

**GAUTAM RAJ JAIN  
RAUNICA AHLUWALIA**



# **MARKETING COMMUNICATIONS INDUSTRY**

**ENTREPRENEURIAL  
CASE STUDIES**



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This book will be of interest to professionals involved in communication and entrepreneurship management, and branding, PR consultants, corporates, entrepreneurs and readers of business history. It is a must read for students and faculties of management schools.

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## **IV. A New Beginning in Market Research: Ugam Solutions**

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The information contained in the Tables and Boxes in the case study is based on the interviews conducted by the authors with Sunil Mirani, CEO, Ugam Solutions.

## A Case Study of Sunil Mirani, CEO, Ugam Solutions

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'Are you sure it's the latest report and not last year's? How is it possible?' exclaimed Samuel Johns, CEO of a US company, as he looked at the report on his table. The previous evening had been arduous, collecting customer perception data about his latest product flowing in from all his branches across the US in a major Market Research (MR) exercise they had initiated, before the launch of their new product. If the product was perceived to be good, it would take the competitors by surprise and help boost the company's image. With the festive season drawing in close, he was worried whether they would be able to launch it in time. The report of the MR findings of this colossal data would take at least three to four days at the earliest, he had concluded. 'Hey, this isn't last year's report?' he shot at his secretary. 'This is the latest report with the MR findings about the new product. It arrived this morning,' smiled the secretary, knowing the boss was anxious and the report was just what was needed to calm him. 'How is that possible? The data was sent only last night!' he exclaimed again as he flicked through the detailed analysis, graphs and interpretations, all neatly explained. Then he remembered Sunil Mirani, the young man from India he had met a few days ago. Mirani had passionately taken over the project of research analysis for the company. He recalled Sunil's smile when he had quipped, 'When USA sleeps, India is awake.' The reaction was exactly what Sunil had envisaged when he had put together a plan

to develop a niche business in outsourcing. Offshore outsourcing of data analysis was a strategic move and Sunil had stumbled into a world of opportunities.

## **The Beginning**

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Circa 2000, Sunil just wrapped up a long distance call to Japan and was amazed by the trust the Japanese put in relationships. Sakura Bank, Japan's largest bank had approached the Mirani family to start a financial services company—Sakura Capital India Limited, because of their long-standing business relations with them. Though the family custom was to enter business, Mirani had wanted to do something different. Upon his returning from the US in 1989, Sunil was asked the same question that is asked of all the boys in his family—'What business do you want to do?' So the mould was cast.

Ours is a family of businessmen and we all study commerce and join in with one or the other family business parallel to studies. We are implicitly conditioned that business is the only career. We can study whatever we like but at the end, have to start a new business or join an existing one.<sup>1</sup>

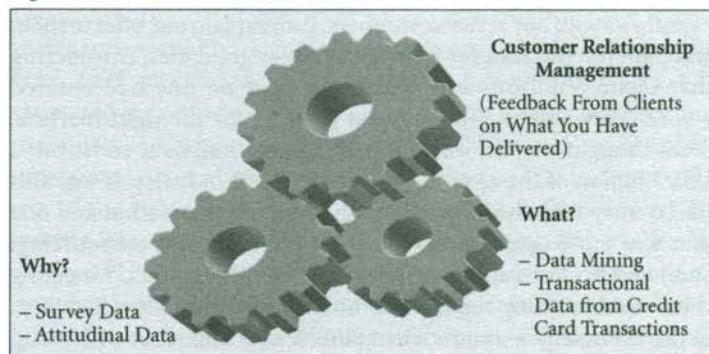
He recalls that initially there was some conflict when he wanted to practice electrical engineering, but now he is happy that he joined the business bandwagon early on. 'The learning about building relationships with clients from that period is the main factor in my present success,' he says. Sunil wanted to diversify into a business that involved technology—a field he was passionate about. That passion was still alive when Information Technology (IT) and Information Technology Enabled Services (ITES) began making waves in India. The engineer in Sunil came alive and he began to crunch the figures. 'If we include 50 per cent cost cutting measures, the data analysis market comes to roughly US\$ 1.75 billion. Going by the trend of outsourcing, it can be safely estimated that around 70 per cent

or US\$ 1.2 billion would be outsourced to India,' thought Sunil. 'If someone becomes a market leader with 20–25 per cent of the market share, these figures would make for a huge business.' Sunil jumped at the thought. 'But you are an engineer. What will you do in MR?' asked Sunil's friends when he shared his idea with them. Sunil ignored the doubts. He says:

It was my 11 years of experience as a businessman that had taught me most of all that I needed to know about managing a business—building a long term relationship with clients, including offshore clients. That was all I needed to know, which was important.

