



CASE STUDY

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Impact Sourcing - How to Scale?

“Impact Sourcing will be 11% of the BPM market by 2015 @ US 21bn”

– Accenture in 2012 based on forecasts from Avasant in 2011

“Impact Sourcing is 12% of the BPM Services market”

– EverestGroup in 2014

Yet, if one observes the actual data in terms of revenues of all Impact Sourcing Service providers, the result is not even a fraction of what is stated above. While the impact of these players including DesiCrew cannot be denied, the question is to understand what is going wrong and how to make it real.

Impact Sourcing is defined as employing socioeconomically underserved individuals as principal workers in the BPM sectors to provide high-quality, information-based services to domestic and international clients. Impact Sourcing is viewed as an effective market-based solution to poverty alleviation and shows the potential to create millions of jobs for the young and those living in poverty.

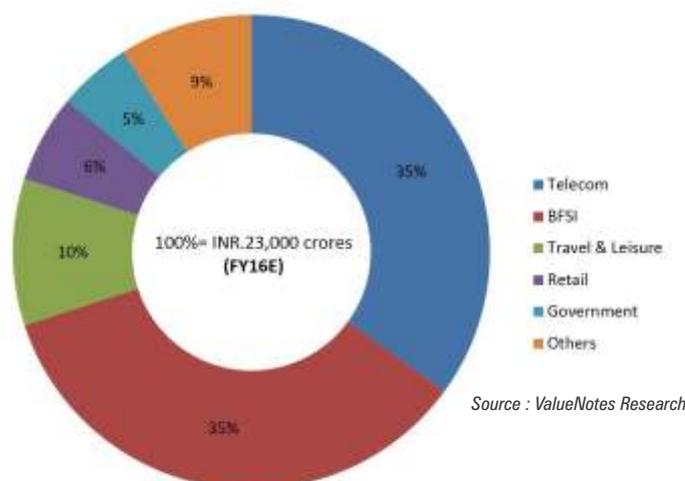
Market Landscape:

India is the world's biggest outsourcing destination in terms of financial attractiveness and business environment, according to a study published by a London-based global management consulting firm. However till a decade ago, BPM in the Indian Market was an emerging concept. The segment has now matured into a INR 23,000 crore opportunity. The third party BPM industry currently employs over 2,40,000 people. BFSI and Telecom are the key sectors that drive demand for Outsourcing and constitute to nearly two-thirds of the domestic BPM market. The Domestic BPM market is likely to see a surge of demand from Sunrise segments such as Government and eCommerce. Also, the Top-15 BPM service providers, who constitute 80% of the eBPM market in terms of value, are shifting their operational focus to low-cost tier III and IV towns.

As the BPM sector continues to mature and evolve new models, organisations are becoming increasingly focused around 'responsible business' while addressing ever-increasing employment costs in urban areas. The Indian IT-BPM industry has over the years evolved into a dynamic, knowledge-oriented sector that has become one of the most significant growth drivers for the country's economy.

The following infographic gives an overview of the domestic BPM market:

Domestic BPM Split (in value) by Verticals Served

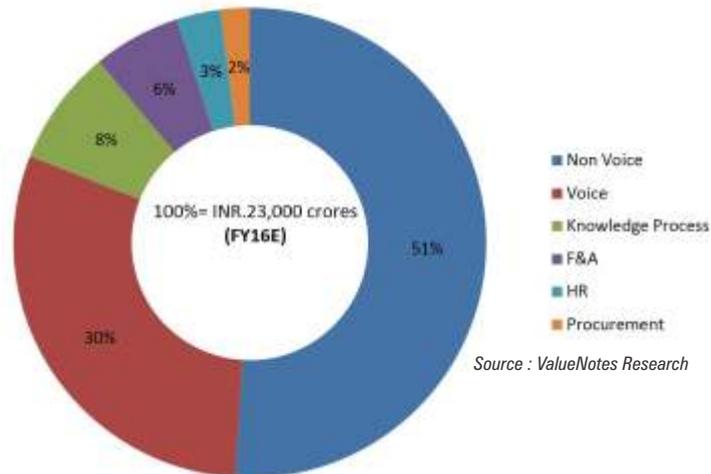


Banking & Telecom sectors constitute over 2/3rds of the domestic market. Exceptional growth in the total number of telecom subscribers and digitization of bank records has fueled the demand for BPM services from these sectors.



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Domestic BPM Split (in value) by Various Services Offered



Non-Voice Processes, which includes backend processing such as Digitization, Scanning, Indexing, Data Entry, Printing, as well as vertical-specific work, currently constitute a little over half of the current domestic BPM market.

