



“Redington Limited  
Investor Event”  
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**Moderator:** Over to you, Palak.

**Palak Agrawal:** Thank you. Good morning, everyone. Thank you for joining the event. It's been a year since org transformation, time we formed SSG BU, which saw a growth of 37% in FY '26 to become a \$2.2 billion business, which is 17% of our overall top line. Since formation, we received several questions from many of you during our various conversations, and this is an effort to put together what we are today, where we shall be in next few years and how we are transforming. This event is divided into four parts.

First, we have presentation from our leaders, followed by a presentation from AWS for about 10 minutes. The leaders' presentation is about 30 minutes, presentation from AWS about 10 minutes. Then we have a moderated panel discussion for about 30 minutes, followed by Q&A maybe for about 50 minutes. We shall start this presentation with Mr. Krishnan. He's known to everybody, but I would just like to introduce him a bit before I hand it over to him.

SVK brings a wealth of experience in financial management and strategy. He has played a key role in company's growth and expansion over the years, driving financial discipline, risk management, compliance, capital raises, listing and also investor interactions. Over to you, sir.

**S. V. Krishnan:** Thank you. Thank you, Palak. Good morning to all of you. As Palak said, from the time we started SSG as a vertical and started reporting to -- in the market, there has been constant queries on various aspects. What are we trying to do? How urgent is this? How is this industry moving? And who else are in this space, what investments are getting done? What can be the expected returns? There are lots of questions.

We have been waiting for having this SSG Day for quite some time. It's good that we have got sufficient content to share it with you where we are, what's our thought process? I hope -- this exercise will help you to understand all your queries. If at all, if there are any, of course, we are going to have a Q&A, as Palak said, in the end, and we will try to answer as much as possible.

I just have one slide to start with. This captures broadly the financial performance of SSG as a vertical in the last about 1 year. As it is, SSG is a \$2.2 billion business at the global level for us. And it has grown for last year at about 29%. Just now Palak said 37%. I just want to correct that 37% is basis Indian rupee reporting, where the U.S. dollar gets converted into Indian rupees, which has an advantage because of the depreciation last year, what's given here, all numbers are in dollars.

So what we have done is we have retained the U.S. dollar. We have converted the Indian rupees to U.S. dollar. So we have a slight disadvantage. But directionally, I think this will give you a perspective that it's a high-growth segment, has grown at 29% in terms of revenue and the gross margin has grown at about 17%.

More than that, the contribution of this vertical to the overall revenue of Redington Group for last year was 17%. I just want to remind you, 2 years back, that was about 12%. So very clearly, even though the base business is also growing at a good pace, here is a case where this segment

is growing at a much faster pace, and that's contributing to the overall growth of the company, and that's also increasing their contribution. While for the last 3 years, we have grown 2x in this 3-year period.

Our expectation -- internal expectation in the next 3 years, we should be more than doubling our revenue in the next 3 years because of various actions that we have undertaken in the last 1, 1.5 years, and we had planned to do, which we are going to share this thing today. This SSG is split into four business verticals broadly.

One is software, which contributes 40% to the revenue -- SSG revenue; the cloud, which contributes about 33%; security products, which contributes about 27% and services has a very marginal contribution as we speak now sub-1%. But we think that's an area where there is scale that's going to come up, and it also has a superior margin profile. As you all know, we have had cloud getting reported for many years in the past as CSG.

When we started reporting, the growth rate used to be about 20%. Then it moved to 30%, then to 40%. What we are able to now consistently see is a 40% to 50% growth in the cloud space, and we think it's mainly because of the focus and the tracking that we started doing in this business. That's one of the reasons why we started declaring SSG as a vertical and started tracking. In our view, it has the potential to grow, like I said, in the case of cloud, even overall SSG. That's what is the key.

Overall, as an industry, very clearly, the hardware industry is more -- moving towards more and more of software. Hence, we thought this need to get focused. The key aspect, unlike in the hardware business where the relationship is more transactional, there is an order, we supply the material, we give the credit, we collect the money, the transaction gets consummated closed.

That's not the case in the case of SSG. Here, it is more an annuity business, recurring business. About 74 percentage of our last year revenue is recurring. You can say very clearly, every product category, the recurring revenue is quite sizable. And this used to be 72% in the previous year. We expect this trend to keep going up.

Four key aspects why we think SSG is an important vertical. One, there is predictability in the business, higher growth, higher profitability, of course, adjusted for the investments and higher return on capital employed. Some key highlights for last year. SSG as a vertical that we had formed at the global level, unlike in the rest of the businesses, MSG, TSG and ESG, where it is more at the country level, we have got a global team, which drives strategy, best practices, building capabilities, investing into the future and also tracking the investments.

Another aspect which I thought I should mention, our geographical expansions in the recent period are all focused on SSG, be it ASEAN countries, be it CIS countries, even South Africa. So we think we have a very strong base that is built, and we need to grow from here in any markets that we get into. The top six vendors are Microsoft, AWS, Autodesk, Red Hat, Fortinet, Palo Alto, all major vendors we have good relationship with.

And I can also tell you, while, I mean the professional services is a very small portion of our business, I mean, that's about \$10-plus million today. It has gross margin, which is in strong

double digits, more than 20%. This is where we think we are going to focus on moving forward, which will give us much better profitability in the years to come. With that, let me pause and my colleague, Hari, will take over, or Palak, would you want to give the intro and then move on to the next step?

**Palak Agrawal:**

Thank you, sir. We move on to Hari. Hari is an accomplished leader with 3 decades of experience in sales, marketing and general management. His career has been defined by a commitment to innovation and passion for driving growth in diverse markets. As a Group CEO of Redington, he's poised to lead with passion and foresight, driving transformation across newer markets in the fastest-growing economies. Over to you, Hari.

**V. S. Hariharan:**

Thanks, Palak. Good morning, everyone. It's great to be here and joined by my colleagues, and we wanted to make sure that we give you a full overview, both breadth and depth on SSG. We also have one of our key brand partners, AWS here so that we can give you an overview of what we are doing and how we are doing. But let me begin and take a few minutes to talk about the genesis of SSG, the global perspective, why we created it and why is it important for us. So here, what you see is the famous new digital Trinity and Palak, if you can just bring out all the text on this page. So there are three parts of this digital Trinity that we are focused on. Firstly, software. Software powers outcomes that businesses seek, and that's very obvious.

Cloud enables scale for us and scale that is and accessibility across geographies, which is becoming really important in these days of resilience and geopolitical risk. Security ensures that the outcomes are delivered safely and reliably without compromise. We are focused on all the 3 businesses, and you'll hear more both from Sayantan and from some of the other speakers. Next slide, Palak. Again, this is a slide we have shown often. And Palak, if you can just bring all of the text on this. So let's start with the global perspective.

So if you look at the year that's gone by, globally for all distribution, hardware has actually declined and are a little bit flat. Software has grown 20% plus, and software has become 31% of all tech distribution globally. For us, software and services is 17%, as Krishnan mentioned earlier. And that's partly also because hardware is growing, while SSG has been growing at 29% or 37%, depending on whether you look at U.S. dollar view or rupee view, it's 17% and growing as a ratio.

The big change we also see when we were working only on hardware where we had a number of big brands, we will take the brand and work with many resellers and many customers. It will be one vendor to many resellers. In the world of software and services, there are many products, many software products, many services products.

We need to distribute to many customers. And to do many to many, we need to work on platforms and marketplaces. Next slide, please. Now Redington's position within the global distribution. Again, this is a calendar 2025 view. This report is published by Omdia Group. Redington continues to be in the top 10 despite not playing in U.S., Europe and China, the 3 biggest markets. And we continue to grow very well.

We are -- on this slide, if you see there's only one distributor that will be faster than us in terms of growth. We're growing 20% year-on-year. And if I remove a couple of distributors who are ahead of us -- no, previous slide, Palak. Ahead of us who are not exactly in a similar category because they're focused on government, defense, software and focused on data center, we could be number 6.

So clearly, Redington has its position within the global distribution as a top 10 and growing faster than a lot of our peers. We are number 8 globally, but we are number 1 in India and number 1 in Middle East, Africa. Thank you, Palak, the next one.

The market opportunity, we are still scratching the surface. It's huge, huge. It's \$515 billion for 2025. And if you see our numbers, it's only a small sliver and growing very rapidly towards \$1.7 trillion. These numbers are published by Gartner as their projections. You see 3 categories there. IaaS stands for Infrastructure as a Service, largely cloud related. Platform as a Service and Software as a Service.

If you look at the specific markets we are playing in, India is growing at 31% and we're obviously growing faster than the market, but still a lot more potential to appropriate. Middle East, Africa is growing at 19%. And SESA, South-East and South Asia, the new markets that we are getting into is growing at 23%.

So all in all, all of these markets are offering good double-digit potential just from a market perspective. And both by way of share and by way of business growth in the market available, we have a lot of potential. Thanks, Palak. Next one.

This is a very important slide, and Sayantan will deep dive into this more. In the world of distribution for software and service, and taking these products to many partners and customers, orchestration is critical. So we become like a conductor of an orchestra that brings many things together.

On the left side, you see brands and OEMs, and Sayantan will talk about the number of brands and OEMs we engage. ISVs become really important because they become like the blood line in terms of accelerating workloads and creating a lot of software and services that will complement the products that come from brands and OEMs.

On the right-hand side, you see the go-to-market. Our sales and solution architects are a key component of our go-to-market and our channel partners. Again, Sayantan will give you a little bit more color on the number of partners we have in the types.

On the top, you see, again, a very key ingredient that we are investing in platforms, a range of platforms, marketplaces, automations and tools and our own academy, which is the training and skill building programs for both our sales force as well as our partners.

