

<http://www.ncnonline.net/interview/credit-risk-vs-business-growth.html>

The screenshot shows a web browser window with several tabs open. The active tab is titled "Credit Risk Vs Business Growth". The browser's address bar shows the URL <http://www.ncnonline.net/interview/credit-risk-vs-business-growth.html>. The page content includes a navigation menu with links like "HOME", "ABOUT US", "NSS-MORE", and "CONTACT US". The main header features the "NCN" logo (National Computrade News) and a banner for the "2ND Networking Channel Partners SUMMIT 2018". Below the header is a navigation bar with categories such as "NEWS IN BRIEF", "INTERVIEW", "HOT PRODUCT", "HOT 'N' HAPPENING", "NSS", "PRODUCT REVIEW", "REPORT", and "SPECIAL STORY". The article title is "Credit Risk Vs Business Growth" by "NCN News Network" dated "July 19, 2018". It includes social media share buttons for Facebook, Twitter, Google+, and Pinterest. The main image shows a man in a suit sitting at a desk with a laptop. Below the image is the text "The risks associated with increasing demand of credit by the". To the right of the article is a "MAGAZINE" section featuring "NCN EASTERN" and an advertisement for "AXIS PRINTING CONSUMABLES Pvt. Ltd." with a "CURRENT ISSUE" section below it. On the far right, there is a Dell advertisement for the "XPS 13 WITH DELL CINEMA" featuring "AVAIL ZERO% ATTRACTIVE EMI+ SCHEMES". On the left side of the page, there is a vertical advertisement for the "ScanSnap SV600 contactless scanner" with the text "Book smart Scan thick & large documents Superior image functions". The Windows taskbar at the bottom shows various application icons and the system clock indicating "4:05 PM 22-Jul-18".

### The risks associated with increasing demand of credit by the partners is a big challenge in the market



Iris Computers Ltd is one of India's top 10 IT Hardware and Telecom distributors, incorporated in 1996. Iris Computers distributes and markets a wide variety of ICT devices sourced from reputed brands such as HP, Dell, Lenovo, IBM, LG Samsung, Acer, APC, Delta, Numeric, Wacom, Ruckus, Inspur and Consul. The company is headquartered in New Delhi with many branches spread across India. In an interaction with **NCN**, **Mr. Sanjiv Krishen, Chairman of Iris Computers**, shares his company's objectives, challenges, mission and vision.

Increasing demand for credit by the resellers has become big challenge in the market in recent times. In this regard, Sanjiv Krishen comments, "The major change happening in the market today is the increasing order sizes, both in terms of volume and value. With the increasing order sizes, the credit size is also increasing for each order from the partner. This is eventually increasing the risk to the distributor. Earlier, the order sizes were of 1 Cr size, but today they have increased to Rs 10 Cr and 15 Cr. In other words, we often have to give larger credits to our partners (such as dealers), whereas we do not get same from the vendors. Collectively, today in India, distributors have given over Rs 60,000 Cr to the partners, which is a massive amount. And we cannot expect OEMs to give such a big credit. Banks do give credits or loans, but it is very difficult to get loans of big size; banks demand many collaterals for giving loans. At the other end, we give credit to our partners without collaterals in most cases, often based on trust. Big risk is involved as the sizes of the credits increase. For example, a dealer invests an amount of Rs 50 lakhs and manages to get a credit of Rs 3 Cr from Iris, 3 Cr from some other distributor, and so on. This way he can manage a total of Rs20 Cr credit from different sources, with none of the distributors knowing how much credit he managed from other sources. In other words, I cannot know how much credit a particular dealer has managed from other distributors, besides us. Under this scenario, there is big risk involved in giving credit indiscriminately; we are highly exposed to risk. And there is no easy solution to this challenge. We are trying our best to bring in some system that gives the distributors a certain degree of clarity regarding these credit issues and minimize our risks."

Iris has over 30 billing locations across the country, all of which are full-fledged offices with sales, operations and finance teams to support Iris' channel partners in fulfilling their



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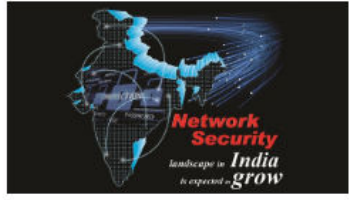
Regarding the measures the distributors are taking to minimize credit risk, Sanjiv Krishen asserts, "We have as association the objective of which is to help distributors to grow their business, take up taxation issues with the Government and Customs. Another objective is to help the distributors how to evaluate and minimize the risk while offering credit. We want to plug the trend of one dealer taking credit from multiple sources and then willfully defaulting. We are trying our best to verify how much credit a particular dealer has taken from different sources and examine the credit history of dealers. This is



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Iris supplies high-end servers and storage products all the way to individual desktop hard drives through a robust network of over 4000 channel partners, aggregators, regional distributors, large format retailers and SI partners. The company also provides project management services.

