Vertex: EDITED

**Header: Getting it right**

**Intro:** Vertex’s metamorphosis from a captive company into a third-party provider has been immensely successful. And the company is very clear that the future lies with horizontals

Vertex is a fascinating example of the conversion of a captive company into a third-party BPO services provider. The company was initially a part of United Utilities. It was spun off from the same as Vertex in 1996. Vertex is headquartered in Manchester and employs over 9,500 people based across 30 locations in the UK. In December 2002, Vertex acquired UK contact centre operator, 7C and the shareholding of 7C India. Since then it has grown from 60 employees to 1,000 in Gurgaon, Haryana. The people at the Gurgaon facility are engaged in voice-based, non-voice and eServices for the UK and US-based clients. About 500 people are employed in Canada. The company formed a strategic alliance with Cap Gemini Ernst and Young, in 2001.

Vertex has gradually reduced its exposure to United Utilities and has increased the customer base in UK, Canada and India. Less than 20% of the business currently comes from United Utilities. The conversion of the captive company into a third-party provider has proved to be successful. The Indian outfit looks after the areas - payment processing, debt management, billing, and customer service and change management. The verticals in which Vertex has a presence are utilities, telecom, travel, public sector (UK) and financial services. One interesting fact about the company is that it aims at achieving expertise in horizontals, one of them being collections, rather than in various verticals.

When asked about whether Vertex is looking at moving its operations to India, given the quality of manpower and the lower labour costs, Dan Sandhu, the CEO of Vertex India, says that such an option was certainly out of question. While some private clients would not mind around 50-70% of the business being done out of India, the public sector companies necessarily want all their work to be done in the UK itself. Though there are no regulations against outsourcing of the work of public sector clients to India, these clients feel more comfortable if their operations were to be dealt within a few hours drive from their location. Moreover, the process being well tested in the UK also makes them at ease. There is the risk that the unions
would protest too if most of the BPO work were to be transferred from the UK to India.
The Indian and the UK employees co-ordinate with each other for business development as well as marketing. The three people who are engaged in branding in India work with 50 others in the UK. The business development employees deal with sales in the UK and US.
The open culture at Vertex is worthy of praise. The company does not want to restrict itself to any particular age group. It has several instances of mother and son working side by side, the mothers falling in the age range of 40-60 years. Further, the faith in the judgement of employees is reflected in the fact that 25% of the recruitments take place through referrals. The company claims to have attrition rates of less than 20%.

Start-up Year: 1996  
Area of Operations: payment processing, debt management, billing, and customer service and change management  
Locations: Gurgaon  
Non executive chairman: John Roberts  
CEO, Vertex India: Dan Sandhu  
Promoters/Owners and Funding: part of United Utilities, UK  
Approximate Headcount: 11000 (includes 1000 in India)  
Approximate Revenues : $ 480m (FY 2003)