Axa Business Services

Header: Insuring the best
Intro: It’s has been a heady journey for this BPO company. Its revenues for the current year are likely to grow to US$ 10 million from US$ 5 million last year

The difference between IT and BPO companies is ‘radical’ says Milind Chalisgaonkar, managing director, Axa Business Services. While it took the IT industry almost 15-20 years to attain a respectable level of maturity, the BPO companies have reached that kind of maturity in two to three years. If one were to gauge the maturity by the entry of MNCs – it is only now, after 15-20 years that MNCs like EDS and Oracle – have started to set shop in India. On the other hand MNCs almost started the BPO revolution. Again, the BPO companies started getting large prestigious contracts from the very beginning. However, it took IT companies some time to establish confidence and get larger projects. International recognition for the BPO sector has also come early. Needless to say, the India branding from the IT sector has rubbed well on the BPO model. VC funding has come sooner and the industry has started off with quality processes.

The Axa Business Services story starts with the acquisition of Guardian Royal Exchange by Axa. Guardian Royal Exchange was a UK-based insurance company, whereas Axa is a French insurance company providing life insurance, general insurance, health insurance and asset management. Axa is among the top five insurance companies in the world and is ranked 31st in the Fortune 500 list. Guardian Royal Exchange had set up an India liaison centre in 1997 and was in the process of converting into an outsourcing operation. When Axa took over Guardian Royal Exchange, it renamed India operations as Axa Business Services.

Axa Business Services offers a variety of services to Axa. One of them is new policy booking. Policy forms are filled on paper. These need to be entered into a computer system. The paper-based forms are scanned and Axa Business Services provides data entry services. The second area of services is in the area of maintenance of policy. This could involve a change of address, names, and nominees and so on. The company also offers its services in processing claims and in closing lapsed insurance policies.

Clearly, the company’s focus is on transaction services as its area of BPO specialisation. However, in case there is a need for voice-related
communication or some e-mail support, Axa Business Services has the required infrastructure to support it.
Though Axa Business Services, as a company, is separate from Axa, it is entirely owned by the latter. In a sense, it is a captive BPO. However, when it comes to management issues, it is independent. Axa is free to go to other BPO firms to get services. And indeed Axa Business Services can offer its services to other insurance majors. However, since services offered by Axa business services are exemplary, this is unlikely to happen. Again it would be odd for Axa Business Services to help insurance companies competing with Axa. The marketing for Axa Business services is either by solicitation from Axa or there is a pitch from Axa Business Services. Finally, it could be a competition in an open bid against some third-party provider.
Mr Chalisgaonkar says that setting up infrastructure is the least of the worries in running a BPO company. The entire thing can be completely outsourced. The challenge lies in managing people. It’s a real challenge to recruit and train people and then to retain them by offering competitive salaries, involve them in decision making and to remove irritants. People must be made to feel that they are part of a family and that obstacles in effectiveness are removed.
Axa Business Services has been doubling manpower since its inception – from 100 in 2000 to 200 in 2001 and 400 in 2002 and this year the figure is likely to touch 800. The company’s revenues for the current year are likely to grow to US$ 10 million from US$ 5 million last year. The company offers services globally – to Axa at US, UK, Australia and Japan. The Axa Japan is an interesting story. Axa Business Services hired graduates in Japanese from Pune University to offer services to Axa Japan.
Mr Chalisgaonkar believes that the BPO industry may plateau out but there is long way to grow and referred to the NASSCOM report that stated that potentially 2 million people could be employed in the BPO industry.

Start-up Year: 1997
Area of Operations: Insurance activities such as policy booking, policy maintenance, policy processing
Location: Bangalore
Managing Director: Milind Chalisgaonkar
Promoters/Owners: Axa
Approximate Headcount: 600
Approximate Revenues: US$ 5 million (2001-02)