

# BREAKING THE GLASS CEILING

A group of social entrepreneurs are taking outsourcing to remote corners of the country, setting up BPOs and call centres in distant villages, writes

**Aarti Gupta.**

**H**EADING Business Process Outsourcing (BPO) operations in the rural interiors of Tamil Nadu – in places such as Hosur, Uthangarai and Maganurpatti – is turning out to be an exciting prospect for Ashok Kumar, ceo, Fosterera (short for fostering technologies in rural areas). Floated by the Krishnagiri district administration and providing livelihood to the local youth, Fosterera is unique, with facilities one would not usually associate with a rural BPO.

It has connectivity, electricity back-up, ISO certification and state-of-the art data security; it uses only licensed software and is anti-virus enabled. Optic fibre connectivity with state-owned telecommunication major, BSNL, is in the pipeline. The quality of work and delivery compares with the best BPO in any city in India.

Fosterera soon expects to sign-up with a Fortune 500 Information Technology (IT) major for voice work, making it perhaps the only rural BPO that has been able to make a foray into this segment successfully. Kumar is now working on offering the first-of-its kind BPO entrepreneurship programme to Fosterera's agents. For the







Krishnagiri recruits, many of who are in the below-the-poverty-line bracket, this is tantamount to breaking the glass ceiling.

When Fostera launched BPO operations in rural India in 2007, it was amongst the earliest to have set the trend; today, the segment is gaining not just critical mass, but more importantly, sophistication. Thanks to a group of committed social entrepreneurs who are taking rural outsourcing to the remotest corners of the country – places that are either drought-prone, or with very little industrialisation – the rural BPO trend is firmly entrenched and quietly moving up the value chain.

Of course, the seven top Indian cities account for 95 per cent of revenues of the IT and BPO sector; yet, non-urban BPOs have started gaining traction, points out Raju Bhatnagar, vice-president in charge of BPOs and government relations at the National Association of Software and Services Companies (Nasscom). With value-added services and internet banking exploding, there is no reason why they

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promoter, Sai Seva

cannot move up the value chain, he adds.

So with increasing demand from banks and telecommunications companies, the BPO industry has been logically looking at rural areas as the next big opportunity for growth. And, for good reason. Take the case of Sai Seva Business Solutions. The

100-seater centre in Puttaparthi in Andhra Pradesh draws its workforce from a 5 km radius of 16 villages and services companies such as HDFC Ltd, Matrix Laboratories, Royal Sundaram and Rea Source, a Vancouver-based mortgage firm.

In 2007, when HDFC was looking to outsource its account-opening process, it started with a pilot project with Sai Seva. The rural BPO started by dedicating 20 agents for the work: viewing images of account-opening forms that customers fill in and capturing the data. Within three months, Sai Seva went beyond the Six Sigma standard and six months later HDFC shifted the entire work of its Mumbai BPO to Sai Seva.

“Our claims processing are approved 99 per cent of the time without any changes,” explains Sujatha Raju, the promoter of Sai Seva. Very appreciative of rustic intelligence, she is of the view that because jobs mean so much to rural folk, there is really nothing they cannot be trained to do.

## ATTRACTING THE BIG CORPORATES

ATTRACTED by the win-win proposition so well demonstrated by third-party BPO operators, even big corporate names are setting up captive back offices in non-urban areas. The Tata Group, for instance, has had two of its group companies set up BPOs in rural areas. Tata Chemicals has established Uday, its rural BPO, in Mithapur, Gujarat, and Babrala, Uttar Pradesh. Nearly 300 call agents provide back-end support for customer care for Tata Indicom and Tata Chemicals.

Tata Power launched a similar BPO at Khopoli in Maharashtra, last year. "The idea is as much to generate employment for the local people as also to get trained support for our own operations," explains Alka Talwar, head, community and development, Tata Chemicals.

Much in the same way, and inspired by the Sai Seva example, HDFC decided to locate its BPO in Tirupati in Andhra Pradesh. The move was in equal measure driven by the fact that Employment Generation and Marketing Mission (EGMM) at the department of rural development of the Andhra government, headed by Meera Shenoy,

had been passionately identifying and training poor youth over the years.

EGMM has trained close to 300,000 people. What HDFC did was to set up fully-owned subsidiary, ADFC Pvt Ltd, which through its two centres at Tirupati (650 agents) and Nellore (300) took up all the customer indexing work earlier handled out of Mumbai and Chennai.

Other interesting examples are being tried out. Infosys kick-started its rural BPO initiative in February 2010 in Pulla, a village in the West Godavari region in Andhra Pradesh, with a capacity of 200. The IT major has signed a memorandum of understanding with the state government to set up one such BPO in all the districts in a phased manner; the government in return has promised half of the captive government business.

But what is interesting is that Infosys has tied up with DesiCrew and Rural Shores to manage the BPOs in the state. Two years ago, leading KPO player Adventity entered into a collaboration with Fostera for training its agents for voice work that would be outsourced to the rural BPO.

Sujatha has since gone on to become a core member of two other BPOs: Trayee which specialises in banking BPOs, and Rural Shores, formed two years after Sai Seva went on stream. To put things in perspective, Trayee is the biggest third-party service provider for Citibank and its roster of customers includes such impressive names including HSBC, Barclays and Aviva, amongst others.

