

HCL BPO pursuing non-linear growth

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HCL Technologies, India's fourth largest software exporter, is pursuing a non-linear growth strategy for its business process outsourcing arm and a business model to hedge against currency fluctuations.

Set up seven years back with 30 people, HCL BPO today is 13,000-people strong, contributing about 12% to the parent's revenues. It closed FY08 with \$225 million in revenues. Over the last five years, revenues have grown by compounded annual growth rate (CAGR) of 50% while net profit has risen by 130% CAGR. At 26%, it has amongst the best operating margins in the industry.

"If we are to become a billion-dollar organisation, then a linear model would mean having 60,000 people on rolls. At that level, only to keep our headcount constant, we would have to add 3,000 people and interview 36,000 per month. This is clearly not sustainable. Hence we have decided to pursue a non-linear model which would also protect us from currency

fluctuations," Ranjit Narasimhan, president and chief operating officer - BPO Services, HCL Technologies.

Instead of recreating something from scratch, the company went for overseas acquisitions, outcome-based pricing, scalable



platform, English speaking workforce and presence in a growing market.

Narasimhan said in two years, half its deals would move to outcome-based pricing from negligible currently. Similarly, voice to non-voice ratio is expected to change to 50:50 from 70:30 during the same period.

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