Investor Briefing FY 2024

Transcript

10 April 2025

Corporate participants

Asif Peer – Group CEO & MD, Systems Limited
Roohi Khan – Group CFO, Systems Limited

Tahir Saeed – CIO, Systems Limited
Zubair Hussain – Insight Securities

Zubair Ghulam Hussain

Welcome, and thank you for joining us for the CY 2024 investor briefing session for Systems Limited. This session is being hosted by Insight Securities. With us today are Mr. Asif Peer, Group CEO and Managing Director, and Ms. Roohi Khan, Group CFO of Systems Limited.

We'll begin with a brief presentation, after which we will open the floor for Q&A. Asif, over to you.

Asif Peer

Thank you, Zubair. Good morning, good evening, good afternoon, wherever you're joining from. We appreciate you taking the time to be here. As Zubair mentioned, we'll keep the presentation brief and allocate more time for Q&A, as we understand there are many areas of interest.

Roohi will walk us through the slides, which are already available on PSX and will be uploaded to our website shortly. We'll cover the salient aspects, and we're happy to take your questions at the end.

Muhammad Tahir

Please use the Q&A box instead of the chat for your questions. Roohi and I will address as many as we can.

Asif Peer

[Going through the presentation]

Thank you. Systems Limited is a global technology group and systems integrator operating across multiple markets. As many of you know, this year we've placed a strong emphasis on preparing for the ongoing wave of AI transformation. Our focus has been aligned toward readiness and capability building in digital, AI, data, and cloud.

From a performance standpoint, we delivered 27% top-line growth, a significant milestone. Over the past five years, we've achieved 4x revenue growth. I'm proud of the leadership and the broader team for enabling this consistent trajectory. We are one of the only companies in Pakistan who has achieved this growth. This scale of growth is rare and differentiates us in the local market.

In terms of EBITDA, we've also shown strong progression. There have been questions around top-line and bottom-line dynamics, so I'll provide context shortly. On the right side of the slide, you can see our awards, recognitions, and key partnerships, which underscore our positioning.

2023 was a difficult year from a macroeconomic perspective in Pakistan, marked by high inflation—averaging 30%—and a more than 20%-rupee depreciation. When we entered 2024 and began planning, we used a conservative 5%-rupee depreciation assumption, which had historically been a reliable benchmark. Our expense projections and salary increments were aligned to this outlook.

In January, salary increments averaged around 20%—a necessity driven by high inflation, rupee devaluation, and increasing talent demand, especially from the Middle East. There were no visa constraints at the time, making retention even more critical.

However, the rupee unexpectedly appreciated. Since nearly 90% of our business is dollar-denominated, this shift had a direct impact. While our planning remained disciplined, the appreciation affected profitability, prompting us to adjust our approach.

Had the dollar been within the historical depreciation range of 3–5%, our profit would have been 48% higher. Even in constant currency (same rate as Dec 2023), we could have realized 10% more in profit. Given the rarity of currency appreciation in our market, no business scenario had factored this in. Originally, our internal target had anticipated 50% profit growth, which illustrates how currency behavior altered the outcome.

Once the situation was clear, we acted quickly revisiting cost structures, optimizing bench utilization, negotiating better customer rates, and closing loss-making domestic projects. We also became more selective in customer onboarding to avoid cyclical margin pressure.

Importantly, we continued to invest in AI capabilities—building accelerators, training teams, and advancing R&D—to remain competitive and relevant. These are strategic, not discretionary, investments to ensure long-term sustainability.

We believe we are uniquely positioned with a strong advantage: the combination of labor arbitrage and AI-driven efficiency. On their own, each lever is powerful—but together, they offer us a substantial edge in global delivery. Even if a competitor is 5–10% more efficient, we can offset that advantage through cost and productivity synergies.

This dual capability—cost advantage plus AI scale—remains central to our strategy. With that, I'll now hand it over to Roohi to walk through the financial performance.

