



Celebrity charity auctions...



Click here to get ad specs and place your ad or eMail: [startmyad@indiadaily.com](mailto:startmyad@indiadaily.com)

**HOMEOWNERS:**



**BIZ/FINANCE**

**POLITICAL**

**TECHNOLOGY**

**SPORTS**

**OUT SOURCING**

**BOLLYWOOD**

**WORLD NE**

Ads by Google

- [BPO](#)
- [Outsourcing](#)
- [Outsourcing in India](#)
- [Outsourcing Company](#)
- [Outsourcing Companies](#)

[Dialupworldphone.com](#)

Unlimited calls to USA from anywhere for \$34.95 mo

[Watch Indian TV Online](#)

Tamil, Telugu, Hindi, News, Music and Movies.  
Live 24 Hours in Broadband.  
[www.numtv.com](http://www.numtv.com)

[Global Opportunity](#)

with breakthrough telecommunications product

[SmartMortgageUSA](#)

Refinance without perfect Credit. USonly

[Save on Travel](#)

use priceline to save up to 40%

[Date Catholic People](#)

Find Single Catholic People

[UK Only Crazy Frog](#)

UK Only Crazy Frog Ringtone get now

[Gaming Club Poker](#)

Dep \$20 Get up to \$300 FREE

[Low Mortgage Rates](#)

Get up to four free quotes in

## Big IT is Making the Call

Richard Mills, CFA  
Apr. 16, 2005



*Opinion: From his overseas perch in the Philippines, Richard Mills of executive search firm Chalre Associates examines the trend of IT service providers buying up call center capacity.*

Last year IBM announced that it was purchasing the large India-based call center named Daksh. The acquisition was interesting for two reasons. First, IBM previously had no significant call center capacity and with this one purchase has become a major player in the booming offshore industry. Second, the price IBM paid was considered by most people to be irrationally exuberant. According to investment banking firm Avendus, the price was roughly 15 times last year's earnings (or three times annual revenues). Clearly, IBM felt that owning (rather than just leasing) call center capacity was an absolute

Web  [www.indiadail](http://www.indiadail.com)

ADVERTISEMENTS

Bring you business to Business 24/7

**LEARN**  
to Manage your Information Portal  
and **EARN** a Steady Monthly Income that grows over time.  
Work from home a few hours a day

**Sysoft** **CLICK HERE**

necessity for its long-term business strategy.

Ads by Goooooogle

### [SmartMortgageUSA](#)

Refinance without perfect Credit. USonly

### [UNLIMITED Calling!](#)

Unlimited International Calls \$24.95/mo.

### [Low Mortgage Rates](#)

Get up to four free quotes in minutes!

### [Free 20g Ipod!](#)

Only 4 Left, Give Your Email, Get 1 Now!

### [Last-Minute Cruises](#)

Sign up, save up to 75% at VacationsToGo

### [Friends are for life](#)

Keep in touch, share photos and thoughts

### [Save on Travel](#)

use priceline to save up to 40%

### [Free Spyware Scan](#)

Detect And Remove Spyware On Your PC!

### [Cheap Travel](#)

5-star vacations for 2-star prices.

### [Online Degrees](#)

Open Enrollment. Apply Today!

### [UK Only Crazy Frog](#)

UK Only Crazy Frog Ringtone get now

### [Your Ad Here](#)

Telus International is another global IT solutions provider with a desire to own call center capacity. Last month, the company acquired controlling interest of the 3000-person operation of Ambergris Solutions in Philippines. The overall deal was worth \$43.5M and, to date, it was the second largest in Philippine outsourcing. Jim Evans, who played the key local role in coordinating the deal, says his company desired a "strategic investment" in the outsourcing industry in Asia.

Traveling in the opposite direction, the large call centers are moving into the IT services business, although in a somewhat less grandiose manner. Sykes is a worldwide contact center organization with many service lines including managing tech support for clients like Microsoft and Intel. It has done such good IT support work that it has moved into full-blown IT outsourcing. In the Philippines, Sykes is hiring software developers to do software programming work for its blue-chip clients.

Convergys, another large contact center organization, has hired ICT heavyweights to oversee the company's Information Management Group. Its objective is to focus on developing the company's "higher-value service offerings" in the IT and business process outsourcing (BPO) spheres.

### **Meeting in the Middle**

Another area of budding togetherness for IT and contact center services, BPO is considered the mother lode of outsourcing because it encompasses everything that can be imagined as being outsourced. It is a very big field.

A quick look at the Accenture Web site makes that company's direction clear. It now provides 18 categories of services. Some of the new BPO subsidiaries that have been incorporated over just the past few years are Accenture Finance Solutions, Accenture HR Services, Accenture Learning, Accenture Procurement Solutions, Accenture Business Services for Utilities, Accenture eDemocracy Services and Navitaire -- a bewildering number of extensions to the core Accenture brand.

IBM's approach is to keep all BPO work under a single company umbrella, but its BPO focus in the booming Asia-Pacific region is obvious by its hiring practices. As one example, full-page employment advertisements in the Philippines are being used to hire boatloads of people required for IBM's outsourcing operations. The advertisements emphasize the need for "previous experience in the areas of customer care, human resources, employee and payroll services."

