

BPO: What Does Good Look Like in 2010?

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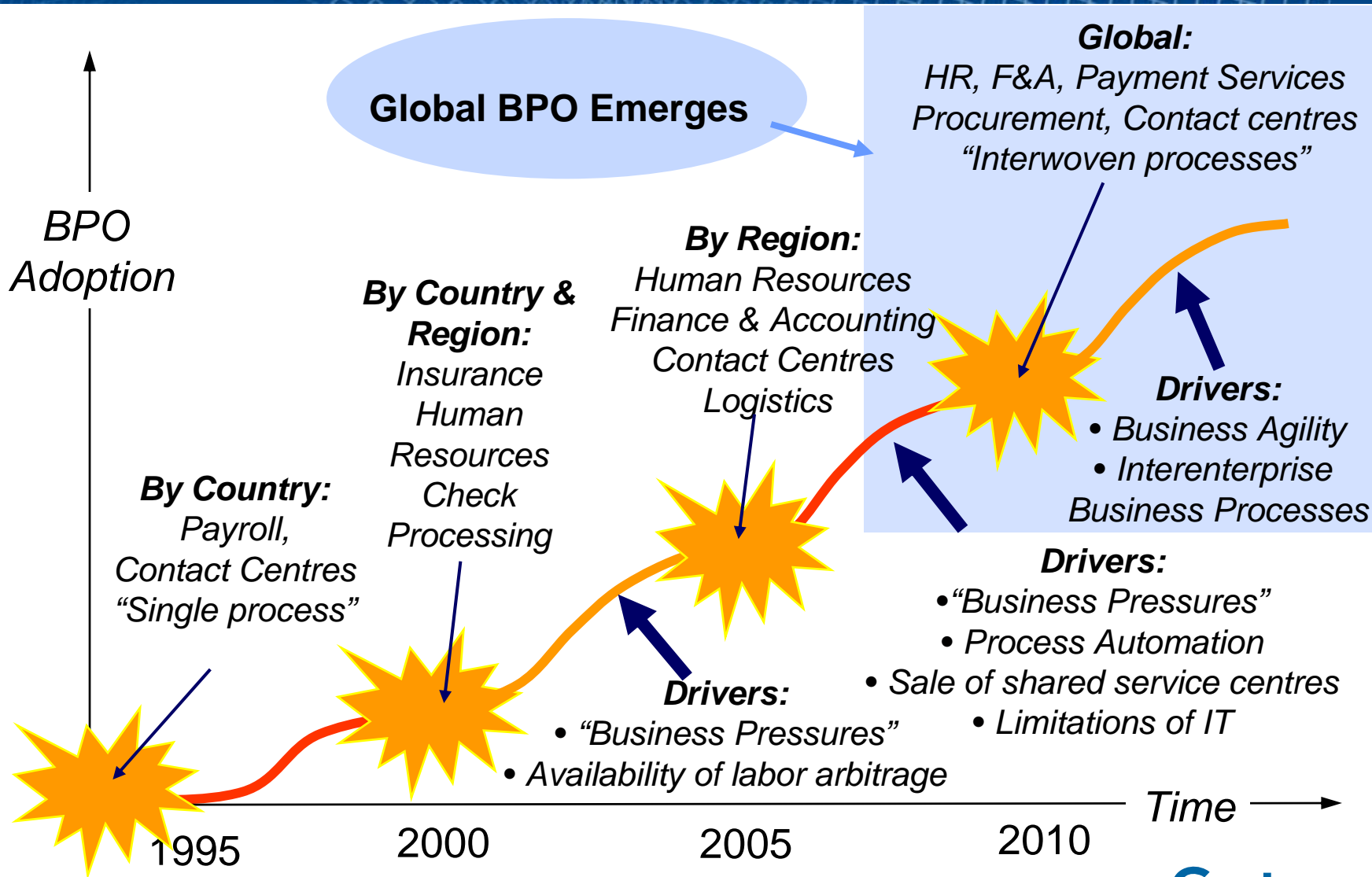
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Can BPO Bridge the Gap?

- Hyperefficient processes?
- Drastically lower-cost processes?
- Both more efficient and lower-cost processes?
- Totally standardized processes?



Cost and Control Pressures Will Drive Global BPO Adoption



BPO Hype Cycle

Peak of Inflated Expectations

Trough of Disillusionment

Slope of Enlightenment

Plateau of Productivity

KPO

BPU

Innovation Trigger

- Comprehensive CRM**
- Comprehensive F&A**
- Accounts Receivable**
- Accounts Payable**
- Comprehensive HRO**

