

# In Their Own Words: An Interview with CloudFactory

In Their Own Words: *An Interview with CloudFactory, Winner of the 3S Award in Community Engagement*

## Interview with CloudFactory CEO, Mark Sears

### 1. Can you describe how the concept of CloudFactory came about?

In 2008 my wife and I came to Nepal for a two-week vacation and I ended up extending my trip a few weeks after meeting some smart young software developers. I bought one iMac and four of us crowded around in the mornings as I trained them on a technology called Ruby on Rails. I was amazed with how talented they were and they were hungry to learn. Next thing I know we got a paid project from North America and then we hired a few more local computer engineering graduates, got another project and a business was born.

My wife and I had been living in Nepal for about a year when the software outsourcing business was growing and our clients started asking us to do data-related services like image/video tagging and online research. At the same time we began making friends with many people in our neighborhood that were very talented but with more than 40% unemployment in Nepal, there were no jobs and we were only hiring computer engineering graduates. So we saw both the demand for data services and the supply of talent to deliver them so we decided to start CloudFactory as a side project in January 2010.

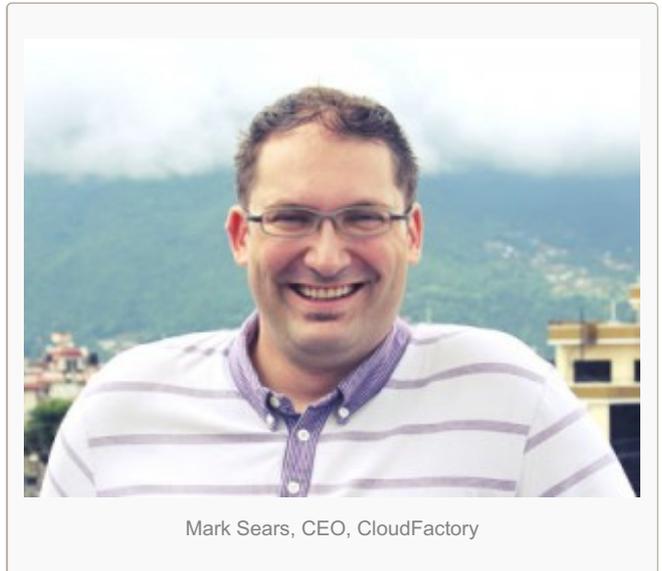
We set out to build a fully scalable technology platform and workforce model that could employ 1 million people in developing nations while efficiently serving the growing data needs for businesses around the world. But because of our social mission we also wanted everything to be personal and based on relationship, we didn't want to build another faceless crowd sourcing platform. The goal was to build a business that is very scalable and very personal at the same time – those have been two key concepts in building CloudFactory.

### 2. What pushed CloudFactory towards pursuing goals in sustainable and socially responsible practices, as opposed to a strictly profits-based model?

From the very beginning CloudFactory was not about making money for the sake of making money, so there was never really a conscious choice to pursue an impact sourcing model or not – the social mission is such a core part of our history, purpose and culture at CloudFactory.

We have always been very serious about driving revenue and profit so that we could reinvest to grow the company and grow the social impact by giving more opportunities to talented people with little to no professional opportunity. We are also unique in that the idea, the initial funding and the talent to build CloudFactory all came from the developing world so we have a unique worldview that comes from that.

Seven professionals from North America and their families have moved to Nepal to join our 130 employees and live alongside the 3000 data operators we have here now. Being on the ground in Nepal for years and now Kenya has allowed our leadership to remain squarely focused on the social mission while also ensuring we meet and exceed the expectations of our Western clients.



Mark Sears, CEO, CloudFactory

That is what started us in the direction of being an impact sourcing service provider (ISSP) but what we quickly discovered is that when you truly care for and invest into your people and their communities, there is a different culture that begins to emerge. One with more ownership over the work and one with dedication to doing a great job is just the de facto standard. It is similar to how Google has been so aggressive about providing free food, free haircuts, beach volleyball courts and amazing perks that other industries just don't understand. They have built a culture of innovation by investing into their employees that is the main engine behind their current and future success. We believe that our aggressive focus on investing into our workers and the communities we operate in is giving us a similar opportunity for long term success.

