

# Intelenet to drive Blackstone's BPO plans

## Indian Co To Be Vehicle For US PE Giant's Global Acquisitions

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**B**LACKSTONE, the US private equity giant which recently acquired 80% in Intelenet Global Services for \$130 million, proposes to make the Indian BPO the vehicle for all its future acquisitions in the BPO and KPO space. Intelenet is the third largest third-party BPO in the country in terms of manpower. The firm employs 17,000 professionals across the country and has also a presence in the domestic BPO segment.

Sources close to the private equity firm said the current thinking was to use the Intelenet platform for its BPO and KPO investments in the country, unless it made a much bigger investment in a larger BPO. Blackstone has a \$1 billion corpus for deployment in the IT, hi-tech and communication sectors. BPO is a strong focus area although the rupee appreciation has taken some sheen off the sector.

The Intelenet deal, for example, was perceived as a win for Blackstone on two counts. The PE firm has a portfolio of 50 companies that collectively account for over \$90 billion in revenues, not counting its most recent investment in Hilton

which makes it one of the largest hotel owners. Blackstone can help these investee companies to cut costs by offshoring some of their business processes to Intelenet, while Intelenet can benefit from the increased order pipeline.

"In a year's time the goal is to double Intelenet's revenues," said the source. Intelenet's revenues for FY07 were around Rs 380 crore and net profits were around Rs 55 crore. The firm has been growing at a much slower pace than its peers despite having a headstart over many of them in the business. Some of Intelenet's rivals are captives-turned third party BPOs such as WNS Global Services, earlier a British Airways captive, and Genpact, a General Electric captive, and one of the earliest BPOs in the country.

However, even rivals that have started later have moved ahead of Intelenet in numbers and profitability. Many of the IT services companies that were late entrants into the game are now among the top ten in the Nasscom BPO rankings. Tata Consultancy Services, for instance, which was a shareholder in Intelenet, exited the company and started its own BPO in 2004. It is now ranked fifth in the Nasscom list of third BPO exporters.

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