And the bottom piece is going to become important, not as a margin generator, but even as a creation of stickiness and value creation. So a range of cloud professional services for migration, modernization, FinOps, DevOps, etcetera, will be critical there. Security services, SOC, MDR,

VAPT, SOAR and a range of AI services and AI agents. So all of this, Redington is in the middle of orchestrating to take us through the journey.

If you go forward, Palak to the next slide. Again, this is a slide we have shown quite often in the last few quarters. The DNA of taking our value add from brands to customers. The top, you see hardware. bottom, you see software. Again, 2, 3 points I want to make. We have moved from overcoming market friction with hardware into technology friction with hardware with solutioning and configuration and now into the world of knowledge friction.

There is a big difference in the way we approach the market, whether it's a hardware physical solution or a nonphysical solution. And we have to start looking at life cycle management, how to drive consumption, how to drive customer analytics, the Cloud Quarks platform, marketplaces, etcetera, they'll all come to be important. And that's where the focus on SSG is building on these nuances, building on these platforms. Sayantan will cover in great detail on all of that.

To the next slide, please, Palak. Yes, this is my last slide on this part of the section, very, very important. I wanted to cover this. AI is not a stand-alone piece. We are into 4 businesses. We have MSG, ESG, TSG and SSG. Clearly, in MSG, with premium smartphones and wearables, on-device AI and cloud AI is going to become extremely important.

On the Endpoint Solutions group, with the evolution of PCs and now with the recent announcement of even very high compute edge PCs like the RTX, the edge devices will play a big role on AI, both the hybrid devices as well as the super PCs. The Technology Solutions group is transforming and they -- the Technology Solutions group is transforming with AI, with the GPUs coming out.

Hyperscalers provided the early data centers. The Neo cloud players provided the next set of data centers. We are having the edge data centers and the distributed DCs. Again, AI plays a big role there. Software solutions clearly is taking advantage of all the AI capabilities coming into the market. But the beauty is all of these are going to come together in the world of professional services, in the world of AI agents, in the world of productized services.

The edge devices, both PCs and smartphones will play an important role in the new ecosystem of Software Solutions Group and data centers. It is all going to become a big large ecosystem where the new world of AI-enabled solutions and services, nothing will be stand-alone. They'll all work together. So that's a big transformation that we see, and it will be really important how we drive SSG going forward and how we drive AI going forward. Thanks, and over to you, Palak.

**Palak Agrawal:**

Thank you, Hari. We'll move to Sayantan next. Sayantan is our Global Head of SSG. He shall be diving more into the business dynamics in this session. Just a brief on him. Sayantan is the President and Global Head of SSG Business Unit, scaling software-led distribution across our regions with a strong focus on software, cloud and security.

He brings over 2 decades of experience in scaling value side of technology to distribution, driving ecosystem expansion, accelerating cloud adoption and building high-velocity partner networks across our markets. Over to you, Sayantan.

**Sayantan Dev:**

Thank you, Palak, and thank you to everybody attending this call, and a warm welcome again to this meet. Over the next few slides, I will take you through starting from some of the market shifts, which has an impact on our industry and what it means for the industry in terms of market size and opportunities and what capabilities we are building in SSG to make sure that we are at the center of it and maximizing this opportunity.

Palak, we can move to the next slide. So starting with the key market shifts that we see, there are three very important shifts which is -- which has direct impact on the industry that we serve. So the first one of that is the consumption models moving from perpetual licenses to flexible outcome-based subscriptions. So the customer's choice of not owning a license, but to subscribe for a service is a major shift.

Second part is about platform-led distribution. We will see a lot more vendors consolidating through the marketplace and the API-first ecosystem. That has an impact on how we go to market and our route to market, and I'll cover that in more detail in the subsequent slides. And third, a very important shift in the way software services have been delivered.

So there is a clear shift from a very labor-intensive services delivery to a very highly automated services delivery almost delivered as a software template to a very drag-and-click model. And I'll explain that in a little while, what does that mean?

Yes. Next, Palak. Now all of this and generally, we have an extremely interesting market opportunity ahead of us. We know that most of the business outcomes and the business problems are today getting solved by a digital solution or a software solution. And then there is a clear adoption of Software as a Service across in all markets, starting from enterprise up to SMB and mid-market and individual users. And that creates an opportunity of about \$700 billion by 2028.

Redington advantage here is our reach and our -- we being available in most of the markets, in some cases, very complex markets and geographies. The second important development is the huge opportunity ahead of us in the cloud space.

All of us know that cloud has essentially democratized the access to very high-end computing resources and which means that innovation is now not limited to a few in the enterprise, but new start-ups and ISVs get access to very high-end computing resources. And that has driven a rapid innovation across the industry. And in the AI age, it has a significant importance. And our advantage in the cloud space, and we will talk about it a little later, is that we have literally put the cart before the horse.

We invested in this business way ahead of the market, and we have very strong relationships with the key hyperscalers in the market. And the third important area of focus is, of course, cybersecurity. We all know that most businesses are now digital and more and more businesses are increasing their digital assets.

The reliance on digital assets and the cost of that getting compromised on one hand is much more expensive than it has ever been in the history of the industry. On the other hand, since there is a digital exposure like never before, so the threat surface and the threat vectors, which means the number of ways organization can be attacked is also increasing. Hence, cybersecurity is a boardroom discussion everywhere, which is creating a significant opportunity for integrated security solutions and managed services.

Palak, can we go to the next slide? Yes. So very quickly about how are we transforming from an old model to a new model. Essentially, in one line, it means that we are moving from being a onetime transaction management to a sustainable growth engine. And there are four key elements to it.

Number one is the platform where we orchestrate at scale through this platform. And the key assets there is our marketplace, the various automation tools and a huge ecosystem built over a period of time.

Number two is, I would emphasize again, the change in the services and the way it is delivered is resulting a serious change and improvement in the time to value for customers. And we are trying to attach and differentiate through investment in services across cloud, security and software.

Number three is the change from one-time transaction to customers' preference to subscribe for services gives us an opportunity to remain involved throughout the subscription life cycle of a customer at multiple touch points. And hence, we -- starting from the transaction, onboarding the customers, helping them adopt better, renew on time and expand the number of services we provide them is what we tend to manage through our life cycle management.

And finally, as we all know, AI has been the most disruptive technology and pervasive today. What we are trying to do through AI is unlock intelligence across and drive outcomes for customers through our AI offerings on one hand, use of advanced and real-time insights, analytics. And thirdly, we are also using AI as a horizontal, adopting AI across all levels of automation.

With this results in a profitable growth engine -- go back, Palak, through growing our ARR base, bundling delivery, helping cross-vendor platforms for solution orchestration and managing renewals and upsell. So essentially, the mantra is own the platform, attach services, manage the life cycle and compound recurring revenue. That's our transformation plan.

Go to the next slide, Palak. Very quickly, a high-level schematic architecture of what we call as a platform. If you look at the diagram, we have the capability layer in the middle where we have marketplace, APIs, billings and analytics. On the back end, we have connected to all our major vendors through APIs. And on the front end, you have a very seamless, easy-to-use user interface where you have most of your -- you are self-serviced. There is a number of automation tools there and you get real-time insights on your commerce.

There are three key objectives we have from the platform-led distribution perspective, which is API-first integration with major vendors and marketplaces, giving white label storefront for our

partners so that we are making investments for our partners. And thirdly, embedding billing and usage intelligence at every stage.

Next slide, Palak. Now this is how our services and solution orchestration looks like. If you look at it, essentially, the orchestration for services for us is about aggregating complex vendor solutions and other ISP solutions, removing the complexity, coupling that with services through Redington-led and also our ecosystem-led services and delivering outcome to our customers.

How do we enable that through the four stages of discovering through our platforms, the business outcome customers are seeking, bundling our services and solutions through sales and GTM motions, delivering through a channel-led and marketplace-led execution and then continue to optimize the usage through our cloud platforms and several other assets like TrackMyCloud, DigiGlass, which is our managed security services. So why this is significant in terms of the services play that we have and what has changed? So services has changed, like I said before, from labor intensive to automated delivery.

Number two is it is more like a software template and with an agent in the background. So these are prebuilt templates with AI agents. At some point, very near in the future, you will find scripts of -- library of scripts of different services at our platform where partners and other service delivery partners should be able to leverage.

There is a clear opportunity shift from service providers to an ecosystem orchestrator. I think Hari explained that in detail, and possibly, we would go into a little more depth. And then -- and hence, the time to achieve all that because of the level of automation, we can scale and productize services to platforms, partners and products to scale profitably.

Next slide, Palak. This is how our customer life cycle management looks like. This is essentially about driving adoption, retaining the customers and helping them renew on time and more importantly, helping them realize the true value of the services they are subscribing for. We believe that is our true responsibility, and that also helps in demonstrating the true value of the solution we provide. And eventually, that results in renewal and better adoption and possibly expansion of services.

So we are present with our customers from the onboarding stage to activation, then adoption through our digital platforms and our customer success team. Then we help them renew and we have created an automated renewal motion through a set of renewal team and an automated platform, which is called Reonix.

And then like I mentioned before, we have a customer success team working closely with the customer from the time they are onboarded to avail a particular service, helping them at multiple touch points to use the solution better and which helps in value realization for the customers much better at the same time, results in the renewal automation and expansion of services.

Palak, can we go to the next slide? Now I'll take a little more time on our AI practice. And I would clearly want to emphasize that why AI and its massive disruption is an advantage to us. So when we talk about AI, it's not just about the frontier models or the AI applications, but delivering AI also requires readiness across infrastructure, data and security.

And infrastructure, particularly in cloud and also data center infrastructure and what have you. Now our presence in this market and having invested in these businesses, both in terms of alliance and capabilities over a period of time, clearly is giving us an advantage in the AI age.

