RURAL UPDATE

Creating Waves

RuralShores pioneered the rural BPO model in India and its scale and success today is a clinching evidence of the country's talent powerhouse residing in its hinterlands. BY SANGITA THAKUR VARMA

In 2003-04, Xansa Plc, a British outsourcing and technology company, later acquired by Steria in 2007, was on a rapid expansion drive spearheaded by Murali Vullaganti, then MD of Xansa India and Regional Director, EDS Asia Pacific. The company needed to scale up its employee base from 500 to 5,000. It was while scouting for talent in India's interiors that Murali discovered the country's immense wealth in small towns and villages. He was convinced that the youth in the hinterlands could be trained to match their urban counterparts in skills and service excellence. Many of these young people joined Xansa in Bangalore. However, despite the better emoluments that they earned in the city, the high cost of living barely left any surplus to be sent home or for better lifestyle. This led many of the young BPO workers to change jobs frequently

for moderately higher wages which did not serve in any way. Many eventually opted to return back to their villages.

The plight of these youth set Murali thinking. The only way, he felt, to break this vicious circle was to move jobs to the rural areas instead of compelling the youth to migrate to cities. In 2005, he set up a proof of concept centre at Puttaparthi, a town in the Ananthpur district in Andhra Pradesh with a population of less than 10,000, along with a fellow devotee of Satya Sai Baba, Sujata Raju. Soon enough the number of employees at the centre grew to 100, as the volume of work built up. Beginning with their first client BASIX, a livelihood promotion organisation in Andhra Pradesh, their portfolio grew to include more prestigious organisations like HDFC Bank.

Emboldened by the success, Murali was convinced that the

Murali Vullaganti was formerly MD of Xansa India, responsible for IT and BPO operations. Prior to Xansa, he was associated with EDS Asia Pacific as Regional Director. He has been a strategy advisor to a number of IT and ITeS companies in India. He is also founding director of Compassites Software and Vice Chairman, NASE (National Association of Social Enterprises).

BPO model could be a viable business proposition in rural India. The idea inspired five of his friends to join Murali in this endeavour. The initial plan was to develop 12 centres. However, encouraged by potential investors, the team submitted an initial plan for 500 centres and made their presentation to HDFC Bank. Deepak Parekh, Chairman, HDFC Bank, agreed to provide ₹10 million for a 26 per cent stake.

Envisaged as a social enterprise, RuralShores, though incorporated as a private company, decided to retain its social spirit with the promoters agreeing not to utilise any surplus accruing from the company for personal gains, but to pump it back in the company to fund social projects. With this noble mission, it formally started operations in 2008, with the founding team comprising Sudhakar Ram (Chairman

India Has Got Talent: RuralShores through its innovative BPO model is bringing about sweeping changes in the lives of rural youth. It's success is a testimony to the talent base residing in India's villages.

of Mastek), G Srinivasan (Vice President of Wipro Finance), V V Ranganathan, Partner, Tax & Regulatory Services (Ernst & Young), C N Ram (Head of Operations at HDFC Bank) and Sujata Raju; with ₹10 million as the initial capital invested by them. Today, with 18 operational centres, RuralShores is present in 10 states and has a workforce of 25,000 rural youth comprising 45 per cent women.
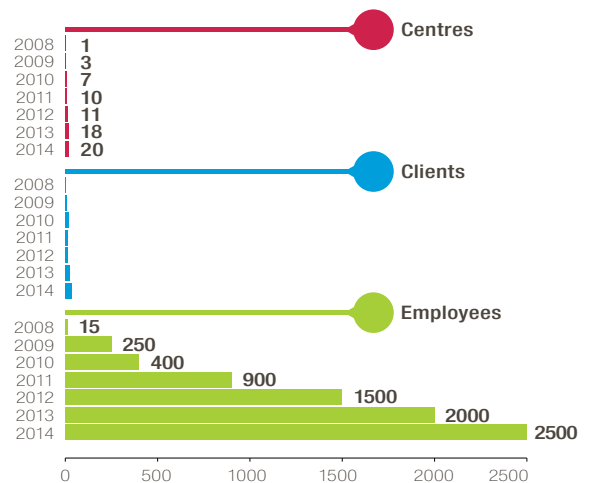
With its rural-based model, RuralShores has managed to counter the endemic attrition problem that plagues the urban-based industry. Murali explains the model, "Each centre has an average of 100 seats, employing 200 staff from villages within a 10–15 km radius." The other important reason is the respect and dignity offered to the process champions who are exposed to an intellectually stimulating environment. "For this reason, the attrition is below 10 per cent per annum (compared to 40–60 per cent in other urban-based BPOs) leading to higher productivity and quality results," says Murali. One of the factors for choice of location or village is the acute unemployment and talent pool availability. The business model of a rural BPO is significantly different from urban BPOs. Rural BPOs need to be much smaller in size, employing not more than 100 to 200 staff, for them to be viably established in villages that have a population of less than 20,000 people.