Roohi Khan

Thank you, Asif. Just to build on what he said—our revenue for 2024 reflects a five-year CAGR of 41%. Operating profit grew by 22%, and net profit saw a CAGR of 19%.

Asif has explained the reason for the decline in profitability margins. In 2022, we had a foreign exchange gain of $6.6M. In 2023, this increased to $8M. However, in 2024, due to currency appreciation, we incurred an exchange loss of nearly $1M, which impacted overall profitability.

This slide in PKR is also available in the PSX presentation, which will be uploaded to our website. You'll find the complete details there. Now, looking at quarterly revenue performance—we've consistently grown quarter-on-quarter, closing at around PKR 19 million.

The currency mix is particularly interesting: 94% of our revenue comes in foreign currency. Even domestic contracts are largely pegged to USD. Only 6% of contracts are in local currency. On the cost side, 57% of our costs are in PKR, while 43% are in USD.

In terms of workforce, the majority of our employees are based in Pakistan. We've also diversified our employee concentration over the years—our Egypt center, launched in 2022, now represents 3% of our resources. UAE accounts for 12%. This gives us resilience through multiple development centers.

Our geographical revenue breakdown is covered in detail in the segment note of the annual report. Middle East & Africa contributes 59%, followed by North America at 21%, and Pakistan at 13%. Europe and APAC are still developing markets for us.

Looking at verticals: following recent acquisitions, banking and financial services is our largest vertical at 30%, followed by telco at 23%. We've also analyzed customer segmentation by revenue—customers contributing over $100K annually show that banking holds the largest share.

On the next slide, we see that our top 20 customers account for 50% of our revenue. This client group is growing at 16%. It reflects our account development focus—many customers have moved from lower tiers ($3–5M) to higher brackets, with at least one exceeding $25M.

Asif, would you like to walk us through the AI section?

Asif Peer

Yes, let me summarize quickly. As I said earlier, AI is shaping up to be a major theme. Over 90% of our customers express interest in AI, but most are still exploring what exactly they want to do.

We've launched offerings like AI assessment services. While there's a perception that AI reduces headcount, the reality is it creates significant new demand—especially in data engineering, integration, cloud transformation, and more. AI doesn't work in isolation. You can build a chatbot quickly, but if you're aiming for an agentic experience, you need strong data infrastructure and cloud capabilities.

That's where we come in. We're seeing growing demand in areas like data migration, cloud adoption, and foundational AI work. Organizations want to apply large language models to their internal datasets while keeping that data secure and sovereign.

We've invested heavily in R&D—building accelerators, our AI Studio, and GenAI capabilities. We're now training developers across the board to use AI, boosting productivity and efficiency, which in turn supports cost optimization and better outcomes for clients.

The broader strategy includes strengthening leadership, technology, infrastructure—and cloud is central. In KSA and the GCC, hyperscalers like Microsoft, Amazon, GCP, and Oracle are all launching in-country data centers. This unlocks cloud transformation at scale, especially for clients hesitant to move data offshore. Sovereign cloud is a game-changer.

When these data centers go live, the demand surge will be significant. On-prem clients today aren't positioned to fully realize AI benefits, but this is changing rapidly.

We're focused on responsible AI, operational efficiency, and verticalized AI solutions. Cash flow remains critical—cash is king. Growth is essential because rising costs demand it. And AI isn't taking jobs—it's creating new kinds of work at a faster pace than the old ones are being phased out.

We're excited to launch new offerings and scale up with enterprise customers. We've consciously pivoted from SMEs to large clients, focusing on recurring revenue and multi-year deals. Every customer wants innovation, and technology—especially AI—will remain a top priority for CIOs and CXOs.

ESG and related areas are also part of our focus, and details are available in our annual report and will soon be published on our website. Instead of covering this here, I'd prefer to spend more time on Q&A.

Zubair Ghulam Hussain

Thank you, Asif. That was a comprehensive overview. I see two main takeaways from financial performance: first, the bottom line didn't quite align with prior years; second, the two biggest challenges appear to be talent retention and currency appreciation, both exogenous factors.

