Employee Transportation Emerging Trend – IT/ITES

Brajesh Kumar, Ramesha CS

HP Computing and Printing Systems India Pvt Ltd

Abstract—The document describes the emergence of employee transportation, its evolution and emerging trends in terms of governance model. This also elaborates the way forward options aligning to the market size.

I. INTRODUCTION

India is the world’s largest sourcing destination for the information technology (IT) industry, accounting for approximately 67 per cent of the US$ 124-130 billion market. The industry employs about 10 million workforces. More importantly, the industry has led the economic transformation of the country and altered the perception of India in the global economy. Although experts state that cost arbitrage would no more hold good but still India’s cost competitiveness in providing IT services, which is approximately 3-4 times cheaper than the US, continues to be the mainstay of its Unique Selling Proposition (USP) in the global sourcing market. However, India is also gaining prominence in terms of intellectual capital with several global IT firms setting up their innovation centers in India. Prime Minister’s “Make in India” initiative is further driving on incubation and startups numbers going northward.

Emergence of IT and ITES towards end of last century in India, bringing necessity to “think global and act regional” to have 24x5/7 operation. Such operation has given opportunities for generation of many associated business and employment to be generated. Employee transportation is one of them which becomes pre-requisite because of statutory regulations in terms of employee safety. The law of the land became more stringent post 2005 HP’s incident wherein one of female employee working in night shift was raped and murdered. Similar incident took place even for other companies. Government redefined the norms and accordingly FICCI, NASSCOM, State labor departments issued various advisories to be followed and mandated to be adapted.

II. MARKET SIZE

Almost 70% employees of the industry use office transportation to commute home – office – home. Which means, approx. 7 million employees are using office transport.

The transportation business for IT/ITES appears to have TAM of USD 7-8 Billion considering $92 average per head/month cost.

Industry deploys almost 0.7 million of vehicles to enable employees to commute. Which means, this also generates 0.7+ million employment opportunities for drivers and people to manage the fleet. Similarly, this employs around 0.3+ million security guards to ensure female employee’s safety.

Industry uses buses (only for day shift), 12 Seater, 8 Seater and 4 Seater vehicles for the purpose.

The service is unique to India now. Talking about employee convenience, company provided bus service for employees seems to be getting started in other parts of the world but limited to 9am-6pm operation and into very preliminary stage.

III. CHARACTERISTIC

- Highly risk oriented
- Mandated by regulatory bodies
- Show stopper – Any breakage of operation can bring company operation to halt irrespective of BCP plan in place
- Lack of big players who can cater very big number of vehicles across the city – mafia kind of service providers. One may be strong in one area but not in other part of city
- Dependency on multiple stake holders
- Dependency on uncontrollable factor like traffic, weather etc.

IV. BEST PRACTICES

Below are the best practices followed to ensure employee safety aligning to advisories issued by various regulating body:

- Well defined transport policy by respective company
- All vehicles fitted with GPS for live tracking
- All vehicles fitted with panic button
- Company to have control room/transport desk
- Emergency/escalation contact displayed on transport desk
- Careful selection of routes to avoid female employees to be first pick or last drop
- Vehicles escorted by security guard whenever first pick or last drop employee is female in odd hours. Odd hours mean between 8pm to 6am.
- Background verification of drivers and security guards
- Schedule of route of pick-up/drop being decided by supervisory office of the company
- Mobile number of female employees not shared with drivers and vice versa
- Deployment of Alco meter and random check on drunk and drive
- Real time track on first pick and last drop employees
V. GOVERNANCE MODEL

Governance model focusses around:

- Vendors’ strategies, portfolio investments and performance
- Resource management approaches to addressing employee demand for digital transformation
- White-collar outsourcing: skill over scale employees in automation-augmented IT solution

Employee transportation and governance model has been an evolution. The industry is transforming from un-organized to organized sector. Even today, this can be termed semi organized and not fully organized. The transformation can be understood better in phases:

### Phasi-I

- This is for around 1000 transport user in a center and 24x7/5 operation. Downward headcount would increase as number of center
- Multiple vendors (Service Providers)

### Emerging Trend/thought

Trends in the IT services market and vendors’ winning and losing portfolio and service delivery strategies is becoming eye opener and trend setting the industry.

