

June 2008

## CEO Spotlight



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*“If there is no struggle, there is no progress.”*

*- Frederick Douglass*

Much has been made on the current US economic crisis and its effects on the Indian BPO industry. Speculations have ranged from implying an imminent downturn of the Indian BPO to questioning the true viability of the global sourcing model.

Our perspective at Tholons is more optimistic. We believe that current market conditions adversely affecting the BPO landscape will ultimately give rise to a new breed of BPO players who will be more resilient and more effective service providers.

**T**hough we do not discount the significance of the US economic crisis to India's BPO space, we are equally aware that service providers in the country are not sitting passively waiting for the storm to pass. There simply are too many stakeholders with too much invested in the industry. Large MNCs with billion dollar facilities in the country, while Government and related institutions rely on the BPO industry to provide jobs for millions of people.

In fact, our recent discussions with management from India's larger BPO firms indicate that many are actually taking a more progressive and proactive stance to counter the negative effects of the US market downturn. Such measures include the strategic deployment of delivery centers to a broader geographic spread, the employment of more responsive cost monitoring systems, the implementation of currency levers to offset currency fluctuations, and the heightened (and renewed) focus on higher-value and high-growth services such as infrastructure-managed services, financial and industry-specific engineering services. We expect this to create service providers who are both more resilient to regional economic turmoil and less dependent on specific geographic markets. After all, there are other potential-rich destinations beyond North America from both a client and delivery perspective. Further, these implementations will allow Indian BPO providers a greater means to hedge against similar trepidations in the future.

**I**n 2007 for example, most of India's largest BPO players not only registered progressive growth rates, but likewise continued with expansion strategies. The Top3 tier-1 companies representing a robust 21% increase from the previous year. Growth through seemingly tumultuous times has also come through calculated expansion as they announced opening of software development centers in the US and looked to acquire R&D facilities in Europe as well. TCS, Wipro and Infosys' diverse expansion, already having facilities or planned deployments in Shanghai, Chengdu, Cebu, Brazil, Mexico, Bucharest, Poland and other centers in Central Eastern Europe and Latin America – mirrors the positive outlook which many of India's top players have in viewing the market in the medium and long-term.

**L**ogic tells us that the struggles which the industry may be facing now will compel its players re-examine their operational efficiency and service delivery models. We believe that in the long-term this will prove to be beneficial, as the trials and tribulations which providers may be experiencing now will essentially serve as drivers for growth and development of India's maturing BPO industry. When global economic conditions stabilize, expect to see the emergence of an Indian BPO that is more resilient to market pressure, more dynamic in its service delivery and more expansive in its reach. These will be the undeniable marks of progress after the struggle.



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