NEW ISSUE

Linking up the new way

Route Mobile helps global mobile operators connect with customers

PHOTOS: SANJAY BORADE

Rajdip: wide range of services

Have you ever wondered how you get your One Time Password or OTP through messages, while using net banking or online payment gateways? Or, updates related to change in flight schedule or boarding gate from airlines to passengers? Or transaction confirmation and delivery update message for e-commerce transactions and, soliciting missed calls for supporting a cause and polling for TV shows?

These and many such messages are possible thanks to cloud communication services that are being used by enterprises to streamline back-end operations, as well as engage with customers, employees and other stakeholders. With Internet penetration growing and business models evolving, cloud communication has become an entirely new way to build, deploy, and scale enterprise systems. It offers enterprises cost-effective communications solutions that combine voice, messaging and data communication services over networks of telecom operators or mobile network operators (MNOs). The need for in-house software and hardware resources is thus replaced with Internet-based servers and sites.

Trends indicate that, despite being the oldest form of value-added services, SMS, the most prominent form of mobile messaging, still remains a key part of MNO revenues. Time and time again, the word that is used to define the success of SMS is its ubiquity. The penetration of mobile devices, the number of devices that support SMS and the number of mobile subscribers that engage in it are so large that, as a messaging channel, it is unrivalled. The vintage SMS, which most new technologies perceive as a hindrance, is the new system's real strength. It has been around for so long that almost everyone can do it, and almost everyone does.

Due to its reach, ubiquity and reliability, SMS-based Application-to-Peer (A2P) messaging is currently the largest enterprise cloud communication segment. A2P voice is a sub-scale, but fast growing segment.

This mind-blowing volume of messaging that goes around offers a huge opportunity for cloud-communication platform service providers such as Route Mobile Limited (RML). An estimated 80 per cent of smartphone owners check their phones within 15 minutes of waking up – just one of the many factors that make mobile engagement strategies paramount. Route delivers over a billion messages per month and, in FY17 alone, it delivered over 17 billion.

"With our range of services that include messaging, voice, email and SMS filtering, analytics and monetisation, we offer a range of cloud-communication services to clients across diverse sectors including banking and financial services, aviation, retail, e-commerce, logistics, healthcare, hospitality, media and entertainment, pharmaceuticals and telecom," says Rajdip Kumar Gupta, MD & group CEO, RML.

Incorporated by the Gupta brothers – Rajdip Kumar and Sandip Kumar – in 2004 and headquartered in Mumbai, Route has over 23,000 clients and its global operations included eight direct and seven step-down subsidiaries serving clients through 15 locations across Africa, Asia-Pacific, Europe, the Middle East and North America. Route says it has direct relationships with over 230 MNOs and provides our enterprise clients with access to over 800 mobile networks. It also has five strategically located data centres.

"Our global presence enables us to offer our clients the flexibility of multiple routes, better speed of delivery and an ability to optimise cost of delivery per message," says Rajdip. "We are able to serve our clients better as a result of our direct relationship with MNOs." He has extensive experience in the field of software designing development and has wide technical management expertise, having worked with organisations in India and abroad.

Growth thru' acquisitions

In line with its strategy of pursuing inorganic growth to develop a wider set of enterprise clients and broaden the product and service portfolio, Route recently acquired 365squared Limited, which operates in SMS filtering, analytics and monetisation. Its earlier acquisitions were: Cellent Technologies, a leading mobile marketing solutions company, with an established presence in the Middle East and Africa; Defero Mobile, a Singapore-based mobile communications service provider, with leading clients in the APAC region; and Call

2 Connect (from Arabi holding group KSC), an acclaimed ITeS and BPO provider. "We have also leveraged its diversified client base to up-sell to existing clients as and when we launch new services and features or when they expand their operations and use cloud-communications for new services," says Sandip Kumar Gupta, non-executive director. For example, Route has sold voice services to a messaging client and vice-versa and "we believe that increased integration of new services increases client engagement and, over the long-term, client loyalty".

