



COUNTRY ROADS

**Saloni Malhotra,
DesiCrew**

As a 23-year-old engineering graduate Saloni decided to do something different with her life. Three dots in her head – 'rural', 'technology' and 'business' – connected to form DesiCrew, India's first rural BPO. The project has also become a feather in the cap of IIT Madras, which incubated the idea.

Saloni Malhotra is polite, petite and soft-spoken. In fact, she looks like she might still be in college.

"It is a problem sometimes," she admits. "People in this industry are expected to have some white hair – it gives the client confidence!"

But Prof Ashok Jhunjhunwala of IIT Madras needed no such 'proof'. He met a young woman of 23 with a crazy dream and decided she was up to the challenge.

The challenge of setting up a business, with a social objective.

She failed the first time.

And the second time.

But in its third avatar, DesiCrew got it right.

Today, the company is a sustainable, profitable 'rural BPO'. In the process, it has brought income, empowerment and exposure to young people in mofussil towns and villages. Giving them a reason to stay rooted, and yet stay relevant.

And it all began in the head of a young woman who had never visited a village.

A dream took Saloni from Delhi to the dusty roads of Tamil Nadu.

A dream can take you *anywhere*.

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Saloni Malhotra grew up in Delhi.

"I attended a small convent school in Delhi called Carmel Convent. Both my parents are doctors – my father is a professor with AIIMS while my mother has a private practice."

However Saloni chose to take up engineering. Like many students from Delhi, she came to Bharti Vidyapeeth in Pune to study.

"I was very keen on extra curricular activities in college. I got involved with a group called Leo club (a junior wing of the 'Lions Club'). We took up a lot of development activities and became one of the 'star' performing clubs in Pune."

Saloni joined the Leo Club as a team member and exited as President of the club.

"We grew the club from seven to sixty people and that's where I realised I enjoy doing something which is in the development space but at the same time involves ideating, fundraising and running like a business."

Saloni realised, *this* is the thing that I want to do for the rest of my life. But what could she do as a fresh young BTech? "I thought it was very unfair to go and talk to parents and say, 'I want to start an NGO'. So I decided to get some experience in a small start-up."

The start-up was Webchutney – an interactive agency. It didn't really matter *what* she was doing because the idea was to learn *ki apna business chalana kya hota hai*.

"I joined in the business development profile and worked there for a brief period. When I left I had some sort of idea as to what I wanted to start but still wasn't very sure..."

At this point Saloni's parents said, "If you want to do something, do it now or go for your MBA."

Saloni was very clear she did *not* want to do an MBA. So, that was one 'option' out of the way.

"I sat at home for 6 months trying to figure out what I wanted to start. Then, I heard Professor Ashok Jhunjunwala speak at a conference. I found him fascinating and sent across a résumé introducing myself."

The year was 2003, Saloni was all of 23 years old.

"I had done some research and found out that he was one of the key persons promoting the concept of a 'social business'. So I was really kicked when he actually took the trouble to reply back!"

Saloni went down to IIT Madras, to meet him.

"I had an idea, but I wasn't sure if it was feasible. When we met, I shared the idea with him and he asked me a thousand different questions. That conversation was a turning point for me."

Saloni had three 'dots' in her head – 'rural', 'business' and 'technology'. But she didn't know what was the best way to *join* them.

Prof Jhunjunwala said, "Instead of thinking of selling things to people in the village, we should look for ways to *infuse* money into rural areas."

That was a pretty radical idea. But what non-farm goods can one buy from villages?

"We had likes of the Khadi Village Industries, Fab India and Lijjat papad. All of them support rural artisans, women working from home."

But the other model creating waves in urban India at the time was outsourcing.

"We were seeing educated people migrating from small towns to large cities in search of jobs. This was putting a lot of pressure on the city, and on the migrants themselves."