Very clearly, I just wanted to -- we are demonstrating high level of capabilities and getting recognized by the alliance partners and the vendors. We have AWS generative AI competency. And very recently, we have been awarded the frontier designation by Microsoft. If for everybody's benefit, I think that is the highest level of partnership.

Microsoft has three levels of partnership from solution partners, advanced partners and frontier partners. Frontier partner designation means that Microsoft actually recognize a very handful of partners across the globe, whom they consider to be future-ready in terms of both AI adoption and taking AI practices through their offerings to the market. So we have the new disruption in the AI age is a clear advantage for Redington.

So we use AI across many different levels. So one is innovation. We'll continue to invest in our AI labs, customer proof of concepts and industry -- building industry use cases; AI solutions in terms of building a catalogue and an exchange through which customers and partners can access those services. I already mentioned about industry solution and tons of AI services getting added to the catalogue of our services. A very evolved go-to-market, a very ground-up creation of an AI partner program, specifically for partners who want to transform or start an AI practice, our MSP motion, which is now very matured, enterprise-level AI adoption.

In terms of platform, we are offering AI solutions through the platform and also massively integrated AI features into our platforms in CQ 2.0, ISV marketplace and our AI solution marketplace. Another very important part is we have, over a period of time, built many communities, be it software builders, be it open source community. And in many cases, we are running the AI councils for many of our vendors. This community is a good place to go to for delivering state-of-the-art AI solutions to our customers.

And finally, one of the key emphasis Redington will have in a knowledge economy, we'll continue to invest heavily on our learning and talent. And that's why we formed Redington Academy, and there is a massive calendar that has been rolled out. We are putting particular emphasis on AI certifications and credentials and also several practitioner programs.

Palak, can we go to the next slide, please? Here is an interesting stat about how our recurring revenue mix is changing. So we used to be -- about 69% of our revenue used to be recurring revenue in FY23. As we speak about this year, it is already at 74%, and we expect this to move to 85% in the next 3 years.

Couple that with the fact that we are investing in our renewal automation as a practice, our renewal rate today is about 85%. Generally, it tends to stabilize around that point or because of competitive pressures who are late entrants into the game. So there is a tendency of renewal rate to either plateau there or go down a little. But we are seeing a clear-cut improvement in the renewal rate, and we predict that it should become 90% in the next 3 years.

What that means is today, with 74% ARR and 85% retention rate, our banked revenue to the next year is 63.5% already, which will go up to 72% in the next 3 years. That gives us great predictability to this business. So what's driving this shift?

Obviously, we spoke about the market shift to cloud and subscription models. Customers' preference for flexibility, scalability and predictable cost. Vendors are also focusing on subscription-led business for the same reasons and a very strong visibility, predictability and very high customer lifetime value.

Next slide, Palak. These are the capabilities we are investing into the SSG and AI. So I'll very quickly take you through what each of them mean. So CloudQuarks is basically a platform through which we run our cloud commerce and other SSG commerce. Marketplace is literally an extension of the CloudQuarks, but here is a place we are getting buyers to meet sellers, and we are helping them with discovery, solution recommendation, POCs and completing a whole transaction. You'll hear a lot about what we are releasing in marketplace in the next few months.

Redington Academy is focused on skill building, which is going to be a key differentiator in the coming days, both in terms of skilling our internal resources and the resources in the larger ecosystem of that of our partners. Obviously, we will continue to invest in bringing in new capabilities and our talent. I spoke about building several AI labs where we innovate across different markets. We have a plan to build two in India, one in Dubai and one in Singapore very soon.

In terms of services, I clearly emphasize that there is a massive shift happening in the services. This is actually to the advantage of somebody like us. So we are investing in that business, and this is going to become a significant portion of our business going ahead.

So CISS is the services capability building organization built out of India, but we have 5 more delivery locations. TrackMyCloud is actually an observability solutions and helping customers efficiently use their subscriptions and cloud.

And DigiGlass, of course, is our managed security services practice. Redington AI Exchange is our marketplace for AI catalogues and AI use cases, both horizontal and vertical. And Reonix is our automation platform to automate our renewals of subscriptions. Next slide, Palak. So these are very quickly -- we follow a framework of the 5 Ps of our capability building. In terms of people, enablement is key.

We already have a very strong partner community globally of around 10,000 partners. And internally, in SSG team, we are 1,000 people organization and growing very fast. We are inventorising all processes, applying AI wherever is possible to automate that to cope up with the speed at which we want to scale and the way at which customers are consuming services.

So we already have 10-plus automation tools and about 100-plus accelerators built-in. Portfolios are at the center of our business. So we are constantly curating and expanding our comprehensive portfolio of solutions, both in terms of new categories and also newer brands in those categories. As we speak, we have relationship with 130-plus brands in SSG.

Platforms, I want to emphasize again, is going to be our key route to market. And we already have 6-plus platforms within the system, but we are kind of unifying them to make one fabric for going to market because that is the order of the day.

And again, our investment is on professional services, we believe, is going to pay off significantly and also help in building the knowledge friction, addressing that gap that Hari mentioned about. Currently, we have 500-plus strong PS team and 5-plus delivery centers.

Next slide, Palak. A quick snapshot of the portfolio that we have. You can see we are working with 50-plus brands in software, 20-plus brands in cloud and 60-plus brands in security. All the top of the pyramid brands in each of these categories, we have -- not just have a relationship, but it's old and matured, and we are building significant capabilities and around delivering their innovation to the market.

In a nutshell, we have 130-plus vendors that we work with and growing very fast. We work in 40-plus markets across the regions in cloud, software and security and with a one integrated go-to-market, that's why we created a global business unit so that we can create capabilities and leverage that across the market.

Next slide. So I talked about what we are building, and this is a slide to show you that what does it mean and what is its impact on the sustainable growth. So very clearly, we are achieving predictable revenue.

We are already at 74% of our ARR today. Improved customer retention. So we are -- renewal success rate is 85%, already at a good standard, but we want to grow it further to 90% plus. It has scalable margins. So platform-led delivery grows more efficiently than labour-intensive services. So it has scalable margins.

This gives us an opportunity to -- just remember that in an ARR world, every time you close an opportunity, not just the annual revenue model, but you generally, on an average, close about 3x of that opportunity. 85% is our retention rate, as I mentioned. When you attach services to any offering, there is a 60% margin uplift to any solution.

This is time tested. And with already the portfolio and the services and the customer base that we have, we can clearly focusing on this, have an incremental market opportunity of another \$2 billion. So what is the strategic outcome of all of that? So SSG is transforming for a transactional distributor into a very high-margin platform-driven service orchestrator.

Next slide, Palak. Finally, this is directionally our path forward. So we will continue to invest in platforms. Our CQ 2.0 got released this year -- early this year. And now we have created an architecture we can release modules very fast. So the next set of releases will be in September and December.

We continue to work with our partners for their transformation. We will continue to add and curate new categories and vendors and add most of our vendors through APIs, bring them into our platform and marketplace. And finally, the way we measure ourselves is changing. So we

are going to set ARR milestone and track subscription mix quarterly and possibly reporting back to the market. Thank you.

**Palak Agrawal:**

Thank you, Sayantan. Moving to the next part we have Kalyan Pola from AWS – sorry we have SVK again for a few -- for some more discussion on business metrics.

**S. V. Krishnan:**

Thanks, Palak. So I'm sure all of you would have got thrilled with what Hari had presented and what Sayantan had said, a lot more to come. We are just going to share with you what is our thought process on investment? How do we expect our profitability to become better? Like what Sayantan said, you can see the 5 -- I mean, key strategies are the 5 Ps, platform, portfolio, professional services, process and people.

All our investments, he has detailed it, so I'm not going to repeat that. All our investments are towards each of these strategies. And you will find many of these -- see, we started this about 2 to 3 years back. You can see on the below some numbers are given in terms of investments. Don't take it as hard coded. I need to admit since it's a new business model.

In the past, we haven't tracked some of these investments so meticulously. So these are more indicative. But what is important is year-after-year, this quantum of investment is growing. So whatever results that you have seen, whatever results that you will see is in spite of these investments and predominantly, these investments are opex. I mean, only for platforms and certain tools or for the physical assets like the thing AI CoE, it will be a capex model. About 80% to 90% is opex model, which is part of the opex that you see in the quarterly P&L.

And our objective is to make sure that we need to get the payback in between 3 to 5 years period. We are very focused. There is a very robust cadence that has been put in place in terms of identifying what those investments are, how we will track the returns and then make sure that we benefit from those investments. This does not include any possible inorganic initiatives that we might do in the SSG space.

The reason why I'm mentioning we see some gaps. We think there are requirements for inorganic fillip that we need to give to ensure that the capability is very, very properly set for, I mean, scale and growth. In that sense, these will not be a bolt-on type of an acquisition. It's more -- I mean, a smaller type of an acquisition. And we will ensure that there is proper return that's in place.

In our view, as we make these investments, you will see operational leverage where the margins outweigh the costs. The renewal engine, which Sayantan talked about, our objective -- I mean, the renewal engine has gone live in Middle East today, has already gone live in India last year. So a lot of work that's going on in terms of tracking some of this. So FY '28, we think about 80 percentage plus of our renewals will get tracked in the system.

And as Sayantan said, our objective is to ensure that the renewals are -- I mean, are more than 95%. Overall, we think in the next 3 years, we should be able to achieve a revenue of about \$5 billion with a gross -- I mean, gross margin range of between 5.5% to 6%.

Of course, with a positive bias, if tomorrow, the professional services mix become better, this can definitely be better than 5.5% to 6%. And the PAT percentage, you can see it can be closer to 2% in this 3-year period. Next slide, Palak. Palak?

Yes. See, the key aspect in the SSG is the process -- I mean, the processes and the way in which we need to measure, monitor the business is very different from our traditional business. In the traditional business, everything is physical. So all our controls starting from revenue recognition, risk management, everything is built around physical products. Here is a case where it is non-physical. So the whole organization has to make a fundamental change in terms of how it looks at this vertical.

