



Introduction & case studies:

Sanjay Joshi
Vice Chairman
Wipro Spectramind
(20 minutes)



Keynote address:

Rebecca Scholl
Principal Analyst
Gartner
(45 minutes)

Poll: 2 minutes

Question & Answer Session: 15 minutes



Offshoring BPO : A framework for getting started

**Presented by: Rebecca Scholl
Principal Analyst
Gartner**

Date: June 26, 2003

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Key trends in offshore BPO

The offshore BPO competitive landscape

How to manage a successful offshore BPO relationship

Pros

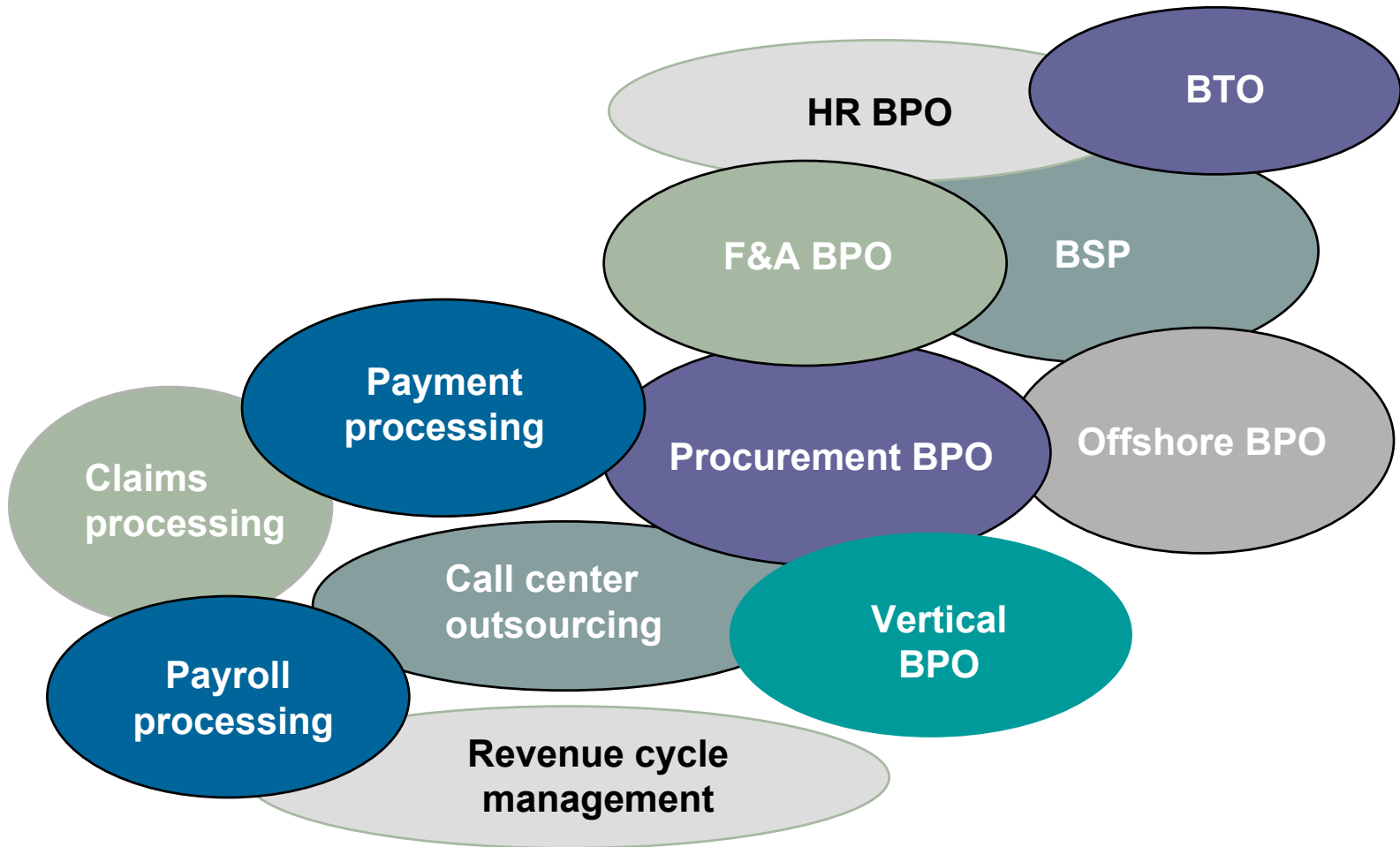
- We are forced to do “more with less”
- My competitors are doing it
- We can get better service levels than we could in-house
- We can get access to new technology without incurring capital expenses
- We can learn from them



