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## Rise in outsourcing creates surge in India analyst hiring

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A research outsourcing firm based in India is planning to increase the number of its analysts by 50% to 600 over the next 12 months after a surge in front-office outsourcing by investment banks and fund managers.

Amba Research, located in Bangalore, is expanding fast to keep up with demand.

Co-founder Andrew Houston, former head of Asian research at JP Morgan, said investment banks deliver the biggest portion of Amba's revenue but it services a larger number of asset managers as well as 50 hedge funds.

He added: "It's fair to say we do work for half the world's 15 largest investment banks." Asset managers that use Amba include Old Mutual and SG Asset Management.

More analytical work is also being outsourced to such companies as Evalueserve and Irevna, majority-owned by Standard & Poor's.

Evalueserve has a broad-based offering of knowledge-based services and operates in India, China and Chile. **Irevna, like Amba, is more tightly focused on securities research. It is run by Selvan Swamy, who used to invest in technology for Apax, a private equity firm.** Smaller rivals include Adventivity and Copal Partners, a banking specialist.

Taking account of large banks and asset managers, such as Fidelity, which have set up captive operations, as many as 5,000 financial analysts are being used in emerging economies, led by India.

Amba employs analysts in India, Sri Lanka and Costa Rica and decided to set up an office in the Central American country so discussions can take place in the same time zone as the US. The staffs are paid \$10,000 (€7,310) to \$25,000 a year; against the \$250,000 it can cost to hire a relatively junior analyst in Wall Street or London.

At the bottom line, taking account of office costs, investment banks and asset managers can end up with cost savings of two thirds.

Amba works hard to reassure clients on confidentiality and analysts are kept in the dark on the identity of clients for whom they are working. When required, they work in rooms accessed by swipe cards that are dedicated to a single client.

Amba's name does not appear on research, although clients like to discuss the outcome with the firm in some depth.

Houston said equity research is Amba's principal line of business. It often comprises research into small companies, where banks have either been reducing their coverage or seeking to economise.

Amba also carries out credit research and quantitative research, which assists asset managers with portfolio construction. Houston's cofounders are Anada Aithal, former head of Goldman Sachs in India, as well as Brad West and Mohan Alexander, who used to work for Deutsche Bank.

Private equity firm Helion Venture Partners recently paid several million dollars for a stake in Amba, implying the group could be floated in five years.

The heady prices that Indian outsourcing specialists can command is reflected in the \$250m business solutions provider RR Donnelley paid for OfficeTiger of India last year. Last week, General Electric raised nearly \$500m by floating its Genpact computer services company on the stock market.

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