“Lots of people speak English in Tamil Nadu, even in the villages. That is one of the reasons that I chose Tamil Nadu – it is easier to sell in the BPO business.”

Was it possible to turn that model on its head? Combine rural manpower with communication technology to start 'outsourcing' work to the villages? And if so, what kind of services could be provided?

This idea excited Saloni, and Prof Jhunjhunwala lent physical and mentoring support.

He said, “I will give you space to work, and to network. We are already doing development work in villages, we can give you access to those places.”

There was just one caveat.

“I will give you two years to do the groundwork. But you can't come back with a paper saying 'this cannot be done'. I want a live company.”

When opportunity knocks, you can't just stare at it through the peephole. You must open the door and welcome it in your life. Which is what Saloni did.

Pro Jhunjhunwala asked one last question, “Would you like to work from Delhi or Chennai?”

Trick question, but Saloni was clear.

“In my mind I knew it had to be Chennai. So I said, 'I have come with my bag and I am staying here'.”

He said, “OK then, start from tomorrow!”

And that's what happened.

“I didn't go back to Delhi. At that time I was travelling, trying to find what I wanted to do. I had fixed appointments with various people, to visit them and understand different rural models.”

Even as she was completing these explorations, the tsunami struck Tamil Nadu. Saloni joined in the relief operations. Finally, in January 2004, she began 'work'.

Rather, she began working on ways to turn a dream, into reality.

“I remembered my first day in the engineering college hostel when I met a girl from Sangli for whom Computer Engineering was her passport to a better life. It made me realise that the computer is more than an electronic device.”

And entrepreneurship is more than having a great idea. Ideas are like seeds which need plenty of water and sunshine – to grow. And IIT provided just that.

Moreover, the tag came with a stipend and 'parent value'.

“I could say to my folks, 'See, I am doing something at IIT!'” grins Saloni.

It's a different thing that this 'something' was very loosely defined.

“IIT Madras did not have a formal incubator at that time”, so they used to hire people as Research Associates. If the idea took off, then they would spin it into a company.”

In fact, Saloni's Rural ITeS project was the first 'incubatee' and like all experiments, this one had its share of trial and error. Lots of errors!

“The first model we tried flopped at the end of year one,” she shrugs.

The model was 'kiosk' based. The idea was to have a computer centre in a village which would enable education, healthcare and a host of other benefits. Several organisations were trying to make this happen in Karnataka, Maharashtra and Tamil Nadu. In all, there were 7000-8000 kiosks spread across the country.

“The problem these kiosks were facing was, they were free for ten hours a day. That means over thousands of hours of computer time lying idle.”

Saloni's idea was simple: get people to start working from these kiosks. To do this, she took the help of 'nLogue', a company started on the IIT Madras campus which had put up 3000 such kiosks.

“For the pilot program we identified 15 locations. Then, I began looking for 'work'!”

The team decided to start with publishing – DTP, data entry, formatting of documents. She tried selling services internally to IIT, to friends and to ex-IITians who were running companies.

* Now known as Rural Technology and Business Incubator (RTBI).

And work did come, but the model was just not scalable.

"In small numbers – like ten to fifteen or maximum twenty kiosks – you can make it happen. You can get seasonal work. But that's not a business, which you can sustain."

But at least there was proof of concept. There *are* educated people in villages who would rather stay back – if they could earn a decent living.

You just needed a better business model.

After much introspection, Saloni realised a couple of basic home truths. Asking people to 'work from home' would do no good. They didn't have enough discipline, exposure or infrastructure.

"We decided there should be four-five computers in one place – so small groups can come together. And each centre would be run as a franchise."

In Feb 2007, the project was formally registered as DesiCrew Solutions Pvt Ltd. The company now zeroed in on ten locations and identified franchisees. But there were a host of issues.

"Since computers are expensive, they would buy second hand machines and have a lot of problems like viruses. So we decided to provide the critical bits – the CPU, UPS and original software."

