

# Outsourcing Yearbook 2014

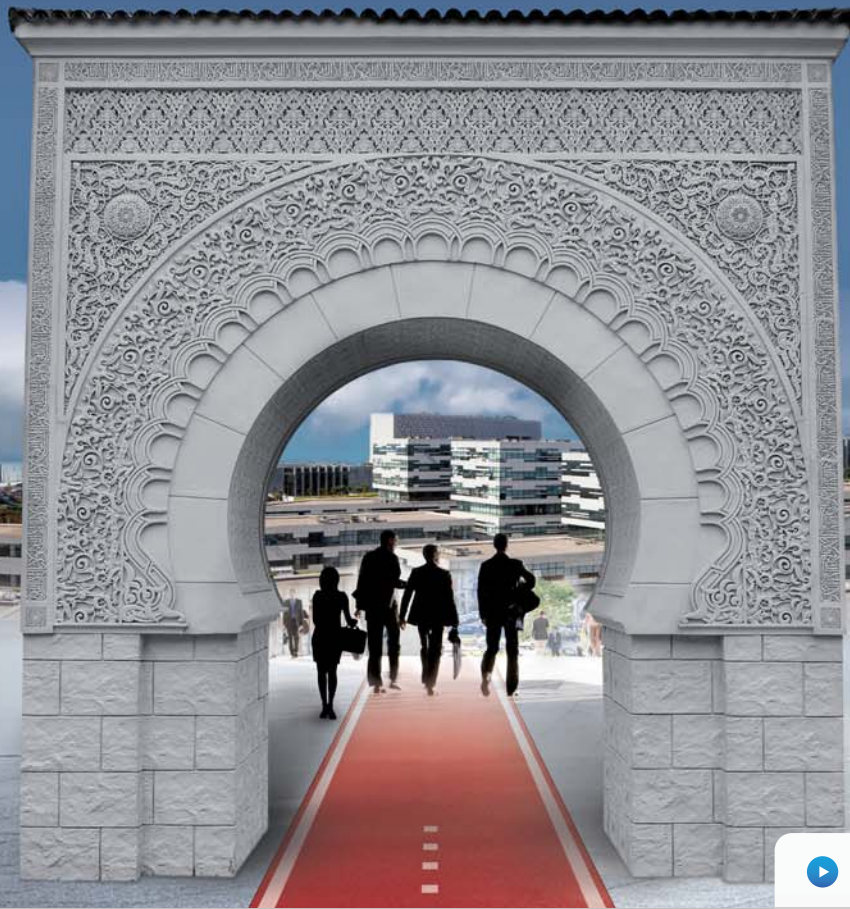
CONTAINING THE OFFICIAL  
NOA'S SUPPLIER DIRECTORY



MOROCCO BEST OUTSOURCING DESTINATION



## MEDITERRANEAN HOSPITALITY FOR HIGH PERFORMING BUSINESS SERVICES



▶ CASANEARSHORE

▶ FES SHORE

▶ TECHNOLIS  
RABAT

▶ OUJDA SHORE

### MOROCCO WELCOMES YOU IN FOUR SSC/BPO/ITO BUSINESS PARKS

Named « best destination of the year » by the European Outsourcing Association, Morocco and MedZ Sourcing are the Nearshore choice for high performing corporate shared service centres and outsourcing. Combined with Morocco's scalable, quality workforce, MedZ Sourcing delivers World-class infrastructures and bespoke services across its four business parks dedicated to shared services and outsourcing.

The expert for one-stop business hospitality, MedZ Sourcing creates the enabling environment connecting our clients with essential support, key institutions, national and international leaders in the SSC/BPO/ITO sector. Our complete business solutions have already attracted market leaders including



[www.medz-sourcing.com](http://www.medz-sourcing.com)

# Contents

## In the 2014 Yearbook.....

### Analysts' Views and Trends

- P 6** 5 leading analyst firms tell us what they think the outsourcing industry has in store:
- P 8** ISG says big isn't always beautiful
- P 9** Avasant shares seven key areas to watch
- P 11** Europe is on the rebound according to HfS
- P 15** NelsonHall keeps an eye on BPO
- P 18** IDC keeps its finger on the outsourcing pulse

### Features

- P 20** Focus on Innovation – that old chestnut, or is it? IBM's Chief Innovation Officer and NOA Council Member Tony Morgan and Professor Ilan Oshri explore what innovation really means in 2014.
- P 28** Improving Outsourcing performance – Op2i's Bharat Vagadia talks compliance and maturity in outsourcing

### Global Destination Watch

- P 30** Outsourcing Yearbook reviews interesting destinations – new and old - with the spotlight on: South Africa, Fiji, Latvia, Serbia and Sri Lanka

### Outsourcing Works

- P 42** These case studies detail outsourcing in practice. Industry professionals share their insights and tips for outsourcing success:
- P 44** Lauren Tennant details the all new IT Supplier Alliance put in place at the National Trust
- P 50** Derek Parlour uses multi-sourcing in the cloud to keep National Rail Enquiries on track
- P 54** EE's James Cuthell shares learning from his NOA Diploma, warning green KPIs can really mean "code-red"

### Views from the top

- P 60** The great and the good of the outsourcing industry share their opinions and insights with a view to driving the industry further forward

### Outsourcing Directory

- P 70** For your up-to-date who's who in the outsourcing industry

Published by EOA Ltd in association with the National Outsourcing Association and [www.sourcingfocus.com](http://www.sourcingfocus.com).

44 Wardour Street, London W1D 6QZ

#### Editorial:

Rupert Hodgson, Glenn Hickling

#### Business Development:

Natalie Milsom

#### Outsourcing Directory:

Aine McEvoy

#### Creative and Design:

The Ark Design Consultancy Limited

#### Images:

[www.123rf.com](http://www.123rf.com)

#### Print:

Tyson Press

Many thanks to all our sponsors and contributors.

©EOA Ltd. All rights reserved.

## Welcome from the CEO

Welcome to our 2014 Yearbook. This issue is again full of views and experiences from the great and good of the outsourcing industry. It also contains a print version of the NOA's all new Suppliers Directory.

### **Motivations for outsourcing are changing**

One of the most positive trends for outsourcing in 2014 is the idea catching on that specialist partners can contribute much more than cost savings. Of course, the desire to save money is human nature, particularly with the global recession fresh in all our memories. Buyers still want it cheaper than they can do it themselves, but they want their investments to work harder and deliver more value than ever before. Which goes way beyond cost savings: buyers are now outsourcing for access to stronger skills, improved processes and new technologies. Many see partnering as the quickest route to genuine game-changing innovation that will give them an edge over their competition.

### **Outsourcing to outmanoeuvre the competition**

In the UK, the economy has finally moved onto an upswing, with many indicators now on/around par with pre-crisis levels. CFOs are feeling confident to spend again, with outsourcing no longer a purely defensive move but an aggressive one, as companies, especially mid-market players, seeking scalability, market penetration and growth.

Caution comes in the form of shorter term, flexible contracts that are easier to exit, for both parties. Perception-wise, suppliers can find that they are only as good as their last days' work, and buyers may have a roving eye and seek better ROI elsewhere. But outsourcing is a partnership and both partners have their role to fulfil: buyers must have a supportive, guiding hand in making the deal a success.

### **Skills is now a fashionable conversation**

The national media is only just coming to realise that a dreaded 'outsourcing failure' is not necessarily entirely the fault of the supplier, and placards bearing death threats to public sector contractors are not only in incredibly bad taste but myopic and reckless. Suppliers won't speak out, preferring to get hung out to dry in the media than risk losing other vital contracts. But the upshot is, skills in outsourcing is becoming a fashionable conversation.

### **Education, education and training**

The national recognition of supplier engagement/management as skills in themselves could prove a watershed moment for the professionalisation of our industry. Buyers and sellers both



**Kerry Hallard**

CEO, NOA

recognise the need for up-skilling and career progression - the most forward thinking companies are seeing the benefits of NOA outsourcing qualifications. Developing clear career paths that give practitioners a collective feeling of pride and belonging is the best way to bolster outsourcing's reputation, improving its marketability to stimulate exponential growth across all verticals.

### **Number one UK job provider**

Outsourcing is already the second biggest aggregate private sector employer in the UK, behind retail. But as consumer behaviour changes, with digital natives rejecting the high street in favour of app-enabled mobile shopping, in 10-20 years we could feasibly be number one. So now is the time to get into the mindset of multilateral professionalisation and up-skilling, readying the UK for an outsourcing growth spurt, in size and scope, as new business opportunities arise both locally and in the global marketplace.

### **Calling on the support of the industry**

All this sounds great, but what are we really doing about it? Well I'm delighted to report the NOA has a robust programme of activities to support the professionalisation of the industry and help move it to this number one slot. To name but a few:

- We are introducing a portfolio of new workshops to add to our programme of courses and qualifications at management level. We are also investigating an MBA in outsourcing
- We are introducing Level 2 qualifications for outsourcing service practitioners
- We are launching a buy-side accreditation scheme for performance against NOA Best Practice
- We are running employee satisfaction surveys across our supplier employee bases
- We are researching, publishing and generally doing all we can to promote professionalism in outsourcing
- We are launching a research and policy unit focused on developing evidence based outsourcing practice
- We are setting up a benchmarking special interest group

Please get involved by joining our existing programme of activities or suggesting new ones the industry can work on. After all, a better perceived and better performing outsourcing industry will deliver results for all within it. Be part of it.

I hope you enjoy the Yearbook and make contact soon.  
Best regards,

**Kerry Hallard**, CEO, NOA





# NOA Symposium

10th July 2014 • London



The NOA is the leading association serving both the outsourcing professional and the global outsourcing industry. The NOA Symposium is the largest conference in our calendar attracting outsourcing professionals which span the breadth of the outsourcing industry: buyers, suppliers and advisors.

Taking place on the same day as the European Outsourcing Association Awards (EOAAs), this year's NOA Symposium will feature highly interactive breakout sessions, key case studies and ample networking opportunities.

To register to attend or for sponsorship enquiries please contact the NOA Team on [admin@noa.co.uk](mailto:admin@noa.co.uk) or visit our website [www.noa.co.uk](http://www.noa.co.uk) for more information.

The outsourcing industry grew throughout 2013 and all indicators are there will be more growth in 2014, but what shape will that growth take and how sustainable is it? Outsourcing Yearbook sought the views of the great and the good of the outsourcing analyst community.





Analysts

# Views & trends



## 2013 Review/ 2014 Outlook

Following a fairly solid 2012 performance, the European outsourcing market spent much of 2013 in a state of flux. The first half of the year experienced relatively low levels of activity, but as confidence began to rise, more deals were awarded, resulting in an outstanding performance in the third quarter.

### Sourcing trends

One of the most interesting trends of this year has been the rise in small outsourcing deals, which are having an increasingly substantial effect on the market.

These smaller deals consistently accounted for more than half of the total ACV (actual contract value) signed in each quarter through 2013. To illustrate, in the third quarter, deals in our lower band accounted for €2.6 billion of the \$4.6 billion total ACV awarded.

The 323 deals in the under €40 million category awarded in the third quarter marked an increase in volume of one third year-on-year.

Big deals still matter though, with the third quarter seeing 10 mega-relationships awarded globally. Since 2010, only three other quarters have exceeded that 10 mega-relationship mark. As a business we have noticed more and more mega-relationships are due to restructurings, and of the 10 we saw this quarter, nine were restructuring. That represents a high we've never seen before. Fifteen of the 23 mega-relationships awarded to end of Q3 2013, a full 65%, are restructurings, compared to about 40% to 45% in prior years.

### ITO

The third quarter of 2013 saw a marked increase in the number of IT Outsourcing (ITO) contracts awarded in EMEA, reaching a record breaking 125 counts – the highest figure ever recorded by the Index and almost double the number awarded in the second quarter.

As a result, ACV also increased significantly – the €2.3 billion awarded was the second highest ITO ACV to be recorded in a quarter, and was up 177% over the relatively weak quarter that preceded it.

### BPO

Business Process Outsourcing (BPO) activity remained robust in 2013, although the absence of larger deals took its toll on overall ACV. However, contract counts continued to rise in EMEA throughout the year, reaching an impressive 51 contracts in the third quarter – the highest figure ever recorded.



**John Keppel**

Partner and President, ISG North Europe

Whereas ITO has been the mainstay of organisations looking to cut costs in a challenging business climate, EMEA companies are now looking beyond it to BPO value propositions, which can deliver a more profound business change. In 2014 we expect much of the same, with BPO activity likely to continue to rise.

### Public Sector

The public sector has recognised that best-of-breed providers offer specialist knowledge that can derive real value from outsourced services, value that wasn't possible with the single-provider mega-deals of the past. We're seeing real innovation in the Public Sector, and this vitality makes the public sector an exciting space to be involved in.

The UK has led the way in using outsourcing as one response to austerity measures. Yet while overall activity remains low, many European public sector organisations are starting to explore the use of outsourcing in their wider sourcing strategies and activity in some markets is slowly picking up.

With these programs continuing to be implemented across EMEA, the evaluation of innovative sourcing methods to achieve cost optimisation and reduce waste is likely to increase. Governments are increasingly turning to outsourcing because, despite pressure to control spending, they can't simply put infrastructure investments aside. Public sector outsourcing can help satisfy taxpayer demands for efficient, localised modern services without increasing costly bureaucracy, and this looks set to continue.

### The forward view

After 2013 saw a 18% increase in contract volumes but a 6% decrease in values compared to 2012, this confirmed that the conventional outsourcing model has well and truly shifted from mega-deals to increasing numbers of small deals. While larger contracts will continue to play a part, the use of multi-sourcing is set to become more widespread. As a result, service providers' successes over the next five years will depend on their ability to meet clients' changing needs.

Turning to 2014, we see strong public and private sector activity in the pipeline, and with the majority of organisations having an increased focus on efficiency, strong governance and value for money in their outsourced functions, we expect the trends of multi-sourcing and the SIAM (Service Integration and Management) model to accelerate in the coming months.



# Outsourcing Trends 2014: Seven key areas to watch

Year 2014 will witness outsourcing trends driven by the alignment of technology, operations and new business models to gain competitive advantage. It will be about new ways to outsource, new pricing models, new ways to manage deals, and a plethora of rich new services.

With the growing maturity of both buyers and sellers of services in the outsourcing market, the sector is undergoing changes to reflect the changing market dynamics. Catalyzed by fast-paced technology changes, the outsourcing marketplace is witnessing the implementation of innovative strategies, development of customized services and addressing new business niches. Traditional outsourcing models have been re-engineered to make way for new and innovative business models. The uncertain economic climate has also been a catalyst in germinating new ideas in the sector. Innovation and change in business and service delivery models is expected to gather steam during 2014 and the following seven key trends need to be monitored:

### **New global sourcing paradigm**

With the business environment being impacted by the new technology stack of social media, mobility, analytics and cloud services (SMAC), innovative IT and business strategies will be pursued which harness this force. Outsourcing of both IT infrastructure and applications will witness changes in delivery models initiated by SMAC to deliver better customer service experience. Buyers of outsourcing services will increasingly explore cloud-based services, not as an alternative but as an integral part of their sourcing strategy. Service providers will leverage SMAC as an opportunity to strengthen their service portfolio and as a service differentiator to gain market share from their competitors.



**Adrian Quayle**

Managing Partner Europe at Avasant .  
adrian.quayle@avasant.com



**Dr. Pradeep K. Mukherji**

President & Managing Partner APAC & Africa  
at Avasant. pk.mukherji@avasant.com

### **Being business process management (BPM) oriented**

The outsourcing industry is evolving from task oriented BPO services to a platform-centric and outcome-linked BPM (Business Process Management) model. With analytics and knowledge-centric services growing twice as fast as traditional horizontal services, these high value services will drive the future growth of outsourcing. Big data, social media, enterprise mobility, and new technology will drive demand for specialised services beyond the current horizontal and vertical specific offerings. The fine line between core and non-core processes will diminish even further, bringing further business processes under the sourcing ambit. Also, with increased automation of commodity services and limited solution differentiation at lower levels, innovation in improving business outcomes will play a critical role. These factors, coupled with increased adoption of Cloud-enabled Business Process as a Service (BPaaS) will further drive the shift of business organisations towards BPM approaches in 2014. BPM models will incorporate the disruptive forces from social media, analytics, mobility and cloud, which will directly impact business processes in 2014.

### **Rise of re-shoring and domestic sourcing**

Continued erosion of the financial advantages of offshore labour arbitrage, high attrition, political sensitivities and availability of relatively lower cost "Rural Shore" service providers, will result in a higher share of deals being either re-shored or outsourced domestically to lower cost regions in the fully developed economies. Not only are companies bringing back critical services and processes to their captive centres or onshore service providers, they are proactively looking at rural sourcing providers that can leverage low cost (tier 3 type) locations in the US and UK along with attractive tax incentives to offer

compelling services. Increased scrutiny on regulatory and data privacy issues, coupled with increased customer reaction to offshore customer support and availability of home or onshore options will make on-shoring a reality.

## Increased services transformation to MSM (Managed Service Model)

In 2013, Managed Services Models gained true acceptance as the way to ensure alignment of business objectives with sourcing outcomes. As firms develop mature outsourcing strategies, they are evolving their relationships with service providers beyond the traditional client-vendor relationship to that of a business partnership. Effectiveness of sourcing relationships is now increasingly measured by its impact on overall business related outcomes and not just on cost or efficiency improvements. Service providers are leveraging their domain expertise and use of tools and technologies to move from FTEs (full-time executives) or transaction based delivery models, to that of a Managed Services Model (MSM). As the vendor takes on end-to-end responsibilities including both delivery and management, the client organisation can fully focus on their core strategic initiatives. At the same time, with control of end-to-end processes, vendors are more independent and incentivised to drive process improvements, make strategic investments indirectly benefiting the client, as well as provide measurable gains to the client organisation under overarching SLAs. It is this alignment with end business outcomes and the ability of vendors to manage their margins, that will drive increased adoption of MSM in 2014.

## Vendor governance moves from an art to a science

Organisations have realised that the success of an outsourcing program lies largely on their vendor governance practices. While organisations can be tempted to reduce investments in this critical activity, there is a growing awareness that good governance can make or break a deal. Up to 15% of the outsourcing contract value can be lost due to the lack of, or mismanaged, vendor governance. Understanding and adequately enforcing key aspects of vendor governance will significantly reduce risks emerging from geographical, financial, regulatory, and operational factors. Effective governance can stop value leakage and improve outcomes, especially in a managed service environment. In 2014, companies will increase their investment in managed governance services and automated governance tools.