Payroll

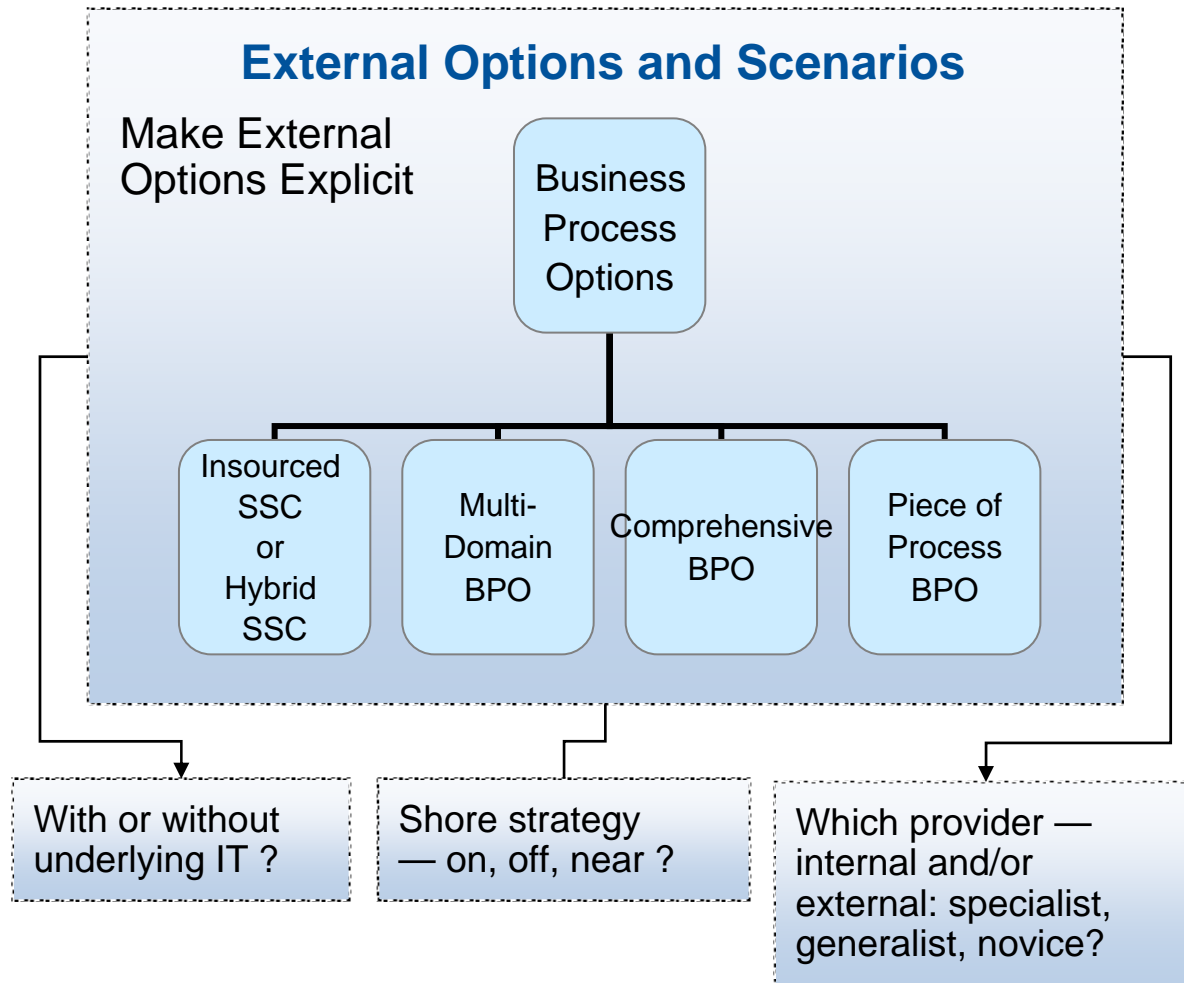
Contact

Centres

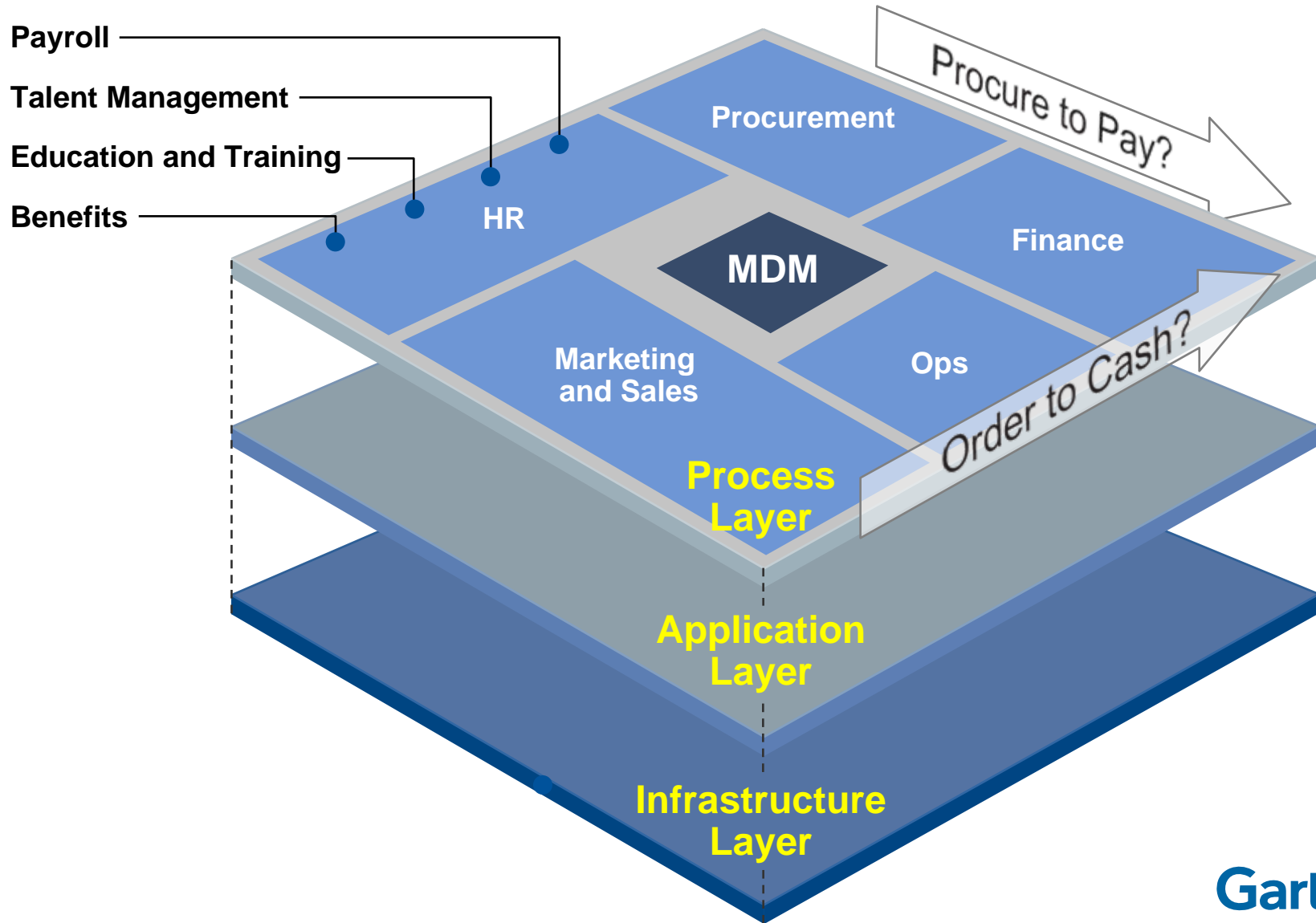
Key Issues

1. What does a good BPO strategy look like?
2. What does a good BPO provider look like?
3. What are buyer best practices in BPO?