Each franchisee was free to decide how much to pay employees. But, he would have to comply with labour laws and requirements such as PF and ESI.

But, within three months Saloni realised, it was not going to work.

"The franchisee will not invest in the business until he sees a steady revenue stream. A customer is not going to put work on the table till he sees stable infrastructure... So, it was like a chicken and egg story."

What's more, margins in the BPO industry are slim, especially for smaller companies. The model did not make economic sense. And that was important, because DesiCrew was not an NGO. It was a private limited company.

"We thought we could make money by getting work from the customer, keeping a small percentage of it and passing on the rest to the franchisees. But like I said, the franchisee had no interest in *building* the business."

Why train people – or retain them – if there was a lean period with little, or no work?

"Profit is important – but mainly as a measure of our efficiency. It tells us that everything is working fine."

"I remember, once we made a surprise visit and found that the franchisee had switched off the lights – to save on the electricity bill. So people were literally working in a dark room!"

The de-centralised model was clearly not working. DesiCrew would have to set up its own offices, to make things happen the way 'management' wanted. A decision was taken to buy out four of the existing franchisees and convert them to company-owned units.

"I said, 'Ok, we will make the investment in this setup – especially the infrastructure'. That way clients will be comfortable."

And if they ask, 'Is this a scalable model', DesiCrew can say, "Yes! We can add on more PCs, more people, as required."

From the employee point of view, there would be the comfort of working in an 'office'. And not at the mercy of the franchisee.

"We took care of basic hygiene factors like small conference room, dining area, bathrooms. Apart from computers, we installed gensets to ensure there was no downtime due to electricity cut."

Expansion was not immediate, but over time, a unit with 3 computers has grown to a 65-seat facility. And the franchisee still works there – as an employee. The unit is located near Coimbatore, in a place called Palladam, with a population of 50,000.

"We tried different kinds of locations. So we set up two units in a panchayat village with a population of 10,000. And two others in smaller villages. Just to understand what kind of place works best for us."

This time, things fell in place. It was late 2007 – over three and a half years since Saloni had first conceived of the project.

But how did the company hold out, through tough times and slow revenues?

"We started with seed money of ₹ 5 lakhs from IIT. I put in my personal savings as well. All throughout, we made *some* money – but we kept searching for the right business model."

"Being part of the incubator, everyone really encouraged us by saying, 'It is okay to fail – it's no big deal. You will learn something even out of that'."

That happened, and it led to other good things. In 2008, DesiCrew got its first 'investor'. And it was not someone out of the blue but a person who had been following the company closely. Rajiv Kuchhal, former COO of OnMobile.

"Rajiv was from the BPO space, so we used to go to him every quarter and ask for guidance. He had seen us grow over two years and he knew this was both a social and business venture."

That was, in fact, the reason *why* he chose to invest.

"Rajiv did not want to invest in pure business, or technology. In fact, he'd been running an NGO for some time so the social aspect of DesiCrew is what made us attractive."

Business with a social objective, or social operation with a business dimension – whichever way you look at it, makes a lot of sense.

As a BPO, DesiCrew offers three main lines of service. The first is documentation and digitisation – everything from data entry to scanning and indexing. Not very hi-tech, but high in volume.

"Insurance companies, a couple of banks and NGOs are the main clients for this service."

The second area DesiCrew works in is the content space, where it does everything from secondary research to content population and 'clean-up'.

"Someone has data running in tens of thousands; someone needs to make sure that everything is correct. Like if there is a picture of Abhishek Bachchan, it should not say Shahrukh!"

Among other things, DesiCrew also works with a local mobile search engine and undertakes feature testing for beta products on the web.

The third line of service is transcription and translation, especially from English to Indian languages, and vice versa.

In all, there are 250 employees on the payroll, which includes 2

business heads and 12 project managers. And this is where the social aspect comes in. There are people with ITI diplomas, with bachelor's degrees and even some post-graduates.

