

Entrepreneurship

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How Ashok Atluri led Zen Technologies turned into a Rs 49 crore venture

Samarpan Dutta, ET Bureau Oct 27, 2014, 02:38PM IST

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I wanted to contribute to the society in some way ever since I was a child. So, after graduating in commerce, in 1985, and completing my Applied Computer Science course, both from Hyderabad, I looked around for ways to make my dream come true. By then, I had already made up my mind to have an enterprise of my own. So, when I chanced upon an opportunity to develop software and networking solutions for the armed forces and the police, I seized it. However, I made little money on this project. Despite this, I started meeting senior defence and police officials to find out if I could come up with solutions to the pressing problems faced by the armed forces.



During one such interaction, I discovered that there was a severe shortage of shooting ranges and ammunition for training and it was a problem to which the forces had no answer. This got me thinking. I knew how armed forces in the West used simulators to equip their personnel with flight, gunnery and marksmanship skills.

Ashok Atluri

48 years

Company Zen Technologies

Headquarters Hyderabad

Seed capital ₹5 lakh

With the help of my software programmer friends, I started working on a pilot project to develop a simulator, and it took us a couple of years to build one. Finally, Zen Technologies was born in Hyderabad, in 1993. To start with, there were only three of us and I invested Rs 5 lakh, which included all my savings as well as a loan from my family members and a few close friends.

However, convincing people on the use of virtual shooting ranges was no easy task and the going was extremely difficult for the next three years. This, despite the immense and clear cost advantage that simulators offered. The other challenge was to work with government departments: they would demand past credentials and testimonials from existing clients. We could not produce these because we had none at that point.

We also realised that the procurement cycle was going to be too long for us to sustain. Apart from these issues, every time we were asked for a demonstration, carting the simulator to the customer location and back cost us over Rs 50,000, an extraordinarily high amount in those days.

Age at starting business

27 years

Source of funds

Savings, loans from family & friends

Turnover in the first year

Nil (1993-94)

Current turnover

₹49 crore (2013-14)

Finally, we worked out an arrangement with the National Police Academy, where we installed a simulator free of cost. This decision paid off. We were almost on the verge of bankruptcy when a team of senior Delhi Police officers visited the academy and tested the product first-hand. They were delighted with the performance and we bagged our first order in the summer of 1996, almost three years after we had first demonstrated the simulator.

Immediately after we got the first order, we managed to raise funds from the IDBI's Venture Capital Division and gained financial stability. However, unlike in the developed countries, where the government finances private players to provide defence solutions, Zen had to self-finance research and development of new product categories. Therefore, we had to be very careful about the type of projects we could take up. Still, we invested in the best resources because of competition from the world's best companies. We also priced our products very aggressively keeping in mind the international companies.

The going was good in the late 1990s and we managed to get our second round of funding of Rs 2 crore in 2000 through an initial public offering. We were the first Indian company to commercialise PC-based visual simulation technology for training simulators and have patents for our key technologies. Zen has a very robust product portfolio and has been the largest supplier of simulators for the Indian security forces. Our efforts were recognised in 2012, when we won the National Technology Award. Recently, we have launched three new simulators—Containerized Tubular Shooting Range (CTSR), Automatic Grenade Launcher (AGL) and the Unmanned Aerial Vehicle (UAV).

Today, we have a large team comprising 243 employees and our total revenue for 2013-14 stood at Rs 49.89 crore. Of this amount, we have spent Rs 20 crore, or over 40 per cent of the gross turnover, on research and development.

The company is now planning to expand its export business even as we continue to focus on being a reliable indigenous player. Our recent tie-up with the US-based Rockwell Collins to provide high fidelity solutions to the Indian military is a step towards achieving this goal. We also expect to benefit immensely from the 'Make in India' campaign and foreign direct investment in the defence equipment manufacturing sector.

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