To get a better perspective and insights into the venture he was planning to get into, he consulted Mihir Kittur and Raj Nair, experts in the field of MR and consulting, who were then with Avalon Business Consulting Group. They studied the research canvas for the three modes which need to be analysed to understand consumer behaviour. Attitudinal data answers the 'whys' and brings out consumer attitude with the aid of surveys. Data mining studies the actual behavioural data to know 'what' a consumer wants, by collecting transactional data via credit cards and other modes. Customer Relationship Management (CRM) deals with the feedback that is received from the consumer after they have used the product (see Figure 3.IV.1).

Figure 3.IV.1: The Research Process



However, they also needed to identify which processes could be handled without day-to-day interaction with the clients and across geographical boundaries—essential criteria for outsourcing. They started off with analysing survey data where very little concept selling was involved. They also discovered at this stage that lots of companies in the US had problems handling vast quantities of data. However, they were hesitant to outsource the data analysis even within the US and preferred giving the task to former employees who were experts in that field. Thus, selling the idea of offshore outsourcing it to India was a challenge and needed considerable strategy.

### **The Beginning of a Big Dream**

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Outsourcing to India at that time was merely linked to call centres. Offshore outsourcing of data analysis was a strategic move till then and Sunil and his team had caught on to a fabulous opportunity. Moreover, 2000 was a year that saw India gain recognition around the world as the haven for IT, thanks to Infosys and Narayan Murthy. Sunil formally partnered with his cousin Madhav Mirani, who had vast experience in finance and business development, Mihir Kittur, to get much-needed managerial and project implementation skills and Raj Nair, for his immense experience in marketing research. Thus 'Ugam Solutions' (*Ugam* means 'source' in Sanskrit) started as a provider of research services and information to global enterprises. It was during this stage that Madhav said one day, 'Sunil, let us test our hypothesis with our actual consumers. Let's explain our offer to them and pilot test our idea for free.' It was a very good idea, considering that Ugam Solutions was entering a field no one had entered before. They agreed and set about hunting for the right markets. Sunil thought the US was the best proposition, as it constituted US\$ 7 billion of the entire US\$ 17 billion MR industry. It was also the country with the largest English-speaking population and one that was most open to new business ventures and outsourcing. Sunil and his team spent the next four months in the US meeting clients and scouring the market for opportunities. They had been in the US exactly a month when Sunil's wife walked in with a cup

of coffee one morning and asked if he was ready with the book as he sat feverishly typing on his laptop. 'Book?' said Sunil giving her a distraught look, 'It's one email I've been drafting since morning and it's still not fitting into one screen, as I want it to! I want the CEO to know everything about my proposal by that one look at this email.' Finally, with the email written and the subject line carefully drafted, Sunil went on to the next task of finding the CEO's right email address. 'Umm... what can it be? samueljohns@usa.com/samuel\_johns@usa.com/ sjohns@usa.com let me try them all...' He sent it on Friday evening hoping that it was not deleted with the other junk mail flooding his mailbox, on Monday morning. When Sunil received the reply inviting him to a meeting with Samuel Johns, he was over the moon with delight.

The team again sat together to brainstorm about the bouquet of services Ugam Solutions would provide. 'The first step as providers of comprehensive data analytical services through outsourcing should be to list down the processes that can be handled without immediate day-to-day interaction with the clients and regardless of geographical boundaries,' said Raj Nair.

But we should not forget that the MR industry is at a reduced growth rate of 3–4 per cent, not the 7–10 per cent a few years back. In fact, we also need to know what areas can give us around 25 per cent market share to become market leaders. We are the first movers and we have to take advantage of that fast, said Mihir excitedly.

Ugam Solutions did not want to enter a small market where sustenance would be a problem with several players entering the field. They scanned the market carefully for opportunities (and) estimated the returns. The conclusion was that research design and presentation stages were consultative in nature and could not be outsourced. It was however, possible to digitise and outsource the rest of the stages, that is, data collection, data analysis and report writing. Therefore, after validating and confirming with the clients, they outlined these processes as their offerings for the outsourcing business. Sunil recalled the article that had got him interested in this business (see Box 3.IV.1). Quoting from it he said:

Outsourcing a service to an outside agency only makes sense when it saves huge costs to the company. If we include cost cutting measures by 50 per cent, the market comes down to roughly US\$ 1.75 billion. Going by the trend of outsourcing, it could be safely estimated that around 70 per cent or US\$ 1.2 billion would be outsourced to India.