But, they are all people who've chosen to live and work in their native village. Or, move back from cities.

"Rural area does not mean that the salary is low. But yes, the cost of living is far less so they can save a large chunk of what they earn!"

Entry level workers at DesiCrew – known as 'crewmates' draw between ₹ 5000-6000. With another ₹ 2000 coming in as performance incentives.

The advantage to the customer is quality work, at competitive rates.

"Our rental expense is almost zero. We don't have transport cost, food is cheap – so the overheads are definitely lower. The other advantage is that the cost of attrition is very high in the cities."

At DesiCrew, employees are far more rooted, more loyal. Until recently, 70% were, in fact, women.

"Recent projects required evening and night shifts, so we hired male staff," explains Saloni.

Although reluctant to disclose revenue figures, Saloni does tell me – with considerable pride – that over the last couple of years, DesiCrew has become 'profitable'.

"That was very critical for us because we wanted to show this model is commercially viable before scaling it up and asking other people to put in their money!"

In July 2008, DesiCrew also did a very large project for the Government of Rajasthan.

"The government had launched a scheme which involved opening bank accounts, giving health insurance and giving ₹ 1500 to every below poverty line home in the state. But, the idea was to give these benefits only to the women of the house."

Now this posed a problem, as traditionally data about the woman of the household is not captured in any kind of survey. A massive exercise was undertaken to collect the names and details of women, and get them to sign the insurance forms.

"All that data would come to us, we would digitise it, separate it and send the details to the bank, to the smart card vendor and so on. We also alerted the concerned authorities when we detected fraud cases."

The work was completed over a period of just two months – to handle it, DesiCrew employed close to 1500 people. And if things go as per plan, such numbers may soon become a permanent reality.

"We are looking at 500 employees by March 2011."

Sounds ambitious, I think to myself. But this young woman is confident – it can be done.

"We have made a lot of progress. Till last year, our project managers were based in Chennai, or Bangalore or Bombay – wherever the customer was located. This year we felt people were ready to move to the next level."

Project managers do come to Bangalore or Bombay to interact with the client, but they are based on-site.

"In terms of growing the model that was another thing we had to validate. Because middle management was the biggest concern our customers had."

The quality of resumes DesiCrew is attracting is also evolving. One recent hire is an Air force officer, who took VRS after 20 years of service. The 'head office' is based in Chennai, and that team travels to different centres for training and monitoring.

"We have very structured monthly reviews, so everybody turns up for that."

Business is steady – with 8 main clients. Who, for obvious reasons, cannot be named here. Interestingly, one of them in an insurance company which came on board after reading about DesiCrew – in *The Economic Times*.

"The head of the organisation called and left a note on our website, that's how we landed the contract."

DesiCrew's second big customer is a well-known internet company. Their head of research was visiting IIT and on hearing about a 'rural BPO', expressed the desire to 'go see what was happening'.

"We started with one small project for them and today they're one of our biggest customers!"

When it comes to the question of scale the question clients have is 'how many locations' and 'what's your management bandwidth'.

"Well I feel it is possible because firstly, we have answers to every concern that they have. And secondly, there is competition. A lot of other people have started similar 'distributed' models – so that validates our idea in a sense!"

In fact, more and more BPOs are looking at Indian customers. And they find, the 'global delivery model' doesn't always work.

"If a foreign company was willing to pay, an Indian company will pay 1/3rd of that. So many people are experimenting with our model – the Tatas, Infosys, Wipro, Aditya Birla Group..."

In time, some of these companies may even outsource *their* outsourced work to DesiCrew.

"We are open to it... our main objective is to create more employment and infuse more money into rural India. If that objective is met – why not!"

The social objective is also the gas which keeps the DesiCrew engine running – at the level of top management. It's what attracts top quality minds, committed to making a difference.

"We have Manivannan, who is our President and CEO. He was also one of the founding team members of GramIT which was Satyam's rural BPO."