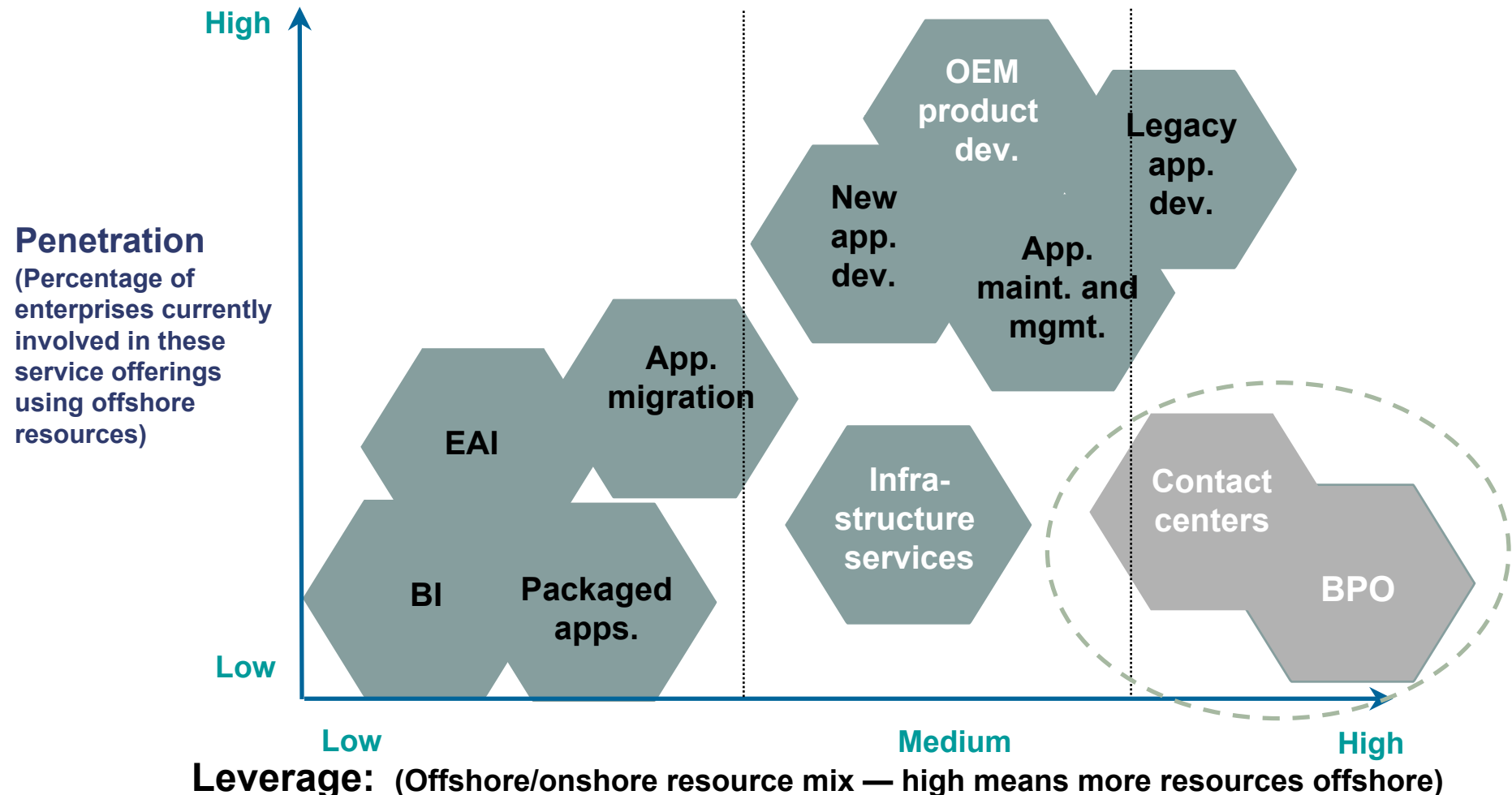
Cons

- They cost too much
- They don't understand my company's unique processes
- We will never be able to re-insource
- The quality of service will decrease over time

BPO : Multiple types, multiple approaches



Appeal of offshore



Making the economics work: Leveraging a global delivery model



Nearshore:
Canada

Offshore:
Ireland

Offshore:
Eastern Europe

Onsite/Offsite

Nearshore:
Mexico

Nearshore:
Jamaica

Offshore:
India

Offshore:
Philippines

Nearshore:

- Easier travel
- Cultural similarities
- Time zone

Offshore:

- Lower costs
- Time to market
- Resources
- Quality

 Longer-Term Prospects

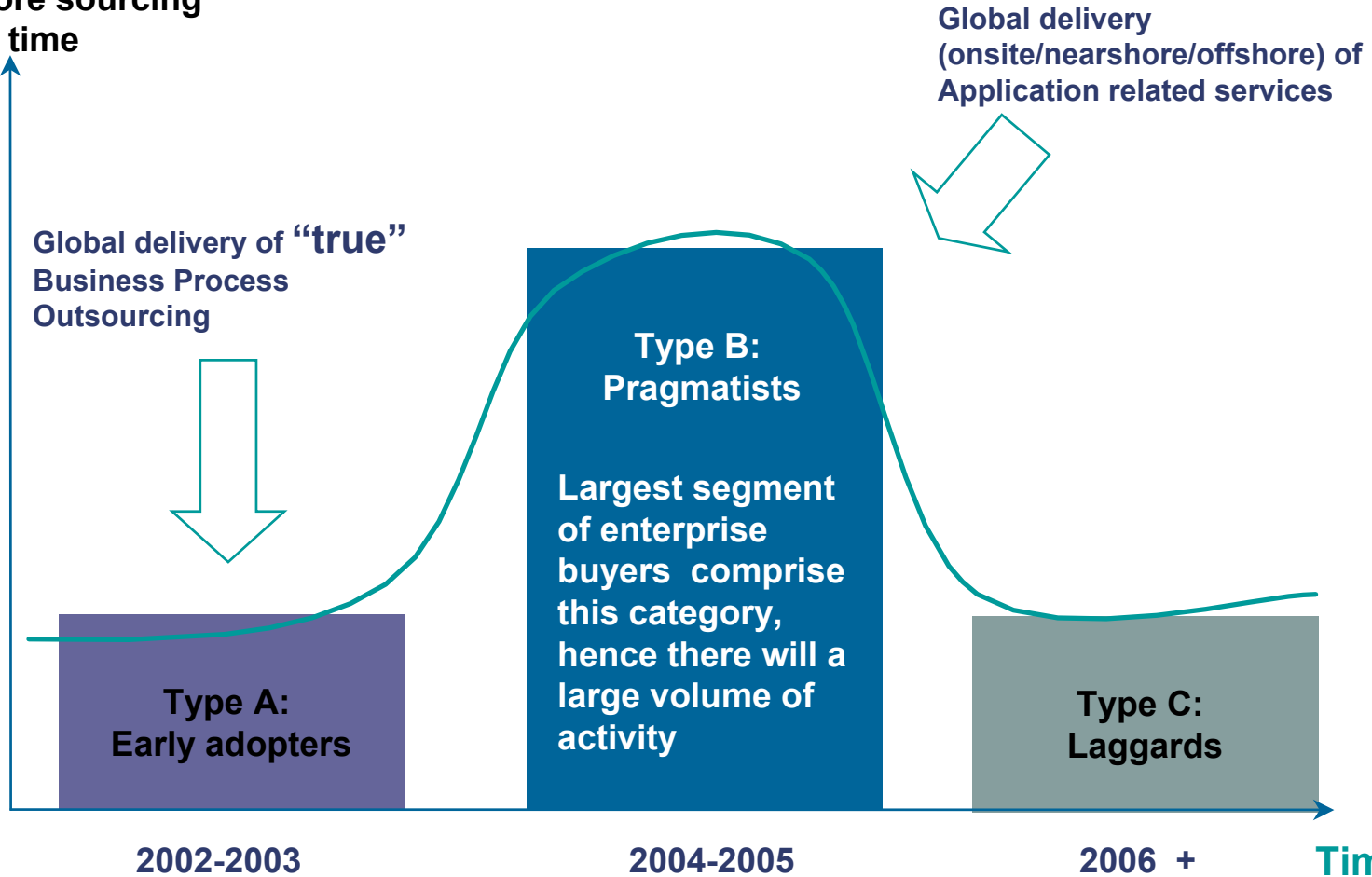
 Current Priorities

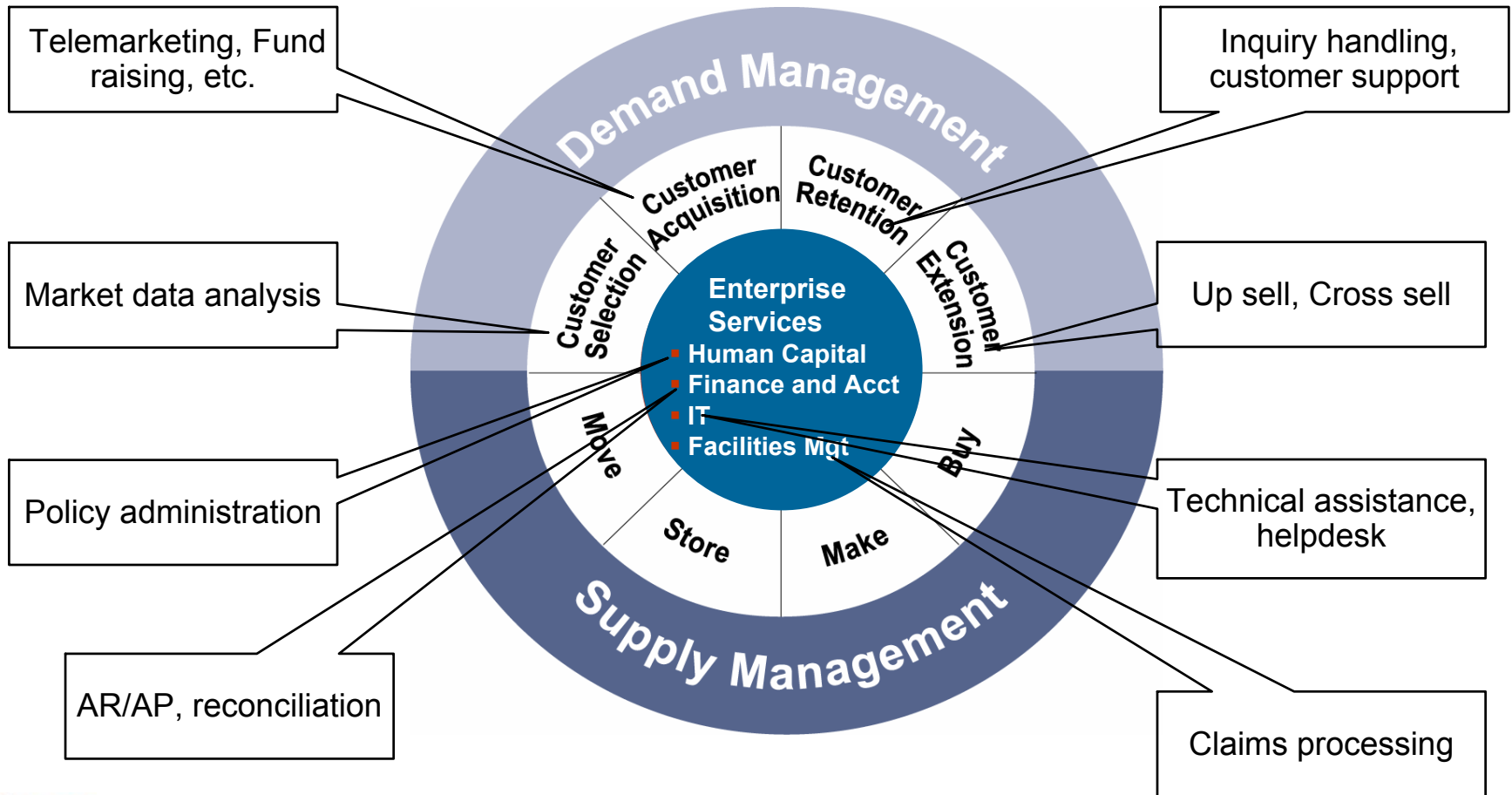
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Offshore BPO - Still not mainstream

