Progeon

Header: Power packed
Intro: This one is a heady combination of a BPO company backed by an IT superpower. The future may very well belong to BPO firms that utilise IT to enhance productivity

*Everything for everybody is a recipe for disaster – Akshaya Bhargava, CEO; Progeon*

Deep strategic thought. Incisive analysis. Penetrating insight. Farsighted plans. When it is an Infosys company – it just goes with territory. And you thought that BPO was a low-end activity. And running one was a no-brainer. Not when it is done Infosys style. This one, we will call the ‘brainy BPO’. This is the one to watch out for. Little wonder then that Citigroup Venture Fund has put in money to own a 20% stake in Progeon in order to share ownership with Infosys.

Indeed, while other companies rave excitedly about execution, you will hear no such thing at Progeon. Simply because to talk so is rather mundane. Not that it is unimportant. But for Progeon the focus is on getting the strategy right. And a strategy that pays in the long run.

Progeon is not a call centre. And it does not want to be one. That is the Infosys strategy. Why? Well, for one the call centre business is too unpredictable. And it may not pay in the long run. The value offered in the call centre is frozen at initial cost savings. Again a call centre offering cannot be leveraged for a deeper relationship.

Progeon is certainly looking for deeper relationships. It is looking for end-to-end solutions – offering an entire suite of services, a complete dedicated centre offering the complete back office processing solution. Now a voice-based support could be part of the complete back office processing solution. However, Progeon just won’t consider call centre operations.

Progeon is extremely choosy. It would like to do business in strategic segments or with strategic customers. These strategic segments could be banking, financial services, security and brokerage, insurance, finance and accounting and telecom practices. The horizontal segment would focus on finance and accounts – managing account receivable and payable payables, maintaining ledgers and journals. The top management at Progeon has analysed each vertical very carefully and is again very choosy in what kind of services it would offer. The services need to have a long-term growth
potential. The other avenue is dealing with strategic customers – big Fortune
100 companies. Ideally Progeon would like to work at the intersection of the
area between strategic customers and strategic segments.
And what does Progeon offer? It offers cost and talent arbitrage, delivering
value and business transformation to its clients through continuous process
improvements. That is the corporate brochure stuff. What it means in plain
old English is that in the first stage there are savings due to lower labour
costs. In the second stage there would be cost savings due to improved
process re-engineering. And at the third stage, there would be cost savings
due to the utilisation of the technology expertise of Infosys. This is one of
the reasons for Progeon not wanting to enter the call centre space. The
operations in a call centre are too commoditised, and apart from initial cost
savings there is no potential for offering either process re-engineering benefits
or technology-driven cost savings.
This brings us to back to the focus on strategy. Progeon is selecting
segments very carefully. It could consider more vertical segments and more
horizontal segments later. Nothing is ruled out. But everything has to offer a
long-term leverage.
However, for all the intellectual moorings, you can’t complain of slow growth
at Progeon. Though it started off in April 2002, Progeon has already grown
to be a 1,000-people strong company within one-and-a-half years. And
Progeon is one up on other BPOs, thanks to its Infosys connection. Progeon
offers process maturity of a company with extensive domain expertise. It
also offers sustainability – financial and infrastructural - due to connections
with its parent – Infosys. Add to that the flexibility in scalability of resources
and ability to ramp up operations, mix all this and add Infosys’ reputation for
accountability as the icing on the cake and you have a recipe for a big BPO
company.
Following the global delivery model pioneered by Infosys is the other
dimension to differentiation. This helps Progeon leverage cost competitive
development centres all over the world to provide high quality business
process-related services on time and within budget. The model helps
Progeon to break every activity into logical tasks and determine the best
location to execute them. It helps Progeon consistently meet the requirements
of clients and convert clients’ costs into variable costs.
Progeon prides itself on being very customer-centric and in being able to
understand the client thought the process cycle. This would transit from
‘Should we outsource?’, ‘What should we outsource?’, ‘How should we
outsource?’ to ‘Steady State’. These match Progeon cycle of sales, product
management, transition and delivery. Everything that Progeon does have one purpose – long-term relationships. The inspiration comes from Infosys, 87% of whose revenues come from repeat business.

It is not just the Infosys brand. It is also real support from Infosys. The marketing support from Infosys is an obvious benefit. You have almost 170 marketing stalwarts with strong customer connections available from the start. But deeper than the financial and marketing muscle is the technological expertise of Infosys. Mr Bhargava believes that there is a strong convergence between BPO operations and IT expertise. The BPO companies that utilise IT to offer productivity improvements and process redesign are the ones most likely to succeed.

Progeon has chosen its clients very carefully. It has only a few -around nine. But the focus is on long term deep relationship to be able to offer end-to-end solutions. The cost consciousness of Infosys carries forward as does the ability to leverage technology to offer substantial benefits.

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<tr>
<th>Start-Up Year: 2002</th>
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<tbody>
<tr>
<td>Area of Operations: End-to-end back office processing solution, with specialisation in finance and accounts including account receivable, payable, ledger and journal maintenance</td>
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<td>Location: Bangalore</td>
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<td>Managing Director and CEO:</td>
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<tr>
<td>Ownership and Funding Details: Infosys owns 80% and Citigroup venture funds owns 20%</td>
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<tr>
<td>Approximate Headcount: 1,000</td>
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<td>Approximate Revenues: NA</td>
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