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NASSCOM's Ranking Of Third Party Players

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WNS leads the pack while Wipro BPO Solutions is a close second and HCL Technologies BPO Services emerges third. GECIS not ranked as # 1 due to 'captive status' for most of the year.

New Delhi, June 08, 2005: NASSCOM, the premier chamber of commerce and "voice" of the software and BPO industry in India, released the top 15 ranking of third party ITES (Call Center and BPO) companies. The rankings are based on revenues for 2004-05 reported as per the annual NASSCOM survey on IT industry performance. According to the survey, WNS has emerged as the frontrunner followed by Wipro BPO Solutions and HCL Technologies BPO Services at the second and third position respectively.

Ranking of Third Party (Call Center & BPO) players

Rank	Company Name
1	WNS Global Services
2	Wipro BPO
3	HCL Technologies BPO
4	IBM-Daksh
5	ICICI OneSource
6	Exlservices
7	Mphasis BFL
8	Intelenet Global
9	GTL
10	Progeon
11	24-7 Customer
12	Datamatics Technologies
13	Hinduja TMT
14	TransWorks Information Services
15	Tracmail

The ITES-BPO segment contributes 30% of the total IT-ITES exports from India and witnessed a growth of 44.5% to reach USD 5.2 billion in FY 2004-05. The ITES-BPO exports are expected to clock revenues of USD 7.3 billion in FY 2005-06.

Speaking on the survey, **Mr. Kiran Karnik, President, NASSCOM**, said, "With an ever expanding portfolio and employee base, the third party players have been able to sustain their growth rates over the years. Players who have scaled up and are offering process expertise, operational excellence and following best practices, are making it to the NASSCOM rankings every year."

"The NASSCOM rankings have become an industry benchmark and reinforce NASSCOM's initiative of encouraging Indian IT industry to adopt the global best practices. These rankings are now used by customers globally," **Mr. Karnik further added.**

It is important to note that the largest company GECIS was a captive operation till the end of 2004 and hence has not been considered for the rankings. If it had been a third party operation, it would have been the largest player by far.

A few companies did not provide India revenues as reported to STPI. If the offshore revenues of firms such as e-funds and Sutherland Technologies had been considered, they would have featured in the Top 10 companies.

A few key players have chosen not to reveal their revenues for reasons such as recent buyout or 'quiet period' – these include vCustomer and Zenta Group.

Key highlights of the Indian ITES-BPO sector:

ITES-BPO Exports
(USD billion)

ITES-BPO	2002-03	2003-04	2004-05	2005-06
Exports (USD bn)	2.5	3.6	5.2	7.3
Domestic (USD bn)	0.2	0.3	0.6	0.8

Employment (no. of ppl)	171,000	245,000	348,000	470,000

- ITES-BPO employee base has grown at a CAGR of 52.6%, from 42,000 in 2001-02 to 348,000 in FY 2004-05
- As of March 2005, there were around 410 ITES-BPO players in India, up from 285 in FY 2003-04
- Captive units continue to dominate the segment, accounting for over 65 percent of the value of work off-shored to India
- The domestic market for ITES-BPO also witnessed a significant increase in demand with the estimated value of work outsourced (by domestic clients) rising from USD 300 million in FY 2003-04 to USD 600 million in FY 2004-05
- Key drivers of growth in domestic demand for ITES-BPO include the high degree of competition in the domestic telecom and BFSI verticals with companies laying increased emphasis on customer fulfilment and other CRM activities
- Integration of IT-BPO contracts is becoming more common
- The ITES-BPO companies are gaining significant traction in transaction processing, with more and more firms balancing voice and non-voice business portfolios to diversify revenue and raise seat utilization
- While the leading global services firms scramble to ramp-up offshore operations in India, Indian vendors are developing multi-location delivery capabilities. Apart from India, firms are setting up facilities in China, Eastern Europe, Ireland, and Philippines. Within the country they are expanding to Tier II cities such as Mysore, Nasik, Vizag, Jaipur, Chandigarh and Trivandrum
- The year gone by was a period of significant market activity for the ITES-BPO sector in India. Coupled with the growing stock of firms expanding their offshore initiatives in India, was the wave of consolidation as several large M&A deals were scripted in the industry like GECIS-Oak Hill/General Atlantic Partners, Daksh-IBM, e-serve-Citigroup, etc.
- Emerging opportunity areas for the ITES-BPO sector:
    - The previous year witnessed a significant pickup in global interest for HR ITES-BPO. Global potential for HR outsourcing in 2004 was estimated at USD 10.8 billion – offshore-able potential estimated to be over USD 5 billion. Value of HR BPO offshored to India in FY 2004-05 was USD 165 million, up 120 percent from USD 75 million in the previous year.
    - A new breed of high-end knowledge based BPO called Knowledge Process Outsourcing (KPO) emerged. This comprises of vendors providing higher-end research and analytic based services - in traditional service lines as well as new business areas
    - Areas with significant latent potential for KPO include healthcare -pharmaceuticals and biotechnology, legal support - intellectual property research, design and development for automotive and aerospace industries, and animation and graphics in the entertainment sector
    - F&A (Finance and Accounting) outsourcing is emerging as one of the fastest growing BPO segments. While earlier, the majority of F&A outsourcing deals were focused on transaction processing, now customers want BPO solutions providers to manage almost the entire business process
    - Procurement outsourcing is an emerging area as more and more firms are seriously investigating this option

Methodology for ranking

NASSCOM sends out a detailed Snap Survey questionnaire annually to all its member companies, accounting for 95 percent of the Indian IT software and BPO industry revenue. Information collated through the questionnaire includes: aggregate performance; service lines; verticals and geographies. The Snap Survey form also takes into account the contribution of the 100 percent owned overseas subsidiaries after deducting all the double accounting.

NASSCOM in the year 2001-2002 initiated the exercise of introducing the Top 15 players – (third party call center and BPO players) within the ITES sector. The objective was to give the same impetus to the ITES sector as to the IT software and services and at the same time provide detailed information to the interested target audience viz customers, visiting India. This was based on the information collected from the Snap Survey questionnaire – received from NASSCOM member companies and further revalidated with the STPI. Based on the detailed consultation with industry experts, NASSCOM re-validated its ranking based on US GAAP (Generally Accepted Accounting Principles in the United States) analysis, removing 'Pass Through Costs' that might be included in the revenue figures reported by some players.

The present year ranking is based on US GAAP revenue (removing 'Pass Through Costs' that may be included as a part of revenue) reported by NASSCOM member companies, who have submitted the requested information to NASSCOM as of June 6, 2005. This present exercise does not include captive units.