Given recent visa restrictions in GCC markets, especially Dubai, how do you view the talent situation now? Has retention improved?

Asif Peer

Retention has certainly improved over the past year. We regularly conduct exit and turnover analyses—this is critical to our business. Last year, as you rightly pointed out, attrition was relatively high, and movement was easier. Today, while some churn still exists, it's become more difficult to switch roles, and individuals are being more selective. It's no longer as simple as picking up any job. Demand is selective too. Retention on our side has strengthened significantly. One reason is that we've retained talent by offering competitive compensation. Our teams are well-compensated, and that's been a key factor. In addition, we've provided international mobility opportunities—whether it's through freelancing or assignments across our global offices. This gives our people a better reason to stay with us and grow. We also have a unique stock option scheme, which serves as both an incentive and a retention tool for key talent. Of course, it's selectively applied to individuals we especially want to retain. Overall, I'm confident in the progress we've made, and the results are visible—both in terms of data and what we see on the ground. Compared to Q1 of last year, retention has clearly improved, and I expect this trend to continue. We're also investing in employee engagement and initiatives that are positively impacting morale.

Zubair Ghulam Hussain

Let me begin the Q&A with an observation. A few years ago, when Systems Limited started expanding in the local market, the US was its primary revenue driver. It's encouraging to see that our business outside

North America has now grown significantly. Today, revenue from other regions is almost 3x that of North America.

This reflects how successfully Systems Limited has built markets beyond the US—a remarkable achievement. The Middle East alone now contributes around 59% of overall revenue. At one point, back in December, North America was at 44%. That's a significant shift.

Without spending too much time on praise, let's dive into Q&A. First question: Is Systems Limited planning to expand into markets like China, Hong Kong, Japan, or South Korea? If not, why? Asif, perhaps you can take this.

Asif Peer
We're not actively exploring those markets at this time. There's a common misconception that expanding into new geographies automatically translates into growth. I believe in doubling down where strong opportunity already exists.

We're still a relatively small company, and there's ample room to grow in our existing markets. Markets like Saudi Arabia, for example—even with aggressive growth over past couple of years—are still largely untapped in my view.

We've built a strong brand there, and this is the time to leverage it. Focus is key. In our business—centered around people—diluting focus can hurt both execution and cost efficiency. Entering new regions requires investment and patience before results follow.

So, as I mentioned previously, we're staying focused. Once we've maximized what we've built, we'll evaluate new markets more strategically. Not every market is a fit. It's about identifying the right opportunities, not just expanding for the sake of it.

Zubair Ghulam Hussain
Understood. Another question, which is timely: the recent tariff announcement by the USA, which takes effect in 90 days—could that impact Systems Limited, and how are you planning to handle it?

Asif Peer
Yes, this is a relevant topic and let me break it down into a few parts. First, from Pakistan's perspective—and specifically Systems Limited's—there is no direct impact because services aren't subject to tariffs. So, in that sense, we're insulated.

But beyond that, I see this as an opportunity. Tariffs generally lead to demand contraction. Our clients in North America and Europe will be under pressure, and they'll start to look at cost-saving avenues. IT and business process outsourcing are key levers for them.

They'll seek transformation—through digital, AI, automation—and they'll look for reliable, cost-efficient partners. In that scenario, a company like ours stands to benefit, not only because of pricing but also due to deliver quality, presence, and brand credibility.

Even clients who previously overlooked cost differences will start to care when under pressure. This is where we gain an edge.

Now, on the broader picture—let's take Saudi as an example. Even with a dip in oil prices, the Kingdom is pushing ahead with manufacturing and digital transformation. As companies—especially Chinese ones—are invited to set up facilities there, it drives demand, and we stand to gain from that ecosystem.

Saudi is a massive spender in the public sector, particularly in digital transformation. They won't cancel projects, but they may look to renegotiate with vendors. That's where we come in—we can offer flexibility, because our cost advantage still holds globally.

