



# Flipkart transfers hundreds of employees to Serco BPO

By [Aditi Shrivastava](#), ET Bureau | 13 Jun, 2015, 03.53PM IST

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BENGALURU: [Flipkart](#) has parceled out hundreds of middle- and lower-level employees to the rolls of business process outsourcing firm [Serco](#), adopting a strategy common among technology companies primarily to pare operational liabilities.

Flipkart said it transferred about 300 employees to Serco, but three company executives ET spoke with said the number could be significantly higher. Many of the employees being shifted out are from the technology, payments, cataloguing and seller teams, these executives said, declining to be identified.

The country's most valuable internet company has been beefing up its top management team with strategic hires, including from [Silicon Valley](#), to build new capabilities and establish its dominance in a sector fast overcrowding.

But it also needs to be leaner and nimbler to be able to effectively take on new startups as well as giants like [Snapdeal](#) and [Amazon](#) that are competing for the same target buyers. Flipkart employs about 33,000 people.

"Flipkart's decision to outsource few roles is a strategic move which will help us scale faster and also grow the partner ecosystem around us," a [company spokesman](#) said in an email reply. "We believe that realigning the organisation to business priorities is critical for keeping pace with the dynamic [environment](#) that we operate in."

Transferring out noncore employees to the payrolls of a back-office outsourcing company is common practice in the information technology industry. "When a company has too many people on its payroll, it gets difficult to handle from the compliance perspective," said Vaibhav Parikh, partner at law firm Nishith Desai Associates. "For example, PF, insurance, gratuity, etc., takes a lot of effort from the HR perspective." Businesswise, too, such shifting out of personnel offers several advantages.

"Once employees are on an outsourced payroll, they don't appear in the books of the company and, in turn, the revenue-per-employee is much higher, which is an important metric for companies," Parikh said. Such outsourced employees also don't get stock options, experts said. That the transfers at Flipkart have happened amid a run of high-profile hires seems to be causing some consternation among employees.

"Executives... have been asked to shift to this new agency right ahead of the appraisal cycle," said an employee who was informed on Thursday about his transfer to Serco, India's thirdlargest BPO. "Mostly these are executives in the lower- to mid-level management," he said, requesting anonymity. Flipkart said it has "rolled out a generous financial package, including a salary hike, for each one of them."

The company has made several strategic hires in recent months: Former [Google product head Punit Soni](#) to head the products division under its commerce platform; former [McKinsey director Saikiran Krishnamurthy](#) as the chief operating officer of its commerce division; former [head of engineering](#) at Google, Peeyush Ranjan, as senior vice president; and earlier this week.



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