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AUGUST 17, 2003



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bt Net Special

Q&A: Jagdish Sheth

Given the quickening 'half-life' of knowledge, is Jagdish Sheth's 'Rule Of Three' still as relevant today as it was when he first enunciated it? Have it straight from the Charles H. Kellstadt Professor of Marketing at the Goizueta Business School of Emory University, USA. Plus, his views on competition, and lots more.

Q&A: Arun K. Maheshwari

Arun Maheshwari, Managing Director and CEO of CSC India, the domestic subsidiary of the \$11.3-billion Computer Sciences Corporation, wonders if India can ever become a software product powerhouse, given its lack of specific domain knowledge. The way out? Acquire foreign companies that do have it.

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services

They Also Serve

You've read everything about the BPO boom. Now meet the people who've built a multi-crore ancillary industry around it.

By Sahad P. V.

In 2001, when the Delhi government banned diesel buses, Jatinder Singh Grover's world shook. A third-generation fleet operator, Grover, 43, had 14 diesel buses, all inherited when his grandfather's business was carved up by the family when it split. Overnight, his business had been reduced to a mere heap of metal. He had to sell all the 14 buses, forcing the native of Jalandhar to start his entrepreneurial life all over again. Only this time, it was much easier than he thought it would be—thanks to ExlService. Now a wholly-owned subsidiary of ExlService Inc., a Delaware corporation, the BPO (business process outsourcing) outfit had opened shop in India in August 1999. And Grover, who had heard about ExlService from an acquaintance who was working with the BPO, approached the Noida-based company to become their transport vendor. Starting with just two Tata Sumos, Grover quickly built up a fleet of 55, with another client, Global Vantage. His monthly billings today: a cool Rs 30 lakh.

Grover isn't the only one making money riding piggy-back on the BPO industry. In fact, an entire army of service providers, akin to the ancillaries of a manufacturing industry, has sprung up over the last few years in Delhi, Mumbai, Chennai, and Bangalore—all BPO centres. The services include everything from transportation to catering to facility management to security to engineering to training, even help-desk services. Says Sumit Bhattacharya, Executive VP (Marketing & Strategic Planning), HCL Technologies BPO: "Call centres are not backwardly diversified at all and so all non-core operations are outsourced."

This may not translate into huge cost savings for them, but it saves them the headache of managing a huge workforce that is non-core, but essential. Typically, a BPO spends 7-10 per cent of its revenues on such outsourced services, with a big chunk going towards transportation and catering.

For instance, Wipro Spectramind, the largest third-party call centre in India, spends about Rs 1.2 crore a month on cabs to ferry its 6,000 employees in six centres across the country. It spends another crore of rupees a year on housekeeping and security, taking its total tab on ancillary services to Rs 16 crore a year. This is about 8 per cent of Spectramind's last year's revenues of Rs 188 crore.

According to consulting firm Gartner, BPO revenues in India are expected to touch Rs 63,000 crore in 2007 from Rs 4,800 crore currently. With about 10 per cent of the total BPO revenues going to support services providers, there could be a Rs 6,300-crore BPO ancillary industry in the making. Says Raman Roy, CMD, Wipro Spectramind: "For every direct job created in the BPO industry, there is one support service job." Currently, the industry directly employs 1.5 lakh people, and according to IDC that figure could reach 6 lakh by 2007. That means an equal number of support service jobs will be created by entrepreneurs like Grover. Think of it, the boom has only just begun.

Curry Queens and Kings

Meet Maneet Singh, 38, who began with a small restaurant in West Delhi a decade ago and now runs a thriving foods business along with two partners—one of them her husband, Manwant Singh—which serves about 2,400 meals and 5,000 snacks a day to BPO outfits like GE Capital, AmEx, ExlService and Global Vantage. Singh's Snorate Foods Private Ltd. employs 140 people, has three kitchens in Delhi, Gurgaon and Noida and owns a fleet of 14 vehicles (Tata 207s and 407s).



Gaurav Talwar, VP, The Food Counsel: Serving 4,000 meals a day, TFC's sales are set to cross Rs 7.5 crore this year

PIGGY-BACK ON BPO

It takes an army of service providers to keep a call centre humming.

Food

Catering to call centres is lucrative, but be prepared to provide food of international quality and hygienic standards, and at the same time maintain variety. At some places, colour-coordinated menu may be de rigueur. A good 16 per cent of the outsourced spend is on food.

Facility Management

Housekeeping, IT hardware and applications management, help-desk and engineering services are 100 per cent outsourced. BPOs don't save a whole lot on it, but there's a big pay-off: They don't have to employ people who are not critical to their business.

Transport

Accounting for 80 per cent of a BPO's outsourcing budget, transport services are constantly monitored for quality, timely arrival and accident-free service. After all, you don't want to keep your overseas customers waiting for somebody to answer the phone.

Training

The critical training programmes, which include knowledge of the client's products and services, are conducted in-house by BPOs. What's outsourced is induction training, involving language, voice and accent, and cross-cultural training.



Caterers like Singh have to be always on their toes as they have to constantly maintain high quality and at the same time whip up a variety in tastes. "Some BPOs even insist on colour-coordinating the menu. For instance, if the dal is yellow, the subji should be green," she says. It's more than worth the whim. Her fledgling business clocked revenues of Rs 3 crore last year and expects to grow at 20-25 per cent annually.