#### Box 3.IV.1: Cost Savings

Ugam Solutions is typically able to execute projects at a cost saving of approximately 40 per cent of what it would have cost clients if they did it in-house, without losing on the customisation of approach and processes for not only each client but also for each of their projects.

They looked at all the stages again to see where they could save around 30 per cent cost for the clients. They found that 20 per cent revenues lay in data collection, which they could not offer at this stage. The balance 10 per cent was in the areas of data analysis and report writing and this is what they targeted. 'If there is a US\$ 100 million company, which spends US\$ 10 million in data processing and analysing, we at Ugam Solutions will have to do it for 50 per cent, that is, US\$ 5 million to make the client interested in our offer,' explained Sunil. At that time, with market growth at a meagre 3 per cent and high consolidation owing to mergers and acquisitions, the margins were feeble at 6-7 per cent and bottom lines under high pressure. Hence, cutting costs and adding 2-3 per cent to the bottom lines made a huge value proposition for the client. At this juncture, this was Ugam Solutions' very mantra (see Box 3.IV.2).

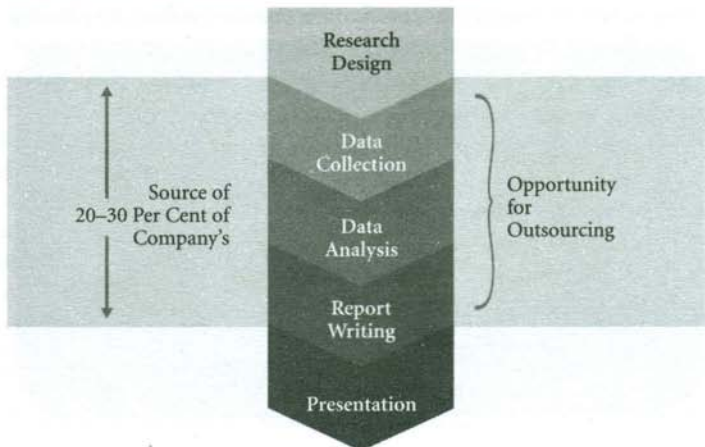
#### Box 3.IV.2: Key Milestones

April 2001	First client in the US
June 2001	Achieved operational profitability
December 2001	Branch office established in the US
June 2002	First Indian company to start coding of open ended responses using 'Ascribe', a leading software
September 2002	Expanded facilities at its Tardeo location

## Enterprise Building

They did not start hiring manpower till the team had validated the hypothesis and theories with at least two or three clients for all the services they had chosen to offer. They also decided that they would have at least one strong anchor client during the first year. This client was soon to be a large global MR firm. These first clients were to be the mainstay for the fledgling business. With the financial groundwork firmly in place, Sunil, Madhav and Mihir went about planning the execution stage. Data processing and analysis was already being done in India and the talent pool was readily available (see Figure 3.IV.2). Though data collection was kept out of the initial offering, Ugam Solutions used to programme the surveys for the clients. Survey programming, coding, data processing and analysing and report writing were Ugam Solutions' initial offerings. Ugam Solutions built on their capacity slowly and steadily while working with clients. They worked towards getting people with domain and functional capabilities, along with those who could work on tabulating software like SPSS. However, to grow, they realised they must build strong managerial capabilities and educate the client. Sunil explains:

Figure 3.IV.2: The Model of Research Outsourcing



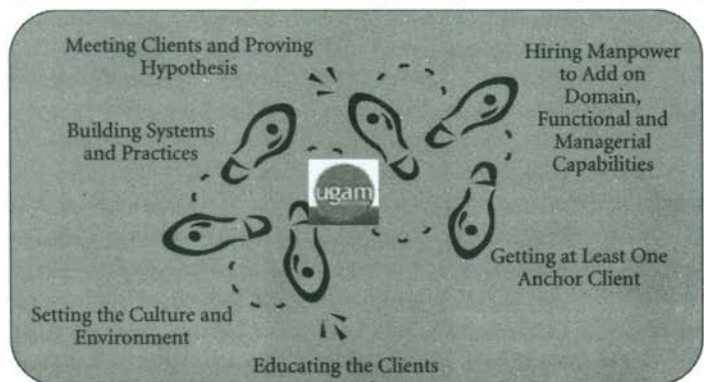
You have to set time and work flow expectations for the clients to make them take the maximum advantage of the time zone differences. Though most of the companies have outsourced, they do not have experience working with offshore outsourcing agencies in such a large way.

