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IT-Enabled Services (D): Spectramind eServices

Spectramind eServices (Pvt.) Ltd. was launched in March 2000 by its President and CEO, Raman Roy, who had established ITES operations for American Express and GE Capital in India. Mr. Roy recruited his executive team from American Express and GE Capital Services. As a group, the management team had transitioned over 350 processes to remote locations.

The firm was launched with $7.5 million in funding from Chrysalis Capital and HDFC (an AAA rated housing finance company in India) and received a $14 million second round of funding from Chrysalis ($4 million) and Wipro Technologies ($10 million) in mid-2001.

Spectramind offers outsourcing solutions from its operations in India and has business development and sales in both the US and EU. The firm focuses on mid- to high-end services and, according to Mr. Roy, is the only non-captive e-services company in India that offers the entire gamut of remote services—including business process management, CRM, web-based knowledge services e-learning, and research services. The company differentiates itself through its focus on end-to-end processing and its declared ability to migrate any "symbolic processing" activity to India.

Spectramind is organized to service five industry verticals: IT, telecom, financial services, insurance and multi-product. Clients include three Fortune 100 technology companies, three leading telecom firms, five Fortune 100 financial services companies, two pharmaceutical firms, and a genomics company.

In July 2002, Spectramind employed 3500 people and was growing by about 200 workers per month. The company operates out of two facilities–it's original 65,000 square foot, 980 workstation facility in Gurgaon (near New Delhi); and a second 1,000 seat facility in near Mumbai (Bombay). Mr. Roy reports that Spectramind has capacity contracts that will lead to a minimum of 7,500 workers in mid-2004.

Spectramind had revenues of $11 million in FY 2002 (ending March 2002) and achieved cash flow breakeven in the final quarter of that fiscal year. The firm forecast that revenues would increase to $146 million (a 96% CAGR) and net profits would reach $36 million in FY 2005.

The company expected to maintain operating margins around 30–32% and achieve net margins of 25% through scale economies, lower cost of acquisition as it deepened relationships with customers. The margins were driven by four factors: billing rates, production headcount, shift utilization, employee cost.

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