And again, while cost is not the only factor, in difficult economic conditions, it becomes more critical. CFOs begin to think differently. Like in the pandemic, which was a challenge for many, we saw it as an opportunity—and we grew. I see a similar pattern now.

Zubair Ghulam Hussain
That's great to hear. Fiscal pressures are real, and everyone's looking for efficiency. A follow-up question from Saad Khan: Have any new channels or partnerships been developed this quarter? Also, how is the order book shaping up in the GCC market? And as a side question—what percentage of our GCC business is specifically from Saudi?

Asif Peer

Our growth strategy is heavily driven by new channels and partnerships, which are integral to our core pillars. These channels generate leads and opportunities, which we then convert into sales. They have been a key driver of our growth, and we continue to focus on opening new channels and establishing new partnerships to maintain our growth rate. As we deliver value to their customers, these partnerships will continue to expand. Over the past few years, we've built a strong network of channels and partners, and I'm very proud of what we've accomplished. While not every partnership has yielded immediate results—this is a gradual process—we are confident that each one will contribute significantly to our growth in the coming quarters and years. These are long-term investments, and we are committed to them.

Our financials are strong, our rollover is healthy, and our bookings have been robust. We are confident about our growth moving forward, and there's no doubt in my mind that this momentum will continue for at least the next few quarters.

As for the GCC region, Saudi Arabia represents a tremendous opportunity. While we've seen substantial growth, our market share is still in its early stages. Although we've experienced a significant increase in percentage terms, there's still room for improvement. Saudi Arabia, being the 2nd largest market in the GCC after UAE, holds great potential.

Zubair Ghulam Hussain

You specifically mentioned in the annual report that Saudi Arabia represents a significant opportunity, with the potential to scale 3-5x compared to the UAE market. That's a bold statement, and it seems that much of the focus is on Saudi.

Asif Peer

Absolutely, and I'm not the only one making that statement. Many industry leaders claim that Saudi Arabia alone is equivalent to the entire GCC, and some even argue it's twice as large. It's a massive opportunity. We're relatively new to the market—just 2-3 years in Saudi Arabia—while our presence in the UAE has been built over the past 10 years.

Entering a new market always takes time, but if you look at what we've accomplished in just two years in Saudi, no other Pakistani company has achieved as much in the same timeframe. We're progressing at a pace that's ten times faster than others.

Zubair Ghulam Hussain

I believe there is a relatively high number of Pakistani diasporas in Saudi Arabia compared to other GCC markets. Does that give you an advantage in sales, or is it not a significant factor?

Asif Peer

I wouldn't say it's not an advantage; let me rephrase that—yes, it helps. But at the end of the day, it's about mindset. You must believe in yourself, your offerings, and your people. It doesn't matter who is in front of you. When you look someone in the eye, you need to have the confidence to say, "We will deliver for you." Nationality doesn't play a role; what matters is the trust and belief you have in your capabilities. Of course, the diaspora presence helps, but it's just one of many factors.

Zubair Ghulam Hussain

That's the right approach. In which verticals and markets do you see the most opportunity for AI and user interfaces at Systems Limited?

Asif Peer

AI is relevant across every market and every customer. The innovations in AI are driven by the major players—Microsoft, SAP, Google, and others—each developing their own tools and user interfaces for AI. As an implementation partner, our role is to align with all these players and leverage their tools. This is how we've approached the market, and I'm excited about the value we're delivering to our customers.

If you look at our AI penetration over the past year, it was almost nonexistent. We were doing some work, but not at the scale we are now. It took time, but I'm confident in the progress we've made. AI adoption doesn't happen overnight, but we've been able to accelerate that process.

Zubair Ghulam Hussain

With Microsoft opening a data center in Saudi Arabia, do you see this as a threat to Systems Limited's business, especially since you currently connect Saudi's data center needs with North American centers?