RuralShores stuck to its basic model of setting up centres in locations that typically had a population of less than 40,000. It could be either a small town or a village. Recruitment never proved to be a problem as youth desirous of finding work would flock to a centre as soon as the work on the facility started.

RuralShores also got in touch with local schools and colleges, requesting them to identify suitable candidates. The other requirements guiding the choice of location were the logistics—

PHOTOS COURTESY: RURALSHORES

Journey so far…

Centres

Year	Value
2008	1
2009	3
2010	7
2011	10
2012	11
2013	18
2014	20

Clients

Year	Value
2008	
2009	
2010	
2011	
2012	
2013	
2014	

Employees

Year	Value
2008	15
2009	250
2010	400
2011	900
2012	1500
2013	2000
2014	2500

Figures rounded to nearest 10/100

proximity to urban business centre, connectivity by road or trains, uninterrupted power supply for at least five to six hours a day and the convenience of internet connectivity. "We have two unique telecom links for all our centres to ensure uninterrupted connectivity. Thus if one link is down, we continue our work through the other link. All of our centres are generator backed up for continuous supply of electricity," informs Murali. The team realised that the success of the BPOs depended on the quality of service deliveries. Initially, they took up work in rule-based transaction processing, local language or dialect voice support and processes of low to medium complexity. The centres today are providing 82 complex processes, supporting 10 local languages for 42 reputed brands spanning eight industry segments.

"More than 50 per cent of our employees are graduates, the rest have 12th standard education. Jobs are offered in accordance with education levels and profile, while preference is given to people from low-income families," reveals Murali. Many of the employees are now pursuing part time or distance education while supporting their families. Though recruitment is never a challenge for the company, training the rural youth in soft skills that most of their urban counterparts grow up with, teaching them computers and English, which for most is a first time, and grooming them in professional conduct, are time consuming. The problems ranged from mass bunk to attend a function in the village or during the harvest season to leave without notice. A standard manual inducted in the training took care of these initial creases.

After the first five centres were established, each at an approxi-

Social Impact

45 : 55

90% between 18–29 years old

58% Graduates

Avg family size 5 people

50% from farming background

40% employees purchase consumer durables after joining RS

100% employees have bank account – financial inclusion

20% increase in savings despite non-critical expenditure

50% increase in annual household income for 75% employees

9% fund the education of their younger siblings

21% take up higher education through distance learning

75% employees would have migrated to cities if not for RS

mate investment of ₹6 million, the team decided to seek a centre-partner (CP) model for scaling up. Murali and team realised that given the vast diversity between areas in the country and their complete unfamiliarity with the local milieu, a local partner with knowledge of the system would be more successful. They tied up with a local entrepreneur who was responsible for setting up the infrastructure and managing it, including availability of all associated services and also helped with recruitment. RuralShores took the responsibility of service delivery. The plan was to establish 80 per cent of the centres on CP basis. Murali comments on the advantages of this model thus, "It enables RuralShores to focus on its core competencies—business development, service delivery and customer management." Going forward, the vision for RuralShores is to open one centre in each of the 500 rural districts of India, thereby providing sus-

Awards & Accolades
RuralShores received the NASSCOM Innovation Award in 2009; Economic Times BPO award in 2010 for being a "social catalyst" and BPO Summit award in 2011–12 for being a "social change agent"; in 2012, it was a finalist at USA's Edison Awards under the Lifestyle and Social Impact category (the second Indian company to have received the recognition in the past 25 years); in 2012 it won the Asian Innovations Award by Wall Street Journal, HK (among top three best innovations in Asia Pacific), among other awards.

tained employment to more than 100,000 rural youth, adds Murali.