The global contracts, as I've said, in the traditional business, it is predominantly market-based. Every vendor has a relationship at the local level, and these are managed at the country level. But in SSG, this is more global. And hence, we need to be sure that we have adequate capability to manage the business locally, and we are also able to optimize the talent that gets created in one place.

In the captive delivery center, the global captive delivery center, which Sayantan mentioned, we have got five of it. While that helps us in terms of optimizing, but there are a lot of regulatory considerations that we need to keep in mind in terms of cross charge and it needs to meet the transfer pricing requirements. It has to be arm's length.

So all those models we have -- I mean, we have put in place, I need to tell you, a lot of work has gotten into it last year. Still certain things are work in progress. We just want to make sure between last year and current year, we are very well set and geared up in terms of scaling this business to bigger heights.

Revenue recognition, you all have always seen in the traditional business, when there is an invoice, that invoice becomes a revenue. But in the case of SSG, there are certain specific categories like renewals and subscriptions, where because of the IFRS definition, we can't recognize the full invoice value as a revenue.

It can only be the spread. So the gross margin will become the revenue here and then everything else will flow. This is roughly about 5 percentage impact at the SSG level. So what you see as revenue in the books, vis-a-vis what we invoice, there will be a 5% gap.

So this is another new, I mean, new aspect that we need to keep in mind. Withholding tax has never been an issue, except for the dividend as we are present in multiple countries for every of our transactions and payments, there are withholding tax reduction. How do you handle it? Are there exemptions possible?

Can you go to the income tax department in the respective countries, explain the business model, get an exemption. If that's not possible, can you go and talk to the vendor in terms of making use of certain treaties, I mean, DTAAs that are there between various countries by changing the billing model in terms of giving a tax residency certificates, etcetera, all those becomes important here.

Contract management, what liability that you commit, what liability that you have to agree with the vendors, how back-to-back it is. So all those governances have been put in place as much as possible, this is standardized at the global level. Multiyear contract, while it gives us predictable revenue, commercials are locked in, but we need to take a longer credit view, which has not been our practice in the past.

How do we ensure we take a proper credit view? And at the same time, if tomorrow there is a mishap in the form of a cancellation, how do you ensure there is a back-to-back cancellation? All these are, I mean, the nuances in the SSG space, services, how do you do stage-wise billing? How do you agree the scope of work with the customers?

Unbilled has never been a concept before. We will have unbilled revenue, I mean, at any point in time. Also, since we keep the data of the customers, how do we ensure that we follow the data protection policies of various countries. So there are a whole host of system changes, approach and metric that as an organization, we are in the process of changing to make sure we are geared up to capture as much as possible or maximize this business. This, I think, is going to very clearly differentiate a traditional distributor with I mean, with an organization like Redington, that will become a success mantra in our view. Yes, Palak. I'm done. Thank you.

**Palak Agrawal:**

Thank you. Thank you so much, sir. So we shall now move to the next part of the discussion where we have Kalyan Pola from AWS. Kalyan, thank you so much for joining us for this discussion. Kalyan is a principal Partner Development Manager at AWS, nearly 5 years in this role where he has been interacting with us across our regions while he primarily manages India and SAARC. Kalyan has been associated with us in various roles throughout his career, including IBM and now AWS. Over to you, Kalyan.

**Kalyan Pola:**

Thank you. Thank you, Palak. Good morning, everyone. Good morning, good afternoon. My name is Kalyan and I'm very excited today to share the story of one of AWS' most transformation distribution partnership today, which is the collaboration with Redington and I must admit and say that leadership from both the sides call it as GOAT, which is the greatest of all type partnership.

So this is a decade-old relationship that began way back in 2015 with a single customer and a single partner in India. And fast forward to 2025, we have seen relentless growth jointly along with Redington. We have scaled to 7,000 customers and more than about 850-odd transacting partners.

So AWS currently works with Redington across regions like India, the Middle East and The SAARC, right, where they work along with us as a force multiplier in these regions. Extending the AWS reach into geographies, segments and customer tiers that would have remained untapped as we speak today. But this journey is not just about numbers. It's about first.

So throughout this partnership, we have jointly driven various initiatives that didn't exist before. Whether it is a downstream SCA, which is called REAP and cloud starter kits for Tier 2 and Tier 3 cities or the UNNATI, which is Redington's Academy, the University for building AWS skills.

So if I start with the first initiative, which is the SCA 1 and 2, the Strategic Collaboration Agreement, this is predominantly for less than 1% of global AWS partners globally. This is a joint commitment between AWS and Redington, investing in building skills, partner enablement, partner progression and building the AWS skills.

When it comes to downstream SCA, it is helping the downstream partners on various skill set, cascading the partnership benefits to the downstream partners. This is one of its kind, which is a blueprint for distributors across APJ and Global today. And the next initiative I would like to highlight is about the Tier 2 and 3 cities cloud adoption.

So jointly, AWS and Redington has come up with pre-packaged cloud solutions and also wrapped up with Redington's managed services. This is predominantly to drive cloud adoption in the Tier 2 and Tier 3 cities, and we have targeted approximately about 30-plus cities in India.

And the fourth important one is about the Partner University. There is still definitely a skill gap when it comes to cloud in the country. So Redington and AWS jointly have come together with this partner university, now it is called Redington Academy, helping partners build cloud skills, not just the sales skills, but also the managed services skills.

And the fifth one is about the GenAI and the Agentic AI motions in this world of agents. There is a first-mover advantage along with Redington, where we have jointly come together in building a physical experience center, which is upcoming and also to drive Gen AI adoption in Tier 2 and Tier 3 cities with first-of-its-kind initiatives like lead with cloud.

The Bus yatra, which covered about 3,000 kilometers in India and covering about 18 cities across India, helping customers to drive or adopt to cloud. And the sixth one is about Greenfield acceleration. So Redington and AWS are working on joint priorities to acquire customers at scale.

And what makes this partnership truly exceptional is about Redington's own transformation, what we have seen. They didn't just grow on revenue when it comes to AWS partnership. They have built a dedicated AWS practice, acquired deep technical expertise, including managed services practice and also the MCP practice and become an AWS premier tier designated partner there.

Today, they are one of the -- as I mentioned earlier, fewer than 1% of partners globally to enter into the strategic collaboration agreement with AWS. A multibillion-dollar agreement for about a 5-year commitment. This commitment is primarily focusing on segments like partner enablement, partner progression.

Gen AI adoption and also new customer acquisition across segments like SMB, start-ups and public sector. So this is what a true partnership looks like and a decade of building together. And the best is yet to come. As we at AWS says, it's always day 1. And thank you for giving me this opportunity to represent this partnership on the meeting today. Thank you, Palak.

**Palak Agrawal:**

Thank you so much, Kalyan. We are so pleased to have you here. Now we move to the next part of this discussion where we have a panel of leaders within Redington to talk about GTM strategy,

professional services and also our role on AI. This shall be moderated by Nehal Sharma. Nehal started her journey with Redington Gulf Value business in 2011.

She has been instrumental in building and scaling technology distribution and cloud business across the Middle East and Africa. She has led CSG for MEA before taking on the role of leading global brand alliances for SSG. She has also played a key role in building platforms like CloudQuarks and continues to be part of these platforms as they evolve further. Nehal, before you start, may I ask you one question. What is changing in SSG's business model? And why should we think this will create higher value than a traditional distribution model?

**Nehal Sharma:**

Thank you, Palak. I think everybody, Hari and Dev and SVK mentioned about orchestration, right? And particularly where we have changed is from transaction-led to our life cycle led, which is a very different from linear business model to a circular business model. Predominantly a traditional distribution, it monetizes three things.

Product management, credit efficiency and scale efficiency. If you look at from just SSG perspective, in past 10 years our business model has evolved from a resell, which is taking product movement to channel. To, let's say co-sell, which is building, having joint GTMs, having joint pipelines together.

Now today that has become the ecosystem orchestrator, which is about integrations, marketplace, platform scalability, platform enhancements, co-building, co-innovate. So when you see that, that helps us monetize a very different aspect, which is solution designing, subscriptions, cloud consumption, renewals, services and upgrading the ecosystem competencies altogether. All this improves the quality of the business for us, predominantly leads to expanding the margin pool, increase our revenue recurrence, strengthen the customer stickiness raise in the wallet share over time.

So this is the era for us to move from a pass-through intermediary to an orchestrator of higher value, repeatable solutions and outcomes. With that, we have a very exciting and great panel with us. I have the first question to Mr. Ramesh Natarajan, the CEO of India and Middle East. He leads the largest and the fastest-growing markets at Redington with a vision for innovation, digital transformation and inclusive growth.

Throughout his distinguished career, Ramesh's leadership has guided Redington through periods of dynamic market shifts and technological evolution, consistently building strong partnerships across vendor and channel ecosystem. His ability to align execution with strategy has earned him a widespread respect and recognition for both business performance and people leadership. So Ramesh, for you I would say, how should we think about the regional nuances between India and Middle East, Africa? And why do both these markets matter to SSG's value creation story?

**Ramesh Natarajan:**

Thanks, Nehal. I think what makes a common denominator for India and the Middle East is both are growing markets. The ICT growth CAGR that's for India is about close to 11%. And for the Middle East is also close to about 8% to 10%. and that makes both the markets -- growth markets at the first place.

And when it comes to any -- the digital transformation, India is a known story, and I think everybody is aware. And in the Middle East, the canvas of growth is largely driven by the national digitalization and the compliance mandate that drives, Now with which SSG becomes one of the key pivot elements for growth.