Compelling situation - The service providers are evolving from unorganized to organized to greater extend. For IT/ITES companies too, operation seems to be matured enough to considered s set and stabilized. This is brining global leaders to think for next step.

What is changing?

- Manual operation to digitized operation – use of technology
- Focus on employee safety and convenience
- Explore on multiple to single vendor (service provider)
- Explore if employee transportation can be managed by facility management companies
- Explore on outsourcing the complete gamut to 3rd party

<table>
<thead>
<tr>
<th>Transport Team</th>
<th>Center A</th>
<th>Center B</th>
<th>Center C</th>
<th>Center</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vendor Staff [No cost to company]</td>
<td>25-30</td>
<td>25-30</td>
<td>25-30</td>
<td>25-30</td>
</tr>
<tr>
<td>Company Outsourced</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Company on roll</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Leadership</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Challenges – Emerging trend

- **Manual operation to digitized operation** – Sensing the need, multiple solution providers came in over a period. Few to name are – Moveinsync, Mtap, Hopon, Odocon etc. In fact this gave opportunity to many startups. All seems to be equally competent and capturing the market.

- **IT/ITES company need to judge the best and negotiate the terms in their favor. Completion is big among them and need can be negotiated to the core. Few of them have got into consultancy services as well to define the need better.

- **Focus on employee safety and convenience** – HP instance of 2005 has gone out of mind for most. But people in India remember Nirbhaya instance, few recent instances of Bangalore very well. Hence, those brings focus on employee safety. Any violation/deviation from regulatory norms may lead to closure of shop for company. This is imperative that no company would risk their business to that level. Hence, all these companies focus to ensure all measures being taken in terms of employee safety.

- **Management use to think about employee satisfaction but transformation is towards experience. Time is gone when people use to talk about SLA (Service level agreement). Now people talk about ELA (Experience level agreement). Hence, value proposition goes on the line of convenience and in turn experience.

- **Explore on multiple to single vendor (service provider)** – Global procurement of each company goes by the rule book to explore if we can have single service provider instead of multiple vendors. This comes from the global mindset.

- But not to forget, “think global but act regional”. There are region/country specific scenario. The principle which works for one part of the world may not work in some other part. Same applies here.

- **No single player in country or even in specific metro appears who can run the operation single handedly. The service provider which appears to be big has failed in past.

- **Past BCP scenarios would never advocate to have single vendor. Yes, operationally lesser number of vendors is easy to manage and helps in negotiation from procurement point of view, but other factors like BCP, competency, performance etc. must be taken into consideration.

**Explore if employee transportation can be managed by facility management companies** - Having understood TAM, facility management companies like JLL, ISS etc. have got into employee transportation management too. This is still in preliminary stage for them to grab the business. There are multiple reason wherein IT/ITES companies will have reluctances to hand over the operation to them:

- Lesser accountability
- Risk liability in terms of managing fatal
- SLA/ELA – Employee transportation requires immediate attention else there might be occasion wherein cops would be in the campus and would become embarrassing for the company.
- Effective incident management – irrespective of within/beyond control, incidents require to be managed very responsibly.
- Yet to become expert in the field
- Lack of ownership
- Regulatory authorities look for talking to company employee and not outsourced agency if they happen to visit the office for any reason.

**Explore on outsourcing the complete gamut to 3rd party** –

Outsourcing agencies in Indian are yet to come to maturity stage. They are not matured enough to manage such high-risk operation.

If at all some company is discussing with some agency for outsourcing, they must ask/chalk down in terms of risk liability if HP instance of 2005 or Nirbhaya case happens. Because in last instances, country MD were asked to attend the court.