RuralShores engaged its customers with a value proposition of cost, quality, scale and speed with the icing of corporate social responsibility and offered knowledge intermediation by enabling linkages between business engagement and local participation by managing service delivery from the rural centres. "We started off with clients through reference. Based on the initial orders, we then approached other companies in similar fields or similar operations, demonstrating our capabilities," says Murali. As the team ensured competitive advantage through better deliveries than urban BPOs, around 87 per cent of the businesses that they landed are long term outsourcing contracts. "These long term contracts have also been rolled over at the end of the contract duration," says Murali, adding, "RuralShores has a client engagement team which works

We Can Do IT Too: Training rural youth may require going an extra mile, but they prove to be an asset worth the effort. Their output and efficiency are comparable to the urban workforce.

Quality & Information Security

Quality
- Governed by Quality Management System adhering to ISO 9001:2008
- Strong metrics management based on daily monitoring
- 11 mn+ transactions handled annually maintaining 99%+ Quality

3 Tier Quality Model

CI	Lean Six Sigma Root Cause Analysis
Quality Assurance	Sampling based QA Tracking, Training & Feedback
Quality Check	Strong maker checker controls

Information Security
Strong IS controls modelled on lines of ISO 27001:2005

Physical Infrastructure Level Controls
- 24x7 dedicated security personnel
- Biometric access controls
- Paperless environment
- Disabled writing devices
- CCTV monitoring

Procedural Level Controls
- InfoSec training on employee induction
- Employee acceptance of Non-Disclosure Agreement
- Strong password management
- Monitoring activities in network
- Clean Desk Policy
- Regular audits & sweeps
- Adherence to client mandated procedures

closely with the customer and the centres and delivers the contracts in a seamless manner."

RuralShores is approximately 25 per cent more cost effective than urban operations, says Murali. Despite the fact that these BPOs are rural based and also a social initiative, there is no relaxation of service levels (SLAs). "RuralShores strives to deliver Metro SLA @ Rural BPO. Service metrics and KPIs are monitored and reviewed with the customers. In processes where RuralShores is one of the vendors in a multi-vendor environment, it outperforms the rest of the vendors on metrics and customer satisfaction," says Murali proudly.

Since the business model is sound, RuralShores has raised multiple rounds of funding from its investors and continues to enjoy their confidence and support. "Two of our centres in Karnataka received grants from the state government under the Rural BPO Policy," informs Murali. Their early engagement with the local government for completing small jobs like cattle census and land records, paved the way for bigger government projects and led to the creation of a dedicated vertical for e-governance. It also made it easier for them to obtain buildings from local government bodies on lease as the company generated employment.

Seeing the opportunity in providing last mile connectivity for multinationals and other companies trying to expand their rural network, RuralShores decided to enter the allied business enablement services sector. The advantages in this vertical would be built on the back of its centre partners' local knowledge and network and through a dedicated help desk in local language to facilitate interactions of rural farmer with its urban clients. This provides income opportunities for its local centre partners and career opportunities for many of the process associates.
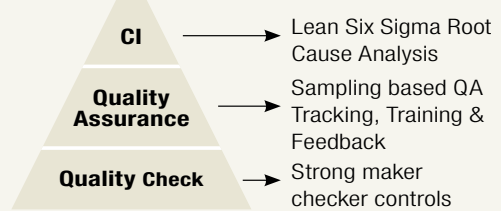
The model also generates back-end processing jobs that directly contribute to the top line of the company. The company meanwhile independently creates about 100–150 jobs in each of its locations, and acting as a gateway to other companies, it could create employment for another 200-300 people. "RuralShores has been able to directly impact the lives of 13,000 people and indirectly impacted close to 6 million lives through the venture," says Murali. It surely has unleashed a wave of quiet revolution that is building momentum in India's hinterlands. ∎

(Based on interview & secondary research)