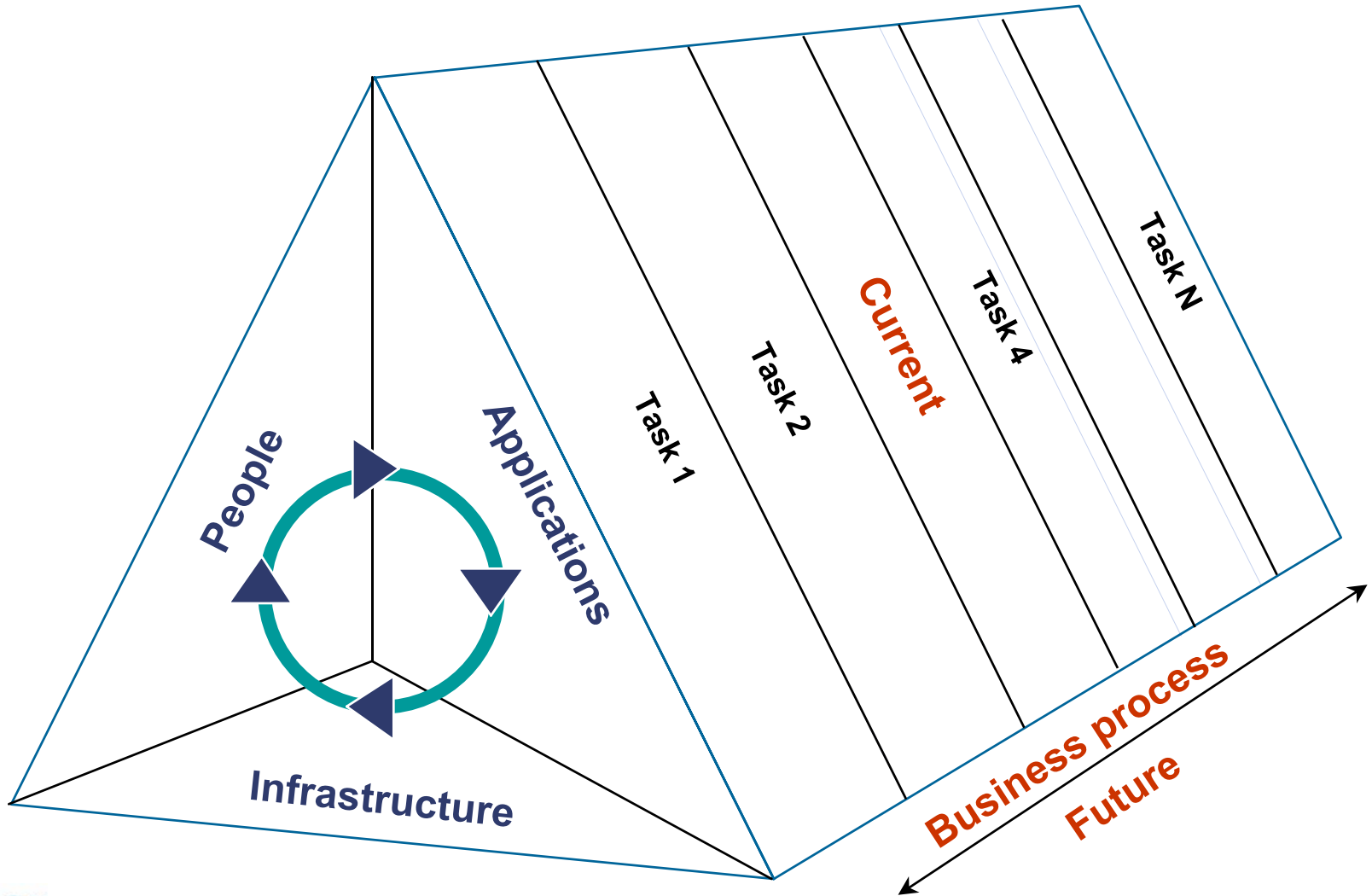


Number of enterprises using offshore sourcing for the first time





Out-tasking vs. outsourcing



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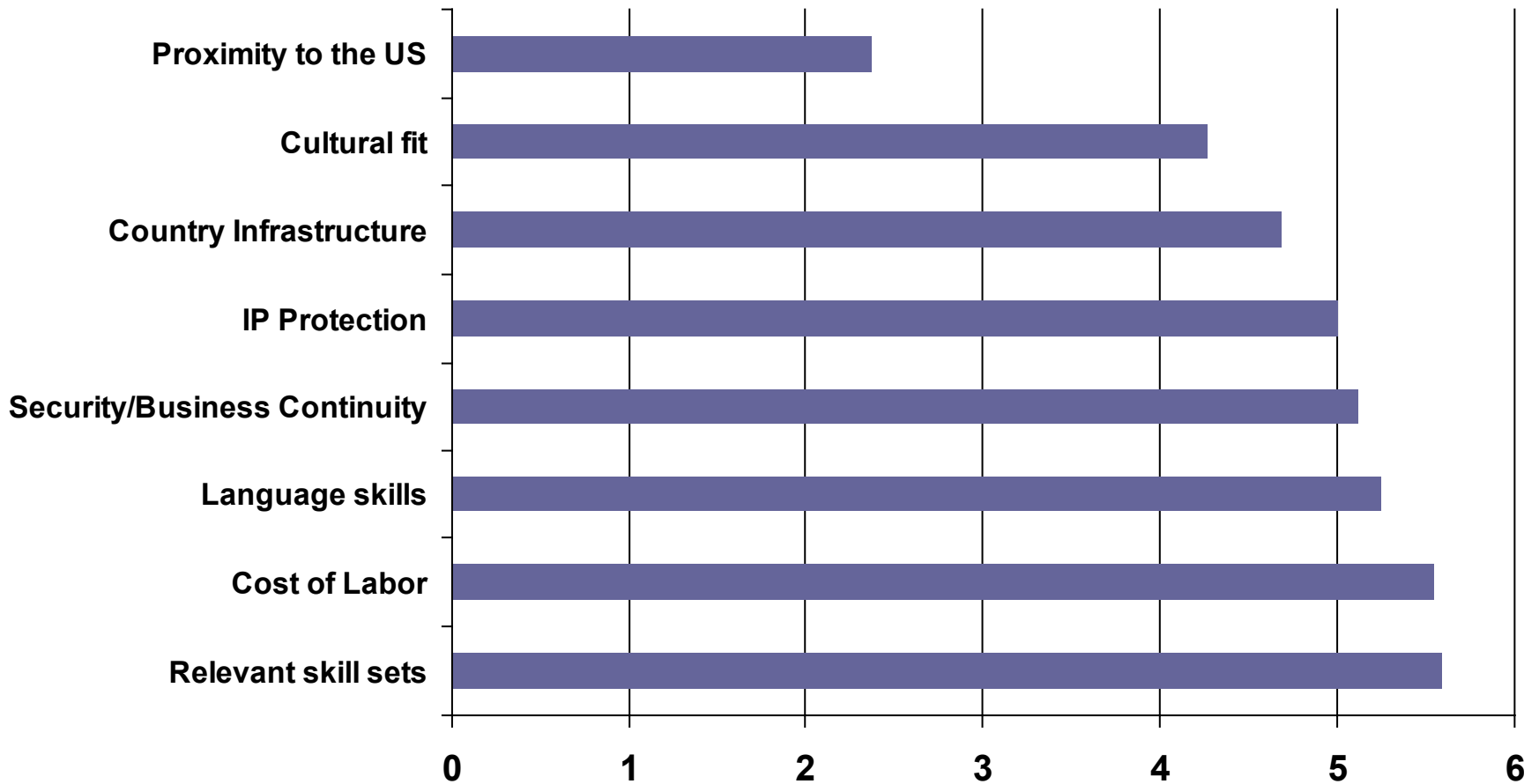
Offshore BPO provider categories