Asif Peer

As I mentioned earlier, opening data centers by Amazon and Microsoft is a huge opportunity for us and everyone. These companies have invested billions in these centers, and they've clearly done their business case right. There's a growing demand for workloads to be moved to the cloud, but that doesn't happen with the push of a button. Microsoft and Amazon rely on partner-led companies, not their own consultants, to do the actual implementation work. That's where we come in.

So, rather than seeing this as a threat, we view it as an opportunity for all partners. The key is to have those enterprise customers in your pipeline. When they choose these cloud services, we are ready to serve them. We are confident that we can leverage this new landscape to continue driving success.

Zubair Ghulam Hussain

This is an interesting question. Given the recent tariffs and the varying conditions in different countries, we're likely heading into a period of higher-than-usual inflation and possibly a recession. With this scenario in mind, how do you expect IT companies in the U.S. to cut back on tech spending? The inflation will certainly hit American consumers, and while tariffs are affecting the rest of the world, someone has to absorb those costs—either the companies or the American consumer. What are your thoughts on this? This is more of a macroeconomic question.

Asif Peer

When we look at our numbers, our exposure is quite small in the grand scheme of things, so the impact is not substantial. But as I've said before, when these circumstances hit CFOs, they don't stop everything—they look for alternatives. It's not about cutting costs entirely; they focus on reducing expenses through technology.

Zubair Ghulam Hussain

So, it's about finding bargains, right?

Asif Peer

Exactly. But it's not just about getting a bargain. Companies are thinking about how they can transform operations through digitization, automation, and AI. For instance, if 100 people are doing a job, can we reduce that to 80 and still maintain efficiency? This approach not only saves money but is also more sustainable in the long run. If companies adopt this mindset, they'll be in a stronger position once the inflationary pressures and trade wars subside. However, those who take a short-term approach and cut projects will struggle. As I always say, it's "AI or die." We need to think differently. There will be winners and losers, and we must ensure we're among the winners.

Zubair Ghulam Hussain

Next question from Saad Khan: He's asking about inorganic growth. Can we expect any acquisitions in 2025?

Asif Peer

If you ask me and my team, we're very eager to pursue not just one, but multiple acquisitions. This is critical for our growth and to continue on the momentum we've built. However, the conditions are tricky, and we need to find the right opportunities. We are actively building our pipeline, but whether we're successful in 2025, only time will tell. We are certainly very keen right now, and in these volatile circumstances, opportunities may arise. But we can't just acquire for the sake of it. We're looking for deals that align with our strategy and bring long-term value, not just short-term gains. Our goal is sustainable growth.

Zubair Ghulam Hussain

It's impressive how the acquisition a few years ago in the banking and financial services has contributed to the revenue. So, with the weaker demand from the U.S. and the Middle East, do you foresee the same level of revenue growth as before, or should we expect a slowdown? Given the impact of oil prices and LNG on the market, what are your expectations for growth?

Asif Peer

As I've mentioned before, our growth is determined by our backlog and the projects we've already secured. Companies don't halt projects midway, as that results in greater losses than simply continuing. So far, despite the challenges, the markets have settled, and things are getting back to normal. Oil prices have gone up, and I'm confident the situation will stabilize in a few weeks, likely within 90 days.

While there will be winners and losers, we're in a strong position due to our diversification—across markets, principals, channels, and sectors such as banking, telco, and the public sector. This diversification helps us hedge against risks. In the face of unforeseen challenges, we stay prepared and agile. So, I'm confident about our growth trajectory. While things can change quickly in this global environment, I remain optimistic.

Zubair Ghulam Hussain

That's reassuring. Also, regarding the bottom line, you mentioned earlier that you planned conservatively this year due to currency depreciation. How do you expect this to impact the business?

Asif Peer

We’ve planned for a 3-5% devaluation or depreciation in currency, which is a natural expectation. This year, we’ve taken a conservative approach to our planning, aligning expenses with the reality of the situation. If there’s little appreciation or if depreciation happens, we’re well-positioned. Over 90% of our revenue comes from dollar-based business, which will definitely work in our favor if the currency depreciates.