## Concern on data security

With disruptive forces impacting business processes and the rise of unstructured data from social, mobile and operational

processes, security of sensitive business data is an area of concern for enterprises, which demands huge investments for data protection. Cloud computing along with the rise of Bring Your Own Device (BYOD) and Bring Your Own App (BYOA) would continue to challenge outsourcing organisations in 2014. Threat to enterprise sensitive data will necessitate the adoption of formulated data security policies and monitoring security breaches. Regulated use of smart phones, tablets, other corporate assets and stricter data security policies enforcement will be major thrust areas. Enterprises are expected to increase the budget allocation to manage data security threats effectively by outsourcing security monitoring services. The demands for deployment of new technology to enhance security will reinforce the need for continuous business architectural redesign.

## Innovation will earn its stripes

After years of hearing about innovation and all too familiar slide-ware from providers, buyers of services will begin to see some practical and measurable innovation linked deals. Whether its use of technology to reduce head-count and improve processes or co-creation of new products/services to go to market, innovation has never seemed so real. Providers are investing in innovation and the results are evident in the market. Customers have become more demanding and are making decisions not only on price and capabilities, but also on the ability of the provider to leverage innovation. However, the jury is still out on the question of implementation of innovation. It will take a year or two before we can assess if the promised innovation is actually delivering the stated benefits and living up to the customer's expectations. Embedding innovation within deals and mapping business needs with sourcing outcomes will be the winning "mantra" in 2014.





**Jamie Snowdon**  
EVP Data Solutions, HfS Research



**Mike Friend**  
Vice President Europe, HfS Research

# European outsourcing market to experience rebound in 2014



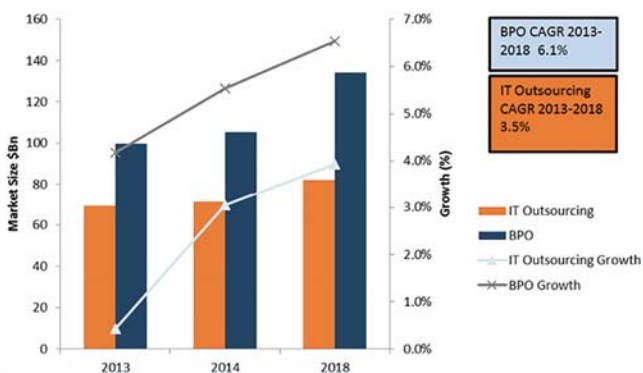


## The details

The European IT and business service markets have been in an almost constant state of flux since the 2009 recession, with even the slight upturn in 2011 failing to deliver a sustained recovery, as austerity measures, sovereign debt and financial crisis impacted on government and commercial spending. That however seems to be about to change. In Europe, GDP growth is forecast to gradually gather pace, growing 1.4 % in the EU and 1.1 % in the Euro Zone in 2014 (1.9 % and 1.7 % in 2015). According to the ONS (Office for National Statistics), in 2013 the UK economy showed its strongest growth since 2007. Given what has gone before, that is welcome news indeed. Of course, these forecasts have a habit of being revised up or down but HfS has detected other more encouraging signs in the market.

The first signs of a more sustained recovery started in 2013 and HfS' "State of Outsourcing" survey confirmed a greater desire on the part of buyers to consider outsourcing than in the previous two years. This did not translate immediately into new outsourcing deals until the second half 2013, where we registered additional contract signings, particularly in France, Germany, the Nordics and in Belgium. Whilst Government IT outsourcing remained flat across Europe, discretionary spend improved throughout the region and consulting and systems integration revenues both rose in both Q3 and Q4 of 2013. For the outsourcing industry this is an encouraging sign, since outsourcing spend typically rides on the coat tails of improving consulting spend. HfS' outlook for European ITO and BPO spend in 2014 is therefore markedly more confident than it has been for some time. Exhibit 1 shows European outsourcing market size and growth projections for 2013-2018.

**Exhibit 1 EMEA Outsourcing Markets 2013 - 2018**



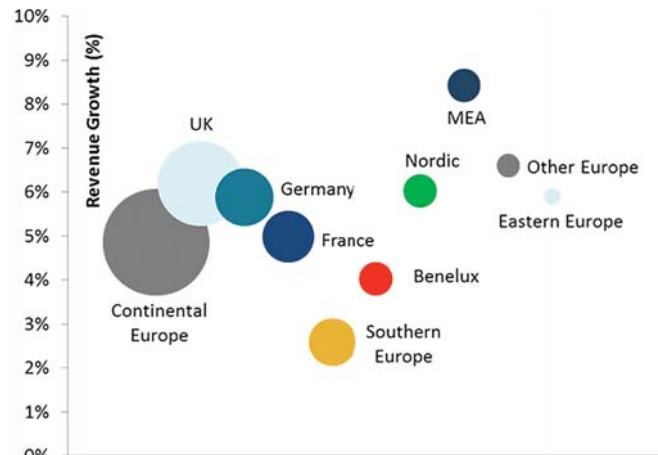
Source: HfS Research

At ~\$16bn, the UK is the largest IT Outsourcing market in Europe and growth is expected to be held at 3%. Contract signings have only just managed to keep pace with declining revenues as the larger legacy deals have shed costs over the

past 3 years and average deal sizes have shrunk. Additionally, the UK government, probably the biggest single buyer of IT outsourcing in Europe, is still facing severe austerity measures and an increasing institutional distrust of outsourcing – particularly from some of the large global outsourcers whose reputations have been tarnished by the very public failures of large-scale outsourcing and big bang projects with UK government. However, European IT outsourcing growth of 3.5% over the forecast period will be driven by the Nordics (+4.3%) and stronger performance in Germany and France as the economy starts to recover and Indian offshore providers consolidate their positions in these markets. Recent examples include Wipro's \$125m multi-year ADM (application development and maintenance) contract with Deutsche Bank and TCS' ADM contract with Norway's largest financial services group, DNB.

The European BPO market, having experienced a similar poor start to 2013, saw deal signings and spending improved in the second half of the year. Exhibit 2 shows HfS' forecast market growth for BPO across Europe.

**Exhibit 2 European BPO Growth in 2014**



The UK market is expected to be the fastest growing of the main European markets during 2014. This increased growth is being driven by both public and private sector organisations as they look to expand into new areas of outsourcing. In stark contrast to the IT market, public sector in the UK continues to spend on BPO and we expect interest in some new areas such as police admin and welfare admin to accelerate during the year. UK based BPO company Capita saw strong deal performance in 2013, including a 10-year £1.2bn CMS (Customer Management Services) BPO contract signed by Capita with Telefonica O2 in the UK.

Expectation for the rest of Europe is mixed. Of the other major BPO markets the Nordics market will remain the fastest growing, in particular in the manufacturing and high-Tech sectors which have witnessed significant levels of renewals and new contract signings for multi-process finance and accounting contracts. Examples of some of the most recent new contract awards have been Capgemini's 5-year contract with first time F&A outsourcer, Sandvik in Sweden; Genpact's 5-year FAO contract with UPM-Kymmene Corporation and Accenture's \$215m, 5-year multi-tower BPO contract with Telenor in Norway. The region has also seen long standing incumbents replaced by Indian offshore companies who have been prepared to aggressively target this region and expand their on-shore and near shore delivery capabilities accordingly. Other approaches have also been taken by offshore providers in order to establish a foothold in this growing market, including Cognizant's partnership with Visma Services to provide FAO services to Postnord.

“Discretionary spend is starting to recover across Europe in line with an overall recovery in the European economy.”

## **Analytics and cloud driving next wave of investments**

Growth in services has always been driven by innovation and disruption to the existing IT and business operations enterprise models, and the next few years encourages us, at HfS, to be cautiously optimistic, as we see maturing clients increase their focus on technology-based platforms and solutions that give rise to genuine spending on new services with the leading service providers. While the advent of the internet and its enablement of lower-cost global delivery drove the mega-growth of traditional services in the 90's and 2000's, it is the evolution to the cloud-based and analytics-driven enterprise that is fuelling the next wave of investments. Labour-arbitrage models cannot inexorably increase at the same growth levels – after 15 years, the same levels of investments are finally decreasing due to the commoditisation of the labour-arbitrage offshore model and the saturation of offshore IT services within the Global 2000.

To this end, HfS is predicting a modest growth increase in market performance in 2014 and beyond. Although the market is set to improve, the structural issues with the current market will take time to play out. There is still a plethora of long-term deals signed in the mid to late nineties that will be gradually displaced with leaner, agile and largely more platform-based / cloud orientation solutions that are tied less to labour-based

pricing and more to consumption and outcome-based approaches. However, this evolution will act as a drag on the market for at least the next three years as this transition occurs.

## **Five things that matter**

- Price pressure will continue to impact growth in the market as the price for like for like business falls due to reduced labour costs through offshoring, increased efficiency and automation. Cost of services will be inversely proportional to capability as tier one providers leverage their IP and highly automated service offerings to compete for new contracts, at the risk of cannibalising their own revenues.
- Discretionary spend is starting to recover across Europe in line with an overall recovery in the European economy. GDP growth is forecast to gradually gather pace, hitting 1.4 % in the EU and 1.1 % in the Euro Zone in 2014 (1.9 % and 1.7 % in 2015). According to the ONS, in 2013 the UK economy showed its strongest growth since 2007. After 24 months of slow and in some places declining spend on consulting and systems integration there are signs that growth is returning. With local providers starting to see revenues flatten and in some cases grow in constant currency, particularly in UK, Nordics, France and Germany. We expect to see a combination of projects that drive additional efficiencies and cost savings plus those in support of new technologies such as mobility and analytics.
- Local providers will struggle. Although there are key opportunities, particularly in smaller markets like the Nordics / Benelux for local providers to leverage market knowledge, without significant offshore capabilities these will continue to struggle. Partnerships such as those between Visma and Cognizant are increasingly likely.
- Expansion of offshore providers will continue. Offshores providers will continue to invest heavily in continental Europe, with Wipro having announced the addition of 500 FTEs in the Nordics alone over the coming 3 years and TCS' headcount in its Central European operations, which includes Germany and Austria, having now reached >4,000 FTEs. Offshore providers are also on the acquisition trail, seeking revenue-enhancing technology or consulting acquisitions as well as captives in the European market where these provide attractive client and market entry opportunities. Last year Cognizant acquired ValueSource NV, a subsidiary of Belgium-based bank and insurance group KBC, as part of a five-year contract with the group having already acquired six companies of the Germany-based C1 Group. More such deals are likely in 2014.

# Analysts' views and trends

• The competitive landscape for IT and business services is increasingly two tier – and not necessarily in terms of size or cost but in terms of agility and innovation. HfS argues that the segmentation that will play out long term will be defined by companies that react quickly to the changing market conditions whilst incorporating the low cost profile of the off-shore providers.

## What to watch

Major European IT and BPO deals will be wrestled from onshore incumbents by the large offshore providers as buyers across Europe recognise the ability of these firms to deliver both on cost and increasingly on business outcomes. This will impact all of the traditional onshore providers including some firms who were historically untouchable.

**Widening Gap.** HfS has recently commented on the challenges faced by the outsourcing industry in bridging the gap between “Lights on” and “Progressive outsourcing” (see “Innovating the Delivery Floor Model to Help “Cross the BPO Chasm”). However there is a significant and growing gap developing between the best practice achieved by captives and best practice that BPOs can achieve. At the heart of this lies the investment in technology that BPOs are prepared to make in order to be competitive and demonstrate specialisation. In addition, with BPOs effectively capping wage inflation by writing off COLA in outsourcing contracts, captives who are continuing to experience wage inflation of between 3-5% in on-shore delivery locations will only see this gap continue to rise. As that gap widens, so the pressure on CFOs will increase to justify maintaining a captive SSC rather than adopting a hybrid or full outsourcing model. Further contracts, involving the sale and transfer of captives to BPO providers is anticipated in 2014.

Furthermore disruptive technologies known collectively as social, mobility, analytics, and cloud (SMAC) are accelerating the pace of technology adoption and adaptation within organisations as they struggle to engage with their customers. Some like Amazon are there already and determined not to lie still. However, the convergence of digital and marketing will see a growing BPO opportunity in the European market as organisations seek to keep pace with technology adoption, channel communications and customer service. Market expectations for both IT and Business Process Outsourcing have shifted significantly since the mid-2000s, clients are starting to look at their business services units as a business rather than a cost centre. This is changing the cost dynamic in outsourcing with cost savings a given, and clients demanding that outsourcers offer standardisation, greater depth of industry expertise, more governance support, more automation and utilise better and more accessible technology than in the past.

We expect the market for professional services to improve the most in 2014, after the declines and flat performance across Europe in 2012 and 2013. We expect this to bring respite to outsourcers as purse strings on discretionary spend loosen further they are likely to benefit as their clients spend on new initiatives. Additionally, large outsourcing projects, and spending, tends to follow increased investment on consulting by the market. Overall 2014 is set to be more positive than 2013, but the market remains uncertain as economies continue to recover whilst new technologies and delivery paradigms play out.

<sup>1</sup>: <http://www.hfsresearch.com/innovating-the-delivery-floor-model-to-help----cross-the-bpo-chasm>





## BPO Trends in 2014



**John Willmott**  
Managing Director, NelsonHall

1. BPO will increasingly contribute to the “C-level” vision and not just fine-tune operations
2. BPO will increasingly morph into “business services”
3. BPO governance will become more partnership-oriented as BPO is incorporated within client Global Business Services organisations
4. BPO will necessitate wider country coverage
5. Cost will remain “king” with pricing becoming more transactional in nature
6. Vendors will build labour arbitrage within labour arbitrage
7. Automation will be “front-of-mind” with buy-side organisations
8. Analytics will increasingly address business insight as well as process improvement
9. Web chat and social media will continue to increase in importance in support of CSAT and revenue uplift
10. There will be a resurgence in emphasis on front- and middle-office BPO

The principal trend for BPO in 2014 is the need to move beyond addressing short-term process excellence in the narrow context of the process outsourced and to provide a vision and a roadmap, and ongoing execution, in a wider business context. The need for external process expertise has always been a key driver for BPO as organisations have sought process excellence and standardisation alongside achievement of upper quartile cost performance. However, this need for external expertise has now moved beyond a short-term view of improved global process models, with organisations expecting vendors to lead with a long-term vision of how the outsourced process, whether finance & accounting, or HR, or elements of supply chain

management, or customer service, will contribute to the wider goals of the overall business within their industry. For example, recruitment process outsourcing should demonstrate how it can contribute to the wider talent management goals of the organisation including succession planning and performance management. Similarly F&A BPO should, for example, demonstrate how it contributes to more effective allocation of capital to value-creating opportunities or shareholder value creation. Supply chain management BPO should demonstrate, for example, how it contributes to increased customer retention and cross-selling to existing customers as well as improving joint innovation with suppliers. This need to demonstrate to ‘C-level Executives’ that they are being taken on a transformational journey that transcends the immediate process or sub-process being outsourced is also leading to a change in the service mix within BPO, with an increasing need for consulting and systems integration skills to be deployed in conjunction with operational delivery. Nonetheless, these consulting skills need to be routed in the capabilities of “operational consultants” with shop-floor level domain expertise and be less top-down than those found in traditional consulting organisations.

Successful BPO has always been about partnership and the ability of the client and service provider to work together. Nonetheless, this has traditionally remained something of an arm’s length relationship. This is now changing as major organisations increasingly establish internal Global Business Services organisations. Indeed one NelsonHall survey indicates that the proportion of major organisations implementing GBS will double between 2014 and 2016. Besides assisting in cost

reduction, the adoption of GBS operating structures will lead to improved control and change management and be more responsive to business change. In particular, GBS operating structures will lead to improved communication and more collaborative working, with the majority of major organisations adopting GBS also adopting a mixed economy for service delivery. Consequently, it is highly important for BPO vendors to adjust their governance models to assist organisations to achieve a step change in their KPIs by contributing to the process vision within a GBS environment.

The requirement for BPO country coverage is continuing to expand. Even where processes such as finance and accounting or HR have been widely standardised on a regional basis, there have typically been a wide range of countries that were too small to service within the framework used for the client's mainstream countries. These have traditionally been served by specialist or local vendors, often acting as subcontractors. However, the more mature BPO adopters have now moved beyond the standardisation of processes in their major countries and are seeking to apply standardised processes to the next level of geographies. This is increasingly being supported through SaaS-enabled services using software such as NetSuite and Microsoft Dynamics. However slimmed down processes and software are insufficient in themselves, vendors also need to demonstrate that they are "a safe pair of hands" and have thorough knowledge of the compliance requirements for each specific country.

Despite all the discussion of BPO being about wider business value, and it is, the ultimate metric for many BPO processes remains cost reduction, and many buyers will continue to judge vendors on their ability to deliver year-on-year cost reduction. At the same time, many organisations want to move from static fixed price and per FTE pricing and these will increasingly transition to a transactional pricing structure. While organisations are increasingly talking about outcome-based pricing, the majority of the reality behind "outcome-based pricing", once these models are deconstructed, will in 2014, as previously, continue to be a variant on transaction-based pricing.

Notwithstanding increasing use of automation and all the talk of non-linear costs and pricing, labour-arbitrage will continue to deliver the bulk of cost savings in 2014. Accordingly, while considerable marketing will be geared to automation, it will also be important for vendors to build labour-arbitrage into their existing labour arbitrage and continue to develop an n-tier location portfolio incorporating both lower cost onshore locations and lower cost offshore locations into their global delivery models. And these global delivery models must incorporate seamless interoperability and a strong business continuity component across centres.

Nonetheless, with many organisations having already derived

considerable cost benefit from low cost locations, buy-side organisations are now placing a higher than ever emphasis on process automation. While fears of wage inflation and unfavourable and volatile exchange rates have receded for the time being, buyers do worry about these factors and view automation as a means of risk mitigation against both these factors and staff turnover. Accordingly in 2014, buyers will increasingly prefer an automated approach over people-based service delivery. Indeed, new technologies such as robotics are increasing the perception that vendors should be able to help organisations to automate even if the means of automation is frequently unknown to their clients.

In 2014, the primary role of analytics will remain in support of process fine-tuning. However, analytics will increasingly provide wider business insight into customer and supplier behaviour and not just process optimisation support.

In customer service, web chat has been the fastest growing channel in 2012 and 2013 and this will continue in 2014, with the timely and informal nature of the channel lending it, if not to cost reduction, then definitely to enhanced CSAT and increased sales in support of online commerce. Social media has so far been a minor part of customer service, principally being used for offline customer insight and some brand protection.