Sandip, a chartered accountant and a SAP certified consultant, has over 17 years of experience in audit & accounts, business analysis, SAP configuration and software system consulting.

In 2016-17 and in the six months ended 30 September 2017, Route's ten largest clients accounted for 34.01 per cent and 37.82 per cent of its revenue from operations respectively, while its single largest client accounted for about 5.73 per cent and 6.70 per cent of revenues from operations during the same period.

"Our diverse global client base helps us limit our dependency on a specific client, industry or geography and reduces financial risk," says Sandip, highlighting Route's risk mitigation strategy. "We believe our leadership position as a cloud-communication service provider is supported by our global operations with 15 locations, allowing us to serve our clients locally in the jurisdiction they operate."

Reflecting on the robust growth, Route's operations have grown significantly in recent years. Revenues from operations grew at a CAGR of 86.31 per cent between 2014-15 and 2016-17. In fact, RML boasts a significant number of clients on a pre-paid business model where the client pays upfront, allowing it to generate a good portion of revenues in advance. In 2016-17, as much as 71.14 per cent of its total revenue was prepaid, while the six months ended 30 September 2017 saw 56.87 per cent of the revenue coming in early.

Route operates at a throughput capacity of over 10,000 messages per second as its five strategically located data centres provide 121 operations with the resilience required for its clients. "Our scalable platform requires limited capital expenditure and working capital requirements as and when we add new clients or new services or when traffic volumes increase," adds Rajdip. "Our platform allows our clients to scale elastically without having to redevelop their applications or change their communications infrastructure." With sustained growth that is driven by high operating margins and low-cost base and ability to plough-back internal resources, the company has not required any capital infusion since 2006-07.

Sandip: leveraging the client base

Opportunity in IoT

Route is obviously keen to capitalise on the potential growth opportunity within the mobile connectivity space in the IoT segment. "We intend to focus our research and development efforts on the integration of our communications platform with IoT service providers to provide comprehensive IoT services through a single interface and are evaluating inorganic opportunities in the IoT space," Rajdip says.

"With the emergence of big data analytics, cloud-based solutions would provide a cost-effective delivery model for enterprises," he adds, explaining the emerging scenario. "We intend to leverage our robust in-house developed technology platform and our ability to manage large volumes of client data to focus on big data analytics, providing our clients with additional business insights. This would allow them to have more targeted campaigns, undertake pricing and discount impact analysis, geographical impact analysis, marketing and competitor analysis, detect and prevent cyber-security threats and attacks, refine financial risk models and design data visualisations to provide transparency and auditability for regulatory compliance and trade surveillance."

Route Mobile also intends to focus on developing communication solutions through artificial intelligence (AI), machine learning (ML) and blockchain for advanced data analytics and predictive analysis, which will allow its clients to discover and monitor historical relationships and trends in data. It intends to expand and enhance chatbot services using AI and ML to help its clients automate customer interactions and service requirements.

"We also plan to focus on further strengthening our position in certain important enterprise markets, such as Africa and Latin America, which have significant potential for cloud-communication services," says Sandip. "We have, therefore, recently commenced operations in Kenya through our subsidiary Route Connect (Kenya) Limited." Route has commenced operations in the Americas, anticipating significant potential to serve OTT and enterprise clients.

Route Mobile has recently filed papers with markets regulator SEBI for its IPO seeking to raise an estimated ₹600 crore. The offer consists of a Fresh Issue of ₹350 crore and an Offer for Sale (OFS) of up to 6.5 million equity shares, at a price band to be decided later. The company proposes to utilise the net proceeds towards funding investment in Route Mobile (UK) Limited, retiring its debt, acquisitions and other strategic initiatives, investment in subsidiaries for purchase of office premises in London and Singapore, purchase of business process outsourcing centre in Noida, apart from general corporate purposes.

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