Now when I see security, which is becoming pervasive, I think the growth rate of 20% governs both the markets in terms of its significance moving forward. And when it comes to cloud, the growth rate of close to about 20% to 30%. I think that the India market is growing at the rate of about 25 percentage. But with the SME taking a scale of growth, that's close to about 35%, 37%, whereas the Middle East continues to grow at about close to 18 to 20 percentage on the cloud, okay?

And on the software, the infra software and the pieces of software along with the AI that's coming across is going to be the complete pivot for the digital transformation and the AI future world that is disrupting many of the models that has been around. So this makes the nuances of India and Middle East largely on SSG as a very focused element.

However, while India leads on size, the SMB demand drives a faster growth of adoption on opex and subscription models, whereas the Middle East has a larger enterprise and the government growth that is set behind the national digitalization and the compliance mandate.

**Nehal Sharma:**

Thank you, Ramesh. Our next panelist is Mr. Cem Borhan, who is the CEO for SESA, which is the Southeast and South Asia. He has 15-plus years of experience in technology sales and distribution. He has built high velocity partner-led ecosystems, leveraging strategic alliances, GTM execution and digital transformation to scale both volume and value businesses.

He has focused on expanding software, cloud and the next-gen technology portfolio across SESA region. So Cem, as SESA undergoes a rapid digital transformation, how is Redington's go-to-market model evolving across the SESA region? And what role do you see us playing building the organizational capabilities required to capture the future growth across cloud, security, software and AI?

**Cem Borhan:**

Okay. Thank you, Nehal, for the question. So first of all, let me talk about the region. I mean, the SESA region, which is -- that I'm leading, which is South-East Asia and South Asia. It represents one of the most attractive growth opportunities within our GEOs, right? I mean just a second ago, Ramesh talked about the mature regions.

So I mean, when compared to some of our mature regions in the market, the region -- this region remains relatively unpenetrated, like highly fragmented and increasingly focused on digital transformation. So by this, creates a significant runway for our growth, especially through our Software Solutions Group, which is SSG, that is at the center of our expansion strategy.

So we are trying to -- I mean, in our region, we're trying to call this the Redington 3.0 approach, which is the SSG-led or the software-led approach. So the region, the SESA region is currently at a critical inflection point, and we're seeing acceleration and adoption of cloud investments in cybersecurity, continued enterprise software modernization and now a rapid emerging AI opportunity.

So as a result, our go-to-market model is evolving from like a traditional distribution approach to a solution-led or even lifecycle oriented, but mainly the part is the orchestration model. So in my region, the SSG is leading this transformation in SESA in four key areas. So I'll just mention about these four key areas now, which are the main pain points of the region, I would say.

The first one, so building the deep technical capabilities across the cloud, cybersecurity, software, enterprise software and AI. That is the one of the main pain points of the region as well, creating the capability and the competencies.

Second one is by enabling the partner transformation, helping the ecosystem evolve from a product selling to a solution providing model. That's the second one. The third one is expanding the services-led approach or including the solution designs, the presales deployment supports, the managed services in general.

So I mean, becoming the MSPs, CSPs or MSSPs as we call it. This is the third one that we are putting in place. And the final one, the fourth one we're saying is orchestrating the broader ecosystem, right, bringing the hyperscalers, the OEMs, the ISVs, start-ups, scale-ups and the channel partners to deliver the outcomes, the customer outcomes as we call it.

So these 4 points for us, by the way, as Redington to capture the growth actually, we're making some targeted investments in this AI and this SSG-led growth. I mean we've talked about a lot of these in the previous presentations. But specifically, I'm going to be putting the two main differentiators that are more specific to SESA.

So one is launching the AI center of excellence. And Sayantan has also mentioned, in Singapore, we call it the Launchpad that will serve a regional hub for innovation, software development and partner enablement that will lead the region from a hub point of view. And each and every single country that we are penetrating in the region will have the satellite launch pads, as we call it, within the region so that we can leverage it.

The second one is the AI exchange apparent the platform to connect the customers, partners, technology providers and accelerating the adoption of AI use cases or AI agents across the region. So together, these investments in our region is positioning SSG not as a simple growth engine, but as a strategic enabler across Southeast Asia and South Asia region.

So that is going to be driving us through that approach. So as Redington, we cannot approach it from a me-too kind of a distribution model. But instead, we're trying to differentiate ourselves. So as cloud, security, software and AI continues to converge. And we believe the combination of this ecosystem reach, technical capabilities, execution strength positions us exceptionally well to capture the next phase so that we can be ahead of the curve. That's what we believe, and that's how we are positioning ourselves in the region. Thank you, Nehal over to you.

**Nehal Sharma:**

My next question is to Mr. Sachin Dubey. Sachin is a senior leader heading professional service, which covers cloud, infrastructure, software and security. He brings 25 years of experience with a strong focus on driving growth, innovation and specialized in building scalable cloud and AI-led services portfolio. So Sachin, why is SSG placing so much emphasis on services? And how will that change the overall economics of business?

**Sachin Dubey:**

Thank you, Nehal. SSG's emphasis on services is a fundamental shift from transaction to transformation-led growth, which you're looking. Services, while growing is 100% rate, but it's not just a revenue add-on when it comes to transformation. It's actually a mechanism which is driving the adoption. It's fast tracking the deployments for our customer.

And in today's world where customers are going for newest technologies, it is helping them to reduce their risk over there. Along with that, it is also ensuring the product renewal for our customers and partners as well.

And all in all, it is having a multiple effect or multilayer effect for all the portfolios which we drive in Redington there. In the AI era, where customers are expecting services as a software, which Sayantan also talked about that.

They want to ensure that the services are focused towards the business outcome, whether it's modernization of their critical workloads, new age technologies like Gen AI adoption or cost takeout, which is shifting the focus from price to value and also ensuring that we improve the wallet share and the customer engagement as well.

Having said that, finally, if you talk about the economics, the SSG services are helping us to drive the margins upward, which SVK also touched upon that. And along with that, improving the revenue quality and finally, having annuity-led growth for us.

Since we're talking about the services, you see in today's world, technology is changing very fast. All the hyperscalers are releasing new functionalities almost every month. There are a lot of things coming on AI. There are a lot of OEM-driven innovations happening over there. So cater to do that, we want to ensure we are serving best-of-breed technology and solutions for our customers and partners.

And that's where we are focusing on the academy and practices, technology practices so that we go deep into the technology from training, skill development. We are focusing on innovation, which could be AI and some of the things we talked about earlier as well as ensuring that we are catering to the entire customers' technology lifecycle journey.

**Nehal Sharma:**

My next question is to Mr. Deepak Puligadda, who's our Global Chief Technology Officer. He is leading the company's technology strategy and driving digital transformation across platforms. He is a tech, finance and a business leader. He focuses on building platforms and most recently, setting up our AI practice.

So Mr. Deepak, as SSG evolves into a solution-led services-driven organization, how do you see technology, particularly AI, shaping its future strategy, both in terms of internal transformation and market-facing offerings?

**Deepak Puligadda:**

So thanks, Nehal. As we see it, technology is at the centre stage of all transformation these days, and that's true even for SSG. So for SSG, technology, especially AI will be one of the cornerstones on which the next phase of growth will hinge upon. So there are 2 or 3 important roles that AI will play for SSG.

One is a horizontal. That would mean that we infuse AI into whatever we do to make it better. We are actually embedding AI into all our core processes and especially on our platform as well as all our functions basically on credit or presale, sales, all these are now AI-driven. For that, we are actually infusing, improving our infrastructure and also investing a lot in terms of security and on the governance side so that we use AI in a very responsible way.

What it helps us to do is to use AI to make our decisions better, faster and then handle customer requirements in a much better way. So that's the main thing behind all the horizontal services or horizontal way of looking at AI. On the vertical side, it's one of the key pillars of all our services, like how Sayantan presented the whole story and Sachin mentioned about how he's embedding all the AI agents into his solutions and services.

So it remains a very core offering on whether it is across cloud or security or even the professional services that we are doing. So the sole intent out here is to move customers from mere experimentation to very active and scaled up adoption. So that's what the journey will be. And the third where I think we've spoken enough about it, our AI exchange. This is where the market orchestration. The role of our orchestrator is what Redington will play.

So there's AI Exchange is one big step in that direction where we are trying to bring the solutions that ISVs are producing closer to the market and closer to the partners who have, who own the customers. So this way, the market, the ecosystem play is going to become far easier. The benefit of this is to cut the time to market and also make all these solutions available and democratize the whole ecosystem out here where AI agents will be available to a lot of players.

So this is how I think. So that the entire distribution, I mean, SSG will scale up from just being a distributor of technology to an orchestrator of AI innovation. So I think that's the big change that AI is going to play in SSG's case.

**Nehal Sharma:**

Thank you, Deepak. Now my last question is to Mr. Mohammed Sadiq, who is a seasoned leader with 3 decades of experience in driving value-added distribution and SMB growth with a strong focus on software, Cloud and solution selling. He brings a proven track record in building scalable partner ecosystems and accelerating adoption of Cloud and digital solutions, particularly across the SMB segment. He joined us recently from Microsoft for his second stint at Redington to build our AI GTM. So Sadiq, as demand for AI solutions accelerates across markets, how is Redington positioning its AI go-to-market strategy to capture this opportunity? And what differentiated offerings are we bringing to our customers and partners at scale?

**Mohammed Sadiq:**

Thanks a lot, Nehal. Completely agree with you that the demand for AI is rapidly growing across almost every business function of an organization today. And I think the good news is that customers are moving from POC to actually production environment. So the question that why AI today is no more relevant.

The real question is how we can really go and adopt AI in a way that is commercially viable and capable of delivering tangible outcomes in a scaled manner. I think the answer to this question is Redington AI orchestration layer, which is our AI stack. This stack has about 3 foundation

layers and 4 GTM layer. The 3 foundation layer is basically the AI infra layer, the data layer and the AI security.