However, social media agents are increasingly being used in support of sales in specialist areas of the retail industry and in 2014, the usage of social media agents will increase in support of sales outreach in a wider range of industries.

Overall, the adoption of BPO will accelerate in 2014. BPO has been through a period of relatively low growth during the downturn, with organisations unwilling to commit in a period of economic uncertainty. However, as demonstrated by NelsonHall's quarterly BPO Index, the level of BPO contract activity has steadily built during 2013, and BPO is entering 2014 with strong activity in Europe, growing activity in "growth markets" and some resurgence in the U.S. In particular, resurgence in the financial services sector, with capital markets firms increasingly looking for creative approaches from BPO vendors and contract activity once again increasing in retail banking, is driving a renewed focus on industry-specific BPO. This trend is being reinforced by increased emphasis on supply chain support within the manufacturing sector.

*NelsonHall is the leading global BPO and IT outsourcing analyst firm with onshore analysts based in the US, UK and Continental Europe.*

*Please read his article on "How BPO is morphing into business services" on page 65.*



National Outsourcing Association

# AWARDS

for Best Practice in Outsourcing

**London Marriott Hotel Grosvenor Square**

**Thursday 20th November 2014**

## ENTRIES OPEN

Now in its eleventh year, and firmly established as the awards all outsourcers want to win, the NOA Awards are now open for entries.

With a planned attendance of 500 guests, the glittering evening will provide an ideal setting to entertain and network with leading players from the industry, plus will take place in a brand new location; the 5-star London Marriott Hotel Grosvenor Square.

The winners represent the length and breadth of the outsourcing industry, from banking to telecoms, small companies to large, individuals and major corporates.

The NOAAs are completely independent, and as such they are the most highly respected and coveted awards within the outsourcing industry.

**There are 18 categories up for grabs and the deadline for entries is Friday 20th June 2014.**

For further information on how to enter please visit the NOA website

**[www.noa.co.uk](http://www.noa.co.uk)**



# IDC's Worldwide Outsourcing Services 2014 Top 10 Predictions

"2014 seems to be shaping up as the year in which the traditional outsourcers will need a dual strategy of protecting their installed customer base and deals while also elevating strategic investments in new delivery models from cloud services to platform-based capabilities that will require restructuring of existing business models, service portfolios and offerings, and talent," said David Tapper, VP, Outsourcing and Offshore Services, at IDC.

"However, the tension of buyers wanting more standardization and automation, the impact of which is using a new business model referred to as a 'utility,' against buyer need for more custom services, coupled with the more legacy brand as 'traditional' outsourcers, is creating a potential crisis of identity and the inability of providers to confuse inputs (core competencies) with outputs (e.g., goods and services). Consequently, ensuring success in pursuing investments in these areas will require a fundamental self-assessment of where these players should position themselves in today's rapidly changing business process and IT outsourcing services markets."

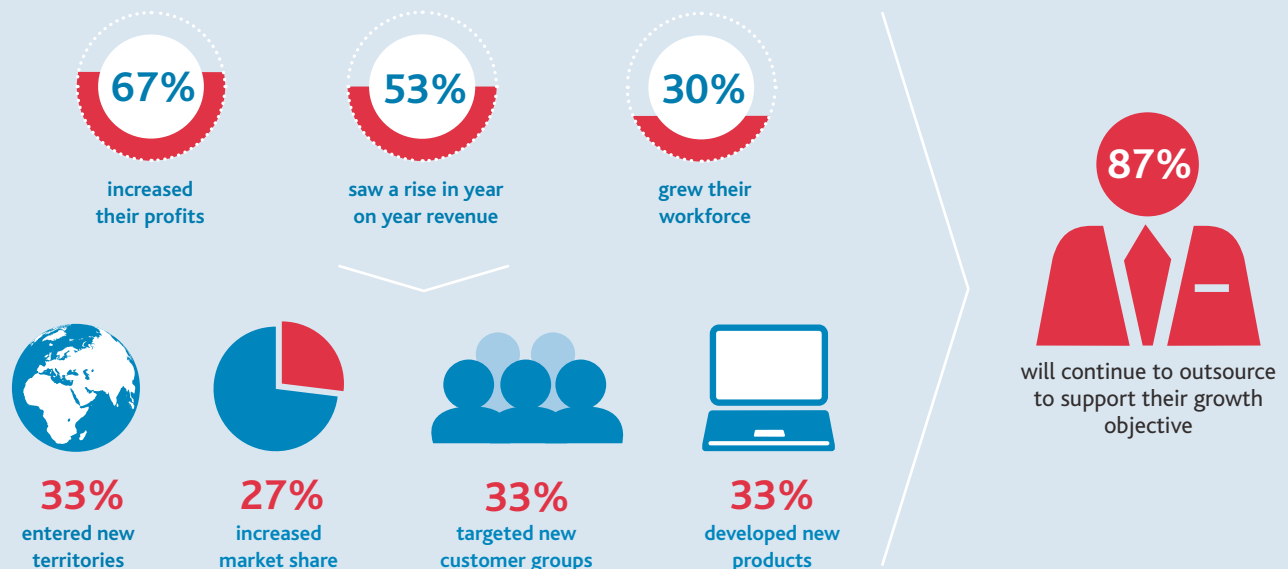
### Top 10 Predictions

- 1** Finance, accounting, and procurement BPO services: domain-specific services and big data analytics enabling business outcomes will provide service provider differentiation
- 2** Research and development/product engineering services will begin to cross the chasm - from labour arbitrage and short-term projects to long-term partnerships
- 3** Changes in buyer communication requirements will shift away from traditional customer care to emerging services
- 4** Migration of HR systems from on-premise to SaaS will drive growth in HR services and HR BPO
- 5** Developed markets will lead in large deal opportunities: optimism returns for United States and Western Europe
- 6** The evolution of next-generation applications will drive innovation across the lifecycle of application services
- 7** Focus on value-added services will ensure market penetration and customer retention
- 8** Investments in cloud services business will accelerate
- 9** Outsourcing ecosystem will undergo restructuring
- 10** Targeting new markets will drive growth including new services models



# Can outsourcing boost your growth?

Independent research commissioned by arvato found that two-thirds of senior BPO clients have used outsourcing to drive growth. As a result...



At arvato we collaborate with clients to understand their growth objectives and how we can help achieve them – whether that's increasing revenue, extending their customer base, entering a new market or growing existing market share.

If you'd like to hear more about how we could support your growth strategy, please get in touch via email at [openoutsourcing@arvato.co.uk](mailto:openoutsourcing@arvato.co.uk) or visit our award-winning Open Outsourcing reports at [www.arvato.co.uk/open-outsourcing](http://www.arvato.co.uk/open-outsourcing)

Source: Coleman Parkes Research (2013), based on interviews with a panel of 30 senior BPO clients who in 2012 had indicated 'growth' as a driver for their outsourcing decision



**arvato**  
BERTELSMANN

[www.arvato.co.uk](http://www.arvato.co.uk)

trusted business process outsourcing partner

Everyone's seeking innovation from outsourcing, though the industry does not often agree what it is. The Outsourcing Yearbook hears from two of the industry's leading voices on innovation to bring clarity to this innovation mess.



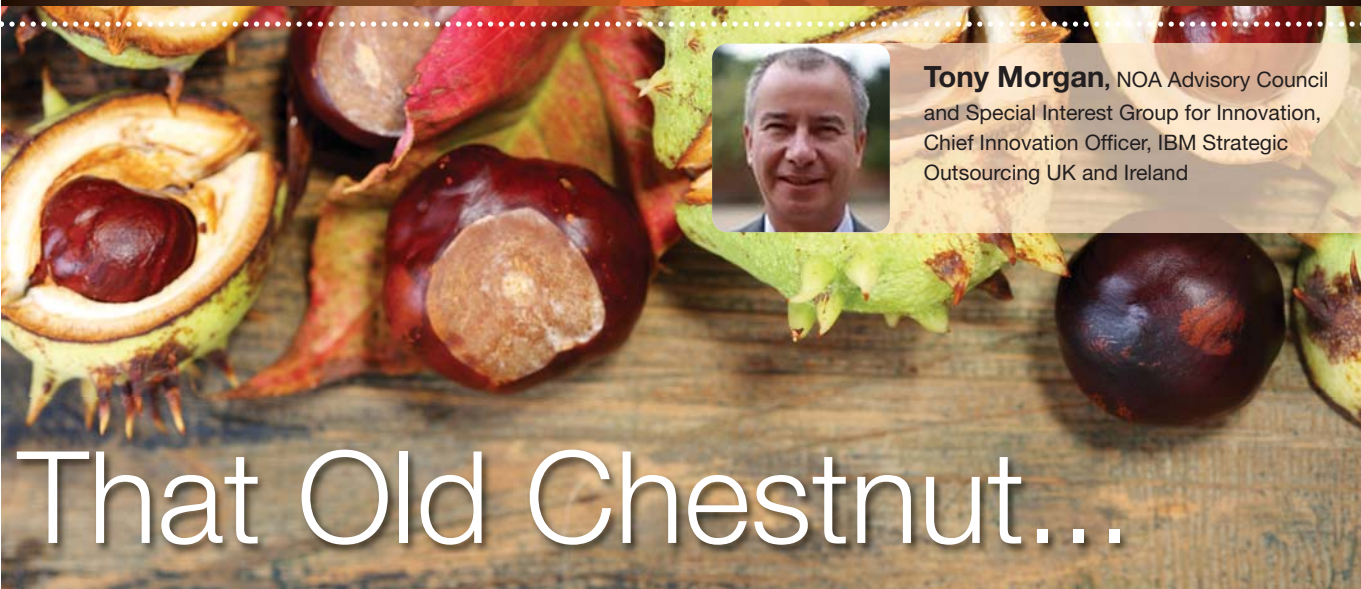


# Innovation

in Outsourcing



# Innovation in Outsourcing



**Tony Morgan**, NOA Advisory Council and Special Interest Group for Innovation, Chief Innovation Officer, IBM Strategic Outsourcing UK and Ireland

## That Old Chestnut...

### What is it? Is it happening?

Points of view on innovation in outsourcing fluctuate. Sometimes a bleak picture is painted - innovation is not happening or sporadic at best. Failure to deliver is viewed as the supplier's or the client's fault or both. Others say it's a known problem - it just has an unknown solution - and that everything to say on the subject has been said already.

On that vein let's start with the old chestnut of what innovation in outsourcing is. I use two definitions. My favoured one is to align with the client's own definition. My second is that innovation is "the use of new ideas of current thinking in a different context, to result in change which delivers value".

This second definition acknowledges that innovation can be about new, first of kind solutions and equally in a sourcing context often includes delivering something new and innovative to the client that the supplier has proven elsewhere, enabling faster and more cost effective delivery. In all cases it's about innovation in the client context.

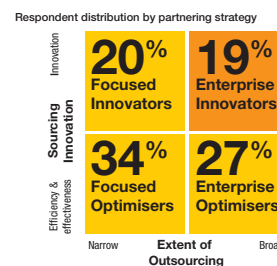
This article considers both changing sourcing motivations in clients and evolving innovation delivery capabilities in suppliers. It expresses a positive outlook. Innovation in sourcing is happening, not always but increasingly often, and drives value for the client - and supplier. Perhaps this is the key - there has to be something in it for both parties. The client needs the business outcome. The supplier needs something too - be it increased client satisfaction, references, positive PR and/or at least in the long haul, increased revenue and/or margin. Outsourcing is a business like any other.

### Sourcing motivations

So both parties need to consider each other's motivations. In

2013 IBM surveyed more than 1,300 business and IT sourcing decision makers worldwide to better understand why and how organisations are sourcing. Whilst the findings showed that cost saving is still a hugely important factor, other higher-order outcomes such as process effectiveness, competitive advantage and enabling business innovation were also highlighted. In fact, less than 7% of surveyed decision makers said cost reduction and efficiency were the sole reasons they outsourced IT infrastructure, applications and business processes. Many had a mix of motivations, with 39% sourcing primarily for innovation in at least one business or IT service area.

IBM surveyed 1351 clients to understand sourcing motivations and the extent of outsourcing - four partnering strategies emerged



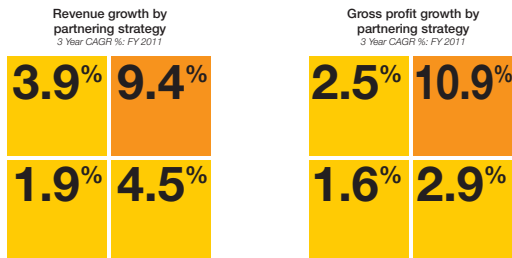
Source: IBM Center for Applied Insights analysis, 2013 Sourcing Study based on survey of 1,351 sourcing decision-makers

The study identified two other key findings. Firstly, even when organisations engage service providers to drive business outcomes, the way they select partners, structure contracts and manage those relationships does not always reflect the higher-order motivations. This can lead to problems downstream and sometimes stifle the practical steps required to deliver innovation in a sourcing relationship.

# Innovation in Outsourcing

The second key finding is perhaps even more important, as it addresses the “why should we focus on innovation in sourcing anyway?” question. The study identified that organisations, described in the report as “Enterprise Innovators”, who sourced widely and focused on sourcing services to drive innovation, significantly outperformed those using other partnering strategies across every financial measure tested.

The combination of innovation and broader partnering correlates with the strongest financial performance



Propensity analysis: Link to financial performance  
Enterprise Innovators consistently outperform other segments in 20 financial measures tested  
3 Year CAGR %: FY 2011

Source: IBM Center for Applied Insights analysis, 2013 Sourcing Study based on survey of 1,351 sourcing decision-makers

So the client needs to carefully consider sourcing motivations. And critically, reflect these in the way they select partners, build contracts and manage and govern relationships. This angle is covered in more detail in Professor Oshri’s accompanying article on page 25.

In turn the supplier needs to do more than merely understand and plan to address the client’s initial motivations and envisaged business outcomes, as these will change during the lifecycle of the relationship. The supplier needs to be agile and flexible during the lifetime of the relationship, imbed an innovation culture into its client facing teams and enable them to make use of a range of mechanisms, capabilities and supporting resources.

## Contracting for innovation?

Much has been written about contracting for innovation. This is important and should be approached in such a way to ensure that supplier commitments are made in terms of initially committed business outcomes but also have the flexibility to be able to account for change over time. Equally to be effective any contract should make clear the commitments on the client as well as the supplier. Innovation works best in a sourcing relationship when it is delivered together.

Good practice is to ensure the approach, governance and measurement of each of the three the following areas are covered:

- 1 Innovation to deliver initial business and/or technology transformation in the core service to drive business outcomes
- 2 Subsequent ongoing innovation and continuous service

improvement in the core service

- 3 Wider innovation with the client over and above the core service – in areas that the client and supplier may not yet even have considered as relevant

A one size model does not fit all. Mature suppliers will use a range of models for contracting for innovation, with the ability to tailor these, where needed, to client context.

Another point of consideration is innovation in a multi vendor sourcing world.

## Practical experience post contract

So the supplier needs to be flexible - firstly to meet differing and changing needs of their client base – and secondly to meet the changing needs of an individual client.

My day job is to drive proactive innovation with IBM’s existing IT outsourcing clients across the UK and Ireland (as part of a global network of innovation leaders). The role is partly client facing and partly an enabling one, ensuring client facing teams have the resources and capabilities they need to drive this from across IBM and partner networks.

Whether innovation has been included in a contract or not, the most important first step for making innovation work in sourcing is to agree what innovation actually is – and how it will be delivered with the client. We use a five step approach:

- 1 Agree joint definition of innovation - in the context of the client and their relationship with IBM
- 2 Agree areas of scope – should innovation focus on the core service, IT and/or wider business innovation?
3. Agree innovation themes – driven by the client - so that we focus on the areas most important to the individual client
- 4 Drive a joint action plan – to fast track ideas and challenges from discussion to delivery
- 5 Set up governance, measurement and comms – to track progress and benefits realisation, set future direction and ensure the value of the innovation activity is understood, measured and recognised

It sounds simple and in reality where it works best it is. We piloted the approach with a small number of clients three years ago and have since rolled it out across large parts of our client base. We know there can be challenges but in general this simple framework has made a big difference.

Sometimes suppliers do have service challenges with specific clients. In these cases the supplier needs to earn the right to have a wider innovation conversation. Initially focus should be on service improvement and innovation for the client. I have recently been involved in an innovation kick-off meeting with a client CIO, where the service had not been delivering to the expectations of the client. Both parties had worked together to



# Innovation in Outsourcing

get the core service to where the client wanted it to be, and on an amended contract which better articulated client requirements. In the innovation kick-off the CIO reflected on the past but focused most on the additional value he wanted to get from the relationship moving forward. We used the five step approach to agree strategic client focus areas for innovation in the coming year and are currently developing a joint innovation plan.

In other cases (again a minority and a shrinking one) my view is that the client has not yet had the maturity to drive a structured joint innovation agenda. In these cases my recommendation has been to focus on delivering and positively communicating the benefits of the innovation in the core service and focusing wider innovation on specific innovation themes.

Overall however we have found our clients to be very receptive to the five step approach and very positive about it. They like its simplicity and focus on client not supplier agenda. The first three steps are all about understanding what a client means by and wants from innovation. These and the final governance step can be addressed very quickly – usually in an initial meeting with the client sponsor (such as CIO for IT outsourcing).

---

**“Innovation is all about change and delivery – and so is sourcing.”**

---

The action plan step is about fast tracking from discussion to delivery. It could start with an innovation workshop. It could include development of a prototype or proof of concept if it's a new capability, or simply a demonstration in the client's environment (perhaps with the client's data) if the innovation focuses on using an existing solution to meet the client's need. Finding a sponsor and proving the business case are critical – without these there will be no delivery and so in my mind no innovation.

To make this real here are three very different real life “innovation” client examples...

## **Client One - Delivery of cost savings through managed print service**

You may ask how we could even describe “managed print” as innovation. For this client, where joint client and supplier innovation focus was all about cost savings, this absolutely was innovation. Printing services were not part of the core service but identified as being a major cost. A joint innovation project was developed to verify the business case of implementing a managed print service for head and regional offices. The business case was very positive and included a business outcome based pricing model. The project also identified benefits for the client's end users who used the printing service

- a critical factor in ensuring adoption. The business case and technology were proven, rolled out and the benefits measured and realised.