Source : Domestic BPM market 2016 -On the Cusp of Transformation , Nasscom/valueNotes

DesiCrew – An Introduction:

DesiCrew is a new generation service provider leveraging the power of rural Indian workforce to deliver a range of BPM services to Corporates. With services built on delivering world class quality and cost efficiency, it propagates inclusive growth for rural India by providing them with job & wealth creation opportunities.

Incubated in IIT Madras in 2007, DesiCrew has successfully demonstrated how rural BPMs can uplift rural livelihoods. DesiCrew, over 9 years, has built a high maturity in BPM process execution, constantly meeting SLA of its 20 clients that include India's top 5 insurance companies, top-tier IT& ITES companies and the country's premier education institutions. DesiCrew has partnered with ~60% of other rural BPM units in joint project execution, training etc across 12 states of India. In order to validate the key assumptions behind this model related to social impact, it has worked with Social Audit Network-UK to publish the Social Audit Report, the first one amongst the Impact Service providers across the world. The audit report published after due diligence evaluated the effectiveness and alignment between goals and impact by interacting with all the stakeholders, employees, community, former employees, clients and Government.

The Road Ahead - Is Marketing the Solution to Scale Impact Sourcing ?:

All over the world and specifically in India, the customers of Impact Sourcing Service providers rate the services on par with the traditional service providers. In addition, 15%-40% lower attrition compared to urban centers makes it a compelling value proposition.

The Value of Impact Sourcing is Business Process Service, but with Optimized Results.

1) Low Costs:

- Significant Cost Savings (70%+) over source locations in US/UK
- Cost comparable or lower than traditional BPMs.



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2) Proven, Reliable Service Delivery:

- Performance comparable to traditional BPMs.
- Track record of meeting client SLAs/KPIs and expectations

3) Large and Untapped Talent Pool:

- Alternative to supplement traditional talent pool.
- Vernacular language capabilities

4) Stable and Engaged Workforce:

- Lower Attrition than traditional BPM employees.
- Motivated Workforce

5) Social Impact

- Direct Impact (Individuals and Families)
- Indirect Impact (Communities, Local Economy, Support Systems)

Source : *The Case for Impact Sourcing – Everest Group Supported by The Rockefeller Foundation, Sep 2014*

The BPM market is growing at a healthy rate, despite the recent trends in automation. In such a scenario, the marketing strategy needs to be analysed and realigned to leverage the positive trends in the macro and micro environment. DesiCrew in India provides the right context to examine this as it is one of the pioneers and the brand has a good recall. It is listed as one of the success stories of BPM operations in Tier II, III & IV cities in the recently published NASSCOM Report on Domestic BPM (Mar 2016).

DesiCrew currently derives 90% of its revenue from the domestic market. DesiCrew works across multiple time-zones, for MNC customers, through their Indian arms. There have been instances, where many of DesiCrew's clients have gone on record speaking positively about quality of delivery and operational efficiency of its centers. With over 70% of the staff being women, the DC model has made a significant impact in the lives of these first generation knowledge workers. In addition to cost saving, other factors such as domain expertise, operational flexibility and agility are also reasons for companies to outsource their operations.

With almost a decade of successful delivery catering to customers across different verticals on critical processes, DesiCrew has proved that seamless delivery is possible from our rural centers. Corporate Knowledge and Cost advantages are other key reasons for clients to choose an Impact sourcing partner such as DesiCrew. Having worked across multiple sectors in domestic market, DesiCrew has almost all the favourable key factors mentioned in the infographic on the value proposition. It therefore needs to revisit its marketing strategy to examine if there are learnings and insights that company could leverage. The dilemma is also to decide how much emphasis is to be given to its rural connection in the marketing plan, given the perception about rural not being favourable amongst customers.

Objective

- Currently only 25% of the business processes in India are managed by Third Party BPMs how can we get customers to start outsourcing to Third party providers like DesiCrew ?
- How can we bring about perception change in the minds of our customers to see DesiCrew as a strong BPM player? (when we may be seen as a good Impact Sourcing provider?)
- What are the positioning options available for the Company in the domestic market?



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Deliverables:

- Positioning & Marketing Strategy for DesiCrew for the domestic market
- Prioritize key segments to focus on and build marketing strategy around it, including
 - a. Key Customer Value Proposition
 - b. Brand Positioning & Personality
 - c. Choice and Role of Media vehicles - offline, digital, social media, influencers, etc.
- Actionable marketing plan with timelines and success metrics

Methodology:

Industry insights, Competitor Analysis and DesiCrew's published reports/website.

Useful References:

1. Exploring the value proposition for Impact Sourcing – The Buyer's perspective by Accenture, 2012
2. The Case for Impact Sourcing - Everest Group Supported by The Rockefeller Foundation, Sep 2014
3. Domestic BPM market 2016 - On the Cusp of Transformation, NASSCOM/ValueNotes

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