A Good BPO Sourcing Strategy Makes the Options and Issues Explicit

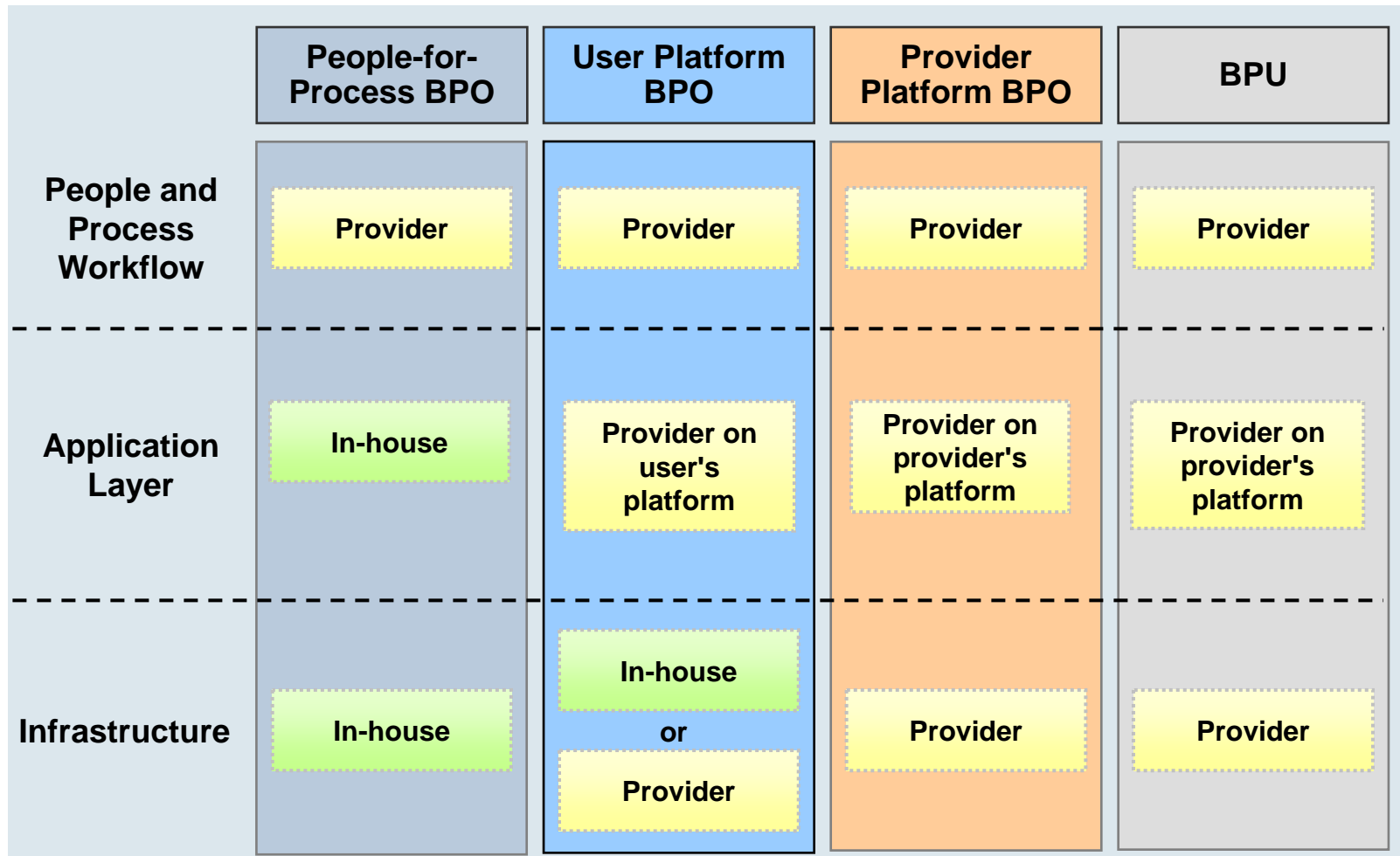


A Good BPO Sourcing Strategy Explores the End-to-End Process and IT implications

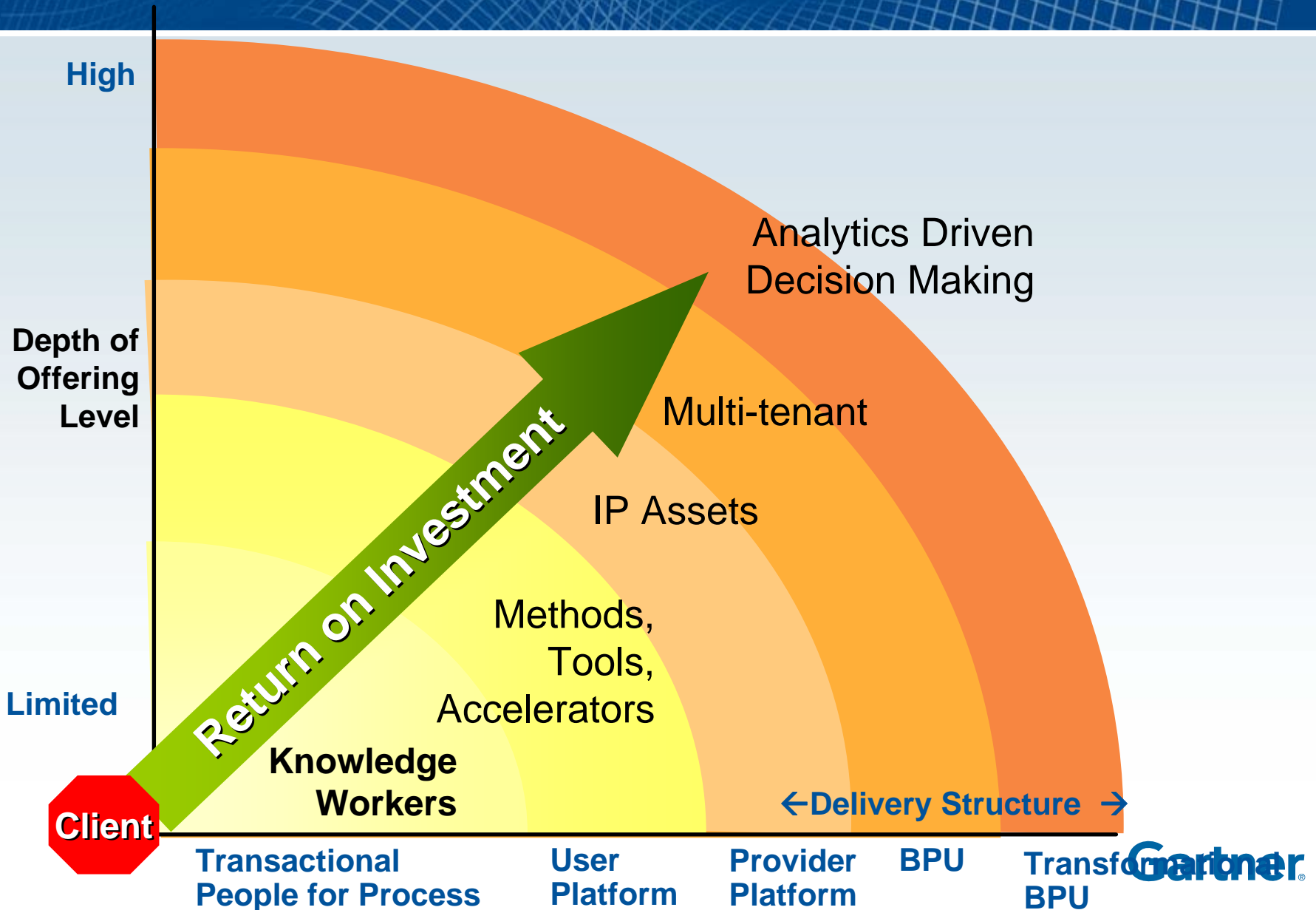


A Good BPO Sourcing Strategy Makes the IT Implications Explicit

Taxonomy of BPO Architectures



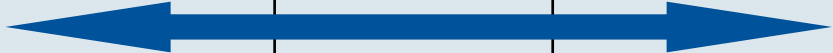

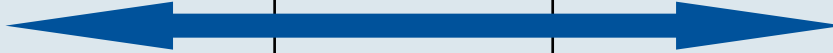

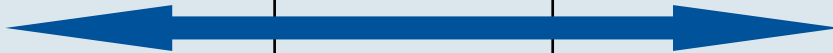

KPO Evolution



A Good BPO Sourcing Strategy Reviews Current and Planned Efficiency Levels

Example: Accounts Payable Maturity Model

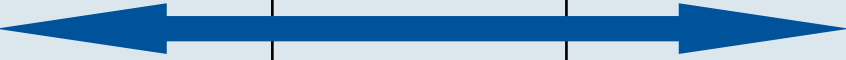

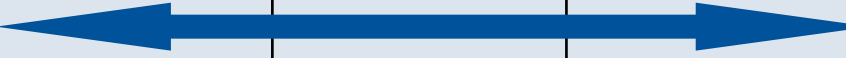
Process Maturity Level

Effectiveness Measures	Level 1	Level 2	Level 3	Level 4	Level 5
Number of Invoices With Purchase Orders	Don't know				Working with consolidated electronic invoices
Number of Invoices Without Purchase Orders	Don't know				Utilizing automation tools to manage non-PO spending
Invoice Turnaround Time	Don't know				Less than 5 days
Number of Employees by Location	Don't know				Fully automated
Location and Organization of Accounts Payable Processing	Multiple high-cost locations, decentralized accounts payable teams				Full source to pay management strategically managed across the end-to-end process
Number of Accounts Payable Systems	Don't know				1-3 in workflow