Last year, even with a 3-5% devaluation, our profits could have been 48% higher. So, we’re now well-prepared and in control. Unlike last year, when we were caught off guard, we have a much better handle on things, and we’re confident in our position moving forward.

Zubair Ghulam Hussain

With Pakistan, we typically see a significant devaluation every 4-5 years. The last one was in 2022, and before that, it was in 2018.

Asif Peer
I’ve almost given up on that.

Zubair Ghulam Hussain

It's understandable—some things are beyond your control.

Asif Peer
We've planned for it now. Last year, we learned our lesson, and we're back to normal operations.

Zubair Ghulam Hussain
That's good to hear. In Q3 FY2024, US dollar sales grew by 27%, reaching $242 million, with the Middle East region contributing significantly. However, in Q4, revenue growth from that region slowed to 17%, compared to a nine-month average of roughly 50%. Can you comment on that?

Asif Peer
Could you summarize it for me a bit more?

Zubair Ghulam Hussain
It’s essentially saying that in the first nine months, you grew at around 60%, but in the last quarter, the revenue growth slowed to approximately 17%.

Asif Peer
The last quarter had more growth on a quarter-over-quarter basis. It was an unusual quarter where we experienced a spike in revenue, but not necessarily in the bottom line. Our top-line growth was exceptional. If you look at our directors’ report, we mentioned a few one-off transactions in the trading business. These were customers placing orders for infrastructure licenses and services as part of their year-end closure. These were one-off, trading transactions, and we’ve clearly reflected that in our report.

Zubair Ghulam Hussain
Yes, I read that.

There was a significant drop in the APAC segment's gross margin. What is the outlook for the region in terms of contracts, client growth, and margins?

Asif Peer
APAC is currently a small segment for us, but you will definitely see significant growth in percentage terms. However, the absolute numbers are still small, so the percentage growth is more meaningful. Right now, the bottom line is improving, and so is the top line. But we are cautious—while we want to grow, we can't invest recklessly. We're focusing on specific areas, such as Saudi Arabia, where we see substantial growth potential. So, while APAC will continue to grow, it won't be in multiples.

Zubair Ghulam Hussain
Shahroz, do you have any questions?

Muhammad Shahroz
There are questions regarding the applicability of taxes in the next budget. Do you see any chances of new taxes, like we saw in the textile sector last year? Are there any communications about this?

Asif Peer
I'd say the chance is almost zero, but you never know—it's a very small probability. The government is focused on IT exports, and we've been a pioneer in promoting this ecosystem. Everyone is now following our lead. I don't foresee any taxes being imposed on the technology sector. In fact, I believe there could be improvements rather than increases in taxes. The outlook for the technology sector, in terms of tax and legal policies, is quite strong right now. I don't see any significant risks.

Zubair Ghulam Hussain
Let's hope that's the case. Given the targets set by the IMF, it seems the government is coming after everyone.

Asif Peer
We can only try our best.

Zubair Ghulam Hussain
That's the best approach. Next question: With the increasing supply of IT graduates in India and the subsequent decline in entry-level salaries, do you believe Indian IT companies could take over international contracts, particularly after current contracts expire, by offering low-cost solutions?

Asif Peer
That's where we have an advantage. Our costs are 30% lower, and our currency is about 3.5 to 4 times weaker than India's. So, we can easily compete on cost. India's smaller companies often face turnover rates of 50%, while larger companies see turnover rates of 18-30%. It's not easy for them either. We're a relatively small company as compared to India, but we manage a much lower turnover.

We can compete easily because our turnover is lower, our rates are better, and we now have solid references. Plus, regional focus is key. The markets in Pakistan are favorable for certain nations, giving us a natural advantage.

India dominates the market in some regions, but we can still compete by focusing on our strengths. As you mentioned, our revenue percentage is growing, but it's still a small portion compared to the larger markets like the US and Europe, where the profits are better. However, selling in the region is easier because it's a low-hanging fruit. So, it's all about balancing growth and competition.