Therefore, educating the client and getting his expectations right was the single most important issue Ugam Solutions took up. Similarly, they had to build up strong managerial skills, project management and project delivery capabilities. Sunil goes on to explain:

India, with all its IMRBs and Hansas put together is a US\$ 100 million MR industry, which is 1.5 per cent of the US\$ 8 billion US industry and 50 per cent of only one of my clients. The sheer magnitude of talent and experience available in the US does not compare with that here in India.

Therefore, while in the US, the company would be ready to pay five times the amount that they pay while outsourcing to India, they also get high levels of productivity. Ugam Solutions, though offering the same services at reduced cost, could at no stage be lax in its productivity. Hence, they built upon their skill sets to address this crucial problem (see Figure 3.IV.3).

Figure 3.IV.3: Overcoming the Hurdles to Enterprise-Building, Step by Step



## Is There a Better Example of a Cultural Divide?

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Once, a research trainee reviewing Boston respondents' data found that every other respondent mentioned something called 'The Big Dig'. She could not understand what the joke was about. She was still at it when her superior approached her and asked her why she looked so confused. He then laughed and explained, "'The Big Dig'" is supposed to be an underground central artery roadway being built in Boston at a cost of billions and which has been under construction since 1983 and still shows no signs of completion. It's one of the biggest jokes in Boston.' The knowledge gained from experiences like these at every stage of the process of enterprise-building made Ugam Solutions realise the importance of analysts with knowledge of cultural variables in the countries they were servicing, to be able to understand local nuances during analysis. 'Analysis is not only about reading the data. It is about reading what is beyond the data,' says Sunil. Hence, Ugam Solutions started encouraging employees and analysts to travel and meet the clients to increase their knowledge and understanding of local practices. To overcome the paucity of experienced talent and cross-cultural differences, Ugam Solutions hired John Taggart, the world-renowned American researcher of Quantum with 30 years of experience in market research, as Senior Advisor. 'How contradictory!' Sunil's father exclaimed when he learnt about Ugam Solutions hiring John. 'On one hand, the fundamental basis of your business model lies in cost-cutting, on the other hand, you are paying so much to a foreign guy,' he said shaking his head. Sunil smiled quietly. He knew the experience, efficiency and expertise he got from John was indisputable and was worth every dollar invested. Sunil replied, 'We are victims of our own success. When we performed well for our clients and proved our worth, they wanted us to scale up the operations, very rapidly. This would require a level of expertise which simply does not exist in India.' As Sunil concluded one of his presentations a client asked, 'Mr Mirani, it is all right that you will handle my research. But how can I be assured that my data will not be leaked to my competitors

and that they will not then hijack my idea. That would be a disaster for me.' Sunil had expected this question. 'We will not only take legal and technological security measures, but we will also keep the team handling your data in a separate building to ensure secrecy,' he replied. Ugam Solutions had started proactively assuring the clients that their data was secure. They took legal, technological and physical measures to ensure security. For legal security, every member on a particular team signs a Non-Disclosure Agreement (NDA) with the clients. For physical security, team members working on different clients or projects are located in separate areas. It is proposed that they will be located in separate buildings once Ugam Solutions shifts to a new area. Keeping the data in separate servers ensures technological security. Internally, the staff is educated about the importance of keeping the client's data secure. Moreover, there are restrictions on the usage of removable storage devices like floppy disks, CDs or pen drives. The sizes of emails and files sent are also monitored.

## **Building the Culture and Environment**

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An year into business, one day Mihir noticed a young employee walking around with a letter in his hand and a big grin on his face. 'Mihir, look what I've received! A letter from the client specially thanking me for my service,' he said. Mihir could see the delight and passion in the young boy and he decided that he would involve the entire team at Ugam Solutions into the combined passion. He introduced stock option plans and encouraged a culture of openness, ownership and pride in what they do. With an ever growing team, presently at 750 members, Ugam Solutions attempts to maintain the personal touch by informal gestures such as going to picnics and having lunch together every Wednesday to celebrate birthdays and other personal occasions which fall in the same week. They also have special events to encourage employee performance. The last Friday of every month is reserved for 'Spotlight', an event at which employees who receive good feedback from the clients are awarded certificates. An event of prime importance at Ugam Solutions is

the annual Golden Pyramid Award ceremony wherein awards are given to employees for excellence, teamwork, performance and other categories.