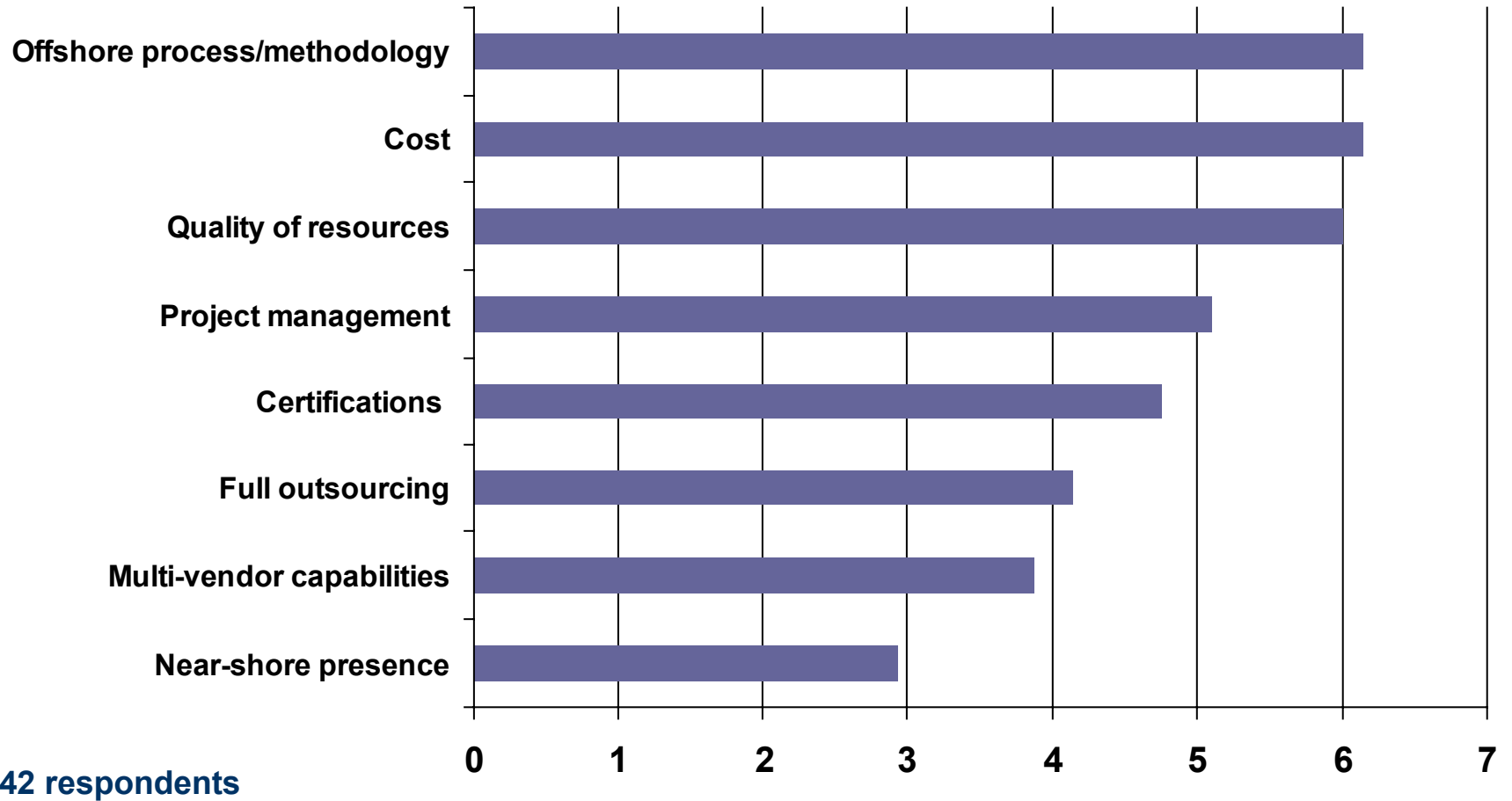
Type of supplier	Supplier name
Internal back-office Centers	GECIS, Amex, World Bank
Offshore IT services	Infosys (Progeon), Wipro (Spectramind), HCL Technologies (e-Serve), Satyam, TCS, Patni
Offshore contact center specialists	Daksh, 24/7, Transworks, eServe, Vcustomer, C3, e-Telecare
Vertical and back-office specialists	eFunds, EXLService, OPI, Vision HealthSource, ICICI OneSource, WNS
US consultants and IT services	ACS, CSC, EDS, Accenture, Exult
US contact center specialists	Convergys, Spherion, Stream, Sitel, TeleTech, ICT Group, Sykes

Vendor category	Competitive advantage	Weaknesses
Internal back-office centers	<ul style="list-style-type: none"> ▪ Process expertise ▪ Years of experience ▪ Industry/process skill 	<ul style="list-style-type: none"> ▪ No external market experience ▪ Lack of IT integration capabilities ▪ Lack of cross-industry models
IT service providers	<ul style="list-style-type: none"> ▪ IT processing power ▪ BPR and IT integration skills ▪ Presence in the US market 	<ul style="list-style-type: none"> ▪ Lack of reference accounts for BPO ▪ Sales focused on IT department ▪ Project-based focus
Contact center specialists	<ul style="list-style-type: none"> ▪ Existing facilities ▪ Operational expertise ▪ Existing reference accounts 	<ul style="list-style-type: none"> ▪ Lack of back-office expertise ▪ Lack of IT integration capabilities ▪ Lack of senior project managers
Pure-plays	<ul style="list-style-type: none"> ▪ Industry/process skill ▪ Dedication to BPO model ▪ Flexibility 	<ul style="list-style-type: none"> ▪ Branding ▪ Limited US presence ▪ Scalability

Country selection criteria for offshore sourcing



Company selection criteria for offshore sourcing



Strengths

- High quality technical skills
- Reference clients - measurable results
- English language
- Business intelligence
- Non-disruptive approach to existing processes

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- Change management capabilities
- Lack of global footprint
- UK-centric approach
- Underutilized infrastructure

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- Increase in attrition
- Social resistance in client countries
- Competition from other English-speaking locations

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Opportunities

- Leverage existing infrastructure
- Global strategy
- Indirect channels
- Attract US and European service providers
- Develop new HR strategies
- Focus on communication as a core competency

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Insource vs. outsource decision process

What should be done internally vs. outsourced?

What are our core competencies?

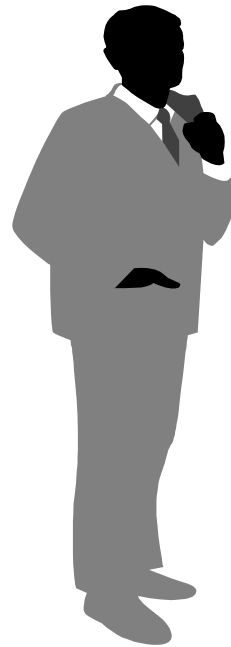
What functions are strategic?

What are the current operations services?

What are my current costs?

What operations and management tasks remain?

How agile will my business be?