## **Client Two – Enterprise mobility**

A key innovation theme with this client was focused on employee satisfaction, retention and recruitment – including focus on technology provided to employees. IBM shared its own experience of addressing employee demands and “Bring Your Own Device” deployment far beyond the technology. This included HR, legal and compliance considerations – the technology solution then followed. IBM implemented a service based solution which securely containerised personal and business data and apps on smart phones. Business case and technology were proven in a fast pilot and subsequent adoption by client employees was rapid. The service is currently being reviewed for a set of follow on developments as part of ongoing service innovation commitments.

## **Client Three – Personalisation and gamification in online retail**

This client had a key business driven innovation theme centred on personalisation and customer experience for online retail customers. Working with the client, IBM provided access to research labs and industry subject matter experts to assist strategy development. In addition IBM and the client developed an “Extreme Blue” rapid innovation delivery project to create a prototype solution in this area. In 12 weeks the project created a totally new solution which matched fantasy football with online fashion retail to deliver an engaging gamification based competition for online retail customers. This is a very recent project and the client is currently assessing how the solution can be included into the production online environment.

## **Conclusion**

These are just a few of the growing number of client examples I could directly cite. They demonstrate that innovation in sourcing partnerships is happening and comes in many shapes and forms. To make it work clients and suppliers need to understand each other's motivations. They need to collaborate and they need to be flexible. Innovation is all about change and delivery – and so is sourcing.

*For more information the full IBM research report is available online: [www.ibm.com/smarterplanet/us/en/centerforappliedinsights/article/sourcing.html](http://www.ibm.com/smarterplanet/us/en/centerforappliedinsights/article/sourcing.html)*

# Innovation in Outsourcing



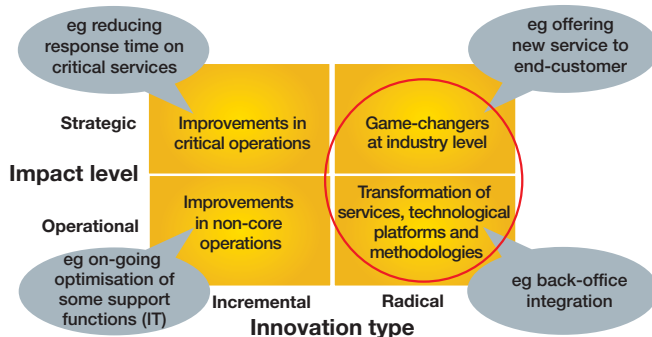
**Prof. Ilan Oshri**

Loughborough Centre for Global Sourcing and Services

## Have you got the goods?

How would you know whether your vendor could innovate for you? Well, you won't. Putting aside the reasons, while stakeholders in the outsourcing industry have highlighted the importance of moving from a pure service, transactional orientation to a relational, innovative approach, there is still a great need to develop effective tools and frameworks to support such transition.

The first step is to understand what innovation could mean in the context of outsourcing. Generally speaking, there are two types of innovations: incremental and radical, and two levels of its impact: operational and strategic. In the outsourcing context, incremental innovation can be, for example, the optimisation of the IT support function, while radical innovation could vary from the transformation of back-office operations to as far as inventing and commercialising new service concepts for the client.



Most vendors are capable of innovating in an incremental fashion with an impact on their client operations. Fewer vendors offer incremental innovation at the strategic level on an ad-hoc basis, usually as a reaction to client requests, and by setting up a separate contract for such projects.

The challenge starts when vendors are expected to deliver radical innovation on an ongoing basis. Radical innovation cannot be captured in a contract and it is often detached from the outsourcing context. Can you identify the vendor that is capable of delivering radical innovation for you on an ongoing basis?

We start this journey by offering client firms a set of questions to consider including in their RFP as part of the vendor selection process. Responses to these questions could inform client firms about the strategy, methodology and KPIs applied by bidding vendors when considering innovation projects and, therefore, may help client firms to select those vendor(s) that meet the client's expectations in terms of both service and innovation.

**Question Number 1:** How do you understand and define innovation in the context of outsourcing?

Most vendors define innovation as 'anything that the client firm considers to be innovation for them'. This is clearly a very broad definition – is this definition helpful in achieving innovation in outsourcing? Yes and no. It is helpful in the case of radical innovation where client and vendor will be facing major

# Innovation in Outsourcing

challenges to clearly define what the solution would look like and its impact on business performance. This definition is not helpful in the case of incremental innovation, in particular where the impact is at the operational level, simply because such advancements could and should have been captured in the outsourcing contract. Treating such improvements as an innovation project suggests that the client did not develop a complete roadmap for the service when outsourcing it and therefore did not scope development efforts to be included in the contract. The vendor, on the other hand, is treating requests for changes from the client as innovation projects, though these developments could have been handled as an extension of the contract. In an ideal world, vendors should have gone the extra mile and helped client firms realise and scope these requests as part of the contract; however, considering the limited exposure vendors have to the client's service roadmap, such expectation is in fact unrealistic. Yet, both client and vendor should avoid treating incremental/operational changes as innovation projects; these are simply specifications the client has missed while scoping the project.

“First and foremost the organisational structure needs to include leadership and operational roles that make the link between the service outsourcing and the innovation organisational structure.”

**Question Number 2:** What is your strategic approach to achieve innovation through outsourcing?

We have learned that most vendors have a clear operational approach in how opportunities to improve services can be taken forward, but only a few vendors can clearly articulate their strategic roadmap to instilling innovation within the outsourcing setting. Developing a strategic innovation capability requires two fundamental elements in the vendor's service philosophy: One, that any innovation engagement must deliver value (See Tony Morgan's article about value delivered in innovation projects on page 22). The key aspect here is that the innovation engagement is not necessarily delivering a monetary value, but the value can be in the form of learning, collaborating, experimenting and even failing (but learning from the failure). The second element is that innovation in outsourcing is perceived to be systematic, which means that both vendor and client will be looking to create opportunities to innovate throughout the outsourcing engagement.

**Question Number 3:** Do you have a proven methodology to

deliver innovation through outsourcing?

Without doubt, most vendors will be able to walk you through what they can do but only if you ask them for innovative solutions. They will be able to point out resources available within the firm that can carry out an innovation project. So it is true, most vendors will be able to innovate for their clients; however, it will not be a systematic capability and very likely it will be one that lacks organisational assets to constantly search and leverage opportunities to innovate.

An alternative approach is to develop an innovation methodology which requires an investment from the vendor, but at the same time signals vendor readiness and its potential to deliver innovation in a regular and systematic manner.

The innovation methodology at IBM, for example, is made of 5 steps. It includes: (i) agreeing on the definition of innovation, (ii) defining a scope of the innovation project (the contractual setting of the innovation project), (iii) deciding on key areas (themes) to focus on, (iv) developing an action plan for each innovation project, and (v) deciding on the governance process of the innovation programme (a joint governance structure where both the client and IBM are committed to deliver value) (see Tony Morgan's article for more information about IBM innovation methodology).

**Question Number 4:** What organisational assets bring together your innovation methodology and strategy to ensure a systematic delivery of innovation through outsourcing?

There can be numerous organisational assets that vendors could develop to support the systematic delivery of innovation in outsourcing settings.

First and foremost the organisational structure needs to include leadership and operational roles that make the link between the service outsourcing and the innovation organisational structure. For example, IBM set up an innovation leadership structure within the outsourcing organisation in 2008. This network of roles was instituted into the regional and account level of the outsourcing organisation. The highest level is a network of Chief Innovation Officers in several regions such as the UK & Ireland, Germany, Canada, and the USA. Each Chief Innovation Officer works with a team of Innovation Leaders who are dedicated to promote innovation within their region. In addition there is a network of Innovation Managers at the account level that complete this highly structured and formulated organisational structure for innovation within IBM.

Second is the provision of research and development laboratories and the links between Innovation Leaders and this asset. Many vendors have established R&D laboratories; however, technological inventions produced by these R&D centres do not always find their way to the outsourcing account



# Innovation in Outsourcing

level. Demonstrating links between the innovation network and the R&D assets is key in signalling the vendor's ability to both innovate and deliver innovation at the outsourcing account level. Other organisational assets can be in the form of joint development units that the vendor is willing to invest in to arrive at innovation. For example, IBM sets up value creation centres with its clients in order to pursue innovation opportunities during the outsourcing contract. IBM also offers knowledge-sharing events where business solutions are shared with its clientele base on a regular basis.

“In the context of innovation in outsourcing, value is particularly challenging for both vendor and client. In service outsourcing value is fairly defined, measurable and determined at the delivery point.”

Third is a change management and awareness programme for innovation within the service outsourcing organisation and also with the client. This programme should be designed to achieve a shift in the mindset of the players involved in service outsourcing, so that they develop an innovative mentality and pursue opportunities to innovate. At IBM, this awareness programme includes masterclasses and workshops on innovation for internal staff and clients, online training and the availability of material online to guide Innovation Leaders in how innovation can be achieved.

Last but not least is the entrepreneurship approach that innovation leaders need to pursue in seeking solutions for business problems. While formal structures and a systematic approach is key here, there is an informal and entrepreneurial component that needs to be nurtured and encouraged. Entrepreneurship in the outsourcing context can manifest itself in various forms and shapes. For example, where appropriate, entrepreneurship can be the ability of innovation leaders to divert from the formal innovation methodology and apply agile structures that bring together speed, creativity and ‘out of the box’ solutions. Risk taking and ‘good will’ are two other aspects that have an entrepreneurial spirit and should be considered where and when appropriate to push through innovation opportunities. Such traits could help tilt the mindset of key players within the outsourcing arm from a pure service orientation to a creative mood where the parties involved seek business solutions. In the case of IBM, we have observed that sometimes IBM took the risk of investing in the concept solution for their clients before realising what the returns would be.

**Question Number 5:** What KPIs would you use to measure the returns on the innovation project?

This is probably one of the most challenging aspects of innovation in outsourcing for both the vendor and the client. This is simply because value is a dynamic, ever-changing concept that is often difficult to capture in basic service outsourcing projects (do not confuse value with cost saving!).

Concept	Outsourcing	Innovation
Value Specification	Easy to specify and scope	Difficult to specify and scope
Ways to monitor and measure value	SLAs met, service on par or better, operations orientated (function KPI)	Realised impact on business performance and firm's competitiveness (industry KPI)
Time dimension	Immediate	Long term
Fee schemes	Fees for service, time and materials, outcome-based	Good will, JV schemes outcome-based (?)
Stakeholders	Mainly technical champions with some business knowledge	Combination of business and technical champions

In the context of innovation in outsourcing, value is particularly challenging for both vendor and client. In service outsourcing value is fairly defined, measurable and determined at the delivery point. However, in innovation in outsourcing, value can manifest itself in various ways. Sometimes the value in engaging in innovation can be monetised; however, in many cases the value will be abstract, though noticeable. For example, IBM and its clients gained extensive media coverage for some of their joint innovation projects, though it was not always clear what the exact return on these investments was.

In conclusion, we propose that client firms should start the beginning of such a journey by asking: Can this vendor innovate for me? Part of this answer is still the responsibility of the client firm: to demand innovation, collaborate, participate in knowledge-exchange sessions and be proactive about innovation opportunities. But a substantial element in the innovation premise still lies with the vendor, simply because without an innovation strategy, systematic innovation methodology and a clear understanding of the expected returns, innovation in outsourcing will still remain the ‘holy grail’ of the outsourcing industry instead of a common and successful practice.



**Dr Bharat Vagadia**

Director, Op2i

# Improving Outsourcing Performance

Dr Bharat Vagadia believes a focus on risk delivers results

High performance organisations, by definition “do the right thing”. High performance individuals in organisations “do the right thing”. Outsourcing Director helps organisations assess and do the right thing when it comes to outsourcing best practice.

Although the number of organisations pursuing strategic outsourcing initiatives continues to rise, numerous studies reveal that more than half of these investments fail to return the benefits executives expect; derailing an organisation, losing significant time and money in sunk investment, and in some cases harming the relationships with customers. Most problems don't just arise due to lack of design skills, lack of talent etc, but because organisations do not understand and manage ongoing risk; they don't pay attention to the maturity of the outsourcing process and often different stakeholder groups have different perceptions and make conflicting decisions.

### Common outsourcing risks include:

- Organisations take for granted certain risks - which can focus resources on lower priority risks and ignore more critical or impacting risks.
- Risk is everywhere – but very few organisations attempt to establish a coherent view of risk.
- Risk cannot be delegated – regardless of whom risk is

delegated to, and who may assume it, the originator is still responsible; senior management typically do not have an organisation-wide deep understanding of all dimensions of risks, and as such, cannot manage risk on their own.

- Risk has both positive and negative outcomes – too many organisations focus on the negative aspects of risks. An understanding of the positive aspects of risks can bring about substantial additional value.
- What may have started off as a well oiled process soon starts to get less attention and as the industry and best practice may have moved on, you remain where you were when the outsourcing program was kicked off man years ago.

---

“Mature organisations view compliance within the context of their overall risk profile. This view necessitates a shift from a tactical, reactive mindset to a more strategic, proactive approach to compliance.”

---

Proactive compliance is an innovative new way of thinking about how to demonstrate compliance with industry regulations, standards and best practice. Rather than focusing

# Improving Outsourcing Performance

exclusively on the immediate need to pass an audit, proactive compliance entails looking beyond the audit and leveraging compliance efforts to drive outsourcing operational excellence.

## The difference between compliance and maturity assessment

There is a big difference between basic compliance and maturity. Basic compliance is simply stating whether you met a certain requirement – i.e. it is a historic assessment, whereas maturity assessment attempts to predict how well you will meet certain requirements in the future. Whereas basic compliance provides a snapshot of an outsourcing process, the maturity assessment determines the health of the process.

A Capability Maturity Model (CMM) is designed specifically to help companies to gauge their outsourcing practices not just in terms of passing an audit, but in the larger context of achieving best practices.

The CMM has five levels. An organisation progresses from ad hoc outsourcing practices at Level 1 through increasingly well defined processes and procedures to Level 5, where outsourcing practices are automated and optimised.

---

“Progress is always accompanied by learning. As organisations progress from level to level, practices that improve results are reinforced, while those that do not are discarded or de-emphasised.”

---

No company magically morphs from Level 1 to Level 5. Indeed the path to maturity requires commitment, knowledge, tools and resources. The path is a continuum. At each new level, an organisation can dramatically improve its outsourcing processes.

- **Level 1—Initial (Chaotic, Ad Hoc, Individual Heroics)** – At Level 1, outsourcing initiatives are based on the changing needs of the business, and problems are resolved on a project basis with teams formed and dissolved as needed. Much time and energy is spent trying to identify issues, assess specific risks and make information available to address gaps in understanding. Routine governance activities do not take place. Compliance processes are not documented. In fact, no one realises that more formalised oversight of outsourcing is required. To move on from this

level, the focus must be on minimising exposure and reducing basic compliance type risks.

- **Level 2—Repeatable (Reactive)** - For organisations operating at Level 2, outsourcing initiatives are typically managed on a case-by-case basis using repeatable but informal and intuitive procedures and practices with limited involvement from senior business stakeholders.
- **Level 3—Defined (Proactive)** - The focus now moves beyond basic standardising (and documentation) to finding an effective means of operational implementation of an outsourcing process, engaging key stakeholders and automating some of the processes and procedures, such as issue management and risk management.
- **Level 4—Managed (Orchestrated)** - At Level 4, organisations turn their attention towards creating a managed process. This involves proactively monitoring the outsourcing processes to ensure effective collaboration, gaining some near real-time visibility into the latest state of affairs in the outsourcing process and the ability to prioritise necessary remediation efforts. The focus turns to ensuring you have defined triggers for review and updates to processes and procedures and metrication of the important KPIs.
- **Level 5—Optimised (Continuous Improvement)** - By Level 5, an organisation has effectively developed a self-learning and healing outsourcing process. This processes are characterised by an ability to automatically identify issues, risks, problems as they arise and correct them in real-time, and more importantly, to identify opportunities for turning risks into rewards. Processes are effectively coordinated across the business and there is seamless integration of business functions.

*In its ongoing quest to improve the performance of outsourcing, the National Outsourcing Association has partnered with Op2i, to develop an integrated platform of tools and templates to assess the performance of outsourcing within your team or enterprise.*

**To register for your free Outsourcing Best Practice Healthcheck, please call the NOA office on 020 7292 8686 or email: [admin@noa.co.uk](mailto:admin@noa.co.uk).**



Outsourcing has long been a global business, but the destinations for different services are changing and new and sometimes surprising countries are emerging. The Outsourcing Yearbook takes a look at what some of these established and not so established outsourcing destinations have to offer...



# Global **Destination**

watch





## Spotlight on... **South Africa**



## Outsourcing is viewed as a key growth area for the South African economy

The Business Process Outsourcing & Offshoring (BPO & O) sector is viewed as a key growth area for the South African economy. The sector is currently responsible for an estimated 19,200 jobs, split among three core regions; Cape Town (11,000), Durban (4,800), and Johannesburg (3,400). As a location, South Africa prides itself on its ability to provide high quality voice services at an affordable rate. The UK accounts for over 65% of all foreign direct investment into the sector, with the remaining percentage split among Africa, rest of Europe, Australia and the US.

International outsourcers currently operating out of South Africa include: Capita, Merchants, Mindpearl, Teleperformance, Serco, Webhelp, and WNS. South Africa also services a number of international brands including: Asda, Amazon, British Gas, Bloomberg, EE (T-Mobile & Orange), IBM, iiNet, LexisNexis, Lufthansa, O2, Qantas, State Street Bank, Swiss, Shell and TalkTalk.

*“When deciding where to offshore, the company wanted a location that could offer its clients the economic benefits of a blended on-and offshore operation with absolutely no compromise on the quality of customer experience. We believe that South Africa, above any other offshore location, is able to deliver the levels of advisor empathy, intelligence and cognitive ability that twenty first century customer management demands. Due to the quality of our South African advisors, we can envisage a time when we will incorporate a full range of channels into our South African operations.”*

**David Turner, CEO Webhelp (UK)**



## South African Market Breakdown

### Finance

#### Cost savings & incentives

South Africa is currently around 60% cheaper than second tier service destinations in the UK, with the average annual cost of £12,000 – £14,000 per seat. Further cost savings are available through the South African Department of Trade & Industry BPS incentive scheme which reduces the costs to between £11,000 – £12,000 per seat.

*Everest Group Research– South Africa 2014 cost review*

### Tax

South Africa operates a residence-based tax system. Individual income tax is levied on a sliding scale up to a maximum of 40%; companies pay a flat rate of 28%, as well as a withholding tax of 15% on dividends declared, which can be reduced in terms of appropriate double tax agreement. Capital gains tax is levied on the disposal of immovable property of assets.