**This also requires to be verified from regulating body if such outsourcing model is good to go or there would be some deviation/violation. At least, company legal and HR must give their consensus before such decision is taken.**

There are companies who have gone ahead with outsourcing complete gamut managed by single head on company roll to manage multiple location. This is very risky model of operation in terms of employee safety. Company will have bigger legal issues if real fatal occurs. For sure, few may have to go behind bars along with losing their job. Not sure if they have any buy-in from government bodies to prevent.

Most robust model would be to outsource the operation but to have site lead present in each site followed by a Manager to oversee. This would take care of all statutory need and any adverse scenario can be managed well. The accountability would remain with original company which will have control in terms of employee safety, convenience, compliance and cost.

**Way forward – Thoughts Emerging**

Employee transportation has grown across which is visible when someone passes thru or come out of a tech park. During peak hour of few shifts, it takes an hour to come out of campus. There are many tech park in India housing more than 1 lakh employees. The quantum of vehicles is huge bringing
lots of issues with respect to traffic management, time spent by employee on the road, burning of fuels as well as pollution. There are discussions in many FM leadership summits on campus/tech park transportation rather than individual company running its transportation. Such evolution seems to be need of the time and would prevent many civic issues coming up.

Major hurdle to this would be regulatory norms applicable to parent company. Hence, support from local governing authorities would be paramount important which campus must work on. This is doable if PPP model is worked out.

How campus/tech park transportation can work?

- PPP Model of operation
- Optimization for number of vehicles
- Enable – Go Green
- Traffic Management
- Encourage carpool

The operation to be in PPP model whereby there is governing body which constitute representation from campus owner/landlord, Corporate real estate of each company, HR Head of each company, local police/traffic station, fire station. The 3rd party running the operation would be service provider answerable to governing body. Below to be ensured-

- PPP model in terms of risk liability which means, vendor would continue to bear first day hospital cost and thereafter company employee medical insurance will come into force.
- Governing body to meet in person in case of any fatal.
- Ensure and showcase that all employee safety measure as defined by regulatory authorities are in place.
- Take the operating shifts of company as it is
- Have discussion with companies if shifts can be clubbed if shits are within the gap of max 30 min.
- Ensure digitized mode of operation whereby all stake holder have visibility of their employees.
- Clubbed/shared operation and no exclusive service for individual employee
- Right billing structure to ensure respective company charged for their share of service e.g. if there is a transport shift for a shift applicable to only one company. In such case, billing for that specific shift to go exclusive to that company.
- Robust MIS structure with weekly, monthly, quarterly report/dashboard sent to all stake holders.
- Fortnightly review meeting with all stake holders
- Employee friendly escalation management
- Robust Incident management process
- Service provider to charge for management fee which can be discussed/debated

All companies coming together would increase the occupancy ratio by 30-40% and accordingly number of cabs plying in/out of the campus would reduce. This would in turn reduce per head cost for the companies.

Reducing number of vehicle would be great enabler to go green in terms of reducing the carbon foot print which would virtually bring down load on traffic management in and around campus.

Such collaboration also would give opportunities towards carpooling among employees not using employee transportation which would further enhance lesser traffic experience.

From civil society perspective, this would bring down traffic around tech park by 20-25% and 10-12% overall in the city.

What IT/ITES company gains?

- Lesser per head cost
- Head count optimization
- Collaborative platform

What Landlord gains?

- Need for optimized parking space
- Exclusive area for cabs
- Collaborative platform

Hence, IT/ITES companies to seek for campuses if they have employee transportation on above mentioned model. Local authorities to encourage such move in the interest of society. Without their consensus, no agency would come forward to be part of PPP. Government may have to tweak the norms wherein principle employer is made accountable for employee safety which means that liability also to be proportionately distributed among all stake holders.

Adding electric vehicle would in fact bring new dimension to it. There are service providers started working on it. Investment might be more but that would give excellent result in long term. To have sustainable model, corporates must look from long term perspective.

Whatever time it takes, but this is what appears to be way forward for IT/ITES Industry.