Also part of the start-up team are Ashwant and Thiru.

"Ashwant is an MBA from UK who came back to try for civil services but joined DesiCrew instead. Thiru, is an entrepreneur, a lecturer, a hardware engineer – among many other things."

All people who could have been working elsewhere, making more money. But chose to be here instead.

"I think the drive of creating something that is valuable, that does good, but in a new and interesting way, is why we are all here."

The profit motive remains, but more as a measure of efficiency, than an end in itself.

"So, if an insurance company says, 'I can give you work but I want 100 people in Bombay', we will not take that up. Because it does not comply with our overall objective of setting up in a smaller town and providing local employment."

Or for example, an offer from an internet company, related to search engines and classification work.

"We turned down a very large business because we didn't know how much porn we would have been exposed to. It was difficult to say 'no' because the project would have employed 300 people – it could have been a big leap for the company."

But look before you leap, as they say...

Yet, sometimes, you simply have to take that leap of faith – as Saloni did – when she decided to stay back in Chennai.

It took two years to first set up the company. Longer, to find a model which worked. But then DesiCrew became a 'success story', the first incubatee at IIT Madras, to actually start laying eggs.

"The incubator is now called 'Rural Technology and Business Incubator' – so it has to have a rural component, a technology component and a business component. 12 companies have come into the fold over the last 2 years."

And finally, the question of 'social impact'. How do we ever really know? Well, a dipstick study undertaken recently threw up some heartening facts.

"With people earning more money, more money is available in the economy. Let's take one of our typical villages – Kollur – where around 25 people work. Each of them earns an average of ₹ 5000, so that's substantial purchasing power."

Then there are the intangible effects. Like DesiCrew brought broadband connectivity to the village. Now 60 people have taken connections, through that same exchange.

Most important of all is the impact on the local youth, especially girls.

"A lot of parents said if not for DesiCrew their daughters would have been sitting at home. Now they are earning, they are more confident and hopeful about their future."

Many girls are saving up for their weddings; some enrol in distance learning programs. Even the boys – reluctant to work in the fields – are happy to be gainfully employed.

Ultimately *jo socha, wahi hua*. DesiCrew is bringing opportunities, and income, to rural India.

And all because a petite girl, all of 23, decided it needed to be done. Despite all odds and obstacles.

"Sometimes things would not move or even go horribly wrong... I recall an episode where a franchisee walked away with our customer. We had trained the team and provided the equipment! I had to go the police station to get it all back!"

That was one time I really questioned, "What am I doing?"

But the moment passed.

"Fortunately, I have parents who are very supportive."

Matlab shaadi karne ke liye hassle nahin kar rahe hain.

"Yes, they have given me the space and told me that I can plan things, do things when I want, as I want."

If only more parents said such words, we would have more Salonis.

More rebels, with a wonderful cause.

ADVICE TO YOUNG ENTREPRENEURS

The only thing I can say from my experience is that it took us 5 years to 'break even' and we are still going through peaks and troughs.

DesiCrew wouldn't be there if not for the dedicated team.

You just have to hang in there. If you are really passionate about it, just hang on, and do whatever it takes. You can't do it half-heartedly as it won't take you anywhere. So don't put in half-hearted attempts.

If you want to contribute to some kind of cause or organisation – but still retain your regular job – fine.

You can do part-time, even one hour a week, but you should really feel for whatever cause you are working, not just go for the sake of it. Like before I started, I was not sure what I wanted to do exactly. So I did a lot of part-time and temporary work and I associated with NGOs.

You can contribute your expertise like co-ordinating or recruitment or whatever. There would be a thousand things to see to – NGOs will always be short on resources. So that will give you a taste of what it really takes.

When I worked in Webchutney in Delhi, it was very clear that you had to work 18 to 20 hours a day to get it off the ground. Be prepared to work really hard, whatever kind of enterprise you set up!