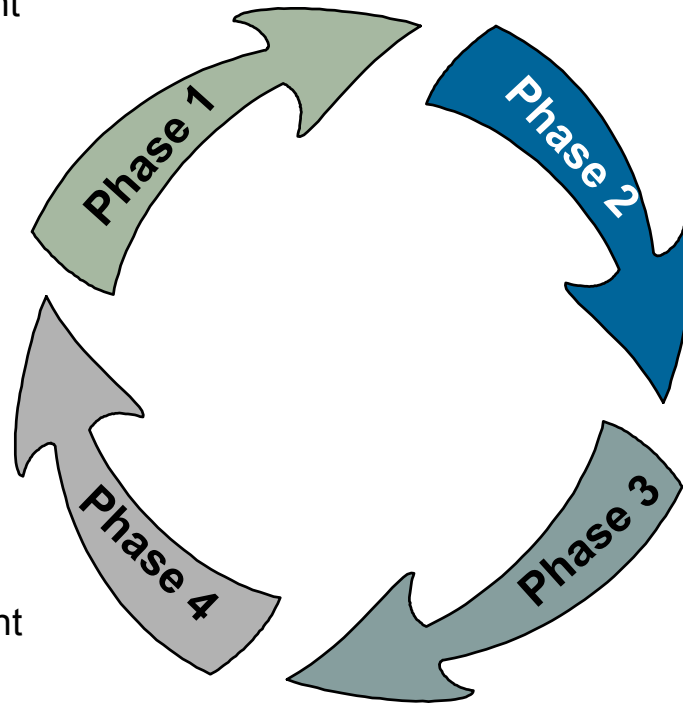


Sourcing strategy

- Alignment
- Organization assessment
- Core competencies
- Market scan
- Make-or-buy decisions
- Risk analysis

Sourcing management

- Relationship
- Performance assessment
- Goals: reach business objectives, efficiency, quality, innovation
- Transition



Evaluation and selection

- Identification
- Criteria development
- Organization fit
- Selection process
- Partnership opportunities

Contract development

- Governance model
- Metrics
- Payment models
- Terms and conditions
- Provision for changes

Internal metrics

The typical distributed environment makes it difficult to accurately define existing baselines; transition issues

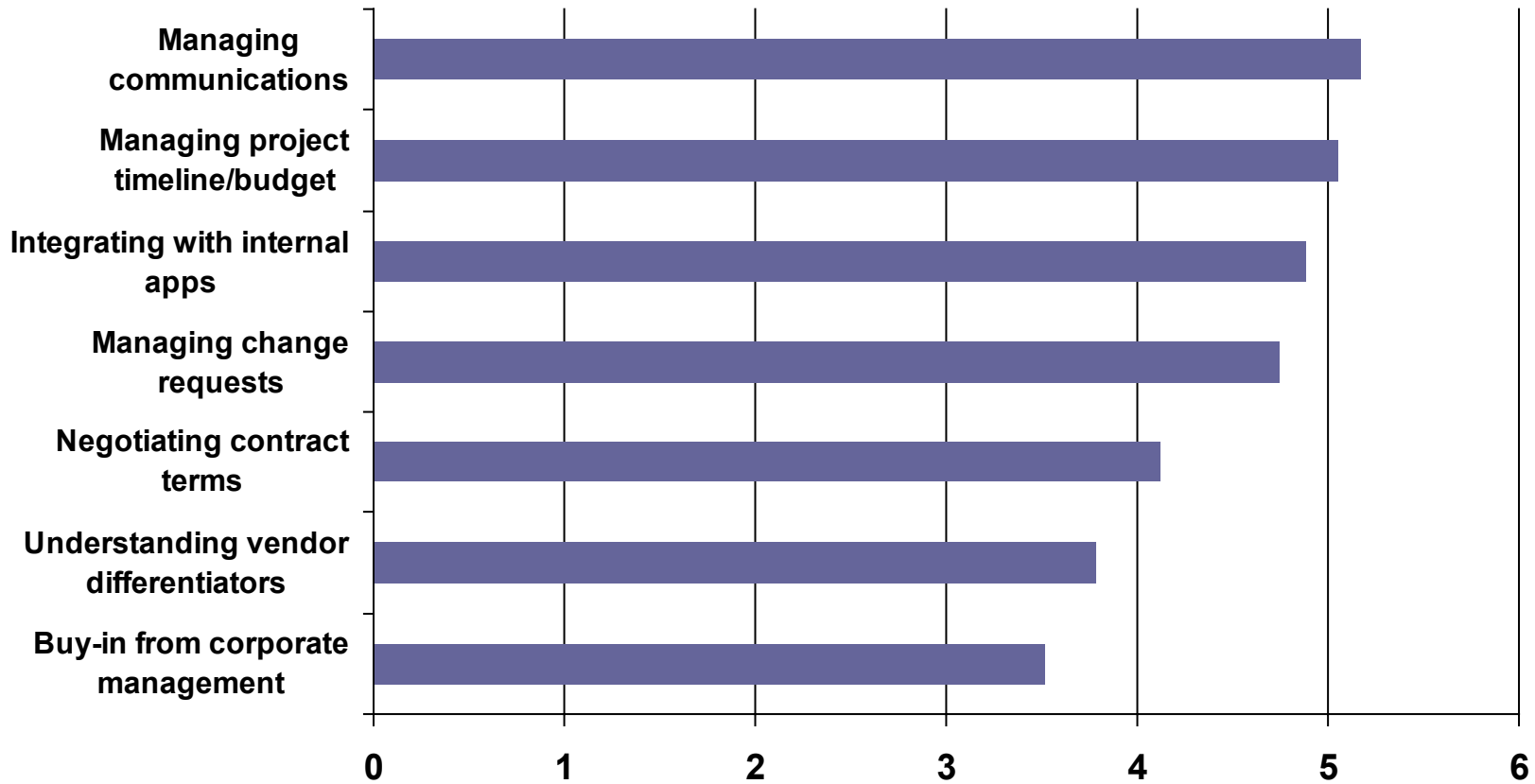
Vendor selection

No one provider can offer a single aggregated solution that has been market tested; complexity in comparing offerings

Contracting

Process complexity and multiple custom contracting vehicles; need to evaluate the one or many provider approach

Top challenges in offshore sourcing



42 respondents

- Immaturity of US and European BPO demand
- Low level of confidence on security issues
- Business-centric demand vs. technical-centric supply
- Complexity of BPO delivery structure
- Importance of change management issues



**“Our employees
are our greatest assets.
I say we sell them.”**

Employee flight

- Loss of top performers
- Deal-breaker
- Intellectual capital

Malaise and low morale

- Cultural breakdown
- Negative reputation
- Productivity loss
- Little motivation

Activism

- Negative publicity
- Sabotage of projects
- “Network armies”

Benefits

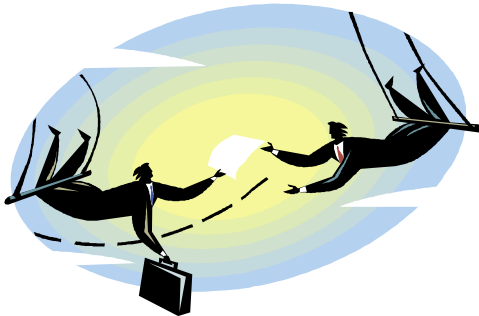
- Economies of Scale
- Economies of Scope
- Economies of specialization

Cost

- Transaction costs
- Information asymmetry costs
- Dependency costs
- Knowledge transfer costs
- IP protection

Cost mitigation

- Seek proven referenced
- Maintain contractual flexibility
- Build solid governance structure
- Encourage smart use of IT
- In BPO (BPM, EAI, Web services)



Create the governance model

Choose the overall governance model:

- Choose a partnering or contractor relationship.

