

UNIVERSITY NEGOTIATION SELECTION ROUNDS 2024-25

Fastest Track to FinTrack

General Information

INTRODUCTORY FACTS

Silverstone, a partly-government owned bank, is the bank of choice for the people in the Kingdom of Saudi Arabia. It has always led the banking industry with cutting-edge technology and state-of-the-art service. As a move to make its banking system even more robust, Silverstone wanted to streamline its loan tracking management system.¹ Being a bank with government shareholding, it put out a tender with the requisite specifications.

Orbitus Solutions, an Indian technology solutions company, was interested in bidding for the tender issued by Silverstone. The company has a gamut of banking-related solutions, which it was well equipped to offer, deploy and maintain for Silverstone. However, the list of specifications put forth by Silverstone also required an early warning system that could warn the bank of the quantum and list of potential loan defaulters. This would enable the bank to maintain its cash reserve ratio and make the necessary regulatory reporting. While Orbitus could have developed one, the timelines were tight and the cost of developing such a software on such a short deadline was not commercially viable. Therefore, in order to make a competitive bid Orbitus decided to procure the same from a third-party vendor and provide the same along with the other tools in its belt to Silverstone.

While looking for a third-party vendor, Orbitus heard about FinTrack, an AI integrated loan management and risky loan accounts early warning system (“EWS”). FinTrack was also capable of handling high-volume financial transactions, ensure compliance with global regulatory standards, and offer robust data security and

¹ A loan tracking management system is a digital tool used by banks and financial institutions to monitor and manage loan portfolios. This system tracks each loan's lifecycle—from origination to repayment—allowing institutions to automate loan scheduling, track payments, and identify potential defaults.

analytics features. However, Orbitus was only interested in FinTrack's loan management and EWS capabilities. Accordingly, Orbitus got in touch with AmTek Technologies, a Swiz software company which had developed FinTrack, to get a quote for submitting the bid to Silverstone. In its initial discussions with AmTek, Orbitus clarified that it did not require all the services but only the ones related to loan management and EWS. After a few preliminary discussions for sizing the tools as per Silverstone's specifications, AmTek and Orbitus agreed that it would be better if Orbitus dealt with PG Infotech ("PG"), AmTek's distributor in India, which could procure the software from AmTek and then provide it to Orbitus for onward provision.

Based on the specifications, discussions with AmTek and then negotiations between PG and Orbitus, PG agreed to procure and provide FinTrack to Orbitus for a 4-year period. The quote provided by PG was for INR 10,00,00,000 for a period of 4 years, with an additional payment of INR 2,00,00,000 per year for maintenance and version upgrades. Orbitus factored in the price and made a bid for INR 90,00,00,000 for Silverstone's tender, which included the price for its tools that offered transaction management, regulatory compliances, and data analytics in addition to the services offered by FinTrack.

Three months after putting in the bid, Orbitus was contacted by Silverstone to inform them that their bid had been accepted and that due to certain financial audits they had to sign the contract within the next two weeks. Orbitus scrambled to put together the contract, also contacting PG so that they could put a Master License Agreement ("MLA") in place for FinTrack before Orbitus signs the Master Services Agreement ("MSA") with Silverstone.

Both the contracts were executed on time. Orbitus deployed all its software for Silverstone while PG took care of FinTrack's deployment. Orbitus made a payment of INR 10,00,00,000 to PG at the beginning of the term of the MLA, and

subsequently made annual payments of INR 2,00,00,000 at the start of every year for maintenance and version upgrades.

However, during October of the third year (*i.e.*, 2024) for the first time since the execution of the MLA, AmTek directly contacted Orbitus claiming that Silverstone had exceeded the number of 1,00,000 loan accounts that it could monitor using FinTrack. It further claimed that this excessive use had been prevalent since the start of 2024 and if the same was not regularized before the end of the year, then Silverstone would lose access to FinTrack.

Orbitus scrambled to contact PG, with which it had signed the MLA, since the MLA did not have any limit on the number of loan accounts that could be monitored. Orbitus also emphasized on the fact that since it had already made the payment of INR 2,00,00,000 for this year it wants a confirmation that the maintenance and version upgrades would not be stalled as part of this issue.

However, PG adopted an evasive attitude arguing that Orbitus needed to deal with AmTek directly. It emphasized on the fact that even before coming into contact with PG, Orbitus was already in discussion with AmTek. Thus, AmTek's insistence on any specifications was a matter inter-se AmTek and Orbitus and should be dealt as such.

Orbitus was furious, the party it had contracted with was being evasive and the party which it had no contractual relations with was being unnecessarily proactive. It also did not help that AmTek went ahead and informed Silverstone of the situation, asking it to regularize its license before the end of the year in order to not lose access to FinTrack.

This has now forced Orbitus and PG to come to the table to reach a solution before the clock runs out. Before the negotiations, PG informed Orbitus that AmTek had made a demand of INR 5,00,00,000 for 2024 and 2025 towards regularizing FinTrack excessive usage.