Since your question is more from a perspective of GTM, so let me talk about more from our GTM strategy, we have 4 key pillars there. And Deepak did spoke about the hero pillar, which is ISV motion. And at the core of ISV motion is an AI Exchange platform for us. And as you rightly said, AI Exchange actually brings together the best of the creators, the builders, and the ISVs, as well as the best of our partner ecosystem, together on one platform, right?

Today, I'm proud to share with you that AI Exchange has more than about 450-plus curated, ready to deploy AI agents across multiple different industries, multiple different business functions and, of course, customer personas. I think what I really love about this platform is if you as a customer has a particular business need on AI, we can find, configure and deploy pre-validated agents in hardly a couple of weeks. You don't need to really wait for months. You don't need to really build it from the scratch. I think speed is a genuine competitive advantage that we bring to our partners when we talk about AI Exchange. So that's a key component for our first GTM, right?

The second GTM is hyperscaler. And of course, thanks to Pola he spoke about this. I think we have a great relationship with our existing customers and who are running either AWS Cloud, Google Cloud or Azure Cloud. We are now trying to drive AI readiness assessment with existing customers and deploying AI where it moves the needle faster. So hyperscaler becomes the platform provider, and we become their trusted co-pilots, I would say. Third key motion is a strategic partnership and a centre of excellence, Sayantan just spoke about it.

Here, we are building for long term. The idea is to create environment where customers and partners can test and build their AI solutions with Redington, right? Fourth, I would say, is a very interesting one, which is S-Devices. Hari just spoke about this. With proliferation of NPU-enabled devices as well as the way the cost of inferencing is going down, I see a great opportunity for AI workload to move into the endpoint solutions and without worry of what latency, without worrying about the cost of the tokens. This, I believe, is a fantastic opportunity. We have just started exploring this opportunity, and I think this is an area to watch out for.

So when I really bring together all these four GTMs, I think that is what is creating a real value proposition for our partners, a clear differentiation for our partner. I believe Nehal, opportunity is enormous. I think we are at the right time at the right place, and we are just getting started. Thank you.

**Nehal Sharma:**

Absolutely. I think Dev also mentioned that we have always put in our investments much prior to the time. And I think this is where AI and what you mentioned, absolutely. Thank you, everybody. I think we covered a lot about what we want to do, and thank you for giving insights on how we are looking at, critically looking at every areas from a region perspective, GTM perspective and how we are building ourselves. Thank you, everyone.

**Palak Agrawal:**

Thank you, Nehal. Thank you, RN, Cem, Sachin, Deepak and Sadiq. Thank you so much for sharing valuable insights. We'll now move to the Q&A section. While we take a few minutes

until the question queue assembles, my request to everybody is to restrict your questions to either one or two. Also, to put your questions only relevant to the SSG business unit and this topic, we are a large organization, but this event has been curated specifically for SSG. So please restrict your questions to SSG business unit. Just give us a few minutes while we reassemble. Thank you.

**Question & Answer:****Palak Agrawal:**

Hi everybody. So once again, we've received some questions which pertain to the hardware side of the business. We shall not be taking those questions. We have Hari, SVK and Sayantan here to answer your questions. So let me start from the first one from Sahil Doshi. In the slide on SSG financial snapshot, difference in net revenue and gross revenue, if you could explain.

**S.V. Krishnan:**

Okay. See, I was giving an example of what happens in the hardware business and what would happen in the software. Assume, I mean the product pricing is USD100, we add a 5% on top of it, and we invoice the customer USD105. You have got the USD105 as a revenue in the financial system and the gross margin will be 5 and then everything moves on. That is the case for predominant part of the SSG business, not all.

There is a portion of the business, which relates to renewal, subscription, the vendor-led professional services, etcetera, where, I mean, this is pure IFRS rule-based, where we are not supposed to take basis what invoice that we raise. That's we call it as gross revenue. That's how we track it in the system because we take that exposure with the customer.

The spread, which is the gross margin becomes our revenue. And from there, everything else gets billed on. This piece, if you take SSG as 100%, this piece is about 5%. So when, I mean, you see about USD2.2 billion of revenue, actual revenue that we had built to the customer is about USD150 million more, something like that.

**Palak Agrawal:**

Thank you. Gross profit growth is lower than revenue growth. Is this that we are chasing growth over margins here? Or is there a shift in product mix?

**S.V. Krishnan:**

It is also to do with the product mix. In our view, this will be an interesting space from the profitability perspective for sure. At the gross margin level, as I had very clearly called out, our objective is to maintain a 5.5% to 6% of gross margin with a positive bias if the professional services contribution becomes better. Across all the four business verticals, this is the highest. And we think as our capability buildup and the quality of offerings becomes better, this has a chance of becoming even more better in the future years.

**V. S. Hariharan:**

If I can add, see, we are in the initial stages of our journey in the formation of SSG. And we talked about 4 pillars here. We talked about cloud, security, software and professional services. Now we are -- we've got some very good capability building and very strong assets and some more than others. And clearly, there is an opportunity for us to improve in some parts of the business, and you will see that. And that will drive also a gross margin growth in line with the revenue growth over time. That will be our intent.

And in terms of mix, we don't have a paucity of opportunity, but it's how we execute and what assets we have built. For example, we can grow, I believe, much faster in security than we have grown. And we can grow much faster in professional services than we have grown. So, all of these things will change our ability to grow gross margin as fast as revenue. Thank you.

**Palak Agrawal:** Could you give concentration of vendors, top six vendor contribution to revenue?

**V. S. Hariharan:** Sayantan. Do you want to pick that up?

**Sayantan Dev:** Yes. The top 6 vendors contribute about 70% plus of the revenue today. But this is pretty much the trend across the industry. The key here is to continue to add on new categories and new brands in each of these categories, which we will continue to do that and improve the mix. So, the top 6, 7, 8 vendors, predominantly because of the way they are present in the market and the large landscape of solutions they provide across the 3 segments, they tend to have a more heavy weight in terms of the revenue mix.

**V. S. Hariharan:** Yes. And if I may add, today, we -- the area on security is probably where we'll have a large number of vendors. If you look at cloud and hyperscaler as well as the software business, clearly, the bigger players will continue to be -- there will be a concentration there. And over time, we will have a longer tail probably in security and software, which will start contributing more. But we are happy basis where the industry is going and the big players are growing or the long tail is growing and really try to bring the best to the market in terms of the balance. We really cannot predict in the next few years where this will head.

**Palak Agrawal:** Next set of questions come from Hitaindra Pradhan from Maximal Capital. Can you please explain a use case on how a cloud transaction plays out starting RFQ to fulfillment and the role of partner, vendor and us during to fulfillment? What sort of GM we earn? And how does the working capital cycle look like? Subsequently, what is our revenue profile, services, renewal, etcetera?

**Sayantan Dev:** Good question. I think the -- a cloud life cycle journey is a very typical example of how we map this entire life cycle. In fact, in many cases, it actually starts even before the RFQ is floated because we play a good role in the advisory part of the services with many customers where we assess their existing workloads and create a ROI map for them when we move those workloads to the cloud.

So, the engagement starts even before the RFQ in many cases leading up to choice of partners and different other service providers, then the actual transaction and onboarding on the cloud -- on the platform. And post that, we also have assets built over time, for example, TrackMyCloud, which I mentioned during my presentation, which is used to -- as an observability and efficient cloud usage optimization tool.

So, we constantly engage with our customers to make sure that not just -- they are not just only adopting the cloud consumption or a subscription for that matter. At the same time, we are using tools across various elements of FinOps, BillOps, which is nothing but cloud usage optimization and writing policies so that they get the best return on their investments.

Right up to the renewal cycle where we, again, go back and assess the usage of the services during the period of the subscription, and we do an assessment as to if any mix needs to be changed or we would otherwise renew the subscription as is.

**S. V. Krishnan:**

There was one question about the working capital deployment. It's important to mention, this is not the space where working capital deployment is far too less. It is quite similar to the erstwhile business. Yes, the inventory holding is very marginal, only in some few products like security, etcetera. But otherwise, the AR days is longer when compared to the rest of the business.

So, if you put the math, you will still find the working capital range more or less between our hardware business in SSG. However, because of higher profitability, the return on capital employed is stronger.

**Palak Agrawal:**

Next question, again from Hitendra Pradhan from Maximal Capital. In SSG, can you please explain the difference between solutions and services? Why services contribution is very low? And what is the outlook on this?

**Sayantana Dev:**

Yes. So typically, I will take you through what the orchestration role to answer that question. Now we have moved in SSG from a product delivery to a solution delivery, which is more about delivering a business outcome to our customer. So, the role that we play here, the solution orchestration role is about aggregating very complex solution from multiple vendors, removing that complexity, coupling that with our services, which is about delivering.

It can be implementation of the individual solution sets. It can be the putting together and the interoperability across different solutions. And finally, what we deliver is a business outcome to our customers, helping them improve their time to value.

**V. S. Hariharan:**

Yes. If I can add, so let me try and answer the question on services, why the contribution is very low. This is one of the areas of focus. Traditionally, we have looked at only cloud as an area for professional services. We are clearly getting into security. We're getting into AI. That's one part.

Second part, within cloud itself, we are working on more productized services, which will help us -- allow us to scale up a little bit more. And very importantly, there is a big partner ecosystem. We work with the partners. We're not trying to replace what the partners are doing. And our role as a company is to build competency and certification so that we can bring these knowledge where to our partners and complement them.

So whatever services revenue you'll see, there will be almost 8x to 10x of services ecosystem that we are delivering. Clearly, that is an area we're going to scale up big time, go beyond just the cloud professional services. But even within cloud, there will be a lot of competency and productized services will bring to the table. And you'll hear more from us on all of these over time.

