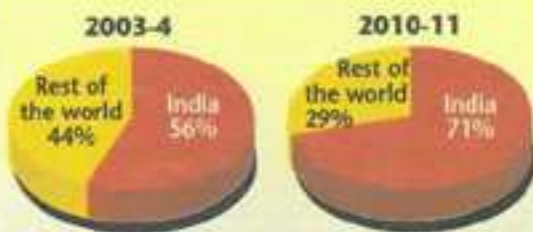


## KPO CONQUERS ALL

Share of India in the global BPO market



Share of India in the global KPO market



Source: Evalueserve

per cent of the estimated \$1.2 billion pie. According to Nasscom, the current leaders are Engineering design (\$400 million), Basic data search, integration & management (\$300 million), and Biotech & pharma (\$280 million). By 2010, there will be other segments – remote education, for one – muscling in (see chart).

More importantly, KPO is set for explosive growth. According to a Confederation of Indian Industry (CII) study styled "India in the New Knowledge Economy", the country is all set to emerge as the global KPO hub. Evalueserve, a business intelligence, market research and intellectual property (IP) firm, estimates that India will capture 71 per cent of the world KPO market by 2010, against 56 per cent today. This puts India's share of the market at \$12 billion. The compounded annual growth rate (CAGR) for India is close to 50 per cent. BPO will also grow, but at a more sedate 30 per cent.

The number of KPO employees will increase from 25,000 today to 250,000

and IP services for US and UK law firms and in-house counsel."

Pangea3 is operating in an arena that is likely to get very competitive. There are already established players like IPpro, which has been incubated by Nishith Desai Associates. "IPpro provides IP-related services including patent drafting, prior art search and intellectual asset management," says Vaibhav Parikh of Nishith Desai Associates. "It has more than 10 employees and a similar number of clients. While it was incorporated about two years ago, it was operationalised less than a year ago."

More are coming up. If you visit the discussion forum at LegalServiceIndia.com, you will find hundreds of lawyers wanting

in 2010. "There is tremendous potential in the KPO space," says Nair. "(But) only companies with a strong pedigree, domain expertise, clear focus on the high-end space, a proactive solution orientation and a collaborative mindset will emerge as winners."

According to the Nasscom Strategic Review for 2005: "FPO (financial process outsourcing) is already witnessing explosive growth with most of the leading global financial institutions beginning to outsource high-end activities such as insurance underwriting, risk assessment and equity research, financial data mining and modelling, corporate and market research. Other areas with significant latent potential for KPO include healthcare, pharmaceuticals, biotechnology, legal support, intellectual property research, design and development for automotive and aerospace industries, and animation and graphics in the entertainment sector."

All this adds up to a lot of moolah.

to set up legal KPOs (or LPOs, as they are more popularly known).

"Although many companies play in the area of work we do, most of them specialise in only one or two areas," says Kamalini. "Many of them are not organisations of lawyers. A number of them are large BPOs with a small vertical on the fringe of our service offering. Our real competitors are lawyers in the US."

Pangea3 and its ilk are actually nibbling at the very edges of a huge cake. The American legal services market has around \$200 billion in annual revenues. Legal process outsourcing was only around \$50 million this year, expected to go up to \$300 million by 2010 and \$1 billion by 2015.

## MANIPAL ACUNOVA

## Search for a panacea



Pharmaceutical companies in the West are facing multiple chal-

lenges. On the one hand, because of increasingly stringent regulations, the cost of discovering new drugs is on the rise while the speed is slowing down. At the same time, many of their patents are expiring. In addition, as against getting patents for 20 years, drug patents now are for only for 10-15 years. All this is putting pressure on them to speed up the drug discovery process.

India, with its talent pool and — ironically — its high prevalence of disease (which makes available patients for testing) is a choice to outsource clinical research and trials in drug discovery.

It is to tap this opportunity that Manipal Acunova, a collaboration between the Manipal group and Acunova, was set up earlier this year with a funding of Rs50 crore. Acunova is a team of doctors and scientists, and a few strategic investors.

Says D.A. Prasanna, vice-chairman and managing director of Manipal Acunova: "India at present exports generic drugs worth \$5 billion and the success of Indian biopharma companies like Ranbaxy, Cipla, Dr Reddy's and Biocon has given the confidence to Western countries that India is capable of high-end work in this segment."

According to Prasanna, Manipal Acunova currently has 10 global and five Indian clients for whom it is carrying out projects in drug discovery and clinical testing. The services include pre-clinical studies, bio-availability, bio-equivalence, pharmacokinetics and clinical data management.

"In this area of work, apart from research and clinical trials, there is tremendous backoffice support that is required by way of reference labs, imaging and cardiology centres, and clinical data management," says Prasanna.

Manipal Acunova presently has a team of 75 people which Prasanna expects to ramp up to 200 in the next 12 months. He is targeting revenues of Rs25 crore in the next two years.