Starting with just two Tata Sumos, Grover built up a fleet of 55 in just over two years
Jatinder Singh Grover, Director,
Satnam Tourist Corporation

It's not just ambitious housewives or hard-up transporters who are chasing the BPO van. Mumbai-based Amit Thacker's family was into real estate and construction, but when Thacker, 26, was in the US doing a course in fashion design, he discovered the "great outsourcing opportunity". After his return to India in 2000, Thacker set up a food services business and now counts prominent BPO companies such as WNS, Zenta, Prudential and EDs as his clients.

His Thackers Hospitality Services, which owns a 12,500 sq. ft. centralised kitchen capable of producing 8,000 to 10,000 meals a day, has presence in Hyderabad and Pune, besides Mumbai, and now plans to expand to Bangalore and Gurgaon. So it seems only fair that Thacker expects a 30 per cent growth

annually from the current turnover of Rs 9 crore.

If you are the scions of the CEO of one of India's largest BPO companies, does it automatically follow that you'll be drawn into the industry? For Siddharth and Gaurav, yes. Sons of ExlService's CEO Vikram Talwar, the brothers-Siddharth is 27 and Gaurav 23-run two diverse businesses, but both cater to BPOs. Siddharth's Delhi-based Mindbank supplies trainers for call centres, while Gaurav's The Food Counsel (TFC) serves about 4,000 meals a day to clients like Xansa and Patni Computer Systems, besides the who. Says Gaurav, an undergrad in political science and economics from the Bucknell University in Pennsylvania: "It was our father's idea." Doesn't matter. Set up only in January 2003, Gaurav's TFC hopes to add 1,000 meals every month and expects to log Rs 7.5 crore in sales this year.

In Chennai, Ace Logistica goes beyond offering mere cab services. The company has a small office at the Tidel Park premises of its client Sutherland Technologies. Fifteen minutes before the arrival of cab at Tidel, data gets beamed into Sutherland's computers about the 'load' on each trip, the kilometres used up, the number of absentees and the reasons why. "This enables Sutherland to prepare for replacements or allot extra time to another call centre agent in lieu of the absentee," says G. Ramakrishnan, General Manager, Ace Logistica. The company plans to introduce digitised mapping systems in its vans that will allow anyone at its base station to accurately track the vehicle movement, meter readings, and where and how long it stops. Ace hopes to clock Rs 5.5-6 crore a year from the transport services alone.

There could be a Rs 6,300-crore BPO ancillary industry in the making

The business of moving people for time-bound businesses like call centres is tricky, which is why a big corporate like Mahindra & Mahindra opened Transport Solutions Group (TSG) in 2000, essentially to manage the fleet services of companies, including BPOs like Wipro Spectramind, GE Capital, and ICICI OneSource.

TSG does not invest in vehicles or working capital, but just aligns with the owners of the vehicles and takes care of the tricky logistics management. With 111 contracts and 90 clients across the country, TSG is already billing Rs 4 crore a month, and the figure is growing at 40 per cent monthly. By March 2004, the company expects to clock a turnover of Rs 140 crore a year. Says Sanjay Sinha, Business Head, TSG: "We are trying to corporatise this business by creating a high level of transparency in costing and integrating various transport solutions under a single window."



"Some BPOs even insist on colour-coordinating the menu. If the dal is yellow, the subji should be green"
Maneet Singh, (lady) of Corporate
Foods with partner Subhash Sethi

Trainers, on the other hand, are cashing in on a less ambitious need. Though most of the BPOs have in-house training departments, companies like NIS Sparta, North Star and Enhancement Technologies still get business given the large number of employees and the high attrition rate. For a 1,500-seat call centre-500 persons per shift, that is-Delhi-based Mindbank offers 350 hours of training, of which half is in the English language.

Got a call centre, got to keep it in shape, right? Delhi-based ManMachine Works figured that out early in the day. It takes care of the office management of companies such as Daksh eServices, V-Customer and ExlService, raking in a group turnover of Rs 10 crore a year. "BPOs have opened a totally new market for us. Until recently, hotels and hospitals were the only clients who needed 24x7 facilities management service," says Rajan Sharma, Executive Director, ManMachine.

Mumbai-based Roomy Daruwalla's Clean 'N' Carewel Services, which has clients like WNS and Reliance Infocomm, plans to evolve into a total property management company, offering security, floor maintenance and engineering services, with housekeeping operations thrown in. He is expanding into smaller towns like Surat and Pune. What started as a business worth a couple of thousands in 1998 now has a turnover of Rs 1.5 crore.

But 'bet you can't get more innovative than Ritu Grover. The Delhi-based entrepreneur's Global Help Desk proves that you can make money doing odd-jobs too. Her company books cinema tickets, pays telephone and electricity bills, even gets licences and passports renewed-all for a princely fee ranging from Rs 20 to Rs 50. She got more than a thousand such requests in June alone from her client Wipro Spectramind, which has a policy of looking after all the needs of its employees. And Grover has 80 such clients in Delhi, each coughing up Rs 6,000-7,000 a month.

About six lakh jobs could be created in support services by 2007

What's next? BPO masseurs and soothsayers?

You never know.

additional inputs from Nitya Varadarajan and Dipayan Baishya

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