**Root problem Identification :**

The company's Primary Concern is its Inability to achieve a competitive year-on-year margin improvement rate when compared to companies in India. This indicates an issue with their revenue generation and cost management strategies. To address this problem, we can break down the issue using the MECE principle and a profitability tree structure.

**PROFITABILITY TRESS STRUCTURE:**

BREAKDOWN REVENUE

HEALTHCARE (21%)

BFSI (46%)

INDIA

EUROPE

US

PRODUCT BASED REVENUE

CYBER SECURITY

DEVOPS BUNDLE

GEOGRAPHICAL

RETAIL

IT SOLUTIONS & MAINTENANCE REVENUE

ASIA PACIFIC (14%)

EUROPE (44%)

US (48%)

DIGITAL MARKETING (90%)

EMPLOYMENT COST

INDIA (9%)

GEOGRAPHICAL COST

PERMENT EMPLOYEE

CONTRACTOR

**REVENUE**

**COST**

Top of Form

**Rr** **Recommendations:**

1. **Investment strategy :**

* Invest in expanding the healthcare sector in the US and Europe due to the promising growth potential.
* Invest in the BFSI sector in INDIA, leveraging its strength in that sector.
* Focus on cross-selling opportunities within existing customer bases.

1. **Acquisitions:**

* Acquire smaller organizations specializing in niche technologies that align with the growth sectors (healthcare, BFSI)

and geographic locations (US, Europe, India).

* Look for companies with a large customer base to facilitate cross-selling and upselling.

1. **Cost Management:**

* Analyze and optimize employee costs by considering the mix of permanent employees and contractors. Considering contractors are costlier, consider strategies to minimize their usage where feasible.

1. **Product strategy:**

* While the digital marketing product generates significant revenue, consider strategies to enhance the market share of other products like DevOps bundle and cybersecurity to diversify revenue streams.

1. **Geographical Margin Improvement:**

* Identify the reasons behind the low margins in India and other Asia Pacific countries. Evaluate whether these regions are strategically essential or if the focus should be shifted to move profitable regions.

1. **Efficiency Enhancement:**

* Asses operational efficiency across different sectors and regions. Identify areas where processes can be streamlined Leading to cost savings and potentially higher margins.

1. **Partnerships and Alliances:**

* Explore partnerships with established players in the targeted sectors and regions. This could be provided quick entry into new markets and access to their customer base.

In conclusion, the acquisition strategy, coupled with a focused investment approach and improved cost management, has the potential to help the company achieve its goal of improving margins. Diversifying revenue streams, focusing on promising sectors in specific geographical locations, and optimizing costs will be key components of their success.