Additional taxes and levies include:

- Skills development levy of 1% of payroll
  - Workers compensation and unemployment insurance fund premiums
  - Transfer duty (sliding scale up to a maximum of 8%) on transfer of land and buildings
  - Securities transfer tax of 0.25% on transfer of shares and securities
- VAT is levied at 14% on goods and services, with various suppliers qualifying for zero-rating or exemption

*Source: Digital gateway to Africa, Cape Town's Creative Software Design and Development sector – PwC South Africa*

### Telecoms

Between 2003 and 2012 telecommunication costs dropped significantly falling by approximately 90%. This coincided with the arrival of a number of undersea cables which have improved the speed and quality of connectivity from South Africa to the rest of the world.

*“South Africa also has excellent infrastructure and the telecoms offerings are starting to become far more competitive due to recent rate reductions. This combined with their voice capabilities makes it a high quality BPO destination.”*

Peter Ryan, Analyst Ovum

### Skills base

According to the Everest Group, South Africa is ranked third for destinations that can support English services on scale (410,000 new graduates each year), behind India and the Philippines. The South African offering is built around a strong language offering which is complimented by a natural cultural affinity to the UK and EU markets.

South Africa also provides more complex back office functionality to a number of global brands covering various

specialised areas such as Legal Process Outsourcing, IT Outsourcing and Finance and Accounting Services. On an annual basis South Africa produces three times as many actuarial graduates as India, the Philippines and Poland combined.

### Infrastructure

Low cost of living: Johannesburg is ranked at 154 and Cape Town at 179 out of 214 cities on the worldwide cost of living index1 (Mercer 2012) (less than Cairo, Nairobi, New Delhi, Kuala Lumpur, Warsaw, Dublin, and Prague)

South Africa provides easy access for UK clients to South Africa with more than 10 flights daily between the UK and South Africa. South Africa is also well positioned to service the European market due to its compatible time zone to the UK (GMT+2).

South Africa has a developed transport network, with its rail network, the 18th longest in the world and its road system, the 15th biggest in the world.

### Doing Business in South Africa

South Africa prides itself on being an investor friendly location; this is driven by the location's strength in areas such as auditing, reporting and investor protection. According to the 2013/14 World Economic Forum Competitiveness Report, South Africa featured prominently for the following investment factors in 2013.

- Strength of auditing and reporting standards – 1
- Regulation of securities exchanges - 1
- Legal rights index – 1
- Ethical behaviour of firms – 1
- Efficiency of corporate boards – 1
- Strength of investor protection – 1
- Availability of financial services - 2
- Financing through local equity market – 2
- Soundness of banks – 3
- Affordability of financial services – 13
- Ease of access to loans – 22

*2013/14 World Economic Forum Competitiveness Index, based on report of 148 countries*

### Demographic Breakdown:

- Population: Approximately 51,190,000
- Size: 471,000 sq miles
- Provinces: Gauteng, Kwazulu Natal, Mpumalanga, Northern Cape, Limpopo, North West, Free State, Eastern Cape and Western Cape
- Capitals: Pretoria (administrative), Cape Town (legislative), Bloemfontein (judicial)
- GDP: \$384.3 billion

For more information on South Africa as a BPO destination visit go to: [www.bpesa.org.za](http://www.bpesa.org.za)

## Spotlight on... **Fiji**



### Fiji – more than an archipelago of idyllic islands

Despite being viewed by the world as an idyllic paradise in the sun, Fiji has much more to offer than just sun and relaxation. There are a number of attributes that can sum up the attractiveness of Fiji as a BPO delivery location for English language, but the simple answer is brand protection and a compelling cost advantage.

Fiji has the potential to become a high quality BPO and captive call centre destination, what it lacks is global awareness. A lot has happened in the last couple of years, with big brands such as American Airlines, Lebara Mobile and Swiss International Airlines outsourcing to Fiji.

Recently Fiji was also shortlisted in the National Outsourcing Association Awards as Destination of the Year 2013. This accolade has helped boost awareness, but there is still a long way to go.

Once that awareness is achieved, there is no stopping Fiji as a BPO location. Fiji has all the key benchmarks and advantages that put it on par with leading BPO locations. Fiji's abundant English-speaking, customer-centric workforce, led the International Monetary Fund's Chikahisa Sumi to recently endorse and encourage Fiji's pursuit of customer service outsourcing to grow its economy.

#### **Language advantage**

English was the sole official language in the Fiji Islands until 1997 and remains one of the official languages, including Hindi and Fijian. Due to its heritage as a British colony until 1970, the education system in Fiji is based on the English language and all lessons are delivered in English from age 5. The education system is still state funded through to tertiary level so many Fijians have tertiary qualifications, from institutions such as the University of Fiji, Fiji National University and University of the South Pacific. Graduates, who comprise the majority of workers in the contact centre/BPO industry in Fiji, therefore have fluency in both spoken and written English. The Fijian accent is very neutral, contributing to a positive customer experience, especially in a call centre environment.

# Spotlight on...Fiji

*'With increased negative publicity around overall customer experience, language barriers and cultural dis-connect in low cost BPO locations, we were looking for an alternative which will ensure competitive rates and reduced operational costs, without compromising our brand and our customers' brands. We started our international contact centre in Fiji in 2009. Today we support 11 international brands in Fiji.'*

**Mark Mahoney, General Manager, Mindpearl Fiji**

## Workforce advantage

The Fiji workforce is loyal, partly due to high unemployment (8.7%). Outsourcing companies in Fiji report unusually low annual attrition rates (12%), which have a flow-on benefit in terms of much lower recruiting and training costs than other destinations. Fijians regard working in a contact centre supporting international brands as a prestigious career path, and this contributes to their long average tenure.

Further, Fijians have excellent customer service skills, fostered by the rapid growth of the tourism industry, with its emphasis on service and hospitality. Culturally, Fijians are known to the world as the friendliest people on earth with the renowned 'Bula' spirit, and their dedication to 'make people happy'. The Fijians old school 'the customer is always right' ethos makes for a very warm and welcoming customer experience.

## Fiji's cost advantage

Fiji has an irresistible cost advantage, which allows companies in the UK to easily achieve 60% or greater savings when compared to delivering a contact centre or back office operation onshore. This makes for a compelling business case, especially considering the quality on offer.

## Geographical advantage

Fiji is one of the most accessible and popular travel destinations; therefore offering an extensive choice of direct flights. Fiji welcomes more than 1.2 million international passengers through its airports annually, servicing 20 airlines and connecting Fiji to 14 cities, internationally.

Located strategically (GMT+12) between Asia and the USA, Fiji provides a 'time-zone' business advantage, not only to East Asia and the US, but also to the UK, Eastern US and Europe. This makes it easily possible for businesses to operate 'overnight' in these markets. In other words, no country begins the day earlier than Fiji.

*'From start to finish I have been nothing but impressed with our outsourcer, in particular the operation and team in Suva, Fiji. I could not be happier with our choice of outsourcing partner and outsourcing destination.'*

**Ben Dunscombe, Chief Operating Officer, MyNetFone Group**



## Infrastructure advantage

A world-class international connectivity via the Southern Cross Cable fibre optic networks gives Fiji competitive edge in the globalised on-line world. The high speed network can now deliver a 240Gbps (capacity of new submarine cable system) fastest, most direct and most secure international bandwidth.

## Labour legislation advantage

One of Fiji's key competitive advantages is the absence of any weekend or night shift premiums. Providing clients reduced personnel costs and the ability to cost effectively extend trading hours.

## Creating a legacy

The commercial, social, education and financial benefits to the local South Pacific community are widespread and lasting. By investing in Fiji and its people BPOs are making an enormous impact, through continued job creation and skills development.

*'Lebara not only ensure that the right people are hired from the outset, but moreover that those individuals embrace the Lebara culture, can empathise with the customer and are empowered to deliver customer satisfaction. It was essential to find this synergy with an outsourcer and duplicate what we have achieved in our own call centres, which has been successfully achieved in Fiji.'*

**Matthew Kemp, Customer Service Director, Lebara Mobile**

## Fiji's experience

Fiji has managed to secure its position in attracting some renowned ICT and BPO investors to locate their back office and contact centre operations in Fiji. The Government offers incentives and dedicated zones to promote the development of the industry. Some of the renowned brands who have set up operations in Fiji are Mindpearl, HP, Dell, IBM, Compaq, Acer and Cisco Systems. Types of activities performed in Fiji include Call Centres, Data/Voucher Processing, Mail Management, Telehosting, Warehousing, Disaster Recovery Management Systems and Software Development. Types of industries currently outsourcing or have captive call centres in Fiji include: Banking and Finance, Tourism, Transport and Freight, Telco, Airline, Insurance and Retail.



## Spotlight on... **Latvia**



### New kid on the bloc

Located on the shores of the Baltic Sea, Latvia is at the very heart of the vibrant Nordic-Baltic region. Being the fastest growing economy in the EU due to a series of bold economic reforms and having recently joined the Eurozone currency, Latvia has lately made positive news all around. Moreover, those looking for an exciting holiday destination or new cultural experiences may know that Riga is the European capital of culture of 2014 with diverse events programmes planned throughout the year. Nevertheless, we invite you also to consider Riga from a different perspective – as an untapped opportunity for Global Business Services (GBS) operations.

#### **Well recovered**

Latvia has been a member of the EU since 2004 and has established itself as an agile and open economy. With GDP growth rates between 4-5% in the last three years, Latvia's recovery from the economic crisis is over and it is replaced by business stability and positive outlook. The economic achievement has come about thanks to a rapid rise in industrial output and diversification of export markets, as well as products and services, which now make up 61% of GDP, and solid

inflows of FDI, which amounted to 11,3 billion Euros in Q3, 2013. The Latvian Government constantly works on improvements in the business environment and in World Bank's Survey "Doing Business" 2014 Latvia ranked 24th in the world for ease of doing business. The key principle is equal treatment of foreign investors and domestic companies.

There are only seven payments necessary to cover all taxes, and according to PricewaterhouseCoopers the total tax rate in Latvia is lower than both the EU and world average. At a flat

# Spotlight on...Latvia

rate of 15%, Latvia's CIT rate is among the lowest in Europe. Personal Income Tax is at flat rate of 24%, decreasing to 22% in 2016. To facilitate business Latvia also provides various tax incentives, companies can benefit from a CIT rebate for large-scale investment projects, indefinite loss carry forward and even holding company regime. There are also a range of labour related incentives available starting from finding relevant personnel, pre-hiring and training up to job creation grants, and raising the qualifications of employees, which is especially important for the labour-intense GBS sector.

## Good for IT

The first IT outsourcing companies started their operations in Latvia in the 90s, e.g. in 1995 Exigen Services Latvia was established (Return on Intelligence group, USA), in 1998 one of the largest Nordic IT companies Tieto opened its branch in Riga; in 2002 came Accenture and it has been followed by others more recently. Latvia's IT sector provides substantial competitive advantages, mainly through highly skilled professionals combined with the strong Nordic work ethic and the benefit of proximity to, as well as knowledge of, the Russian market.

---

**“A highly developed communication infrastructure and accessibility further contributes to the sector's attractiveness.”**

---

Over the last decade significant investments in IT infrastructure development have resulted in strong internet speed performance, placing Latvia in Top 10 of average internet speeds globally. Moreover, Riga International Airport is the most significant airport in the Baltics, carrying half of all flights in the three Baltic countries with more than 70 direct flights to/from Riga. Regular direct flights to include such strategic destinations like London, Dublin, Amsterdam, Paris, Frankfurt, Stockholm, Moscow, which in turn provide daily flights to worldwide destinations.

## An excellent location for GBS operations

Riga itself is the largest city in the Baltic States with a central population of 650k inhabitants, which increases to over 1 million with the outlying suburbs. This makes it only slightly smaller than Stockholm. Riga is not only the transport and logistics hub of the Baltics, but it is also the heart of financial services in the region, a centre for education and knowledge-based industries. The availability of a large number of accountancy, HR and

economics specialists, with proficiency in English, German, Russian, Scandinavian and other languages, has turned Riga into an excellent location for GBS operations in the fields of finance, customer care, HR, logistics and procurement, among others.

With 11 Shared Service Centres and 25 BPOs currently operating in Latvia, the sector is not saturated. New players in the market are welcome without significant impact on the existing ones. Existing centres are known as desirable employers with high requirements and good working conditions. In turn, this positive industry image helps to attract an educated, multi-lingual and solution-driven workforce, which not only executes given tasks but adds significant value to the company. Companies such as Cytec (USA), Statoil Fuel and Retail (Canada/Norway), Atea (Denmark) have chosen to locate their multi-functional SSCs in Riga to support their core operations across the globe, allowing each business to focus on business.

Investment decisions are never easy, especially in today's uncertain and complex economic environment, yet Latvia charms international businesses that have established a base here and many admit that the country is more dynamic than ever, offering the right mix of professional and language skills, competitive rent and labour costs, as well as considerable productivity gains.

## Help is on hand

Companies that wish to join Latvia's success have access to a 'one-stop shop' for assistance in setting up their business in the form of the Investment and Development Agency of Latvia (LIAA), which acts as a first point of contact for potential investors. LIAA offers guidance and support throughout the investment process, from preparation and initiation, through implementation, to ongoing follow-up. As the representative of the Ministry of Economics for working with investors, LIAA's services are available free of charge.

But best of all, Latvia is simply a great place to live. All necessary infrastructures, a wide range of leisure options, unspoiled nature spots and Riga's vibrant environment attracts a growing number of foreigners who choose the country as home.

For more information please visit LIAA website, [www.liaa.gov.lv](http://www.liaa.gov.lv), and learn more about how Latvia can help you realise your business aims. Welcome to Latvia!

# Potential BPO hub of Central & Eastern Europe



Serbia is emerging as an energetic city break destination. Its capital, Belgrade, is a cosmopolitan city filled with restaurants, bars and galleries. Its pedestrianised Knez Mihailova Street is home to some of Belgrade's most famous buildings such as the Serbian Academy of Sciences and Art and Hotel Russia, built in 1870. The second largest city is Novi Sad situated on the Danube river and third largest, Nis, which houses the most important industrial centres in Serbia.

Serbia is also emerging as a BPO hub in Central and Eastern Europe according to latest figures from the Serbia, Investment and Export Promotion Agency (SIEPA). In 2005, Microsoft, the global technology giant founded the Microsoft Development Centre Serbia, only its fourth such centre in the world.

Sitel, a leading customer care organisation with contact centres in 23 countries, blazed a new trail when it became the first non-domestic outsourcer to set up a centre in Belgrade in 2011.

Sitel looked at various locations in Eastern Europe and Africa and found Serbia most attractive. Labour costs were more favourable than nearby Croatia and the labour pool amongst a population of 7.5m was deeper than in Macedonia for example, that has 2m. There is also a heritage of IT and programming skills.

---

“Serbia is integral to our offshore strategy through its unique mix of technical and extensive European languages. Sitel Serbia has grown five-fold in less than 2 years and we are developing its outsourcing framework to encourage more clients to the area and we have a 5 year growth plan to continue to achieve this.”

*Joe Doyle, Vice President, Global Marketing at Sitel.*

---





## Fresh pickings

As well as its skills base – technical schools account for around a third of the 43,500 students who graduate each year – Serbia benefits from its geographical location, multilingual workers (particularly in English, German and Russian) and relatively low costs.

Serbia operates the same time zone as most other European countries (GMT+1), thus offering obvious advantages when compared to offshore regions like India. The market is still fresh, as only a handful of IT and outsourcing companies have capitalised on the opportunities that beckon. The workforce is reliable, with a robust skills base and a business culture rooted in strong cultural and business ties with the West. The country has a high level of multilingualism, especially as regards the English language, almost without parallel in many other parts of Central and Eastern Europe. Over 20 languages are spoken including Russian, German, French, Finnish and Dutch.

Servicing a wide range of affluent and growing markets is relatively straightforward, while the country is also accessible for clients and investors. It is estimated that in 2011, the country attracted more than \$2 billion in Foreign Direct Investment (FDI).

Between 2004 and 2008, Serbia was one of Europe's fastest growing economies. Strong Gross Domestic Product (GDP) performance was largely driven by service sectors such as telecommunications, retail, and banking. In light of the global financial crisis, Serbia's economic output in 2009 contracted by 3.5% before expanding by 1% in 2010. This was the result of a comprehensive set of state measures, including state-subsidised banking loans. In 2011, the economy grew by an estimated 1.9% (NBS estimate), but the growth was slowed

down in 2012 due to the recession in the Euro area, Serbia's main export partner. However it is estimated that increased net exports will boost Serbia's GDP. This is largely due to the upcoming realisation of agreed-upon investments, notably in the automotive industry. GDP expanded 1.40 percent in the third quarter of 2013 over the previous quarter.

In 2009 Serbia signed a Stability and Association Agreement with the European Union submitting its formal application for membership. Since January 2014 Serbia has been involved in negotiations to become a full member of the European Union (EU).

According to Eurostat, the costs of operating in Serbia are among the lowest in Europe. The prices of electricity, gas and other fuels, postal services, landline telephony, fax service and maintenance of motor vehicles are the lowest among 37 European countries. The costs of telecom services, namely telecom equipment and phone charges are at the very bottom of the list, far lower than in almost all European countries.

