Epicenter

**Header: Aiming high**
**Strap: Consider this:** Revenues for financial year 2002-03: Rs 64 crore. Revenues projected for 2003-04: Around Rs 100 crore

Everybody at Epicenter speaks with an American accent. It’s their job. Epicenter is a call centre specialising in collection services. Epicenter is a joint endeavour of B N Kalyani, chairman of the US$ 500 million Bharat Forge Group, Ken Eldred, the co-founder of US$ 35 billion Ariba Technologies and K Vijay Rao, ex-managing director of AT&T Lucent, India.

Epicenter was started in February 2001. By the end of the first financial year in 2002, the employee headcount rapidly rose to 1,000 from 25 at the beginning. In the first year itself, Epicenter clocked revenues of Rs 17 crore and in the financial year 2002-03, it had revenues of Rs 64 crore. Revenues projected for this year are around Rs 100 crore.

The call centre operations at Epicenter mainly revolve around collection services. Around 90% of calls made from Epicenter are for collection of payments due to credit card companies. The remaining mostly pertain to its telemarketing operations. Agents sit at terminals connected to telephone equipment. Telecommunication software ‘throws’ calls, taking information from a database containing information on credit card holders and their payment history. Usually 60-70 calls are thrown every hour but only 12-15 calls get through. The agents then try to request payment, and in case the customer agrees, the payment information – the bank account and amount – is noted for enabling the electronic fund transfer. The collection services calls are mostly outbound. The telemarketing services are inbound calls with the customer calling up for purchasing a television-advertised product. Agents provide information about the product, and even try to coax the caller into purchasing other products. After the customer has indicated interest in purchasing products, the shipping address and credit card details are noted and the total cost, including shipping costs, are noted and the customer asked for a confirmation regarding the purchase. The confirmed order gets into the database and the sale, including despatch of goods and collection of payment, processed.

Epicenter has a staff strength of around 1,000, most being call centre agents. A call centre agent’s job is monotonous. The agent has to be constantly on
the phone for almost seven hours. The working hours are long and at rather odd times. Epicenter has two shifts – 5:30 pm – 1:30 am and 1:30 am to 9:30 am. The company makes arrangement for the transportation of its employees from home to office and vice versa. Epicenter also tries to improve the work environment by making it as interesting as possible for the employees by organising games and contests and openly recognising performance.

However, the attrition levels are extremely high – 4% per month, 50% per year. Why? Salaries are not too bad. Starting salaries can be as much as Rs 1.8 lakh per annum. Raja Choudhari, relationship management, Epicenter blames it on a host of factors. Firstly, many can’t cope with the working hours. Marriage contributes to a fair degree of attrition. Poaching is a big worry. Other centres are cropping up all over Mumbai and just steal trained agents from Epicenter. “We can’t do much”, complains Mr Choudhari. Agents get offered double the salary and the plum post of a team leader and the disappearing act begins.

Just because so many people flee the company does not mean that it is easy to get into Epicenter. The recruitment process is very stringent. A walk-in process of selection eliminates almost 95% of candidates, with only 5% of the best candidates getting offer letters. Training is also quite intense. Every agent has to spend almost 240 hours in training – amounting to six weeks of training. This includes voice and accent training, customer service training, computer system training, product training and so on. After being certified acceptable following six weeks of classroom training, agents would typically go through two weeks of the on-the-job training. Only after being found fit for the job, is a candidate considered a billable resource.

The quality norms to be adhered in call centres are well defined and can be stringent. Firstly, there are legal requirements. Debt collection is rather an intrusive operation and can be an invasion into privacy. Hence, there are laws in place limiting the practices in debt collection. Call centres in the US have to adhere to the clauses mentioned in Fair Debt Collection Practice Act (FDCPA). Call centres operating in the offshore mode from India are required to follow the regulations to the letter. These define the specific time a person can be called, the information that can be sought, the language to be used and so on.

Apart from adhering to the FDCPA, Epicenter is also working towards COPC – Call Centre Operation Performance Certificate. Similar to the ISO standard or certifications from similar organisations, COPC ensures that quality processes followed in call centre operations are of acceptable standards. Apart from COPC, Epicenter is also working towards Six Sigma.
– this defines a very high level of accuracy and allows for only 3.4 defects per million. Epicenter hires the services of Quality Assurance Institute to train its employees to perform at the Six Sigma level.

Call centre operations are very infrastructure intensive. Epicenter has three operational facilities spread over 84,000 square feet with 750 seats. The telecom infrastructure is also cutting edge. Epicenter uses Avaya Communication PABX, Cisco for routers and multiplexers and Oracle for providing Customer Relationship management solution. Epicenter uses MTNL and Tata Indicom for providing local telecommunication link and VSNL for international connectivity. From India to USA in Omaha, a host of international telecommunication companies provide support – AT&T, MCI Worldcom, Singtel. Local loop is provided through QWEST and Nice is used for Customer Experience Management Solution. Epicenter has invested in generating its own power to ensure 100% uptime.

Epicenter currently has an impressive list of clients - American Express, Providian and ADS for collection services and Telebrands for telemarketing. It recently roped in Mr K R Vishwanath as its CEO and expects his experience in the financial services industry to help get business in the collection area. Apart from this, illustrious board members such as Gregory Slayton, advisor to President of America on technology, are likely to provide marketing assistance. Sanjay Purohit, chief marketing officer, operates from the US and is ably aided by four marketing executives from Mumbai.

The financial structure of Epicenter is interesting. The initial promoters invested US$ 5 million in equity. Infinity Ventures has invested US$ 2.5 million and GW capital has invested US$ 2.5 million. Apart from the US$ 10 million in equity, the company has taken a debt of US$ 2 million from UTI Bank. Call centre rates are around US$ 15 an hour and profit margins are to the tune of 20%.

Where does the company go from here? Epicenter projects a revenue of around US$ 25 million for the current year and projections for 2006-2007 are an ambitious US$ 100 million. It plans to be in the call centre space with some mild diversification in other BPO operation and IT services, but primarily geared towards improving performance of the call centre. Epicenter plans another location by the end of the year and is considering setting up centres at other geographical locations apart from Mumbai. Private sector placement of equity is likely for infusion of cash to the tune of US$ 10 million and acquisition targets are being explored.
Start-Up Year: 2001
Area of Operations: Call centres - mostly in the collection space
Location: Mumbai
CEO/Managing Director: K R Vishwanath
Promoters/Owners/Founders: B N Kalyani of Bharat Forge, Ken Eldred of Ariba Technologies and Vijay Rao of AT&T
Approximate Headcount: 1,000
Approximate Revenues: Rs 64 crore (2002-03), Rs 17 crore (2001-02)