

# Local players eye market research outsourcing pie

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MUMBAI: Market research outsourcing (MRO) has emerged as a major opportunity for firms based in the country, with analysts expecting the \$17-bn global market research industry to send about 10-15% of its offshore business to countries such as India.

The total size of the Indian market for MRO is believed to be around \$2bn. Indian firms such as Ugam Solutions, Annik Technology and CrossTabs, who are preparing for growth opportunities in the \$2-bn market, have seen the size of the deals rising substantially.



Ugam Solutions recently signed a \$15m three-year outsourcing deal with Nasdaq-listed market research firm Harris Interactive. "The outsourcing of market research is expected to grow as market research firms get used to the idea of outsourcing per se," said Jim Fredrickson, senior vice president, Harris Interactive.

Global market research firms are beginning to perceive India as a viable place for setting up captive centres as they look to cut costs in the face of an anaemic 2-3% growth.

The global industry has also seen the increasing consolidation of activities to cut costs. According to analysts there are two main compulsions behind this move. Some companies want to cut costs, while others are counting on the strategic implications.

"We have two offshore vendors in India and outsourcing will get us cost savings, which we need to plough back into new products and services," Mr Fredrickson said.

Whatever the reason, the impact on vendors and captive centres across the sector is positive. Both captives and third-party market research outsourcing firms are witnessing triple-digit growth rates.

"We are expecting a growth of 180-200% this year," Raj Nair, chairman, Ugam Solutions, said. Ugam has around 250 employees. The company expects to quadruple this number in the next three years to 1,000, he added.

While Ugam has been boosted by the large order from Harris, other companies are also doing well. Annik Technology Services, a Gurgaon-based MRO with 150 employees, has also projected 100% growth.

"We were one of the pioneers in this space and now we are witnessing major traction and growth," Rahul Sahgal, founder and CEO, Annik Technology said. It isn't only third-party service providers that are witnessing growth. Taylor Nelson Sofres (TNS) is one of the largest captive MRO companies in the country. According to industry officials, TNS is expected to more than double its workforce at its centre in Hyderabad.

Greenfieldonline also has a captive unit in Gurgaon, which has recorded robust growth. Other BPO companies such as WNS have also started to enter this arena. WNS provides MRO services to global advertising major WPP. eValueserve also has expertise in MRO. The rapid growth seen in this sector is expected to totally eclipse the 10% growth in the local Rs 300-crore market research industry.