Determine the joint organization:

- Identify the champions, “evangelists,” subject matter experts (SMEs), change leaders.
- Involve vendor(s) with some of the softer aspects, such as change management.
- Identify and select the ESP team members to work with your team.
- Feel free to choose these people yourself to give you a comfort level.
- Gain support of outsourcing staff — they must be enthusiastic.
- Reconcile your processes and culture with the outsourcing vendors.

Keep vendor employees motivated and stimulated:

- Their buy-in is key to your success!



- Every sourcing strategy has limitations and risks. You must recognize, plan and manage the unique requirements of offshore BPO sourcing.
- Differentiate between unique offshore issues and pure outsourcing ones.
- Build meaningful plans for communication and clearly define options for employees affected by outsourcing



The only thing more powerful than a great idea,
is a great idea powerfully executed.
- William Blake

Case studies: Offshoring BPO

Presented by: Sanjay Joshi

Vice Chairman

Wipro Spectramind

Date : 26thth June, 2003

Client situation

- The client's basic need was to improve service levels for support of PC products and peripherals.
- Client's products were supported by third party providers in the US.
- There was also a need to reduce contact costs at least by 30%.
- Improving first time resolution was a critical SLA requirement.
- Client already had off shored into Ireland – India and Philippines were considered as the next destinations.

Our solution

- After an exhaustive due diligence, the client chose India and us as the partner to pilot.
- Initially, e-mail support was chosen as the channel – since the client had misgivings on voice quality from India.
- Recommended a pilot with voice and email – which the client agreed to.
- Performed an onsite analysis to firm up the schedules and plans.

Transition

- The Transition team visited the client sites for a duration of 3 weeks.
- Mapped the existing processes and reviewed the documentation available.
- People profile was identified and Training needs chalked out.
- Technology was tested and connectivity was established.
- Pilot for both voice and email was kicked off within 90 days of transition from our Delhi center.

Operations

- We have ramped up by 30X from the pilot stage.
- Mumbai was added as an additional site.
- Service windows expanded to 24*7
- Today, we provide Technical support (L1-L2) and problem resolution for retail and SME customers for desktops, portables and peripherals.

Impact

- The scope of work has increased from one division to multiple divisions in the company.
- #1 in FTR SLA world-wide across call contact centers of the customer.
Target: 72%
Achievement: 85%
- C-Sat rating
Target: 85%
Achievement: 90%

Client situation

- The client operates 20 call centers worldwide with 11 in the U.S and nine outside.
- These centers are strategically located around the world to maximize efficiency and ensure higher service levels to their customers.
- 6500 call center representatives handled more than 91 million customers
- Focus on improving customer experience and reducing costs of running a widespread network, they outsourced select reservation processes.

Our solution

- Used a structured training methodology to transition key business process.
- The transition of these processes ensured 24X7 services.
- Specific techniques such as dialogue modeling acquired during training assists efficient customer handling.
- These techniques are adhering to all the guidelines of the U.S Department of Transportation.

Transition

- A cross functional team of Subject Matter Experts (SME's) was sent to clients – onsite.
- The SME's conducted a detailed study of existing process to understand, validate and adapt existing process to make them remote compatible.
- Transitioned the process offshore using the Transition Tool Kit.
- Client's trainers traveled to India to train the first batch of Technical Support Engineers (TSE's).

Operations

- Connectivity with client system established through dedicated Voice and Data T1 connection at Mumbai.
- Service windows expanded to 24*7.
- Operations team has the overall responsibility of maintaining SLA's, quality metrics, resource planning and operational issues.
- Team size of 350 FTE's.

Impact

- End Customer Satisfaction
- Decreased average handle time by 18%
- Improved Process
- Consistently outperformed the client defined SLA's for the "quality of call handling"
- Cost Saving
- For Phase 1, an initial customer service cost saving of US\$12-15 Million per annum has been projected over a 2 year period

Client situation

- The UK Insurance market is dynamic with immense pressure on the companies to increase their market share, revenues besides being mindful of the price war and pressure from reinsurance companies and the govt. regulations.
- To quickly identify an outsourcing organization, which can take on tasks of underwriting and policy generation and help the UK insurance company to focus more on marketing and sales of their products and help them become price competitive.

