

# HCL Tech plans BPO centre in the Philippines

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HCL Technologies plans to set up a BPO delivery facility in the Philippines by the end of its current financial year ended June 2012.

HCL BPO currently has overseas delivery footprint in the UK, Northern Ireland, US and Poland.

“Some customers today are looking for contingency to a particular region... others may want near-shore facility... So we are building a network of centres globally to meet customer needs, from wherever it comes. We now have 5-6 locations from where we can provide services,” its President Business Services and Corporate Vice-President, Mr Rahul Singh, said.

## **PRIMARY DRIVER**

Mr Singh said the Philippines’ ability to scale-up was the primary driver behind the decision to include the location in integrated global delivery model.

The BPO services business — which is in the midst of a massive portfolio rejig — posted revenue of about \$48 million during the June quarter, up 4.7 per cent year-on-year and down 4.4 per cent on sequential basis. The EBITDA losses for the BPO business narrowed to \$0.9 million from

\$5.2 million in the year-ago period, and the company says it is on track for a “breakeven” in January to March quarter of 2012. At the EBIT level again, the losses came down to about \$4 million against \$6.5 million in the June quarter 2010, and \$4.5 million in March quarter 2011.

“We had predicted \$7-million loss every quarter till December. But we are demonstrating lower losses... We are on track, and January-March 2012 will be the breakeven quarter for BPO business,” the HCL Tech Vice-Chairman and CEO Mr Vineet Nayar had said during the company’s earnings conference recently.

## **COMBINATION OF PLATFORM**

The company initiated restructuring of the BPO business a few quarters ago as it wanted to move away from the highly-commoditised and margin-dilutive voice business onto ‘platform based offerings’.

Typically, in the case of a platform-based offering, the service provider would offer a combination of software platform and services to, say, administer payroll for a client and charge on the basis of transaction or outcome. HCL BPO had said that it has been able to reduce dependence on voice to 50 per cent.