### **3. Did you – at any point – come to regret that your company is following this path?**

Our social mission has only hurt us when certain clients see this part of who we are and assume that impact is our main focus when instead it is just our main motivation. Our focus is actually on technology innovation and reinventing outsourcing to be more scalable and more efficient because we know this is the only way to accomplish our crazy impact goals.

So we don't ever regret being an impact sourcing service provider, it is all that we know, but sometimes we regret talking about it because people begin thinking we can't compete with the traditional financial bottom-line sourcing providers. That is a myth. We strongly compete and usually win over these legacy models. For example, on one of our recent projects we won out over 8 other bids coming from the more traditional BPO side.

### **4. What do you think sets you apart – as far as business model is concerned – from other companies from your sector?**

There are some really great Impact Sourcing companies that do similar work to us. In fact we collaborate quite a bit to bring awareness to what is happening in this space. We heard a lot of customers say the following " If I can deal with senior leadership that is professional, people who really get my expectations AND I can have low cost centers that are more efficient in terms of accuracy, turnaround and scale, then I am willing to partner with you and become a stakeholder in the impact that you are having."

You know using an ISSP used to be seen as much more difficult and costly than a traditional BPO but we are changing that. From the beginning we have been about offering a superior product, at an incredible value and the impact is the icing on the cake.

How can we do that? Well in regards to our model, I would say there are some key decisions made early on that gave us the tools we needed. One I already spoke about above and that is this focus on being scalable and personal at the same time. The way we recruit, train and lead our workforce teams is incredibly personal. At the same time we acquired a technology platform (formerly backed by Google Ventures) that allows us to offer unheard of efficiency and scale even beyond that of a traditional BPO. So you get this very unique model where each person is known and can grow and contribute in whatever capacity or skill level they may be at while at the same time we are able to dramatically exceed client expectations in terms of vendor output and expertise.

For example, one of our clients expected to have to hire 3 to 4 traditional BPO's to achieve their required outcomes. You know there is a lot of headache in having to on-board and manage multiple vendors and standards etc. They had millions of records that needed to be digitized. We were able to provide this to them as a single vendor processing over 1 million records a day with off the charts accuracy. Our model is really built around this idea of accuracy at scale.

### **5. To what would you credit the success of CloudFactory practicing socially responsible business?**

I would say that meeting the needs of our clients and the communities where we work is definitely grounded in this aspect of serving one another in community. The motivations vary and run deep across the company but we try to provide an environment where people can express and nurture these motivations in the context of their own communities.

There are certainly those that come to us looking only for work and a paycheck but it is incredibly rewarding for us to see these initial motivations transform as many begin to find that their work is a way to give back to their

country and their communities. We have letters from elders in the community saying, “I am not sure what you are doing with those computers over there at CloudFactory but whatever you are doing keep it up! My son/daughter is becoming a different person, engaged, helping out more around the house, filled with hope and purpose...” So, the way the model works is that doing great work naturally leads to an amazing impact in their own communities.

Each and every CloudFactory employee (full or part-time) joins the company in a team of 5 that meets in-person weekly for lessons on leadership, competency, character and accountability. Then, on a regular basis they go out into their own community to act on what they have learned. To date CloudFactory teams have completed over 1500 community projects and committed to over 58,000 personal action steps. (See more at <http://community.cloudfactory.com>)

## **6. What do you think can be done to make the business world aware of the need for corporate social responsibility?**

Unfortunately at this point the business world en-masse is not going to listen to any justifications before they answer the question “is it better for my financial bottom-line?” Many businesses do a minimum amount of CSR for the soft ROI of marketing, branding and community/customer perception.

The main thing we can do right now is innovate and find ways to make the best socially responsible thing to do also be the best financially responsible thing to do. This isn’t always possible but in our industry it is and it will just take some time for more impact sourcing service providers to show the competitive advantage of quality work through caring for and investing into their employees and their communities.

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**CloudFactory was established in 2010 by Mark Sears in Kathmandu, Nepal. It currently operates in Nepal, Kenya, Hong Kong and the United States with 130 full-time and 3100 part-time employees. The company’s goals for the next year is to replicate its model from Asia to Africa with Kenya being the starting point. Over the next 5 years the goal of CloudFactory is to disrupt the traditional BPO industry in a way that connects 1 million people in developing countries to meaningful IT work.**