Our solution

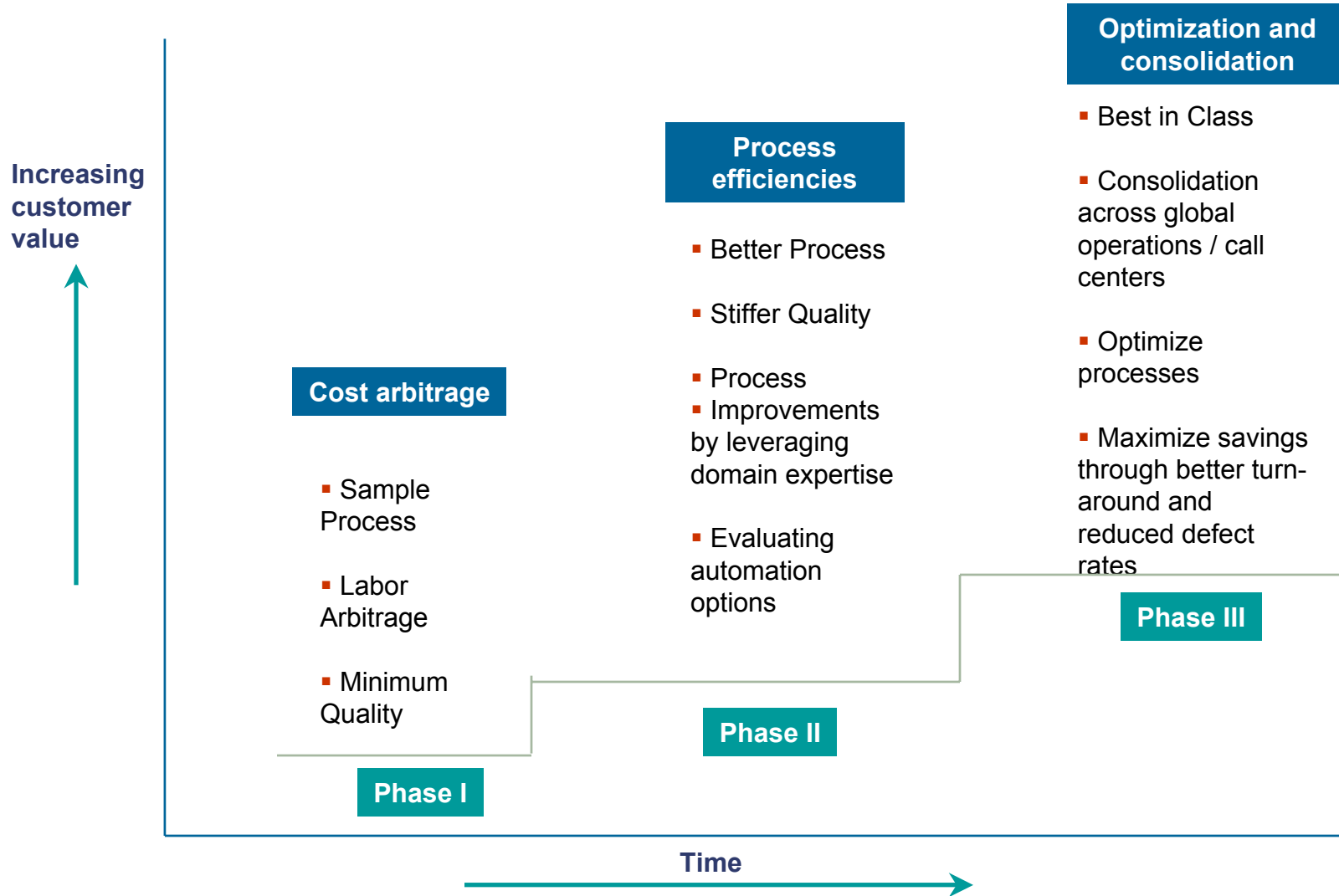
- Wipro Spectramind solution built around:
 - ability to identify and train the resources
 - technological capabilities
 - ability to scale up
 - establishing detailed process metrics and baselines
- Detailed risk mitigation strategy worked out with the client

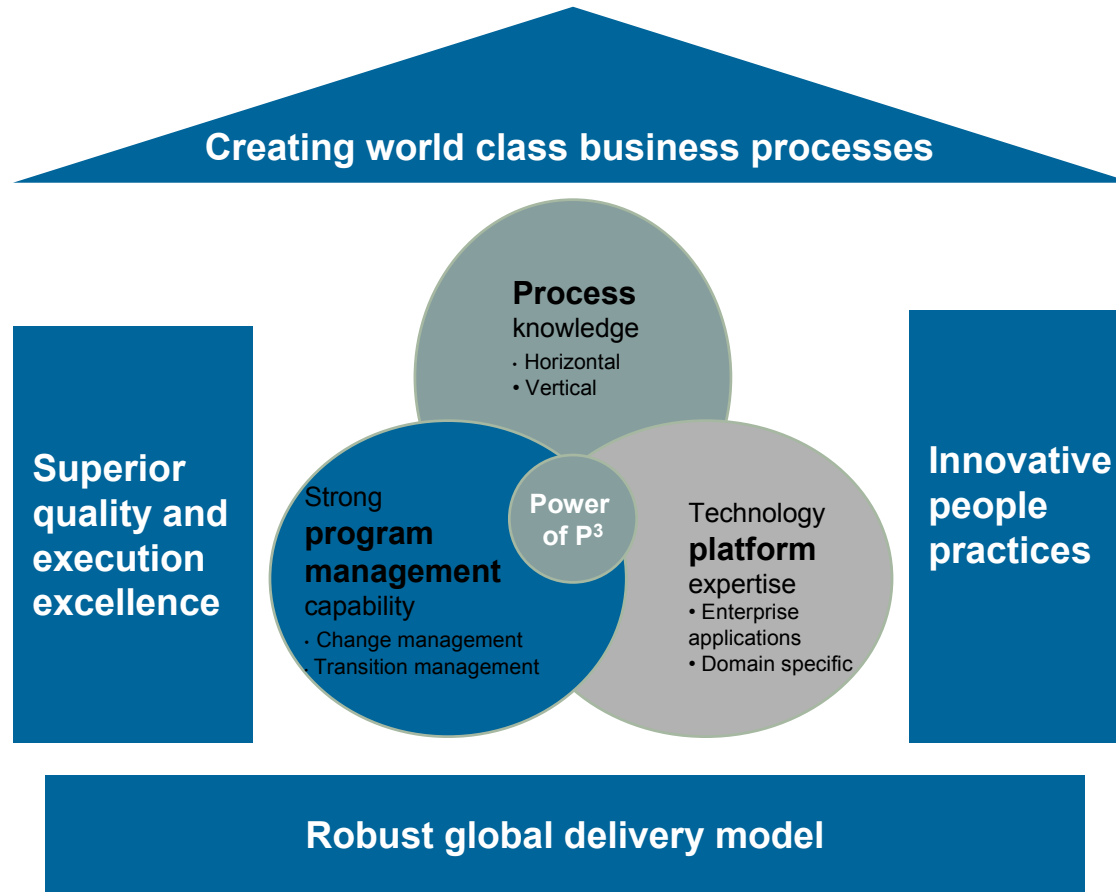
Operations

- Started with pilot of 70 FTEs for:
 - Initial underwriting
 - Senior underwriting
 - Data capturing of Life Policies
- Critical performance management measures taken – corrective actions and weekly stack rankings
- WSM performed better on all parameters for Indexing, data Capture, Initial and Senior underwriting

Impact

- Client has achieved cost efficiencies and flexibility; thereby in a position to offer better price in their market due to increase in margins
- Client would be in a better position to focus on direct marketing and product development
- Faster time-to-market
- Reduced operating risks
- Client has released the success of the project and is ramping up to 250 FTEs





- Operational benefits**
- Meeting & exceeding
 - Critical performance
 - Measures/ SLA's

- People benefits**
- Higher customer/ employee satisfaction scores for clients
 - Better talent mgmt.(e.g. low attrition, higher skills upgrade)

- Economic benefits**
- Significant cost savings to clients
 - Incremental revenue at lower cost (e.g. telesales)

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