



# OrangeHRM clamors to join million-dollar club

*By Kevin Kwang, ZDNet Asia on September 8, 2010*

## **Summary**

Open source human resource management software vendor sees quality of service and mobile technology as two key areas to exploit to become a US\$1 million company by 2011, reveals CEO.

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OrangeHRM, the open source human resource management (HRM) software company, wants to join the million-dollar revenue club by 2011. To attain that goal, its CEO revealed that the company is focusing on delivering quality service and investing in mobile technologies.

OrangeHRM CEO and co-founder Sujee Saparamadu said that following the injection of funds by former MySQL executives Larry Stefonic and David Axmark, the firm is now looking to boost its research and development efforts, particularly in the mobile arena.

The company completed its Series A funding exercise in April this year, said Saparamadu during a recent face-to-face interview with ZDNet Asia.

"We have neglected this aspect of the business in our past roadmap, but not anymore. We are hoping to use this research to get [our software] onto mobile phones as well as build an API (application programming interface) layer to integrate with other vendors," the CEO elaborated.

Asked if the company will have to contend with any possible mobile security concerns, he foresaw no big challenges as "there is no sensitive data that will be transmitted" by customers using its HRM tool.

Mobile technology aside, Saparamadu also noted that providing quality service and support to customers who use the company's free HRM tool will reduce consumer attrition rates and create a strong revenue base for the company. Services such as training, customization and support for HRM users are charged and provide the revenue for the company to keep growing, he added.

"People will always pay back if they see value in a product. At the end of the day, most customers would like to have the comfort level of having service support through our paid services," the CEO pointed out.

These two strategic thrusts will help propel the three-year-old U.S.-based company to hit the US\$1-million-mark by 2011, said Saparamadu, who added that the company is "pretty close" to the target and that this achievement is "quite good" for such a young company.

Currently, OrangeHRM sees most of its business come out of the U.S. which contributes 40 percent of the customer base, said the executive. Comparatively, Europe chips in with 30 percent, while Asia forms 20 percent of its business, although the breakdown may change once its mobile technologies are introduced, he added.

With more sophisticated phones being introduced into a region that is not bogged down by legacy landline networks, which plague established markets in the West, Saparamadu thinks mobile technologies will receive a higher uptake in Asia than anywhere else in the world. This, in turn, could see more Asian-based business opportunities for OrangeHRM, he stated.

That said, the company will have to play catch-up with its rivals.

One competitor, Justlogin, already provides mobile applications that allow users to apply for leave or file their expenses using Apple's iPhone and iPad devices. The company recently teamed up with Singapore-based telecommunication operator StarHub to offer its software-as-a-service (SaaS) HRM suite via the carrier's Web portal.

OrangeHRM had earlier launched its SaaS-based HRM service, OrangeHRM Live, in July, and Saparamadu said the take-up has been encouraging. He noted that there are "close to 200 to 250 registered users" for its Web service, and most of these customers are small and midsize businesses (SMBs) that have six to 10 employees each.

SMB is a market segment the company has not had much success in as "human resource is not the first thing SMBs think of" when starting their business, the CEO said. However, its SaaS product has allowed OrangeHRM to make inroads into this segment.

The SaaS model of IT consumption is becoming more widely accepted in the Asia-Pacific region, with Gartner reporting that 75 percent of organizations polled in its survey indicated plans to increase their investments in this space by end-2010.

Additionally, an earlier Springboard Research report showed that the region's enterprise spending on SaaS products will hit almost US\$2.3 billion by 2012.

Large enterprises will also likely see higher adoption of SaaS than SMBs because the former are IT savvy enough to leverage such technologies, noted Michael Barnes, vice president of software research at Springboard, in the study.