MsourcE

Header: Taking on the world
Intro: This company is proud to be a call centre. Though its is planning to get into other BPO segments, call centre operations are where the money is

But Jerry is sure that the bread and butter of the company are in the call centre and transaction processing segments because that is where the revenues are going to come from. Jerry Rao is a poet. He is also the Chairman of Mphasis BFL, the Group that owns 75% of MsourcE. Jerry may be a poet, but he has got his feet firmly on the ground. And that has helped. Jerry spent most of his career with Citigroup’s international operations. Though he was on the business side of Citigroup, he got close to handling the technology part of the business when he was the head of Citibank’s global technology development division. The Citigroup career prepared him for his foray into entrepreneurship. And if you were in California in 1998, it was difficult not to be an entrepreneur. The times were a little too feverish back then. But it is to the credit of Jerry, that he did not fall for the flavour of season – dot coms. Instead, he chose the tried and tested model of IT services. Having made a success of IT services, Jerry forayed into BPO in 2000. Accidentally, he says. A friend persuaded him. He has made a success of it again. Indeed, the BPO venture contributes substantially to revenues. For instance, out of last quarter revenues of US$ 31 million, almost US$ 10 million came from BPO operations. Mphasis is perhaps the only IT company in which the BPO activities are contributing to the total turnover to such an extent.

MsourcE is mainly a call centre with 90% of revenues coming from the call centre space. However, MsourcE is slowly planning to get into transaction processing and other segments. One of the key areas is tax returns. Some rather high-end activities such as marketing and equity research are also being planned. But Jerry is sure that the bread and butter of the company are in the call centre and transaction processing segments because that is where the revenues are going to come from. The BPO outfit is a US corporation with contact centre operations in India. Hence, its clients get the full benefits and protection of US laws including confidentiality, security and Intellectual Property Rights (IPR). Infrastructure is one of the strong points of MsourcE. It has a fully redundant, high availability network and operational infrastructure (currently
existing in the US and UK). Four telecommunication centres, three operations centres, dual links (fibre-backed up by satellite/fibre), uninterrupted power supply (UPS) and diesel generators, spare equipment and a full COB Plan are some of the components of the infrastructure. The company is BS-7799 Part 2:2002 certified - the first in India and can scale up on demand. With over 250,000 square feet in Bangalore, 120,000 square feet in Pune, and 23,000 square feet in Tijuana (Mexico), MsourcE can ramp up fast. It also has very strong relationships with WorldCom, AT&T, Avaya, Cisco, Newbridge, MS, KANA, etc. to enable meeting any scale projections for technology and telecommunication.

MsourcE has embarked on a new kind of arrangement for the recruitment and training of employees. As on September 31, 2003, MsourcE had about 125 employees who were not shown as staff. They were with the training centre which would recruit and train them before transferring them to the company. Though the company has been shelling out a significant amount to the training institutes, in such an arrangement there is a cost savings of around 25%, according to industry sources. In addition to this, the company is also saved the time and effort spent in training the employees.

With regard to the operational strategy, Jerry feels that it is better to be a broad run-of-the-mill BPO. One may want to add niches on top. But it does not make too much sense to specialise too much. He says that boutiques may be fancy, but they do not last. Boutiques – which specialise in niche segments – may get huge margins, but would always end up with poor sales. It is important to go for higher sales and higher profits. Jerry is not too enamoured by this moving up the value chain fad. He says that companies ought to be cautious and stick to operations that fetch huge revenues rather than pander to analysts. However, quality is an important factor for MsourcE. Further, domain expertise is considered as important, if not more than the development of soft skills.

Start-Up Year: 2000
Area of Operations: Call centre, transaction processing, web-based services, content management
Location : Mumbai, Bangalore
Chairman: Jerry Rao
Ownership and Funding Details: A subsidiary of MphasiS
Approximate Headcount: 3150
Approximate Revenues: Rs 94 crore (FY 2003)