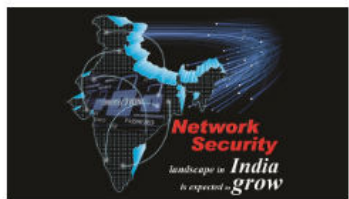
Sanjiv adds, "To spread the risk and expand the opportunities, we are diversifying into new areas. Some of these new avenues are: 1. Solar panel powered tube wells, 2. Signage 3. Computer Rental Services 4. Microsoft Cloud Services and 5. Mobility. We are aiming towards steady and sustainable growth, while reducing the risk of credit."

Iris has a wide-spread and deeply penetrated channel network and the courage and ability to take risk cautiously. The large network of partners gives Iris Computers an edge over its competitors besides making it commercially strong. As a leader in its field, the company adapts itself to the latest trends like digitization of its transactions and operations bringing greater transparency and efficiency into their distribution system. Iris Computers, through its partner, fulfilled an order of Rs.60 Cr from the Jharkhand government to provide 41000 HP tablets.

Regarding their expansion plans and new ventures, Sanjiv Krishen elaborates, "Signage is emerging as a big business, not only in India but also across the world. We have supplied Samsung signage devices to several Airports in including the airports in Chennai, Mumbai and some other cities. Each order was of over Rs 6 Cr. This is only a tip of the iceberg. The future scope for signage is enormous as today even hotels, garment shops, retail shops, fashions shops, etc all want to have signage; they want to display their products and services visually through signage. Our LG signage products business used to be Rs 2 Cr per month till recently, but now it has gone up to Rs 10 cr. per month. Next, Wi-Fi expected to grow well in the coming years. The Wi-Fi applications can be of different



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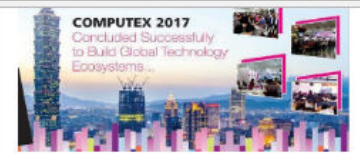
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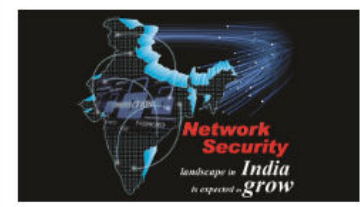
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Briefing about the opportunities Iris is getting in the solar power sector, Sanjiv Krishen explains, "One of our partners got an order for setting up solar panels for farmers for pumping water from tube-wells in Andhra Pradesh. The AP government is aggressively supporting this project as it will help the farmers to pump water without consuming the grid power and also this drive saves costs for the farmers also it will protect the environment. Besides setting up solar panels, this mega project involves sourcing several other equipments like pumps, inverters that convert DC to AC, accessories, etc before integrating them."


Talking about the upcoming opportunities in IoT, Artificial intelligence (AI) and Cloud, Sanjiv Krishen comments, "IoT, AI and Cloud are going to be the next big things that offer enormous opportunities. We are already selling cloud services of Microsoft Azure and Alibaba. We are offering comprehensive and different combinations of solutions that include Wi-Fi, IoT, AI, Cloud, etc, depending upon the need of the individual customer. Opportunities are unlimited, but the problem is still how much credit we can give and how



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For every distributor, the partners are important. A distributor's success depends upon how well his partners perform, their motivation, expertise and at the end their financial strength and financial integrity. As a message to partners, Sanjiv Krishen advises, "A partner should be clear about his strengths and specialize and focus on a particular area or a few areas so that you can understand the customer needs well and provide the solutions in the best possible manner, giving the best possible satisfaction to the end-user. Next, the partners should maintain good credit records so that both the partners and distributors can be comfortable. They should focus on not taking on taking financial risk blindly and also should not focus making quick bucks through unfair means. Honesty pays in the long-run. Our principle is the distributors and partners should work together and find out ways for the long-term benefit of all the stakeholders."

TAGS IRIS COMPUTERS SANJIV KRISHEN

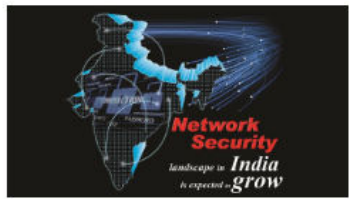
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