**Palak Agrawal:**

Our next question is from Dishant Jain from Quasar Capital. It is a long question, but I'll just reduce and take the last part of it. Can products and services in SSG be replaced by AI? Other than our network of partners, what other moat we have so that we would be able to compete

better in the market? And is it possible that anybody with huge network would be able to offer these products and services?

**Sayantan Dev:**

Yes. So, to answer in a very short answer to that would be that AI is not replacing the solutions or the services. AI is complementing the services. And most of the products that we deal with come with a lot of AI features, which our vendors are adding to their offerings on one hand. And secondly, AI is also helping big time, enabling us orchestrate these solutions, delivering services through agents and fast tracking the time to market for our vendors and time to value for our customers.

**V. S. Hariharan:**

Yes. There was a question on it about the network. Yes, you're absolutely right. Network is very key. However, what is also very key is a global local. One of the things that Redington prides ourselves in all the 40 markets we are in, we are present very locally with local teams. And like in the past, not everything can happen over a platform or an ecosystem. There is a relationship with a local partner.

There is delivery that happens through a local partner, working with a local partner in professional services or in solutions. So clearly, there are many factors involved beyond just having a network or just having a platform or a marketplace because not all of this is going to be just delivered over a platform.

There are going to be local nuances and connections, etcetera. So, it is very important to -- for us to understand that the competency certification developed within our company and the local partners will complement to bring this to our customers.

**Palak Agrawal:**

Next question is from Sahil Doshi from ThinQwise Wealth Managers. SSG has grown from a relatively small business to almost 17% of revenue today and continues to grow significantly faster than the overall business. What is the medium-term aspiration for SSG as a percentage of revenue and profits?

**V. S. Hariharan:**

Okay. I'll try and answer that question. We were also reflecting over the last couple of years, the SSG percentage could have grown as a larger percentage, but you must understand the markets we are in. Hardware is also growing very rapidly. If you look at FY '26, we talked about 29% or 37% growth depending on whether you look at it from a U.S. dollar terms or rupee terms. Our hardware business has grown at 17%. Globally, the hardware business is actually a degrowth.

If you look at the total distribution marketplace, it is a minus 2% to 3% degrowth. So again, very hard to say this. If I look at the next 3 years, the GPU server market is exploding on the technology solutions side. The edge PCs are exploding. The smartphone business continue to grow, both on the back of the premiumization in our markets combined with on-device AI.

So, if hardware continues to grow at 15% to 20%, and if our software continues to grow at, let's say, 30% to 35%, our ratios could remain somewhat the same or grow marginally. Obviously, our aspiration is for SSG to grow faster. But if my hardware is growing very well, the ratio could still be in the 17% to 25% range. Our aspiration would be for SSG to be around 25% of our business in the coming years.

**Palak Agrawal:** What portion of our revenue is from SMEs? And what is our dependence on large enterprises here?

**Sayantana Dev:** So, I -- the large play that we have is with the SMEs. So that if we -- there are 2 answers to that. If we look at the number of transaction mix between large enterprise deals and SME deals, it will be very much lopsided towards SME -- number of transactions with SMEs and the number of customers that we deal with to about 70%, 30%.

However, the enterprise deals are often very large opportunities which if we do a revenue-to-revenue map, that ratio might just flip because there are a few deals that we do at a large enterprise, but many of them are very large deals.

**V. S. Hariharan:** And typically, what happens is the brands and the OEMs are very engaged with large enterprises directly. So, they bring us in either for fulfillment or to provide a complete solution. Whereas in the case of SMEs, we are engaged more horizontally to bring everything together. So that's where the difference is. We will probably be engaged in large enterprises as well. And like Sayantan said, they are large-sized deals, but our value-add in the SME space will be much larger.

**Palak Agrawal:** Continuing on the same, how vulnerable is the cloud and software business to vendors bypassing distributors and selling directly to large enterprise customers?

**V. S. Hariharan:** Again, if I -- this is what I was alluding to. Clearly, the large enterprises, the OEMs and brands will directly engage them. But increasingly, we are finding, whether it is in software or whether it is in cloud, they are increasingly dependent on distributors to be able to be part of the whole value chain and fulfilling because they see us engage in the entire life cycle. They see us as ability to for us to bring services from our partners, ability to bring a full range of solutions. Clearly, brands will be engaged directly with large customers, but they will look up to us on a variety of other value adds.

**S. V. Krishnan:** Incidentally, I should mention, this has been the question that I have been hearing for the last 20 years. even in the core hardware business. Just to remind all of you, when we got listed this question came, won't you get disrupted, our revenue was about INR8,600 crores. And we still - - we are alive and kicking, and we feel very -- this I should say thrilled with the opportunity.

And the incremental revenue for last year was 2.5x of the revenue at that time. So, I mean, I think we have, very clearly established ourselves, very highly valued by the brands across the ecosystem and more primarily in SSG.

**Palak Agrawal:** Next question is from Vivek Ramakrishnan from DSP MF. Will the SSG business transform your balance sheet? Lower working capital, more opex versus capex, is all opex taken through P&L and not capitalized?

**S. V. Krishnan:** I think we did cover this in the other question. First of all, from a working capital, there is hardly a difference overall, even though intrastate, there is a change between inventory and AR, lower inventory in SSG and more AR in SSG. Opex, capex, even otherwise, our capex is pretty low. And in this case also, it will continue to be the case. Investments will be there and predominantly;

the investments will be in opex. And we think, that would be there for the initial 3 to 5 years. Once we have built the capability, we should be able to leverage from there. And I think, you will see better profitability beyond this leverage stage.

**Palak Agrawal:**

Next question is from Tushar Dhonde from Shanghvi Family Office. What sort of managed services are we offering to enterprises? And are we head-on competing with system integrators in this space?

**Sayantana Dev:**

So, we provide managed services largely in the cloud space and also in certain softwares. So, from managing their existing workloads, optimizing their usage, troubleshooting the security aspects of their cloud workloads. So, there's a range of activities. We end-to-end -- we have the capability to end-to-end manage the cloud installations for any customers, if handed over to us. Plus, on the security side, we have developed our brand of managed security services called DigiGlass.

It's been in Middle East for a while, and now launched also in India. Security is becoming a boardroom discussion of vital importance. And the Security services are so fragmented that no organization can manage everything on their own. So, we see a growing trend of customers outsourcing their security services to a specialist -- a third-party specialist. And that brings a very huge opportunity in the managed security services space, and we are continuing to invest heavily, and we are seeing good traction in the marketplace.

**V. S. Hariharan:**

And the second part of the question is, are we head on competing with the system integrators? No, we are not. It is a very complex space, as what Sayantan described, whether it is cloud, whether it is security, whether it is AI. And our role is to build competency and certifications inside and bring those capability and certifications and complementarity to our partners. What they can do, we will not compete.

What they cannot do is where we will complement, and then we will train them over time, that's the intent. And we will obviously take a share of the services, business and the margins based on the value we bring to the table. Our idea and thinking are really to build a good slew of delivery partners on services, but it is complex, and it's very -- it requires a lot of depth and breadth.

**Palak Agrawal:**

Thank you, Hari. Next question is from Pratik Kothari from Unique PMS. Given that, we don't provide credit and do not manage logistics and software, why are the gross margins higher here? Extending this a bit, when a customer renews and goes into year two of billing cycle, why should we still get the same gross margins, that we got, when we first did it for them in year one? Taking analogy from an annuity insurance project where the margin is higher in year one, and then drops.

**V. S. Hariharan:**

This is, I think, an excellent question. I think this is the genesis of SSG. When you think about transacting or working with a customer or a partner on SSG, clearly, since it's a very digitally oriented go-to-market, the question is, why should we appropriate the margin if we don't bring enough value. In the hardware business, clearly, it is all about inventory management, all about supply chain, logistics and credit. Credit continues to be an important value add here.

But if you look at what we bring digitally and everything that Sayantan went through in the entire life cycle, we are involved in all parts of the life cycle. The brands and the OEMs cannot execute the same. They may be able to do for a handful of partners, for a handful of large customers over their digital platforms, but they really look up to a distributor to be able to do this engagement, from onboarding to management, to bring in other services, the whole renewal cycle, that's where we bring in the value.

So, the investments we are making for the life cycle, for the platform, for the marketplace, bringing in multiple services is all about the value add. That's where we appropriate the higher margin. And clearly, since software lends itself from the brands and OEMs, they have a higher margin, their ability to pass on the higher margin to people like us, who are able to deliver value, is where this thing goes. So, the more we are able to deliver value over time to brands and OEMs, the more we will be happy in terms of creating the business stickiness and being able to create the happiness for partner and customer.

A CloudQuarks, for example, where our partners can come on the platform, work with their customers, and we have a white label model of the CloudQuarks where they can interact with their customers, bring them on to the platform, access the different products, that we will have in our marketplace, all of that lends itself to a game where we bring a lot of value. Sayantan, do you want to add?

**Sayantan Dev:**

Yes, I think you covered most of it. So just, I would like to differentiate between what we do in a SSG world is not just manage those transactions. And hence, it's a very justified question about when we renew, if it is only about managing that transaction, I would know, the answer like you, Hari, said that we are engaged with the customer at multiple points during their life cycle. And over time, our understanding of our customers has also increased.

OEMs value that because we are investing in customer success, which is about helping customers realize the true value of the services they are subscribing for. Our team of customer success team walks throughout the life cycle, making sure that the customers are using most of the features that the software promises -- and that helps in a natural renewal or in many cases, upgrade of their services, when it comes to renewal, and that's the value that the customers are paying us.

**V. S. Hariharan:**

And this is actually, the most fundamental question that has been raised. A lot of our peers and distributors in the market engage only in the resell portion of software, and not in the whole life cycle. And all we are investing is really to continually add value to partners and customers, thereby adding value to the brands. And that's why the year two and the year three, it makes sense for them to give us the margins, if we continuously add value.

