



## Spotlight

### Networking India

*Dax Networks has been around for two decades. The company has a series of firsts to its name.*  
**By Kushal Shah**

Starting business in an unexploited territory is one factor, and maintaining that success story even after 20 years in the middle of immense global competition, is quite another. Dax Networks, an Apcom company, has managed to do both from its inception in 1986. Formed by an ex-IBM management team, a few years after IBM's exit from India in 1978, Dax Networks pioneered the use of cartridge tape drives in the country during the late eighties. It was in 1989, however, when it saw an opportunity in the networking space and by 1999 had represented all possible multinational companies in the networking space.

"After this success we realized that in order to provide continuity and better cost advantage in the networking space; in other words, to help customer's save on investments, we need to get our own brand. We started bringing in products with our brand name Dax Networks, which were manufactured by companies in China and Taiwan," said spokes person, Dax Networks.

This move came when MNCs were inclined towards discontinuing products, which were not so successful on a global scale, without realizing the fact that Indians at that time were a couple of years behind in technology adoption and that those products could have been continued here. Consequently, with this motive of continuing to sell products that were still relevant in India though they were past their sell-by date globally, low RoI and saving on forex, Dax Networks became a brand to reckon with in the country.

With a pan-Indian presence, Dax is headquartered in Chennai with marketing offices in thirteen other cities including the other three metros. In addition to technical support teams at the HO, the Dax networking competence center and the Dax service center, the company has technical support executives at 15 partner locations and eight regional offices.

### In the limelight

Dax never had to worry about being in the limelight. Ever since it entered the fray in 1986, it has been a part of many firsts happening in India. It was the first to start selling networking products in the country. After that, in 1992, it introduced routing solutions, and in 1998 the company set up India's largest WAN network. All these activities kept the company in the limelight when it introduced products under different banners.

"When we launched the first product under the brand name of Dax Networks, an analog modem, it coincided with the growing Internet boom. In the first year itself, we sold around 300,000 pieces and became a household name since it was more of a household product," said spokes person.

However, it took a while longer before Dax successfully penetrated the enterprise segment with its own products.

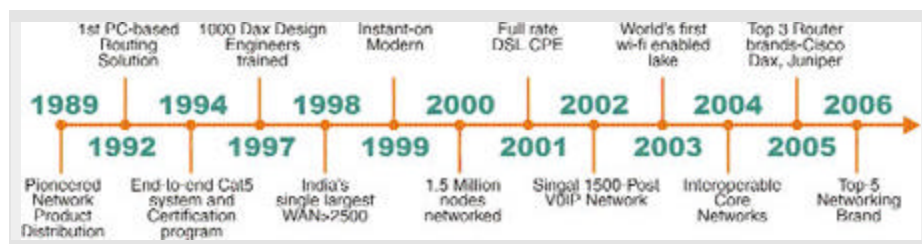
Adding to the list of achievements is the fact that in 2002, a Voice over IP Network of over 1,500 ports was deployed by Dax, and in 2003, Dax Wi-Fi enabled Dal Lake in Kashmir creating the world's first Wi-Fi hotspot on a lake. These successes continued with the help of a wide range of products in the networking domain. The company offers products which are divided primarily into two categories—access and connectivity. Products such as routers, switches, wireless LAN, cabling, LAN extender, interface converters and modems, VoIP media converters, IVRS & CTI, and RAS & Serial I/O became its bread and butter.

With such a large range of products on the shelf, Dax has been able to maintain a growth rate of about 20 percent year-on-year. It recorded revenues of Rs 883 crore in the last financial year (2006-2007), and around Rs 70 crore in 2005-2006.

### Core focus

The company's primary focus has been to bring in world-class products to India and provide India-centric solutions that enable domestic firms to save on networking capital expenditure (CAPEX). "By India-centric I mean that we Indians believe in continuing solutions for a longer period of time and do not believe in adopting a use and throw approach. Our buying process is still considered as relatively slow and we want more out of a single implementation," said Surendar.

In terms of product focus, Dax concentrates on its customers' routing needs. More than 50 percent of its business comes from routers. Routers, switches and cabling account for almost 70 percent of its business. These three categories are considered as the wedge for Dax's business model.



### Partnering for success

In terms of customer relationships, Dax follows two basic strategies. "The first is for the enterprise segment, which contributes to a big part of our revenue and gets the direct attention of the marketing team without channel intervention. This area is primarily tender driven. On the other hand, the segmented SMB sector is driven by more than 150 authorized solution providers".

Most of its clients are in the telecommunications sector, with BSNL being the major one. It even has a presence in the Indian Railways, in eastern and southern India. In the banking sector, the top five nationalized banks use Dax routers and switches. The company also supports government projects to improve the quality of education.

Helping Dax succeed in its many initiatives are its partners. Among the oldest are Eicon Networks and Perle. Eicon has been with Dax ever since it got its first PC based routing solution in the early nineties and was instrumental in a lot of transitions. Initially it was into server-based routing and then reinvented itself as a purveyor of voice applications, IVRS and CTI (Computer telephony

integration). On the other hand, Perle is primarily into the Serial I/O market, which according to Surendar, is a dwindling market segment.

“Apart from these partnerships, our major partners are from China and Taiwan; these are large manufacturing companies without much of an identity. We get most of our routers done by them and [they] even do a bit of R&D. In short, we have outsourced our manufacturing to them”.

### **Selling in a competitive market**

Dax's strategy is to move towards the core of the network, i.e. it wants to push more networking products into the heart of a customer's network. The idea is to create a level playing field to compete with market leaders such as Cisco and Juniper. “We go to customers and brief them about the technology. We understand customer applications and communicate to them that solutions around the required areas can be provided by us too and at a competitive RoI,”.

An approach called MCRP (mission critical routing parameters) is followed by Dax in which it first lists all the key parameters into four broad categories—reliability, scalability, interpretability and failsafe. After assessing a customer's requirements and technology explanation, the company suggests solutions on the basis of each of these parameters. If a customer needs reliability then technically he need better QoS and if a customer asks for scalability, then a switch or router with a greater number of ports is suggested. The company plays upon pricing in terms of RoI to put the ball in the customer's court. “We believe that we are quite good in going along with legacy networks and do not force customers to throw away old stuff and this put us in the driver's seat, said Dax”.

### **A qualified workforce**

Dax Networks has a workforce of almost 120 people of whom 30 percent are engaged in sales. In terms of qualifications, the sales force primarily comprises engineers with MBAs. This apart, the company has a good mix of pre-sales and post-sales people. Post-sales people mostly join the gang with a degree in engineering and with CCNA certification since it is core networking that they have to deal with. “Though we have well-qualified people, we do not bother much about qualifications as long as a person is well-versed in technology and able to grasp things fast,” said Dax.

In terms of culture, the ex-IBM effect ensures that employees treat each other with respect and benefit from a learning culture.

Talking about attrition, Dax said, “Some people are driven by compensation and others by challenges. We face many challenges every day and whoever wants to be a big fish in a small pond stays along.”

Despite stiff competition in this space, Dax continues to be a strong player and aims to introduce some high-end technology. The organization is looking to double its revenue by adopting new approaches and desires to be a Rs 200 to 250 crore company after five years.