## A gateway of Europe

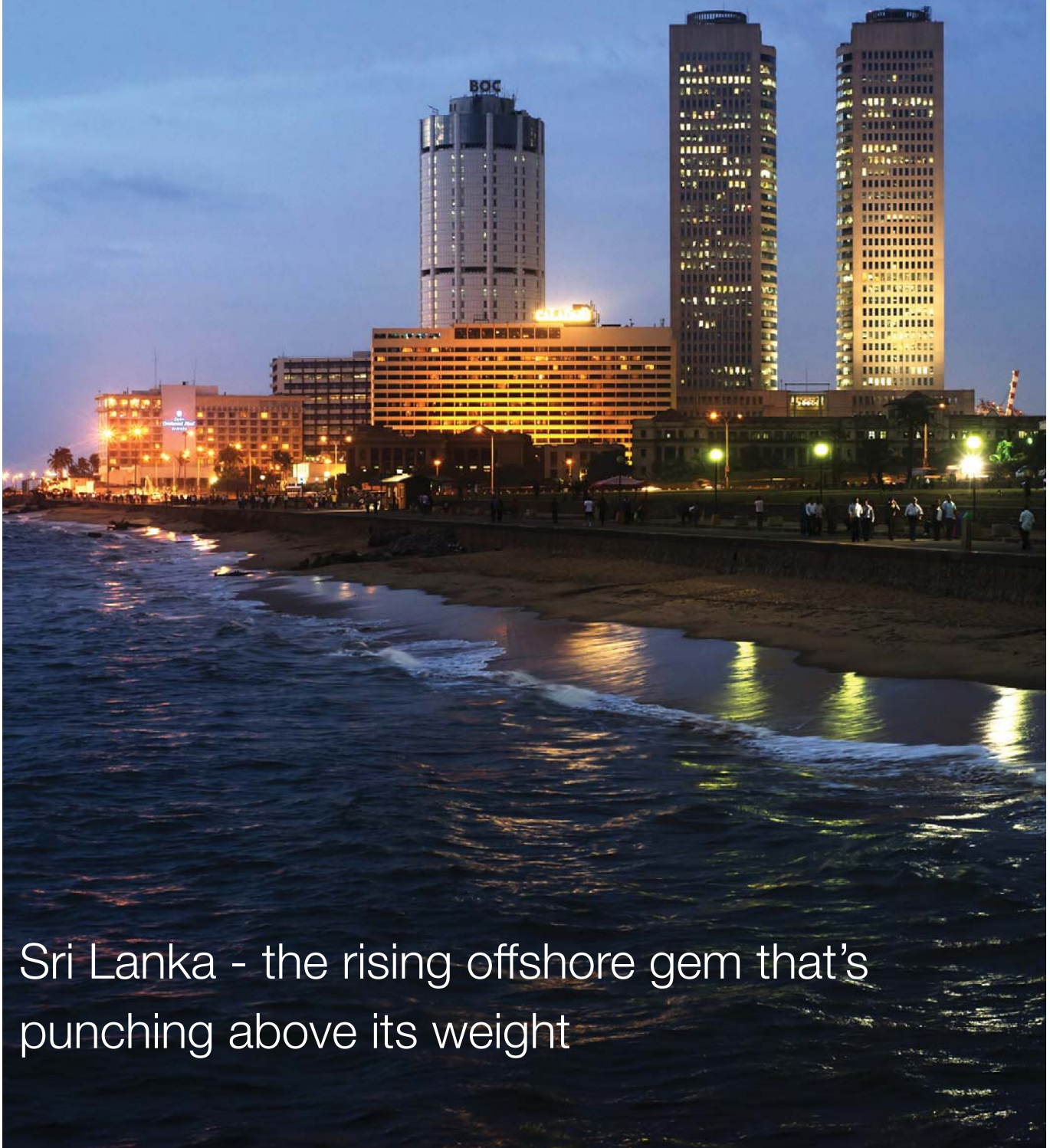
Owing to its position on the geographic borderline between the East and West, Serbia is often referred to as a gateway of Europe, providing excellent connections with Western Europe and the Middle East. Serbia is thus a perfect place for a company to locate its operations if it wants to closely and most efficiently serve its EU, SEE or Middle Eastern customers.

Last year Serbia's National Tourism Organisation launched a new campaign 'Lifestyle Serbia' which highlights the country's culture, gastronomy, drink, music, nightlife and festivals, and the many unique attractions and tours that show the fun and coolness of this destination.

## At a glance; why Serbia

- Emerging as a cosmopolitan city destination
- High level of multilingualism
- Close cultural affinity and ready access to a skilled and highly motivated workforce
- Operating costs among the lowest in Europe
- Favourable geographical location and timezone with great transport links to the UK and other major European cities.

## Spotlight on... **Sri Lanka**



Sri Lanka - the rising offshore gem that's punching above its weight



# Spotlight on...Sri Lanka

If you ever booked your dream holiday on Qatar Airways/Emirates chances are that you did that on a software platform developed in Sri Lanka. If you ever traded on global stock exchanges such as Borsa Italiana, Botswana Stock Exchange, Bursa Malaysia, London Stock Exchange, Lusaka Stock Exchange or even the Mongolian Securities Clearing House and Central Depository Co in Ulan Bator your transaction would be completed with Sri Lankan software. If you landed in beautiful Mauritius, Fiji or Sri Lanka, your entry would be recorded on that country's immigration department via Sri Lankan software. If you are a customer of HSBC some of your asset management decisions would have been undertaken by highly qualified professionals in Sri Lanka.

Sri Lanka is accelerating in to an emerging destination of choice for the ITO and BPO market. Sri Lanka was ranked 21st in the last A.T. Kearney's Global Services Location Biennial Index (GSLI), ranking as an increasingly attractive offshoring destination. Sri Lanka's capital city, Colombo has been recognised as a global centre of excellence for finance and accounting, with Global Services Magazine ranking the city in the top 20 in the world.

The Sri Lankan government is one of the biggest catalysts for driving its outsourcing industry growth and has publicly shown its commitment by setting the target of US\$1bn in export revenue and direct employment of 80,000 by 2016. Currently there are about 300 IT and BPO companies that operate in Sri Lanka with export revenue touching USD\$ 600 million and employing more than 40,000 professionals. Sri Lanka has climbed from 86th out of 122 in 2006 World Economic Forums' ICT readiness index, to 69th in 2013 out of 144 nations.

The environment is highly conducive for establishing high-in-demand niche competency centres even for larger global services providers.

Companies from the UK and also Europe and the US have established relations with Sri Lanka, whether it be working with a Sri Lankan company in an outsourcing capacity or setting up captive operations in major Sri Lankan cities. Some of these include HSBC, Microsoft, Motorola, Industrial & Financial Systems (IFS), Amba Research, RR Donnelley, WNS,

FirstSource Dialog, Virtusa, Mphasis, eCollege, Valista, Millennium Information Technology owned by the London Stock Exchange, and Stax.

The national level competency development programs focus on building Sri Lanka as a centre of excellence (COE) in key domain areas - mobile/telecommunication, banking/financial services and insurance (BFSI) and software testing for software services and financial & accounting services, investment research, engineering services and UK based legal services for BPO/KPO.

*"The availability of top tier talent and the low cost of operations in Sri Lanka made it a logical choice for our company. We started working in Sri Lanka in 1997 recruiting just 26 graduates in the first year, since then we have grown to 635. Sri Lanka offers us a great base to expand into Asia".*

**Alastair Sorbie, CEO/President, IFS**





Outsourcing works – it really does!  
But it works to best effect when you do  
it right. Here three eminent members of  
the NOA Advisory Council share their  
views on how they have made  
outsourcing work for them...  
.unsurprisingly, there's a common  
theme of people and skills.



# Outsourcing **Works**





## The National Trust's IT Supplier Alliance

If you want your suppliers to do the business, make them business partners.

The National Trust's Alliance Model is an innovative approach to multi-sourcing - by creating a cooperative and outcome-based environment, inextricably mutualising success and failure, it promotes bilateral accountability and therefore, a natural predilection towards harmonious working.

### Introducing Lauren Tennant

Lauren Tennant, the new Chair of the National Outsourcing Association, is a market-savvy, progressive buy-side professional. Her day job as Head of IT Service Delivery at the National Trust sees her procuring and managing relationships with all manner of technology based service providers.

Outsourcing Yearbook 2014 caught up with her to discuss how intelligent clients can get the very best of outsourcing suppliers.

The National Trust is a charity; contrary to popular misconception, it doesn't receive any government funding, so it always must look to spend money sagaciously. It is a complex, manifold organisation with around 5,500 FTEs, swelling to 10,000 FTEs in summertime as footfall to its 357 properties increases to around 18million visits per year. Most staff, and some of the 70,000 volunteers, have some sort of IT log-in, across a network of around 1,000 staff sites, which can prove problematic. As Lauren Tennant says: "some of them are literally in sheds."

"The work we do is incredibly diverse. Most of it requires IT capability. As well as the usual IT remit, like buying 1,000s of



laptops and negotiating contracts with data centres, there's 'weird'ware like bat-cams, owl-cams, squirrel-cams; I've got cameras in river beds monitoring spawning salmon. We're not the sort of organisation with the time or energy to be developing software or managing captive data centres. So outsourcing's a perfect fit. It means that we get the experts to do the job for us and we can focus on looking after our special properties and places.

"I started in my post around two years ago. On arriving, I found a high number of IT suppliers on the books. Some were obsolete, many of them delivering services we were unfamiliar with, never mind how they were performing. Organic growth



over many years, as demand for tech-based services built up, had left a complicated portfolio that couldn't be monitored or managed."

## The challenge

"What had traditionally gone on is buying stuff, as opposed to outsourcing properly," says Lauren. "We had a handle on about 12 key relationships. The quality and performance of the remainder was unknown."

Over the last six to eight months, National Trust has taken steps to reduce its volume of suppliers by taking a dichotomous yet synergistic approach:

"Sole purpose, with a twin track," says Lauren. "Our primary goals were reducing cost and creating simplicity, which you'd hope would go hand-in-hand. We'd had trouble in the past with getting suppliers to perform well, partially because we hadn't got the right people on the account or had the right conversations. It had always been an ambition to get the right culture in place, but the Trust never really had the skillset. Now we do."

## Game on

The first job was to sift through the oeuvre of suppliers and identify which were strategic suppliers, which were more tactical suppliers and which the Trust wished to cut ties with. For assistance with this, Lauren engaged Source, an advisory company made up of 'Sourcerers' with variegated specialisms from ITO transformation to co-sourced project arrangements.

Lauren says: "Working together with Source, we went through our list of suppliers, noting what they did and how much we spent with them. There was a handful we spent a lot of money with, plus a massive, unwieldy tail of smaller suppliers. From this, we did a risk assessment to ascertain how spend aligned with the impact of the stuff we were buying from them.

"What we were interested in was moving the high-risk, low-spend items into more strategic relationships - there were suppliers we were spending £20,000 a year with, but we actually had a major system with them. In terms of keeping suppliers motivated, that's quite risky.

"So we targeted the areas of most risk, seeking to remove those companies that I would consider a 'supplier' rather than a 'strategic partner'. Plus some of a size, scalability and profile incompatible with what we were looking for, along with some we'd had a history of non-performance with.

Eleanor Winn of Source says: "We created a matrix to map level of spend against how vital the services were to operations for each provider - most critical were services touching the Trust's visitors, properties and places. The matrix has four quadrants.

Low-spend-low-criticality are good candidates for rationalisation, because these items are not highly differentiated and are better allocated to high-spend-high-criticality suppliers, where the Trust is already expending real effort in the relationship. The most difficult to handle are the low-spend, high-criticality items - where the level of spend doesn't justify huge focus on strategic relationship management, but the services are critical to the business. The matrix was overlaid with a traffic light colour coding - red for troubled relationships, green for good, amber for new, the untried. After several rounds of interviews with supplier-facing personnel we were able to determine which suppliers were seen as a risk, and which were the best options for long term strategic partnerships."

"So one of the major pluses of the positive outcomes work was reinforcing the idea that what we really wanted to do was worry about how the whole piece fits together and works together."

## Positive outcomes

Positive outcomes is a process of considering key stakeholders needs, identifying what suppliers achieve in terms of making a difference to the business.

Lauren says: "Instead of measuring input service levels, like how long it takes to answer the phone, you look at it from another angle. A positive outcome for me is knowing when somebody goes to Basildon Park the till works, so they can pay to get in successfully and if they sign up for membership, it goes through first time and lands on their doormat when it should. It's converting input measures into outcomes for the visitors, focusing on what's really important for the them.

"Another example of a positive outcome is suppliers actually working well together and contracts working cross-vendor - rather than me plugging holes and buying this bit and that bit, the relationships traverse potential in gaps in the service. Because one of the biggest problems I have is the danger of gaps between suppliers and contracts, these little pockets of grey areas where things can go wrong and you're left with vendors pointing fingers at one another going 'it's not me, it's 'im guv.' Where, at best, it's really confusing and time-consuming for our internal service desk to support. It can get really hard to unpick and make sense of it all.

"So one of the major pluses of the positive outcomes work was reinforcing the idea that what we really wanted to do was worry about how the whole piece fits together and works together. Not just bits and pieces. I'm not interested in a service

level that tells me how much uptime I've got in a data centre. Who cares about that? What you care about is how outsourcing affects your customers."

## Assorted voices, one hymn-sheet

'Does the service that the provider is giving meet with the overall strategy?' is another question of vital importance, particularly for the National Trust which is very focused on what it will and will not do.

Lauren says: "The Trust is a very mission and vision orientated organisation, much more than many corporates. We have a requirement to look after special places, forever, for everyone; our strategy and everything that I do has to fit it with that. It's quite hard to fit the IT world into that mission statement, but how we chose to go about it was by bringing partners together to build a strategic alliance."

The Positive Outcomes work led to streamlining the IT strategy into four service towers:

- IT operations – facing the customer (service desk, and field support)
- Communications (LAN/WAN/telephony)
- Applications support and management
- Hosting (including infrastructure systems support)

Lauren says: "We were never going to stake all of that work on one monopoly provider, what we were looking for was securing long term partnerships that maximise ROI, but not by just renewing contracts or buying new ones - by making the four towers work together by engaging with companies that were compatible with our values, and nurture behaviours that would be welcome in the National Trust. This creates a virtuous circle. If my suppliers are genuinely working to our values - which I'm lucky, are overtly graphic, very cut and dried - then my customers will be happy."

The National Trust's values and behaviours are:

1. Love Places
2. Share our common purpose
3. Inspire Others
4. Think Long Term

Lauren continued: "Achieving those four things; that's really, really challenging when outsourcing. How do you buy that? How do you define it in service terms and go about measuring it? Some of the suppliers we spoke to didn't think you could possibly measure those values and behaviours. Yet we have it so tightly defined in house, each of the four values translates into about 10 dos and don'ts to live your working life by - it's actually down in writing that behaviours like showing little interest in new ideas, sticking with what you know, saying one thing then doing another, and not treating the Trust's money like



it was your own - all these things are unconstitutional, way beyond the pale. On the flipside, we have lists of positive behaviours we promote: calculated risk taking, considering long term sustainability of decisions, challenging the norm... "So I was sure the National Trust ethos could be applied to outsourcing partners: we just needed to find a way. Other suppliers agreed with me, and were genuinely excited about the prospect. They took the stance that if this innovative Alliance Model works, it's mutually beneficial, it should drive good work into these guys as well; good profile and references, as well as being part of something that's relatively new in terms of outsourcing.

---

*"All the tangible documents on the vision and values made aligning the strategic leadership of the various organisations very easy for me."*

---

I was able to show: here is our strategy and here's how we go about it. By linking straight into our services, the way staff at our properties are expected to serve our customers, I was able to be very, very clear about what I expected. I don't think a lot of organisations give it so much thought."

## Same suppliers, in a very different shape

It transpired that the suppliers with the capabilities, people and enthusiasm for getting stuck in to the defined vision and values were existing ones. It became glaringly obvious quite quickly who would form the pillars of the Alliance, and a handful of large suppliers became strategic partners.

Lauren says: “For example with the IT ops tower; we retained an existing supplier but with a new contract in a very different shape. The applications and app support is somewhat more complicated, and we are still working on the design of that particular ‘bucket’ of work.”

## Take the bull by the horns around profit

“This might be a bit radical,” says Lauren, “but I think benchmarking provisions just annoy people, to be frank. We do the benchmarking process when we go out to buy pieces in the first place, but I’ve seen so many contracts with benchmarking provisions in them that are never used.

“It’s much better when you can have a process where we can ask for sensible pricing based on a committed strategic relationship. And this means having discussions, some might say difficult conversations, about how much profit we’re expecting the vendor to make. Everything is monitored, and if profits go above certain levels, we’re not expected to keep paying so much. The Trust is a charity: we have to be careful not to allow a vendor to run away with its profit margins.

“Some organisations look for growth by under-pricing to start with, then putting in contract changes later - but that’s the No. 1 worst thing you can do to an outsourcing relationship. Better, as an intelligent client, is to ask for the right thing upfront and have very open and mature conversations about how much you’ll pay, suppliers’ costs of providing that and therefore how much profit you’re expecting them to make. With an agreed approach to profit making, you can avoid the issue of pushing for the lowest price and driving contract changes later on. Many customers are terribly naïve on that front. I’d rather not underpay, I know the consequences as I’ve seen them first hand.”

## Designing the Alliance Model

National Trust’s selected vendors were hugely keen on the new way of working, and upon request, each put forward a specified Alliance Manager.

Lauren says: “As well as the usual ops person charged with making sure things are ticking over, additionally we wanted people in place who really cared about the way people worked and nurturing a collaborative atmosphere. The Alliance managers, as well as strategic leaders of the businesses, helped us define how it will work, so the model is mutually designed from the get-go and will continue in that spirit.

“One of the major challenges of the Alliance model was looking to measure the whole service, not just individual

components. So all the service levels feed into company-specific KPIs that amount to overall, united KPIs, and those are the ones that National Trust is interested in. I think what is slightly unusual is not just measuring across the whole piece, but allocating risk and reward across the board. So each of the vendors will be rewarded or penalised based on the performance of the group. So when we have a challenge around the table, my suppliers automatically come together to work through it, not just put their energies into reappportioning the blame.”

## Measuring the Model

“A supplier only performs in accordance with what is monitored and measured, but that’s human nature,” says Lauren. “People are motivated by measurements, and they’re more likely to perform accordingly. But I wanted more than basic service levels from the Alliance.” Hence the KPIs aren’t the traditional KPIs you’d associate with IT contracts, like uptime and fulfilment; those hygiene measures. The Alliance shares joint responsibility for three KPIs that really matter:

- 1 Customer Service
- 2 Value For Money
- 3 Sustainability of Solutions

## Customer service

All suppliers are measured on the level of satisfaction internal and external customers derive from the service as a whole. IT satisfaction surveys ask people how they feel in a net-promoter type score.

Lauren says: “One positive outcome is moving from a service that asks how happy they are, to focusing more on the ones who are unhappy. There’s much more learning to be had there - it sounds brutal but I don’t want to know if you’re happy, that’s how it should be. What I really want is to find about those who are unhappy and a net-promoter score does that, allowing us to make improvements to the service.”

## Value for money

Assessing VFM considers more traditional aspects of service levels, comparing financials with the agreed baselines of performance in the contract.

Lauren says: “This is the most important one for me. We’ll look at the service across each individual company/tower, comparing how well they perform and how much they get paid and work things up into a quality versus cost score.”

## Sustainable solutions

Not to be confused with a CSR-type activity, this KPI measures the long-term mindedness of the solutions provided to the National Trust, and how much strategic value they drive back into the business.



Lauren says “This is an ROI-type measure that looks at when we invest money with these people, how long does it take to see financial benefits? This tends to encourage suppliers to think up more dynamic ways to provide services.”

## Triple bottom line: a balanced approach

The National Trust is equally interested in working with organisations that invest in people as it is in ‘cost versus quality.’ There is a strong belief that these things netted out will drive good value for money.