## Organisational Setup

To induce professionalism, Ugam Solutions developed layers in the organisation right from the beginning. For entry level employment, they categorically do not prefer electronic or computer engineers because this talent pool is always on the lookout for jobs in software companies. Instead, they prefer to recruit statistics and mathematics graduates or other engineering graduates with a programming bent of mind. They generally recruit through online agencies or campus interviews at business schools in the country (see Table 3.IV.1).

Table 3.IV.1: Growth Milestones

<i>Year</i>	<i>Milestone</i>
September 2003	First Indian company to introduce 'MR interview', to enhance survey programming capabilities.
November 2003	Introduces 'Confirmit', a leading survey programming platform by Fresno Interdenominational Refugee Ministries, Inc. (FIRM, Inc.).
December 2003	Moves to a new state-of-the-art facility at Mahalaxmi, Mumbai.
March 2004	Appoints John Taggart as Senior Advisor, Ugam Solutions.
April 2004	Ends fiscal year with 100 per cent growth, continuing the trend of 100 per cent growth since year of inception.
August 2004	Signs three-year US\$ 15 million contract with Harris Interactive, one of the largest deals ever in MR-BPO.
September 2004	Increases survey programming team to 100, making it the largest and most diversified survey programming team in the world.

(Contd.)

*(Table contd.)*

<i>Year</i>	<i>Milestone</i>
February 2005	Emerges a leader in the research and analytics BPO segment after being adjudged to be among the top BPOs in India.
November 2005	Sets up International Centre for Research and Analytics; second international centre in Mumbai.

## **Future Plans**

As Sunil sat looking out of the window facing the horizon, he began to dwell on how far he could see Ugam Solutions reach. They wanted to be the world leaders in comprehensive research and analysis, but this would not happen till they got into data collection—the 20 to 30 per cent chunk of the entire MR process. They wished to do more complex regression and factor analysis to generate more complex researches and analysis. It was the only way for market researchers to be seen in the boardrooms of companies rather than finding an audience only in marketing managers. His glance settled on an office building across the road. A leading multinational electrical appliances giant had started its own data analytical centre. 'Can my business be under threat from the very clients we were servicing? What if they start their own data analytical centre like this company across the road?' wondered Sunil. He got his answer the next day as he sat browsing through the feedback of his clients. He smiled when he read, 'Your services have not only been efficient but also helped us strategically. The money saved by outsourcing to you is being put in Research and Development (R&D), business development or acquisitions now.' Sunil also knows that the threat might be low from the companies themselves but the global scene was changing. Countries like the Philippines, Romania, Bulgaria and China were emerging as competitive players. Moreover, South American countries like Costa Rica and the Dominican Republic who had the benefit of having the same time zone as the US were major competitors in the market. But he is not worried. He knows Ugam Solutions has to remain at a relevant size. Ugam Solutions has to be a market leader, making a difference to both the employees

and the clients. They did not want to necessarily become the biggest but wanted to be the best in the business. Sunil also envisioned the company going global in the near future—not only in the clients they handle but also in terms of global footprints. ‘Maybe mergers in other countries, provided we find someone match our scale and size; maybe delivery centres closer to our global clients bringing the option of having best shores rather than offshore for the clients; maybe another office offshore...’

## Learning from Ugam Solutions

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- Sunil was an electrical engineer with sound technological knowledge but no expertise in MR. This shows that domain knowledge is not the only criterion for starting a business if one plans their steps well. Sunil believes that the foundation of venturing into a field that is not one’s core expertise, needs to be based on one’s learning from past experience even if it is from a different field of work. This should also be supplemented by having someone else in the team who has the core domain expertise.
- Get the first mover’s advantage early on. Outsourcing business was not new; what was new was the idea behind Ugam Solutions and they had to build upon the client base quickly to gain the advantage.
- Think big. If Ugam Solutions has grown to its present stature, it is because they started operations on a big scale, be it through pilot testing or setting an objective like getting a global client as an anchor in the first year of operations.
- Strike a balance between building manpower and getting more work. Do not wait to pitch to new clients till you employ people, similarly, you cannot wait to build the manpower capacity till you get work. The company needs to keep reinvesting profits and building upon capacities.

## Note

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1. The quotation is based on Sunil Mirani’s interview conducted by the authors.