



Intelnet eyes travel and hospitality outsourcing

Acquisition route to expansion

- To expand into new segments
- Provide voice and other back office operations like finance and accounting work for global travel companies

What does Intelnet gain?

- Presence in on-site locations in US, Guatemala, Panama
- 2300 staff from both companies
- Language support in Spanish and French

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FIVE MONTHS after private equity giant Blackstone group acquired Intelnet Global Services, the Mumbai-based business process outsourcing (BPO) company is now expanding through acquisitions.

It has acquired Mauritius-based Upstream BPO and India-based Travelport ISO. Though the company refused to disclose the size of the deals, officials estimate that Intelnet paid \$75 million to buy out both the companies. The company is also looking at buys in the telecom and retail sectors.

The acquisitions are part of an inorganic growth plan that Blackstone CEO Steven Schwarzman had envisaged for Intelnet post management buyout. Upstream is headquartered in Dakota, Kentucky and Virginia in the US and has two offices in Latin America. Travelport ISO, a captive unit of Travel Group, is based in India and does travel-related outsourcing work for global companies.

Under pressure due to an appreciating rupee against the dollar and problems in the US

credit market, BPOs have been looking at different ways to earn revenues by billing in dollars or other currencies, analysts said.

"Unlike IT companies, BPO companies bring all the outsourced work to India and bill in rupees and financial sectors account for about 70 per cent of their revenues," said an IT analyst. "With the rupee appreciating almost 9.5 per cent since May, BPO companies are trying to minimise the risk by billing in different currencies," said Apurva Shah, IT analyst, Prabhudas Leeladhar.

Currently, Intelnet earns 60 per cent of its revenues from the financial services sector, but that figure would drop to 40 per cent after the acquisitions, company officials said. "Intelnet has grown at 60 per cent every year and with these acquisitions we are looking at a wider footprint in segments like tourism," Susir Kumar, Intelnet told Hindustan Times.

"Upstream gives us a strong foothold in the US market and Travelport will enhance our offshore delivery capabilities here in India," added Sandeep Aggarwal, EVP Sales, solutions, Intelnet.

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