Zubair Ghulam Hussain
Perhaps the most straightforward question—what's the forward guidance for 2025?

Asif Peer
Our Q1 results are around the corner. You guys are great at extrapolating—so just wait a couple of weeks, go through the numbers, and run your models accordingly.

Zubair Ghulam Hussain
Can you comment on medium-term gross margin targets? There's a big difference in business ROE between 25% and 30% margins.

Asif Peer
What we've done, what we're doing, and what we've planned all factor in. With dollar stability and constant currency, there's definitely improvement. But I won't comment directly on 30% vs. 25%. You're talking about a 5%+ swing—and when you're growing, investing, and training teams on AI, those gains come with cost.
However, with improved efficiency and productivity—and knowing exactly where to focus—we do see positive momentum.

Zubair Ghulam Hussain
So we can expect some improvement in margins over the coming quarters—not all the way to 30%, but some uptick?

Asif Peer
We're certainly trying our best.

Zubair Ghulam Hussain
Next question from Hassan Javaid: What's your target revenue per employee in USD for 2025?

Asif Peer
Our goal is to improve on what we've done in the past. We're renegotiating rates with many customers. Revenue per employee will definitely increase—and that's where margin improvement will also come from.
As mentioned in our Directors' Report, fixed costs aren't rising in line with growth. We've controlled many

cost elements. We've also made strong top-line investments, which are now translating to bottom-line impact.

Zubair Ghulam Hussain
Why isn't Systems Limited looking to invest in data centers, like Mari Energies is doing?

Asif Peer
That kind of capital-heavy investment isn't our focus. We'd rather help other businesses move their workloads—on-prem, private cloud, public cloud, hyperscalers—you name it. That's our forte. That's where we've built tools and IP. We'd rather stay focused on what we do best.

Zubair Ghulam Hussain
Are there plans to expand further into product development alongside services?

Asif Peer
Always. That's our foot-in-the-door strategy. Having accelerators, templates, solutions—it's all part of getting in and growing deeper with clients. It's a key part of the business model.

Zubair Ghulam Hussain
Can you elaborate on the Innovation Lab mentioned by your COO? How does it support a broader strategy?

Asif Peer
We've built the AI Studio and Innovation Garage, and we're investing heavily—especially in training our developers in AI and GenAI. The idea is to pass those capabilities on to our clients and create real value. Labor arbitrage alone won't cut it anymore. We're co-innovating and co-investing with clients on real use cases—because we don't know everything ourselves. We need their domain input to train, test, and deploy models.
It's a rinse-and-repeat model. And it only works if we co-invest with customers—that's critical.

Zubair Ghulam Hussain
Final question: The government's reported IT exports recently stood at around $330 million. As an industry leader, where do *you* see this number going in 2025–2027?

Asif Peer
With the government's renewed focus and companies stepping up, plus the sheer opportunity size, I think a 20–30% annual growth rate is sustainable. We're seeing more freelancers, more innovation, so 20–30% is realistic. To go *beyond* that, though, we'll need structural changes—especially from a policy and national branding standpoint.
We also need stronger visibility and perception in Western markets to unlock exponential growth. Talent development and vocational training are critical too—and while government is working with HEC and others, these efforts take time.

So, in my view: 20–30% is achievable, but going beyond that requires real transformation across the ecosystem—not just in IT.

Zubair Ghulam Hussain
Alright, we've covered almost all the questions, and most have been addressed. On that note, I'd like to conclude by thanking you, once again, for joining us and giving us the opportunity to host Systems Limited's annual corporate briefing session.

To all the participants—thank you for being part of this interactive session. If there are any follow-up questions, please feel free to reach out to us at Insight Securities. We'll be happy to get feedback from the management on your behalf or direct your queries to Systems Limited if needed. Once again, thank you so much. And thank you, Asif Peer.
Thank you, Roohi and Tahir, and thanks again for the detailed presentation.

Asif Peer

Thank you.