Lauren Tennant says: “We call it the triple bottom line. It’s not all about the cheapest cost, it’s about value for money. What we don’t want to do is drive the cost down and have supplier organisations’ people suffer as a result - as the National Trust, we have high social standards to keep up. So in choosing and appraising supplier performance, we take a strong interest in how suppliers’ treat their staff and how they develop them.”

## Getting the right people on your account

Selecting outsourcing supplier staff is the client’s call - they shouldn’t be allocated, they should be suggested, and chosen if suitable. Lauren Tennant is of the opinion that the same level of effort should be levied into supplier staff selection as you would internal recruitment, and built her outsource Alliance accordingly.

Lauren says: “If you’ve been very careful about selecting representatives from the supplier you’re happy to work with, which is something we focus on very clearly, then you’ve got two sets of people that can work together and be really honest about what’s happening in the outsourcing relationship.

“Part of our procurement process involves a paper-based exercise, like a job interview would, and then we have a formal interview process. Senior stakeholders meet and assess not just their counterparts, but the people who will work on the account day to day. We have workshops and presentation exercises and we are very clear on what good looks like throughout. Afterward we assess the scorecards, rationalise and normalise individuals’ scores. It’s about as scientific as we can get, without psychometric testing. We don’t go that far! But it is a very important piece of work and has resulted in us asking for changes in the personnel active on our account.”

## The mysterious outsourcing skillset

So you’ve got the right supplier resource on the account, but what about your end? Do you have the right staff facing off with your suppliers? What are the requisite skills to drive success in an outsourcing Alliance?

Lauren says “Many organisations don’t appoint people to buy outsourcing who understand leadership skills properly or inherently possess the right qualities to drive success. There is a need for properly qualified people to be managing these

agreements. I’ve seen a lot of buy-side organisations put inexperienced function managers in charge of outsourcing contracts. For me, that’s a recipe for disaster, as maximising the benefits of outsourcing is a special skillset that is not properly understood by many clients.

“Much of it is about personality. Some people might shy away from difficult conversations, like those concerning supplier profits. It really ought not to be a difficult thing to request, but if the supplier wants to sidestep the question, you’ve got to have the soft skills and strength of character to bring them right back on topic and illicit a straight answer.

“Other difficult questions might come up when a vendor isn’t performing. Or when individuals are working on accounts, that are not compatible. Some might say that’s a difficult conversation.

“Empathy plays a big part. A lot of customers get that wrong - you have to take time to understand the whole context of what is happening within a supplier organisation. We spent a lot of time building relationships with senior execs because it helps to know what big picture challenges they are facing. I want to understand what they’re going through, because these wider issues translate into behaviour of people working for me and only by knowing what they know can I interpret that behaviour properly - otherwise I might interpret it as them just not caring about the account they’re working on.



# Outsourcing Works

“It’s important to think about those things, as well as being able to read contracts, chair governance meetings, get an annual review done, put together a strategy and present it well to a variety of stakeholders on all sides. All of these things your common or garden operations manager might not be appropriately skilled in, but still they are placed in charge of multi-million pound contracts. That doesn’t happen at the National Trust. We send people on the NOA Pathway programme, which up-skills in all these key areas.”

## Conclusion

Lauren Tennant concluded: “Outsourcing is about understanding what you are buying and managing your part in the relationship. You must fully understand what you are trying to get out of it clearly enough to motivate people at the other end. As far as I’m aware suppliers aren’t psychic but lots of clients expect them to be.

“What’s important to me is that every time I need a new

widget that I don’t have to go out and procure it through endless processes. Instead I have a predefined, well benchmarked piece of service that fulfils my IT needs. What I’d love to get to is just a price per head to run IT. What we want to do is get a really sharp price-per-person on a managed service basis.

“We’re not quite there yet, but being in the Alliance is the way to achieve that, long term. We’ve re-awarded contracts to some suppliers that we’ve had for ten years. But they’re not the same contract and with the fresh injection of National Trust values and behaviours, it could be argued that they’re not quite the same suppliers either. Everything the Alliance does, I want them to do it with National Trust culture in mind - to really care about their people and invest in them.

“Most important thing is the positive reinforcement of quality of service to my customers. Ultimately, I don’t want to have to manage a bunch of suppliers, they should manage themselves. And I think they will. That’s a cool thing, a really cool thing to achieve.”

# Talking Governance

The Alliance can only work if the environment created is non-competitive, even though the majority of said parties are likely to be natural competitors (particularly in the IT market). It is essential that all participants accept this and that it’s monitored. Which means not only giving each participant clear parameters for the service that each will provide, but contractualising a commitment to openness; providers speaking the truth, and listening to the truth.

What we don’t want is suppliers in conflict or point-scoring; be it overt, covert, conscious or subconscious, such behaviours fly in the face of the Alliance’s key principle of ‘Fix First, Discuss Later’ - this covenant of the Alliance makes it essential to focus on finding solutions that are as quick and cost effective as possible, while leaving any disputes as to who is responsible and who should foot the bill until after the problem is solved. As the governance is carefully structured to ensure effective communication across all participants, there are various stakeholder meetings to discuss such matters; debating them out of the pre-agreed context is a poor behaviour that will ultimately penalise all concerned. Regular open communication drives the correct behaviours and maintains mutuality of focus, namely: delivering the IT service promise to National Trust customers.

Suppliers are encouraged to work this way by the criticality of



## Alec Campbell

IT Supplier Manager, Service Delivery,  
National Trust

outcomes to the governance of the Alliance. Performance is assessed not just in terms of service levels, such as sending an engineer out within four hours, but on the impact to the National Trust business. If, for example, a till went down in one of our places with multiple tills, that’s low business impact. If the till went down in Beatrix Potter’s house, where there’s just the one, meaning we cannot admit customers to an entire venue, that’s a lot higher priority - on a par with something more widespread, like the whole Trust’s email going down.

We need restoration of service to our customers, ASAP, by suppliers providing a root cause fix, rapidly delivered, or a viable workaround for the interim. If a supplier sent an engineer round with a manual till, we would be delighted with that in the short term because whether they pay on an old fashioned till or a modern electronic one isn’t an issue that upsets our customers.

It’s at times like that the whole Alliance has to pull together, and accountability becomes a secondary issue. Getting to a solution that benefits Trust customers is the single most important factor in the governance of the Alliance. While individual service levels/service towers remain important, it is building the governance inclusively that really counts; judging the sum, not the parts, ensures that collaboration is rewarded and individual backbiting penalises everyone.



## National Rail Enquiries shows it's all in the planning

When National Rail Enquiries, the award-winning multi-sourcer, which has 17 million customers, announced plans to transition its services to the cloud, Outsourcing Yearbook knew this would make interesting reading.

Rupert Hodgson caught up with Derek Parlour, Head of Commercial at National Rail Enquiries.

### Introducing National Rail Enquiries

National Rail Enquiries (NRE) is the definitive source of customer information for all passenger rail services on the National Rail network in England, Wales and Scotland. NRE is part of the Association of Train Operating Companies (ATOC), which is responsible for providing business services to the Train Operating Companies.

NRE handles an average of two and a half million journey planning enquiries every week day through its own brand contact centre, mobile, apps, social media, SMS and website channels and meets even more enquiries through the 1,000 information services supplied to third parties. NRE offers journey planning, real time information, fares and a range of rail-related information to rail customers. NRE channels currently generate sales leads for the train operators worth over **£800 million** per year leading to over **£¼ billion** of sales.

The surprising fact is that NRE does all this with only 26 employees! How? I hear you cry! Outsourcing, of course.

### NRE's sourcing strategy

National Rail Enquiries has evolved from a contact centre business to a multi-channel award-winning customer service provider and is a mature multi-sourcer. Although from the user's perspective it appears to be one service, the reality is that there are 20 suppliers involved just in delivering NRE's website – 12 of them major suppliers.

The main supplier services include:

- Content management
- Website user interface
- Real time predictions
- Avatar
- Ad serving software
- Performance monitoring
- User surveys
- Mapping data
- Design
- Multi variant testing
- Hosting
- Journey planner application

The remaining suppliers deliver ad hoc work, such as load and penetration testing.

NRE used to follow a single-sourcing strategy, where the responsibility for the whole service would lie with one supplier. However, over the years NRE has taken on greater service responsibility in return for the greater flexibility, specialisation and lower cost of multi-sourcing.

NRE's Parlour summarised the benefits of their multi-sourced approach: "Multi-sourcing is a structure which allows NRE a high degree of flexibility, with multiple suppliers allowing projects to be easily changed and transferred. By avoiding long-term contracts or a single large contract with a solo supplier,



National Rail Enquires is able to position itself to easily change-out suppliers when services are failing to perform optimally. This ensures short periods of down-time, rapid transition and the effective promotion of competition, ensuring that suppliers are kept on their toes without having to leverage service-level agreements (SLAs) which can become outdated quickly. This competitive approach helps to deliver the best service through short-term contracts some of which are on 60- 90 days notice.

## Benefits of multi-sourcing at NRE:

- The change process is a lot quicker and cheaper
- By dealing with experts, NRE benefits from their expertise and constant learning
- It's easier to swap out one piece of the solution, than the whole solution, which in turn helps keep suppliers on their toes
- Shorter term contracts – typically less than 3 years with 60/90 day rolling renewal – which has proven a more motivational way of working with suppliers than SLAs and service credits and certainly a less confrontational way of managing relationships
- The multi-source is focused on sharing goals and innovation happens on an incremental basis through sharing ideas

By employing a multi-sourced strategy, NRE ensured it was not limited to large enterprise level suppliers, instead opening the door for smaller SME specialist participation. NRE found that smaller organisations offered greater business value and better flexibility, while bigger organisations were often constrained by a requirement to deliver specific margins and project sizes and this limited what they could sign-off on and scope of services they could provide.

The multi-sourced approach ensured that NRE's service management could deal directly with each company directly, ensuring that they had access to the required specialists and clear points of contact and lines of communication, which were often unclear when using a single provider providing multiple services.

## Not all plain sailing

However, multi-sourcing puts the responsibility onto the client company, there's no single systems integrator to shout at (often referred to as 'one throat to choke') and it requires developed management skills in order to successfully run it. Although, they were all experts in their own fields, NRE itself was responsible for knitting it all together to deliver a seamless customer experience. NRE's business structure has changed as a result. When the company set-out on its multi-sourcing strategy 6 years ago, 60 per cent of its employee base were rail experts, today only 25 per cent of them are. The majority of NRE's staff today are outsourcing experts as the organisation concentrates on managing the outsourcing process rather than the services themselves. Such a significant change in the modus operandi is

outside of the comfort zone of many companies.

## Moving multi-sourcing into the cloud

With its multi-sourced arrangement well established, NRE sought ways to further optimise its evolving service.

Steep increases in visitors had resulted in user numbers rising by 25 per cent year-on-year. The rise of mobile devices have also helped to increase demands on services, with the on-the-go nature of smartphones helping to propel the uptake of NRE services, with large rises predicted over 2014. The increasing service demand is a key concern due to the type of services provided. Due to NRE's role in national transportation, the company is answerable to Parliament should services fail to function effectively. Any downtime for NRE could be highly damaging, with the potential for negative press, consequences of government involvement and a decline in customer reputation.

Under the old programme suppliers were responsible for their own hosting and sudden spikes in demand could cause significant difficulties, as such they all had excess capacity to avoid service disruption, which NRE was paying for. Take the St Jude's storm as an example, which caused major disruptions when trees fell on train lines, normal traffic tripled from 1.2 million to 3.6 million unique users on this particular day. NRE needs to ensure it has the capacity to service customers as normal at all times. The required excess capacity to create a safety blanket across so many suppliers, led to a significant amount of wasted hosting. While this option was expensive, it outweighed the potential disruption if the site were to go down.

NRE needed to not only reduce costs but also introduce a more flexible hosting arrangement where the systems could cope with extreme volumes without having additional capacity reserved but not being used. At first glance cloud, which could be scaled up and down to pay for usage, looked the perfect solution.

The hosting was a further step in contracting directly with the expert supplier rather than relying on system integrators, in line with NRE's strategy of multi-sourcing wherever it was advantageous. Multi-sourcing offered a solution by taking the hosting out of the application agreements and moving the hosting to a central agreement where there were capacity synergies with access to better technologies. NRE therefore opted to cut the hosting out of all contracts, instead getting their suppliers to focus only on application support. An external consultant, who had assisted the Government in its work on the G-Cloud, was brought in to assist.

## Journey to the cloud

The decision to move to a cloud based platform offered NRE state-of-the-art kit and limitless capacity, but there was one significant drawback –NRE needed to manage it! Cloud services normally take the form of a low-support high-tech service, with the focus on providing cost savings at the expense of a high-

level of service. Auto-scaling software, which could be employed in conjunction with the cloud, proved to be imperfect, with the software having difficulty in dealing with rapid unexpected increases and decreases. Although it recognised a ramp up in usage and could instigate more servers, it could not predict future requirements and whether a tail off in usage was likely to be short or longer term, in reality human intervention was still required.

As such, NRE sought bids on two tender processes: a cloud commodity hosting provider and a SIAM (service integration and management) company, which would be used to offset the poor support offered by a cloud service provider and manage the complex nature of hosting across a multi-sourced model. The SIAM would sit as a layer between the application providers and the cloud, responsible for fine-tuning the capacity requirements of the cloud, but also working with the suppliers to get the software applications virtualised to work on the cloud, as well as working with other suppliers on the load and penetration testing. They also need to run the support and triage service.

Twelve companies tendered for the business. Some bid for both the cloud and the SIAM projects together, but according to Derek Parlour: “these didn’t look real” and NRE selected Amazon Web Service (AWS) for the Cloud and Smart421 (part of KCOM, which provides communications services) for the SIAM role.

AWS cloud was primarily selected for its low cost, with migration to the AWS platform being expected to initially save as much as 1/3 on NRE’s total hosting bill. The transition process which began at the start of 2013, saw the service being moved from being hosted across six ageing legacy data centres, to the new cloud platform.

## Project management

Smart421 in acting as the single point of contact for a wide range of support services for different activities, ensures that NRE can quickly and easily establish communications and receive information from one source, on all aspects of the cloud project.

## Obstacles

The success of SMART421’s management role was complicated by having different suppliers to go to for different issues and in needing to identify first whether the problem was a hosting problem rather than an application problem. The SIAM was only responsible for raising the issue – not fixing it. Once the problem had been discovered individual suppliers remained ultimately responsible for the delivery and were accountable for overall service maintenance.

## The transition process

When transitioning services the move was undertaken gradually,

with significant testing and the moving of services happening individually over time. Once services had been transitioned onto the cloud and technicians were satisfied that the services worked properly, a simple domain name change then caused customers to be directed to the new cloud hosted site. As had happened previously under the multi-source arrangement, NRE took a very hands on approach to the migration, bringing suppliers together to work through issues and ideas. This process facilitated innovative thinking and helped to improve communication between multiple suppliers working in different areas while ensuring that overall focus was on the key goals.

The transition successfully took advantage of all of the benefits that cloud platforms offer, while avoiding some of perceived weaknesses such as data security. For NRE the safeguarding of data is not an operational concern, as NRE’s web services involve publicly available information and do not hold personal data. The main concerns that exist relate to hacking or interference with the operations of the cloud hosted service, but these are no different to before and similar safeguards are employed.

## Realised project benefits:

The move to a cloud hosted service created a scalable solution, with NRE only paying for the bandwidth and capacity that they used, based on a pay-as-you-go payment plan. During peak time hosting capacity would expand, ensuring that the site can continue to cope with high demand. In turn during periods of low demand the site takes up less capacity. The scalable nature of the service succeeded in reducing the overall amount of capacity that NRE needs, by removing the need for constant additional capacity. The transition to the Amazon cloud also created a safety net by delivering the NRE cloud hosted services across multiple AWS zones, mitigating the impact of the unlikely failure of any one element. The move to a cloud based platform represented an ideal solution by providing security against downtime while avoiding high expenses.

## Benefits

The two main criteria for success were cost reduction and flexibility, so NRE could scale up and scale down its capacity in real-time depending on customer needs, without needing huge amounts of idle capacity on standby. The move to the cloud delivered NRE a saving of 75 per cent on its hosting costs. Even with the cost of the SIAM added in, NRE still achieved a 30 per cent saving overall.

As well as gaining capacity for its current systems this project also delivers capacity for the future both in organic growth and new services. NRE’s move into mobile has not only increased the number of users but the frequency with which they use NRE’s services. The hosting project ensures that NRE has

capacity for this.

Multi-sourcing has given NRE a cheaper, more flexible solution that is not only reasonably future proof but allows NRE to work with smaller companies who may not be able to supply the hosting as well.

The project fully delivered the goals set at the outset with significant cost savings and greater flexibility for NRE to be able to meet customer needs at the time when it is most crucial that those needs are met.

## Results

By turning to a SIAM service, NRE was able to harness the benefits of a low cost cloud platform from Amazon while ensuring that the service was carefully managed, with support that communicated with a variety of specialists, allowing for clear and rapid communications.

In the future Derek Parlour identified the utilisation of big data as a key step for the website as NRE moves to harness analytic capabilities. This will include the employment of Big Data web analytic services which will allow the site to identify key demographics and build up a demographic on their otherwise anonymous users, allowing for the further monetisation of the site through user-targeted advertising but also using the customer insight for development of the services.

In terms of the industry as a whole Mr Parlour predicted companies will follow NRE's example in pursuing faster and smaller short-term outsourcing contracts, with cloud technology facilitating this new direction.

“This technology is key to the ability for NRE to continue to deliver its services when they are most needed, through a widening number of channels, whilst at the same time not just maintaining its cost base but reducing it.”

## Key cloud migration benefits:

- The migration to the cloud resulted in increased overall stability with expandable capacity with the addition of a human element to safeguard against known limitations, bringing the best elements of automated processing and human awareness together
- Increased speeds, with services being deployed at faster rates and maintenance times being reduced due to improved communications and dedicated management
- Developing future services with the site benefiting from future AWS cloud products including analytics capabilities
- Reliable stability from multiple cloud servers provides a secure framework for a service that cannot afford downtime
- Extensive savings from the cloud paired with reliable support

from SIAM providers gave NRE the best of both worlds, with AWS lending itself to the deployment of extensive analytics, in order to further increase the value of the website.

