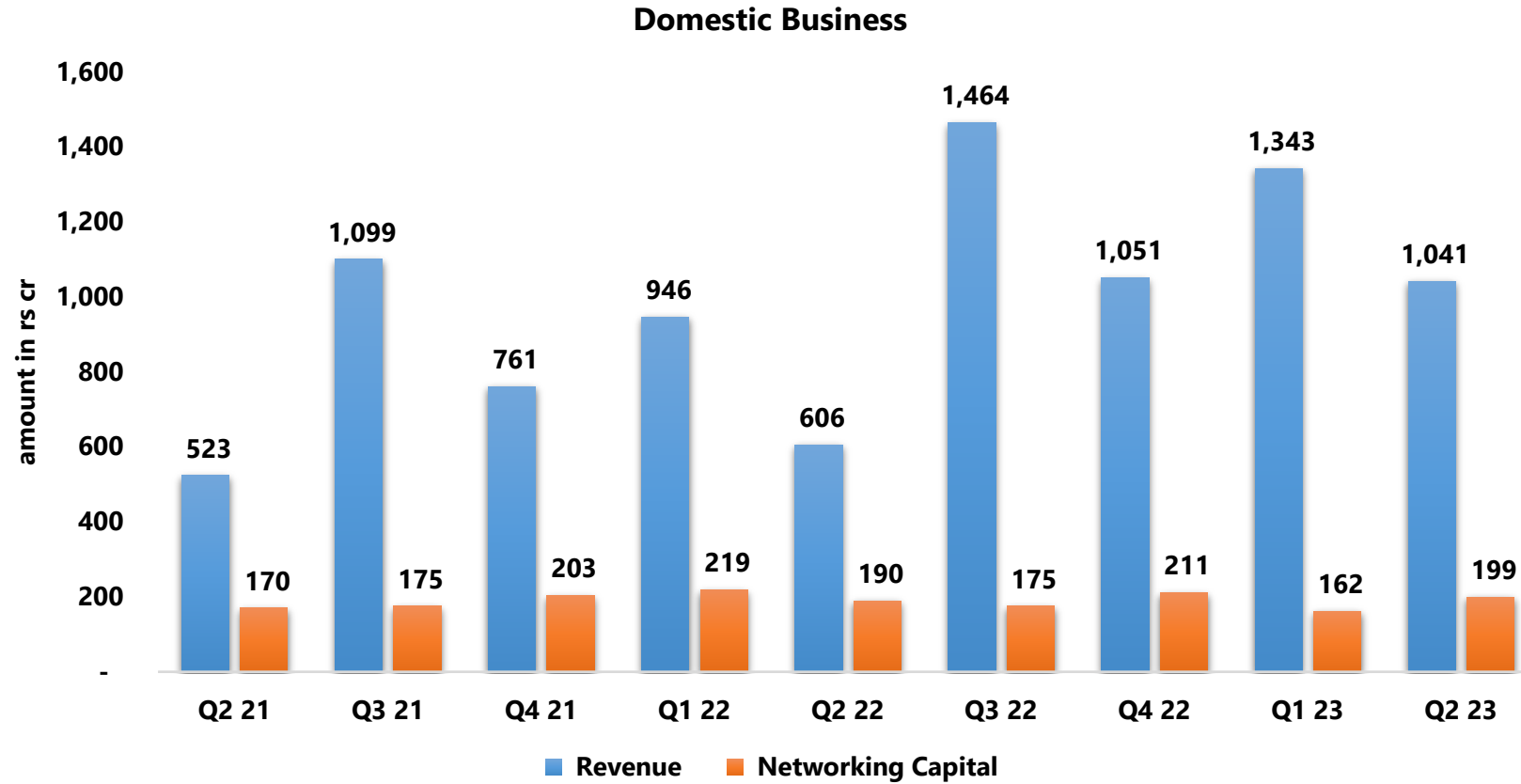


### Domestic Services DSO





# Credit Management – Domestic Business





Thank you