A Good BPO Sourcing Strategy Reviews Current and Planned Effectiveness Levels

Example: Accounts Payable Maturity Model

Process Maturity Level

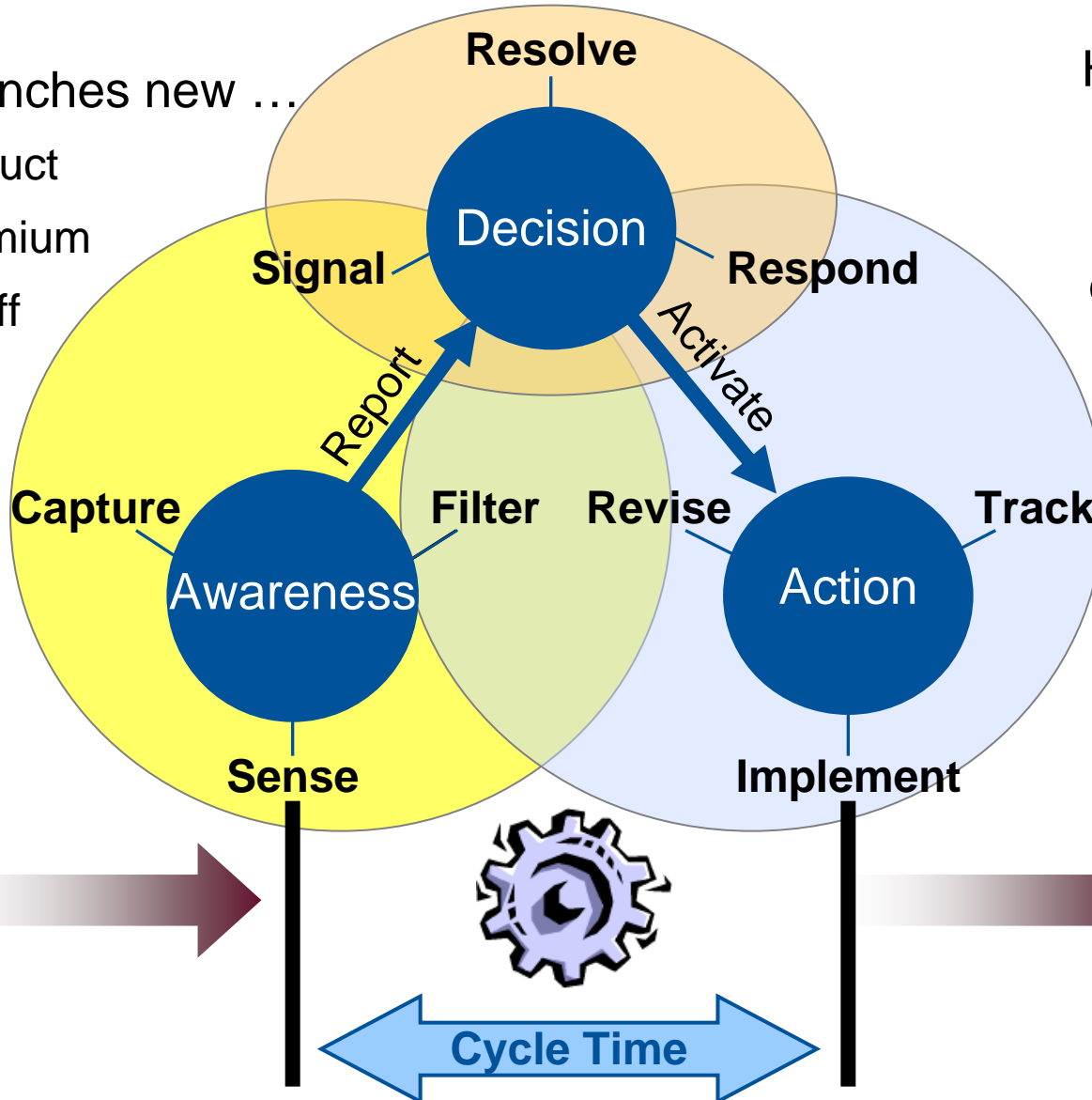
Effectiveness Measures	Level 1	Level 2	Level 3	Level 4	Level 5
Invoice Management	Manual and messy				Lights-out invoice processing
Invoice Processing Economics for Manual and Electronic Invoices	Don't know cost of processing invoices				Cost per invoice less than \$1
Percentage of Invoices in Query Management	Don't know				Operating fully automated matching with less than 5% queries

A Good BPO Sourcing Strategy Reviews Overall Business Impact and Goal

Example:

Competitor launches new ...

- Mortgage product
- Insurance premium
- Cell phone tariff
- Utilities package
- Coffee promo
- Eco car
- Google app
- Facebook site

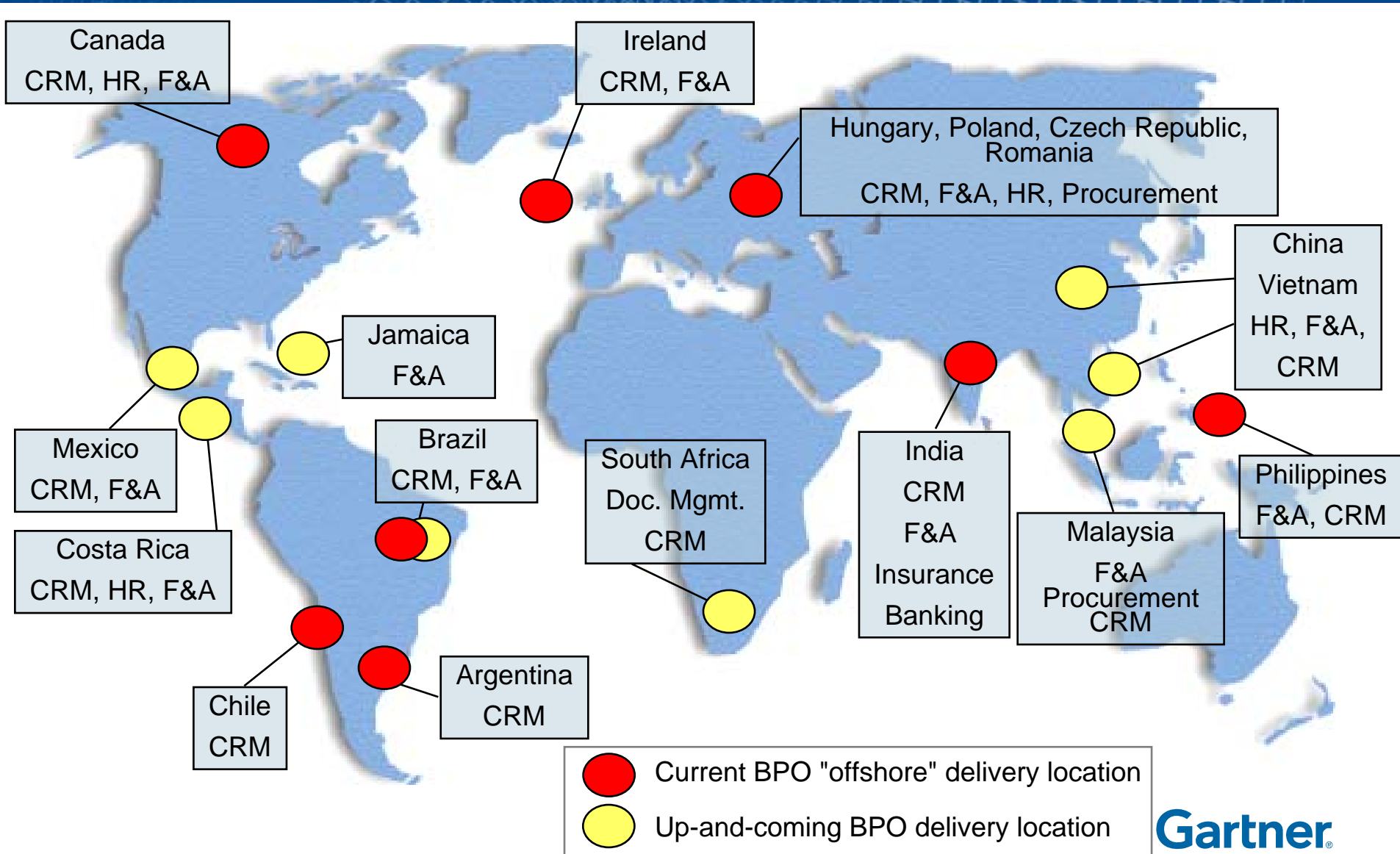


How does your BPO provider support your business objectives and activities?