### [Procurement Services](#)

Strategic Sourcing - Outsourcing Integrated Supply for Manufacturing  
[www.threecore.com](http://www.threecore.com)

### [Process Outsourcing](#)

Free Process Outsourcing Concepts. BPM Tutorial, Directory  
[bpmtutorial.com](http://bpmtutorial.com)

### [BPO](#)

BPO Offshore Conference London  
[www.emrgind.com](http://www.emrgind.com)

### [Outsourcing](#)

InformationWeek Online: News & Reviews For Tech Professionals  
[www.InformationWeek.com](http://www.InformationWeek.com)

### [Outsourcing Research](#)

Get the Latest Outsourcing News and Updates. Articles, Research & More.  
[www.computerworld.com](http://www.computerworld.com)

Requirements for IT skills are stated farther down on the page, giving the appearance of being an afterthought.

On the call center side, Convergys is promoting services like billing and employee care (payroll, benefits and other human resource services). Sykes says it delivers "total solutions" to "complement" its CRM services. The large call center StarTek is probably the most bold. It comes right out and calls itself a BPO company.

So what is going on? Why does everyone want to be in each other's business?

There seem to be two main reasons these companies are broadening their product lines into areas that are clearly outside their core expertise. The first has to do with customer requirements. Large blue-chip clients no longer want to buy bits and pieces of service offerings from a jumble of separate suppliers. It's just too complicated and expensive to manage it all. They want to buy a broad range of outsourcing services from a few suppliers (or even just one).

This trend has been happening in the IT sector for some time now. According to Gartner Inc. and most of the major analysts, large outsourcing deals have been the "main engine of growth" over the past couple of years, and this trend is expected to continue.

Escaping commodization is another reason companies are expanding to new frontiers. The most successful IT companies have become so large and their project management procedures so reliable that, to a large and sophisticated client, their service offerings can be difficult to distinguish from those of competitors. In other words, they have become commodity providers - not that much different from farmers selling pork bellies. This situation has been apparent in the call center industry for some time. The IT companies, on the other hand, aren't used to thinking of themselves in such a manner and probably don't like it very much. But what unique selling feature could there possibly be among high-quality companies like Accenture, EDS, HP, CSC or IBM, other than price?

In order to escape this dead end, everyone wants to move aggressively into new businesses. BPO seems exciting because it's new to everybody and industry standards for service levels and pricing are not yet well developed. As a result, the sales process is more consultative in nature (rather than just a discussion of price) and there is much more value to add. In such an environment, the opportunities for higher margins are greatly enhanced -- as any salesman would appreciate.

**Where Will It All Lead?**

Ads by Goooooogle

### [Document Outsourcing](#)

DMS, Data Management Systems, Document Systems Solutions.  
[www.oce-international.com](http://www.oce-international.com)

### [Outsourcing Guide](#)

Practical Guide for IT Outsourcing Word and PDF Format  
[www.it-toolkits.com](http://www.it-toolkits.com)

### [Outsourcing Companies](#)

Outsourcing resource and company info for your business.  
[www.findonline.ws](http://www.findonline.ws)

### [Training Outsourcing](#)

Top 20 Training Outsource Companies Outsourcing news, articles, events  
<http://www.TrainingOutsourcing.co>

### [Outsourcing](#)

Home for Global Outsourcing Cost Effective IT Solutions  
[northamericanoutsourcing.com](http://northamericanoutsourcing.com)

### [Date Catholic People](#)

Find Single Catholic People

### [Save on Travel](#)

use priceline to save up to 40%

### [Gaming Club Poker](#)

Dep \$20 Get up to \$300 FREE

### [Low Mortgage Rates](#)

Get up to four free quotes in minutes!

### [UK Only Crazy Frog](#)

UK Only Crazy Frog Ringtones get now

It is very evident that both the large contact center companies and the IT services organizations will continue to expand their product lines into BPO and each other's businesses. However, it's the IT companies and not the call centers that sign the big outsourcing deals -- anyone who reads the business journals knows this. Announcements for multimillion-dollar outsourcing contracts are becoming almost a biweekly occurrence for the IT professional services companies.

As well, my information indicates that throughout the fast-growing Asia-Pacific region, it is almost always the IT companies that are looking to acquire call center capacity (i.e., buy call center companies) and seldom the other way around. If the past is an indicator of the future, then a lot of people from the call center industry might soon be calling themselves geeks.

*Richard Mills, CFA, is director of executive search firm Chalre Associates who is based in Manila. Contact him at [rmills@chalre.com](mailto:rmills@chalre.com).*

---

## **OUTSOURCING ARTICLES**

### **MORE ARTICLES >>**

#### **Payroll Outsourcing**

Leading web based payroll processing & HR bureau in Asia.

#### **Successful Outsourcing**

Call Center Consulting & Selection India/Phil/Offshore-100+ Agencies

#### **Offshoring News**

Contact Centre and BPO News Service Free news service sign up now!

#### **Outsourcing**

We help you find the right Access 3.5 Million Resur

Ads by i

[Click here to get ad specs and place your ad](#) or eMail: [startmyad@indiadaily.com](mailto:startmyad@indiadaily.com)



[Close Window](#)