

HCL BPO eyes acquisitions to steer growth

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HCL BPO is looking to acquire more companies to move from voice-based to transaction-based services, as it tries to earn more without adding people, a top official said.

While the company currently gets 70% of its revenues from voice-based services, this is expected to come down to 50% in the next few years. "Acquisition is a conscious strategy to expand global footprint and it will also give us a natural hedge against currency fluctuations because we would earn and spend in the same currency. It will help us move to platform-based services," said Mr

Ranjit Narasimhan, president and CEO, HCL BPO.

He did not give details, however, on the amount earmarked for the acquisitions or the size of the potential companies. On a scale of 100%, 55% of the company's growth would come from acquisitions and the rest would come from organic growth. Also, valuations are attractive in the current scenario.

In the last six months, the company acquired US-based Control Point Solutions and UK-based Liberata Financial Services as part of this strategy. Both companies offer platform-based outsourcing services, where more number of transactions is possible.

"The current model where you need to keep adding people with growth is not sus-

tainable. We want to break the relation between revenue and headcount by increasing platform based services," said Mr Ranjit added. HCL BPO currently has a headcount of 13,000. The company will use its software base to upgrade the platform. For example, in the insurance vertical, if the company were doing 1500 policies per agent annually, this would be bettered to 4,500 policies by using HCL's software base. "It will also help in expanding client relationship, where we can move from BPO to software development services," Mr Narasimhan added.

About the current downturn and its impact on the company, Mr Ranjit said, "While growth will be impacted, output based pricing is far less amenable to short term economic fluctuations because functions like bill payments will continue to happen."