Market Event

Business Response

Consider where are the BPO "Offshore" Delivery Hot Spots in 2009 and Beyond?



Key Issues

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2. What does a good BPO provider look like?
3. What are buyer best practices in BPO?

BPO Competitive Landscape: Not every supplier does every process!

Process Specialists

Human Resources

- ADP
- Accenture
- ACS
- NorthgateArinso
- Hewitt
- IBM
- Logica
- Mercer
- Capita
- Ceridian
- Raet
- Conclusion

Finance and Accounting

- OPI
- HP
- Accenture
- Wipro
- IBM
- Capgemini
- ACS
- Steria
- Genpact
- Infosys
- Accounting Plaza

Logistics

- Ryder
- Menlo
- Schneider
- Penske
- Odyssey
- Transplace

Procurement

- Infosys
- Wipro
- ICG Commerce
- IBM
- Accenture

Customer Care

- Convergys
- Teleperformance
- Sykes
- ClientLogic
- IBM
- WNS

Document Management

- Xerox
- LASON
- Oce
- API

Vertical Process Specialists

General Banking

- Fiserv
- Metavante
- ACS
- Accenture
- WNS
- FirstSource
- iGate
- HP
- Infosys
- Unisys

Mortgage Processing

- Fidelity
- Firstsource
- HP
- ACS
- Zenta
- WNS
- Skipton Bldg Soc.
- Wipro
- Unisys

Transport

- TransWorks
- WNS
- Unisys

Check Processing/ Payment Services

- First Data
- Fiserv
- Symcor
- Unisys
- Viewpointe
- Federal Reserve
- Metavante
- Symcor
- Bankserv

Insurance

- CSC
- Capita
- IBM
- CGI
- EDS
- Perot
- Fiserv
- Exl Service
- Accenture
- iGate
- TCS

Healthcare

- McKesson
- Trizetto
- Misys
- Perot /Dell
- Accretive
- Vision Health.
- ACS
- CGI
- EDS
- Convegys
- WNS
- CSC

Telecom

- Convergys
- Amdocs
- ACS
- HP
- TCS

Note: This is not a definitive list.

The BPO Vendor Landscape

Comprehensive F&A

Accenture, ACS, Cognizant, Genpact, HP, IBM, Infosys, Steria, Sutherland, WNS, Wipro, VWA

CRM Services

Atento, TCS, TeleTech, Sitel, WNS, ACS, ABM, Aegis BPO, HCL, BT, Wipro, 24/7 Customer, EXL Service, Firstsource

Comprehensive HR

Accenture, ACS, ADP, NorthgateArinso, Capita, Ceridian, Convergys, ExcellerateHRO, Fidelity, Hewitt, IBM, Logica

Analytics

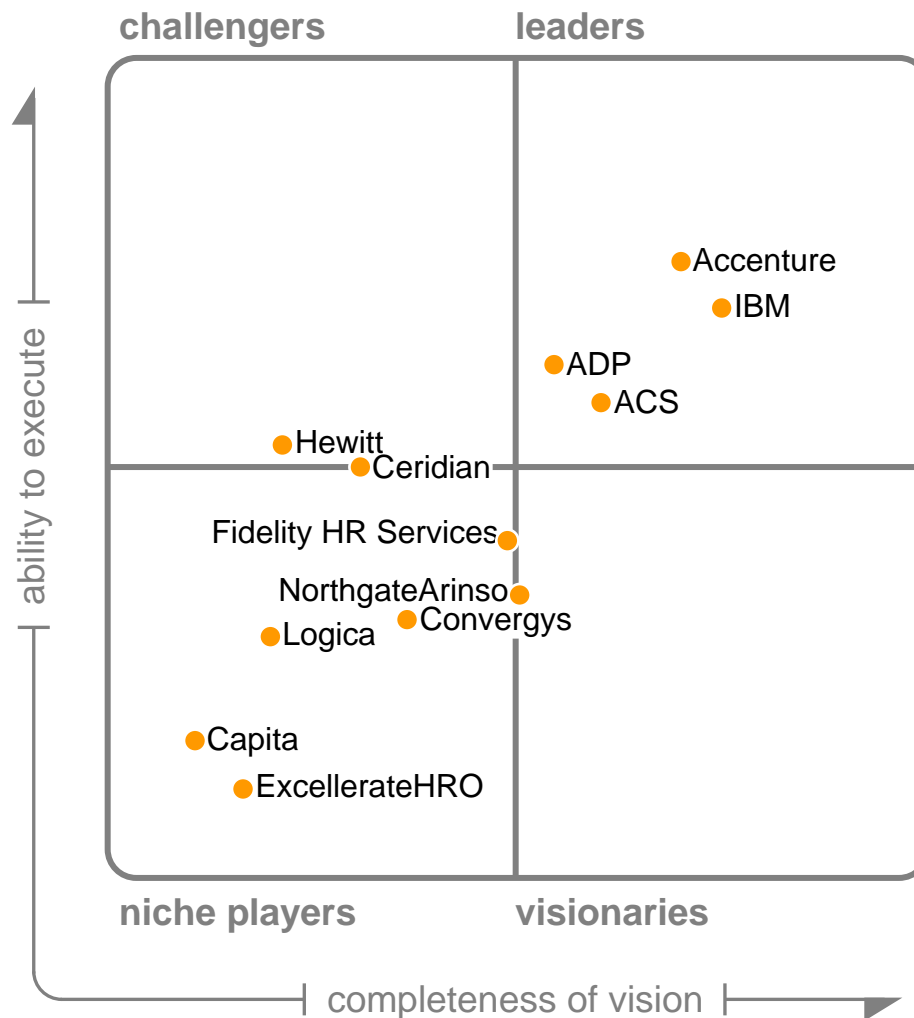
RR Donnelly, WNS, TCS, Cognizant, Genpact, Wipro, Infosys, Patni