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When Source For Change (SFC), a company established through the Ajay Piramal Foundation in the small town of Bagar in Jhunjhunu district in Rajasthan, about 600 km north-west of Delhi, got its first big break with Pratham, a leading NGO, it demonstrated that a rural all-woman BPO could come out with the most error-free work of all the entities that the NGO had enlisted across the country.

Little wonder then that Pratham got back to SFC six times after the initial project. Says Shrot Katewa, one of the founders of SFC: "The high quality work of our rural agents has given us brand recognition and clients have started to contact us more on their own."

Obviously, things were different about three years ago, when rural BPOs began to be set up. Most started by offering digitisation services such as data entry and data conversion and rule-based decision-making, all relatively simple work. Now high-end work has begun to trickle in.

Take up the case of DesiCrew Solutions Pvt Ltd, incubated in 2005 by the Indian Institute of Technology, Chennai, and spun



off as a commercial entity two years later. After initially looking around for any work, it is today offering content creation and validation, GIS-based mapping services, transcription and localisation.

SFC, after a humble start with Pratham, was soon doing web-based research projects for Urbo Corp, a real estate firm based in Houston; the University of Maryland; the University of California, Los Angeles; and Reel Colour Studios (UK).

Incidentally both SFC and DesiCrew have women as the mainstay of their workforce.

Fostera got lucky early. Having launched operations in August 2007, it had Fortune 500 companies like Nasdaq-listed All State Insurance and Electronic Data Systems outsourcing work to it for three years. A recruitment process outsourcing project for Atlanta-based NovusSTS, a premier global recruitment company, has Kumar all charged up to focus on long-term projects with top names in the industry.

Things were tough for many rural BPO, especially in the early days. Sourcing work was a big constraint for rural BPOs in the initial phases because of their modest wherewithal. Most are small facilities of about 100 seats where agents often finish work and return home for chores such as weaving, grazing or milking cows or rearing sheep.

Some centres are located in old school buildings and marriage halls equipped with computers, generators and cheap plastic furniture and rarely an air-conditioner. In short, many are bare bone operations.

Most operate as hub-and-spoke models where all the technology is in the data centre so that there is no need to draw out wire to each of the units. For example, Desicrew's Chennai office acts as the interface between the client and the rural centres. This way, smaller centres of 25 seats can be distributed for efficient operations.

In addition, ramp-up can happen fast as the situation demands. So SFC, which started with modest funding from the Piramal Foundation and a building equipped with a handful of terminals, is already talking to a few venture capitalists for expansion. The game-plan is to set up 25 centres, each of 60 to 100 seats, across the country and employing 2,500 rural youths.



Sujatha Raju

Fostera is inaugurating a 45-seater centre in Maganurpatti in Tamil Nadu shortly, while keeping the Hosur centre for dedicated voice work. Bordering the states of Andhra Pradesh and Karnataka, it is easy to find people who can speak not just Telugu and Kannada, but are also conversant with Hindi and English.

DesiCrew is aiming to be 1,000-people strong by the end of 2010; Sai Seva has grown from four employees in mid-2006 to over 1,000 today. Rural Shores, another BPO which Sujatha Raju, the promoter of Sai Seva, co-founded with five others in 2008, is fired with the vision of setting up some 500 centres in seven years across India. It already operates six centres, the oldest one at Bagepalli, Karnataka, being two years old.

Replicating the model is the avowed

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objective of most promoters, so they plough back profits into operations for expansion. Sai Seva directors, for example, do not take any payments and reinvest all the profits into the venture.

One of the major factors that started off the trend of rural BPOs is the relatively high cost of running such operations in cities. With the frequent churn of employees in cities and high operational costs, it makes eminent sense to ship work to areas where these can be kept under tab. Rentals in non-urban locations normally range from Rs 2 to Rs 10 (about half to 22 US cents) per sq foot, compared to US\$ 2.25 in cities such as Gurgaon.

Rural BPOs can have an overall cost advantage of almost 40 per cent, besides low employee attrition levels. Nasscom's Bhatnagar works out the economics: with an average payout of US\$ 115 a month, a 150-seater centre would inject more than US\$ 225,000 into the local economy of a small town or village. The multiplier effect of this can be several times more.

Of course, none of this would have been possible if there were not enough industry-ready people to take up work in these centres. The key challenge, says Sujatha of Sai Seva, is grooming raw talent. Most players have developed specialised three-month training programmes for the rural youth in communication, IT and soft skills. These could often be as rudimentary as MS Office, Excel, browsing the net, organising files and folders besides of course some grammar to polish up the reading and speaking skills.

Meera Shenoy of Employment Generation and Marketing Mission (EGMM), part of the department of rural development, Andhra Pradesh, says HDFC executives were surprised by the level of competence of its employees when they came to recruit people. Training can indeed be a critical factor for rural BPOs.

Sujatha points out that any level of complexity can be tackled by the rural youth if they are trained thoroughly. "Knowledge Process Outsourcing or BPO work is eventually repetitive," she adds.

Most rural BPOs are breaking even as their turnover reaches the critical threshold level of about US\$ 225,000. With many other players entering the fray, one thing is certain: the phase of explosive growth is just round the corner. 🌟