**Palak Agrawal:**

Next question is from Tarang Agrawal of Old Bridge Asset Management. AWS, Microsoft, Palo Alto are big vendors. How big is Redington for them, in respective market that Redington is operating in?

**V. S. Hariharan:**

I can just start, kick it off and Sayantan can add. So, for cloud players like AWS, Microsoft, clearly, we have created something where in our markets like India and Middle East, we are a

very strong number one. And that's because of the value add, and the way the systems we have created for tracking and the programs we are driving, the ecosystems we are creating with start-ups, etcetera.

And again, as you go to many other -- many of the brand OEMs we work with, we try to be number one or number two in the market and take a very strong position, because if we are not, then we don't bring enough value and critical mass to our partners and our vendors. But that's a starting point. Clearly, we will not be in the game for vendors and brands where we are number three, number four in the market.

**Sayantana Dev:**

Yes. I think pretty much, we are number one in the vendors that are mentioned here, and the top 6 and a few others, in most of the markets that we operate with them, barring a few. This is primarily because our vendor partners see value in us in understanding their offerings, and what it takes to help them take to the market, make sure that customers are realizing the true value of their offerings.

For example, our hyperscaler partners have built world-class platforms, and it is our job to make sure that, we are bringing customers to the platform, and not just that, we are making sure that they are making the most of what the platforms have to offer.

**V. S. Hariharan:**

And one last point on that. Some of the players, we do have joint business plans for a year, for three years or even five years. And Kalyan mentioned AWS. So, we have a joint business plan with them. What to strive for over the next few years, we have very clear targets. And that's what makes it a win-win partnership between the brand OEM and us.

**Palak Agrawal:**

Next question is, what is overlap between SSG clients versus ESG, TSG or MSG?

**V. S. Hariharan:**

If I may just kick it off, and Sayantana can jump in. So clearly, there are two parts. The enterprise clients, the mid-market clients, there will be a very large overlap because the people who buy the hardware, buy the cloud, buy the security, buy the software. The larger question is go-to-market. And we have started to map that.

What part of our go-to-market does only cloud, meaning our partners who are delivering only cloud, partners who are delivering only security, people who are doing only hardware, and what is the overlap? Because over time, we would love to see partners who are doing a combination, then it becomes easier for us to bring a bunch of categories and brands together and bring value. And that's work in process. But on the client side of things, clearly a very large overlap.

**Sayantana Dev:**

Yes. I'll break that question. I think in one sentence, there is more overlap with our Technology Solution Group partners, because they provide the network storage, server, hardware infrastructure, which goes with some of the softwares that we provide.

There is, again, overlap with a few other MSG and ESG partners as well. A lot of our TSG and ESG partners, particularly reach out to us to help them transform in that journey. And a key objective of us is for SSG and the amount of investment of time and resources also goes in helping partners transform in their journey. We see a lot of interest from traditional hardware partners to transform into a software play. So that's one part of it.

But one key element is we also have been working over the years with very specialized set of partners. For example, a born in the cloud partners who has always -- their offerings have been digital-led, cloud-led. So -- and similarly, in the case of security, very specialized managed security partners or partners who are primarily focused in securities. But yes, on the generic enterprise-level partners, there is quite a bit of overlap.

**Palak Agrawal:** Next is how do you ensure higher renewal rate? More importantly, why would renewal rates be less than 100% if it's a subscription-based business, unless the customer is deciding to not pursue?

**Sayantan Dev:** There are two parts to it. One is there can be -- the customer might want to move into a new category. But most often than not, we see renewals not happening for our services primarily because when the customer has not used the products well. And that's where we are very intentional about creating a customer success team to genuinely help our customers make the most of the services they have subscribed for.

And if I look at the stats, wherever we have done a good job with the customer in helping them adopt more, use more features, that the services or the software provide, more often than not, we end up in a renewal or in some cases, even upgrade their services.

**V. S. Hariharan:** And truth be told, in a practical situation, there are distributors in the market who just want to compete and win share by giving away even that 5.5% to 6% margin that's available and compete aggressively. That happens time to time, not very often, but that can be another reason for the renewal rates being lower in certain categories.

**Palak Agrawal:** Okay. The next one is, how does being recognized with the brands like Frontier partners, you mentioned Sayantan earlier, help us with better delivery, optimized delivery to the customers?

**Sayantan Dev:** Sorry...

**V. S. Hariharan:** The question is how does being recognized with alliance partners like Microsoft, Frontier designation. How does it help you in terms of better delivery or better optimization?

**Sayantan Dev:** So, the Frontier designation is very esteemed badge in the Microsoft community. There is a very handful of partners today globally who has achieved this designation. Like I mentioned before, Microsoft has three levels of partnerships. One is solution partners, advanced partners. Advanced partners represent that community, who has most advanced competencies in what offerings they have today.

But the interesting and the most important part of a Frontier designation is the fact that Microsoft recognizes frontier partners to be the ones who are future-ready, both in terms of how they are adopting artificial intelligence in their internal operations as well as the maturity of their offerings to the market, and how well they are aligned with Microsoft's go-to-market for their AI and generative AI products.

So, it's a new designation, but it's extremely tough to go through that. You really require building competencies and capability across the 360-degree dimensions of running and going to the

market. It goes through a rigorous process of audit through Microsoft across, almost 5 to 6 months, auditing different areas. And then a very handful of partners have been -- actually been successful in getting that. So, we are extremely proud of that partnership, and it's now in public domain.

**V. S. Hariharan:** Honestly, the title is just a vanity, but what goes behind the title? We have earned the title because we have done a number of things right as far Microsoft is concerned. And they bring best practices across the globe, and they measure you against yardstick.

So, if you've got those pieces right, that's what earns you the right to do better and be a better, more optimized delivery to the customer. And we have to continually learn from the brands and the OEMs, what they expect from us, and what best practices are built globally. That's what we are proud of, and that title comes as a result of the work put in place.

**S. V. Krishnan:** If I can add, if tomorrow, any of these vendors decide to do any consolidation of their partners, we have a better chance to stay on with them. That's a big advantage in an ecosystem like this.

**Palak Agrawal:** I know we are hitting the clock, but can we take one last question? So, it is from Nitin Padmanabhan from Investec. What are the gaps that you're trying to fill in the business? What investments are you looking to make in professional services? And how much headcount will you grow?

**V. S. Hariharan:** Okay. Let me kick it off, and Krishnan can jump in. So clearly, there are many, many gaps that we are trying to fill. Sayantan talked about capabilities that we are building. It's not like we have built everything, whether it is CQ, whether it is marketplace, whether it is automation, whether it is the renewal engine, whether it is the academy, we are in the beginning of a journey. And SVK showed what we have invested in the last two years and where we are investing this year. So, it's going to be the next three years is going to be a lot of investment.

Professional services are another area we talked about investment. So clearly, many, many areas we're trying to fill the gaps. Even our presales. We have pre-sales people, but we don't have enough solution architects. We don't have enough practice leads. We don't have enough domain people working the life cycle. So, there are many, many gaps we're trying to fill, but we have clearly defined the strategy, and we know what needs to be done to be at the forefront of technology and in SSG.

Now what are the investments, we're trying to make in professional services? First step we have taken is to bring all of the professional services in India, for example, under one leader, Sachin, he was there on the podium earlier, where we have practice leads, delivery people, pre-sales and solution architect. We are identifying where we have gaps. We're actually adding a lot of headcounts this year. Second, we are looking at how to up-skill these people.

Third, we need to really understand our customer domain, our go-to-market, what kind of salespeople we need to have, and what kind of presales and we need to have, what technology partners we need to have, delivery partners we need to have. So, there is a -- it's kind of night and day in terms of where we are moving. We identified it. On a scale of 1 to 10, I can say,

clearly, we are on a stage where we are 2 to 3, and we really need to get to 8 to 9 on a professional service. It's an exciting area. AI -- and I think Sayantan showed a little bit of where we are.

We are not an IT/ITES company. We are not going to be doing custom services. We are not going to be doing bespoke services. We're not going after \$1 million deals. We're going to be really creating in the world of AI and cloud and security, productized services that can work for customers, can be delivered by partners, complement what they already do. So, there is a huge amount of work to be done, heavy lifting to be done.

And our goal is to really multiply our professional services 7x, 10x over the next few years. And the actual ecosystem delivery of services will be another 7x, 10x because we are delivering only a portion of the services, complementing our partners. So, a lot of work to be done. Please don't assume what we presented today. We are by any means ready. And the next two, three years is going to be a fantastic journey. We're very excited.

**S. V. Krishnan:** No, I think you have covered. One thing I thought we need to mention here. This being predominantly an opex form of an investment, we will be conscious about the profit growth. I don't want you to think, we will compromise on the overall profit. So, the quarterly -- that exercise will continue, and we will keep that in mind while we make the investments.

**Palak Agrawal:** Thank you so much. With this, we end the Q&A session. Whatever questions, I think there's a volley of questions, that we have with us, and we shall take those offline. I'll now hand over to Hari to close the event.

**V. S. Hariharan:** Thank you so much for your engagement today, and we have promised this for a while, in terms of having a deep dive into our Software Solutions Group strategy. And it's clearly central to our strategy. Hardware continues to be very important, but the growth and scale up of SSG, super important where we are going. We remain very confident in the momentum we've built so far and the capabilities we are building.

And as Krishnan said, we are always having an eye on P&L and balance sheet as we make these investments, and to make sure that we get the right ROI. We really look forward to delivering sustained value creation, and as we deepen our capabilities and partnerships, and look forward to the next set of discussions with all of you. And thank you so much, and have a good day.

**Palak Agrawal:** Thank you.

**S. V. Krishnan:** Thank you.