Industry-Specific BPO

Accenture, ACS, WNS, Firstsource, IBM, Genpact, TCS, Patni, Syntel

Gain Insight for Provider Evaluation

HR BPO Magic Quadrant 2008



As of November 2008

From "Magic Quadrant for Comprehensive HR BPO," 25 November 2008

Gain Insight for Provider Evaluation

Finance and Accounting BPO Market Scope, 2008

	RATING				
	Strong Negative	Caution	Promising	Positive	Strong Positive
Accenture				X	
ACS				X	
Capgemini				X	
EDS, an HP Company				X	
Genpact				X	
IBM				X	
Infosys				X	
OPI			X		
Steria				X	
Wipro			X		
WNS			X		

As of 17 December 2008

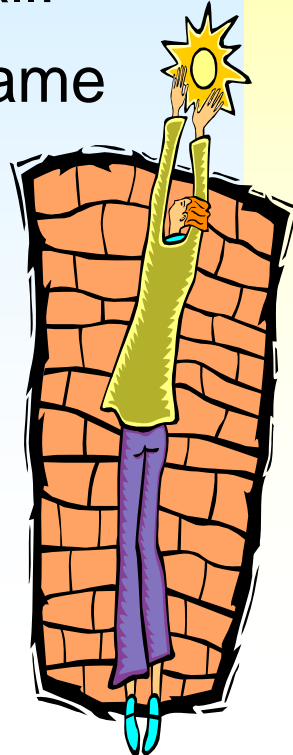
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What Does a Good BPO Buyer Look Like?

Five traits BPO providers wish clients and prospects didn't exhibit:

1. Throw it over the wall!
2. Lack vision of endgame
3. Lack oversight and sponsorship
4. Lack baselines
5. Overselling benefits internally with aggressive expectations



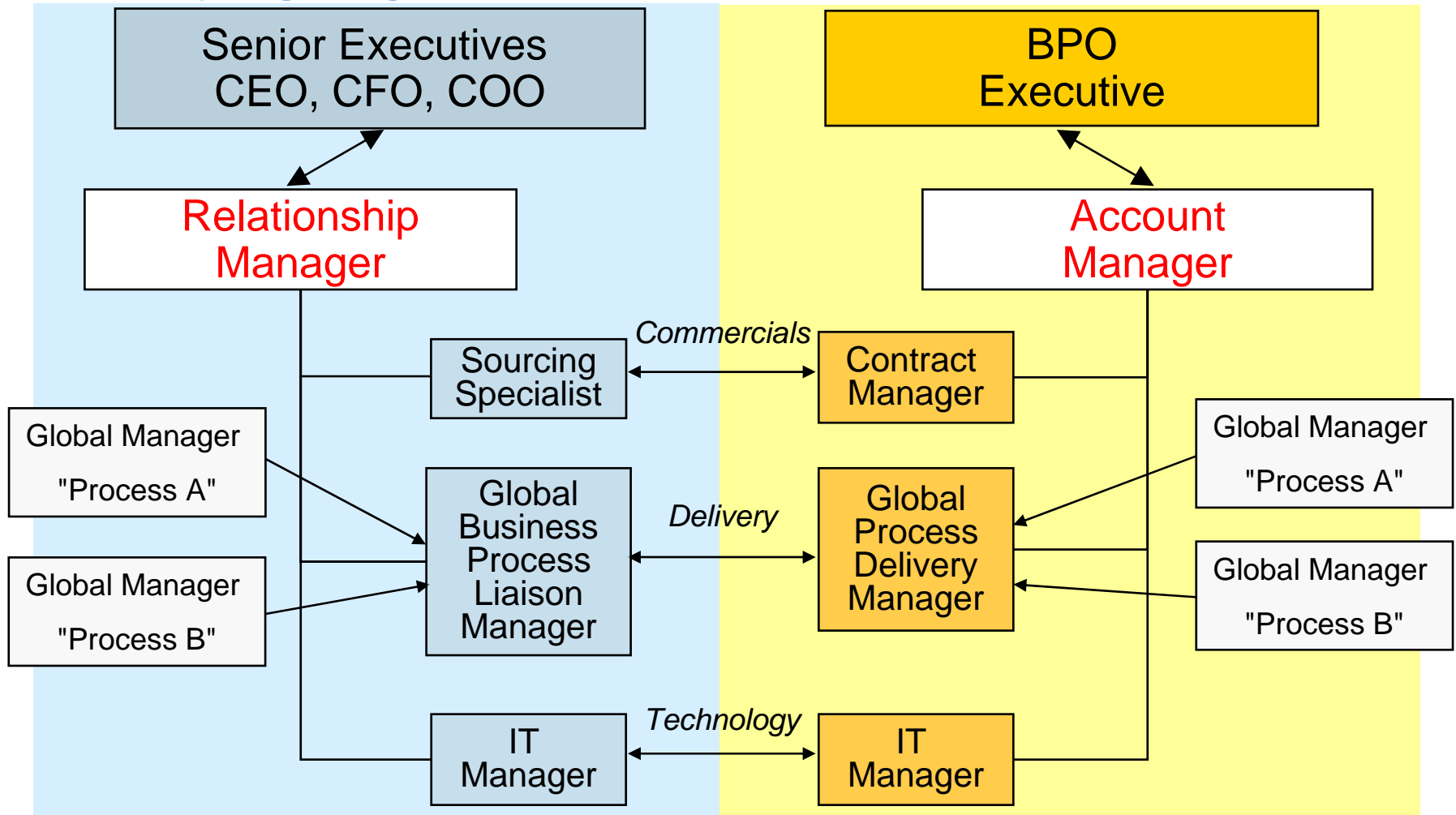
Five traits BPO providers wish clients and prospects had!

1. Sense of sharing problems
2. Clear requirements in RFPs
3. Strategic alignment with business priorities
4. Baselines and data about processes
5. Patience

Build a Strong Team for Buying and Managing ALL BPO

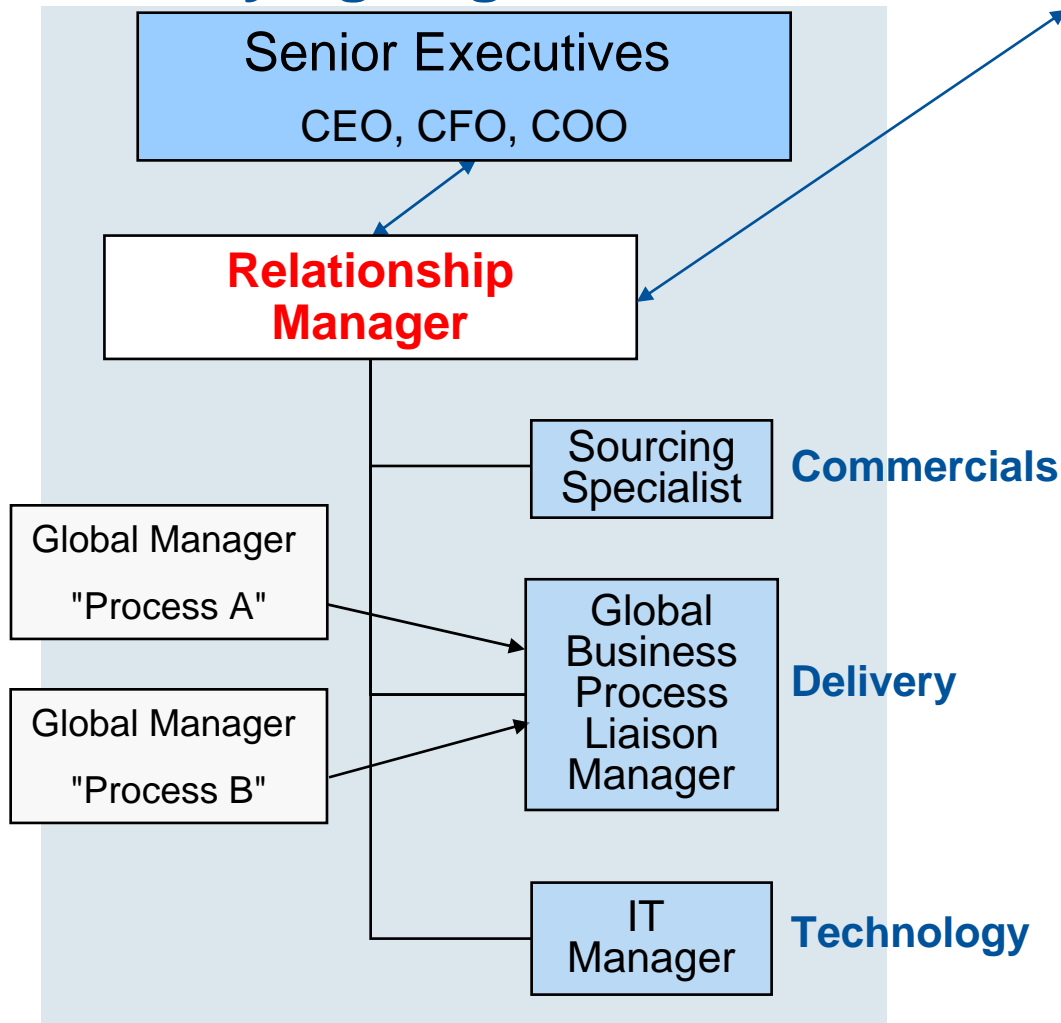
Buying Organization

BPO Provider



Best Practice: Create a Strong Internal Team

Buying Organization



Job description ...

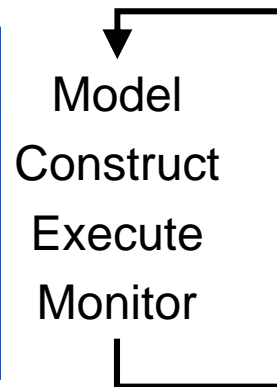
- Gather data of critical metrics and operational baselines
- External market analysis of key trends
- Compare and contrast sourcing model and BPO options
- Evaluate pricing models
- Review supplier landscape
- Site visits to vendors, references and country locations
- Analyze transition and ongoing management
- Develop initial business case
- Communications management

Best Practices: Holistic GLOBAL Management Practices

Global Divisional Buy-In



End to End Process Integration



Multi-Domain Optimisation

Piecing Together

- Human Resources
- Procurement
- Contact centres
- Finance
- Vertical Processes



Global Labor Supply For BPO

Hot Today

- Eastern Europe
- India
- Philippines
- Ireland

Up & Coming

- China
- Latin America
- Vietnam

Global IT Strategy



- Master Data Management
- Process Automation
- Data Integration points
- ERP Refresh Strategy
- Outsourcing strategy

Process Dash Boards



Best Practice: Build a BPO Communications Plan

Problem: If you don't get buy-in and baseline the service, the business may:

- a) Reinvent the wheel!
- b) Remember it fondly as being wonderful before you're outsourced
- c) Have unrealistic expectations
 - See transformation and innovation!



Remedy: A Communications Plan

- Talk about how to share business problems with the outsourcer
- Must communicate the benefits and rationale frequently and cleverly!
- Openly discuss teething problems and discuss mistakes
- Praise and highlight individuals from suppliers and internal teams who are exhibiting desired behaviors

Recommendations

- ✓ Establish a BPO sourcing strategy before evaluating providers.
- ✓ Know what "good" looks like through multifaceted measurement before you sign the deal — it can't be a "gut feel," so don't play a guessing game.
- ✓ Determine if BPO is worth it — establish current total cost of process ownership; then extrapolate over next three to five years to include currency fluctuations and relevant skilled labor pools.
- ✓ Create a "living" communication and collaboration strategy.
- ✓ Assess internal sourcing skills — build a strong multidisciplined team.
- ✓ Build relationships with your partner — know the delivery team.