## Top tips from Derek Parlour when multi-sourcing



- Ensure to align business strategy between the different parties. By employing effective communication between parties and making sure that parties understand business requirements and the margins that suppliers are working with, the project can avoid misunderstandings. Derek describes how “most innovation is incremental, if we can let suppliers know what our roadmap is- it lets them hone their business approach.”
- Prepare to invest in managing outsourced arrangements
- Ensure that the right individuals with the right skills are involved throughout the project
- Focus on having suppliers deliver, rather than worry too much about how they are going to deliver
- Avoid long term contracts or commitments, it is fine to embark on a long term relationship if they are frequent renewal periods for the contract to ensure you maintain flexibility and avoid being tied-in to a service
- Ensure that you do not ask suppliers to take on risk that they are unable to control. Derek described how suppliers would encounter difficulties in providing services when customer demand would drop: “Our experience is that suppliers would get into a lot of trouble when call numbers would drop and that isn't under their control”. SME suppliers who provided services with a tight margin are unable to easily sustain losses in profit
- Always ensure that ownership of IP is properly assigned, while IP creation is challenging it brings its own benefit
- Establish an early exit clause for convenience. It is always a lot easier to plan and agree on a exit clause before a contract is signed, rather than after
- Ensure clear communication and listen to supplier feedback
- Develop a plan for innovation and help to stimulate its creation by creating opportunities whenever the chance presents itself as clients drive innovation.
- Keeping suppliers aligned with the business plan, shares with them the opportunity for increased revenues in the future



# Motivating people in the outsourced environment.

Clients may not think they need to. But the smartest ones do.

### Introducing James Cuthell

Having personally managed three major transitions to offshore partners, Everything Everywhere's Finance Service and Transformation Manager, James Cuthell, has significant depth of experience in large-scale transformation programmes. He has over twelve years' experience in change management and process improvement, garnered in senior management positions with EE and as a consultant with Deloitte.

As part of his NOA post-grad Diploma in Global Strategic Outsourcing - which he passed with Distinction - James looked into the challenges of motivating suppliers' teams. As well as copious desk research, he interviewed colleagues, suppliers and selected members of the NOA community...



Motivating other companies' employees is an often overlooked facet of outsourcing relationships. Many end-user executives feel 'why should we have to?'

But the simple fact is that outsourcing relationships can run into problems when supplier resource subconsciously starts to view your activity as routine and cease to appreciate its real value. Complacency will ruin relationships, so admitting at least part responsibility for motivating suppliers' staff is a healthy stance to adopt; one that can avoid problems further down the road.

### The watermelon situation

Outsourcing reporting dashboards can, at times, resemble a watermelon. Serene green on the outside, garish red on the inside...things looking shipshape on the surface but with a nagging feeling that underneath, things are going badly wrong - an all-too-common phenomena for organisations relying too heavily on KPIs.

The limitations of KPIs are well documented, and green can feel like red because they force people into a simplistic, childlike answer to a complex grown-up question. What you really need is HD full-colour dashboards. But by definition, KPIs are binary code, black and white. They don't consider drivers of performance, areas where behaviour or understanding is lacking, the rationale for why a person performs the way they do. If getting to green causes significant 'noise' to the customer, this can outweigh any satisfaction felt in achieving green status...put succinctly, KPIs can lead to dysfunctional behaviour, because, in the words of one returnee: "If there is a way that the outsource provider can get out of being marked amber or red then they will try it."

Additionally to this perceived skulduggery, KPIs cannot measure effort or decision-making or cause and effect. Put simply, they measure the what, not the why. Fine for transactional processes - useless in relationships. And when



measuring relationships is vital for motivating outsourcing teams, being hopelessly devoted to KPIs is causing blind-spots that is setting your relationship up to fail.

This is why additional measurements that support KPIs are essential to getting a true picture on how things are really going - on both sides of the deal. But where to start?

## Different strokes for different folks

It's important to recognise that supplier and client resource respond to different motivators. My NOA post-grad diploma research returned results that showed the four main motivating factors in outsourcing are: KPIs/SLAs; a 'One Team' partnership approach; recognition for strong performance and; rewards/gain share.

Suppliers and clients agreed on that much. But the emphasis placed upon them is widely different...

Clients love KPIs. Over 70% of those surveyed saw KPIs/SLAs as a key lever to motivate performance. Other important motivators highlighted were reward/gain share (59.3%), then recognition (52%) then finally, the 'One Team' partnership approach, which only 44% deemed important... which could create a sticking point for not-so-intelligent clients because the 'One Team' partnership approach is the standout motivator of supplier employees. Nearly 85% of returnees stated that feeling valued like a partner is a major motivator. Other factors fade into insignificance - Recognition (46%) KPIs/SLAs (43 %) Rewards/Gain (40 %) - all considered roughly half as important as making supplier resource feel a genuine part of your team.

Think about how you motivate your own teams; when you are working with, or line-managing someone in close geographical proximity, KPIs would be fairly low down the list of ways to

measure their performance - and understanding why someone performs the way they do a mere matter of observation and inquiry. It becomes far more difficult in outsourcing environments, often spanning disparate cultures. This makes it vitally important to have intelligent governance that gathers insightful data, helping you to bridge the geographical gulf and observe by proxy. That means measuring the actual relationship, not just its outputs.

## Partnership and supplier motivation

Evaluating or measuring a partnership should contribute to enhancing and strengthening it. In my diploma survey, a significant 87% of returnees identified that a partnership approach can motivate performance if executed correctly. But just having a partnership will not guarantee higher performance levels. While having strong relationships with key members of your suppliers will always help rather than hinder, sometimes performance is not maintained despite promises of 'partner-focused support.' And sometimes, clients can feel being in a buzzword-friendly 'true' or 'real' partnership can leave them feeling taken advantage of. According to one NOA member:

"We see instances where a partnership really works well and instances where the partnership is taken advantage of. With the current suppliers we have the latter is more prominent."

This nagging feeling of being taken advantage of can stem from the differing motivating factors attached to top-ranking positions - according to one senior supplier: "the processors like the personal touch whereas the higher up the food chain you go they are more about position, finances and KPIs." Of senior suppliers' responses, the top six motivating factors were:

1. Knowing that there is growth to the account
2. Knowing that one is respected
3. Freedom to operate
4. A reward & recognition programme by the onshore team
5. Healthy relationships between onshore & offshore stakeholders
6. Trust between all concerned

Apart from #1, which potentially associates most closely with the aforementioned sense of being taken advantage of, the above factors ring true for all members of supplier organisations - so to maximise motivation, you need to make the partnership

approach felt in the day-to-day interactions, all around the business. Suppliers expect clients to work towards optimising interactions and supplier staff will respond accordingly, particularly in an environment that encourages fresh ideas from vendors, where transformation is applauded and rewarded. You must take a genuine interest in your outsourced team, respect them as equals and ensure they feel that if they proffer a good idea, it will be listened to.

## Aligning the lenses of strategic leadership

Before designing any sort of performance measurement, it's vitally important that leadership from client and outsourcers management is aligned. 89% of client respondents stated that Strategic Leadership is important. Sue Tompkins of EQ Partnering, my fellow NOA Council Member, sums this up powerfully: she spoke about the importance of 'aligning lenses' between customer and supplier leaders. She reiterated the absolute requirement for conjoined expectations and drivers at the top level. And let's not forget human characteristics: flexible people who dare speak honestly and openly about the strengths and weaknesses of the partnership, who are mature enough to reflect on the feedback and respond positively.

As well as directing focus, goal alignment and road map-planning, consolidating strategic lenses will result in top-to-bottom involvement, as attitudes are disseminated

through company culture. Regular intervention by senior management is expected, to bring a sense of ownership within the employees and motivates them to perform their jobs better.

## Blending partnership with governance

My own experience of strong performance stems from achieving the hygiene factors such as value and respect, but also setting structures and boundaries. So a contract provides the framework for progressive governance measures that go beyond KPIs and into measuring relationships. But partnership will only get you so far. Just by having a partnership, performance is not guaranteed. Whatever way you look at it, it is still a client/supplier relationship and you are paying for an expected service as a minimum. If you're paying someone to be your partner, you want to make sure you're getting your money's worth.

But how do you measure a relationship?

First, by determining what you want from it. My diploma research left me with the resounding feeling that a Willcocksian Relationship Value Charter (see fig. 1) would be a worthy exercise for anyone engaging an outsourcing supplier. Organisations further through the outsourcing lifecycle looking to assess and improve relationships should also consider developing such a charter, as research by Willcocks and Cullen suggests, strong relationship management can create a 20-40%

**fig.1: Willcocksian Relationship Value Charter**

<b>Service</b>	We do not desire to apply penalties. The Services will be of a consistent high standard, comparable to market standards, and customers will be delighted	<b>Time</b>	We will provide each other time and management focus
<b>Financial</b>	We will achieve our financial goals: Client - reduce cost over time and have competitive pricing at all times Contractor - reasonable profits	<b>Respect</b>	We will be respectful and considerate of all parties
<b>Communication</b>	We will communicate frequently, openly and honestly with each other	<b>External relations</b>	We will project a united front and will not discuss sensitive issues outside of the relationship
<b>Meet needs</b>	We will be both proactive and reactive to each other's needs	<b>Industry model</b>	Our relationship will be seen as an industry model
<b>Creative solutions</b>	We will constantly search for better ways of doing things	<b>Enjoyment</b>	We enjoy working together and respect one another
<b>Conflict</b>	We recognised conflict as natural and will focus on solving the problem, not apportioning blame. We will resolve conflict at the lowest level	<b>Added value</b>	We will both derive more value from our relationship than just the exchange of money for services
<b>Fairness</b>	We will be fair to all parties	<b>Work seamlessly</b>	The services value chain will appear seamless
		<b>Technology leadership</b>	We both wish to have recognised technology leadership





difference on service, quality, cost and other performance indicators.

Once you've agreed what it is that will make or break your relationship, put dashboards in place whereby you can track it, analyse it and ultimately, use it to drive best performance. Combining measurements is essential to getting a true picture that KPIs alone could not possibly uncover. Keep your KPIs by all means, but enrich and supplement them with more intelligent scorecards that look into the why, not just the what.

---

*"KPIs are valid for literally one second - they take no heed of effort taken to get to green, or any mess to be mopped up afterwards."*

---

## Getting to a true picture

Taking a 'true picture' view with outsourcing scorecards involves measuring more factors, more often. The purpose of a "true picture model" is to score the engagement across the full range of interactions: from technology to training, process

adherence to attitudes. This will mean determining key measures which demonstrate underlying factors in performance, the 'whys' that determine the 'whats'...

Consider measuring:

- How many bona fide process champions are there at each site? What does it take to make that grade? How many new people do so each month?
- How much are team members encouraged to take external training? And is career growth attached to it?
- Customer satisfaction and NPS scores (both customer and supplier)
- Is knowledge regularly assessed? What are the pass rates? Does testing for knowledge gaps happen regularly?
- Do escalation analysis and action items result in a SOP update for any changes? Are root causes of issues understood and addressed? What is the subsequent process to bridge the new knowledge gap?
- Process and control gap assessments - are these updated as gaps are identified?
- The approach to retaining and transferring knowledge

- Is the supplier encouraged to learn about the client, its culture, its markets and ways of working?

By collecting enough of the right data, not only can you begin to understand the drivers of performance and recognise / reward stellar performance, but you can build an internal benchmarking process that will empower you to make the best informed choices when it comes to engaging new suppliers. The “true picture model” allows the customer and supplier to assess maturity against the key agreed measures - then target improvements in a similar way to models such as CMM (capability maturity model).

Relationship scorecards need to be simple yet meaningful, and bilateral, as they will be the platform for debate around performance levels and developing the relationship. A good example of a concise yet insightful scorecard might analyse rankings out of ten in a small number of categories:

- Adherence to process and ability to use initiative to take correct actions
- Submission of quality work
- Pain points caused to onshore team
- Quality of resourcing and recruitment
- Completion of adhoc/ additional activity
- Overall feeling of team

But equally important to a scorecard's viability as a means of measuring a relationship is a prescriptive marking scheme, which should be closely adhered to in order to standardise both the measurements and tone of responses. This allows for realistic comparison not just month-on-month, but between other suppliers and processes. (See fig. 2 overleaf)

## ‘Surprise’ measurements

Sometimes you might stumble upon a performance measurement you hadn't previously included in your scorecards - prior to my Diploma, I wouldn't have considered a Learning Academy an important point of reference for measuring an outsourcing relationship. Now I do.

A Learning Academy is an example of a joint customer/supplier investment to engage outsourced teams through incentivising good performance. Staff can win trips to the UK, cash prizes, certificates and suchlike. Following some of the focus groups I conducted, I quickly came round to the idea that data from this initiative could be used to accurately assess the motivation levels within the offshore team. The number of different winners, the trends in improving competition scores, all sorts of data can give insights into motivation in your offshore team. Chances are that a healthy picture here is

indicative of good engagement levels and therefore, worthy of a slide in future governance meetings.

## In conclusion

KPIs are valid for literally one second - they take no heed of effort taken to get to green, or any mess to be mopped up afterwards. Reliance on KPIs can lead to a ‘computer says no’ culture where everyone feels demotivated. Yet they remain popular among clients. To improve insightfulness and decision-making, align good-old-fashioned KPIs with complimentary measurements.

Measuring relationships, not just their outputs, will help promote engagement on both sides of the deal. By boosting supplier engagement, you will not only motivate stronger performance, but potentially reduce attrition, which is beneficial to all concerned.

Understanding why someone performs the way they do can be relatively straightforward close up; offshore the ratio of observation to inquiry changes dramatically. You need to consider whether you are asking the right questions, taking the correct measurements and analysing the information appropriately. Only by measuring a relationship can you make it work, so decommission that monosyllabic ‘Yes/No Computer’ and move towards an intelligent system that studies enough viewpoints to ensure everyone is fully motivated, and green really means green.

# Outsourcing Works

	Key criteria	Question	Possible answers	Scoring	Section rating
Delivery of a Service	Process documents are all up to date and properly utilised	How many of your process documents are fully up to date and signed off?	All / Most / Some / Few / None	All	9.33
		On a scale of 1 - 10 how effectively are your process documents used?	1 - not looked at 10 - fully utilised	10	
	Controls are managed within company and legal guidelines	How many of your audit / company controls were completed as required?	All / Most / Some / Few / None / N/A	All	
	If errors occur these are identified, worked through and corrected by the team	On a scale of 1 -10 how effectively have the team managed errors?	1 - haven't been raising issues 10 - done everything in their power to escalate appropriately	10	
	Effective Incident Management	On a scale of 1 -10 how effectively have the team managed incidents?	1 - haven't been raising incidents 10 - done everything in their power to escalate issues	10	
	Complaint Escalations	Have you had to escalate any complaints this month?	Yes / No	No	
		How many complaints have you had to raise?	0	0	
Benchmarking	Do you have an effective action plan in place to deliver improved benchmarking scores?	Yes / No / Completed / N/A	Yes		
	Have minutes been taken ?	Yes / No	Yes		
Team Level Governance & Meeting Summaries	Have actions been shared with appropriate stakeholders?	Yes / No	Yes		
	Have actions been followed up on?	Yes / No	Yes		
Quality	Quality of reports & documents submitted for sign off or presentation	Have all documents/reports received been of the expected quality?	Yes / No	Yes	10.00
		How many times have you had to request redrafts of a document/report submitted?	0	0	
	Quality of comms e.g. emails or calls	Have the comms you've seen been of a standard acceptable for its purpose? e.g. if going to a customer is wording appropriate	Yes / No	Yes	
		If not, how may errors have you seen?	0	0	
Effective Stakeholder management	Have you received any negative feedback from stakeholders regarding their contact with the team?	Yes / No / N/A	No		
	How many have you received?	0	0		
Resourcing & Recruitment	Leavers & Joiners Notifications	Have all documents been received with enough notice period?	Yes / No	Yes	9.90
		If not, how many late notifications have you received?	0	0	
	Absence Notifications	Have absence covers been advised at the appropriate times for business requirements?	Yes / No	Yes	
		If not, how many late notifications have you received?	0	0	
	The right people	Do you have any skills gaps in your team?	Yes / No	No	
		On a scale of 1-10 how big an issue are these gaps?	1- minor 10 - major	1	
	New Starter Process Knowledge Training	Is training a seamless process?	Yes / No	Yes	
Do you need to get involved with the offshore training?		Yes / No	No		
Process Champions	Do you know who your process Champions are?	Yes / No	Yes		
	On a scale of 1-10 what value have they added to your team?	1 - none 10 -invaluable	10		
Issues / Concerns	Breaks in Procedure	Have you experienced any issues with process/ BAU work this month?	Yes / No	No	10.00
		How many have you experienced?	0	0	
		How big an issue has it/ have they been?	1- annoyance 10 - major breach		
Additional Activity	Ad Hoc work	Have you requested additional support for any ad hoc activities this month?	Yes / No	No	N/A
		Has the team offshore had the resource to support your request?	Yes / No		
		On a scale of 1-10 how well was this additional work completed?	1- struggled to get the basics 10 - exceeded expectations		
Summary	Overall feeling of the team's performance	On a scale of 1-10 how well have the team performed this month?	1 - struggled with BAU 10 - exceeded expectations	10	10.00

Fig.2: Sample Scorecard



With the recession behind us yet austerity cuts still ahead of us, Outsourcing Yearbook caught up with NOA Advisory Council Members and industry commentators to get their views on what the outsourcing industry could expect from 2014 and beyond.

# Views

from the top





**Mark Devonshire**

Vice President, Capgemini

**To understand how outsourcing will develop, we need to understand the impact of technology in the business context.**

Today's IT world looks very different from 20 years ago, but the pace of change within outsourcing hasn't been nearly as significant. Nevertheless, outsourcing is currently at a crossroads. Whilst some aspects are more transactional than they've ever been, others are considered more value adding and therefore closer to the business. The one thing that is certain is that the next few years are likely to see exponential acceleration of the pace of change in outsourcing.

To see why, we need to look at the business model as a whole, because decisions about sourcing – and indeed about IT – are moving out of the IT function and into the business. This is happening in at least two ways. First, users increasingly expect to be able to use technology how, where and when they want; technologies like mobile and cloud are already making this possible. Second, in a digital economy, IT becomes an integral part of the way business makes money, not just an enabler.

In future, therefore, outsourcing will be driven not by what the IT function prescribes but by what business users demand. We may even stop talking about outsourcing and start talking about users sourcing subscription services delivered via a "target operating model provision".

Businesses will have an architected framework of intent and will source or subscribe to services that will fulfil a function within this intent.

We will see the growth of alternative sourcing approaches such as service orchestration and service integration, while individual service towers will increasingly become commoditised. It will be Integrators and Orchestrators who form value-adding partnerships with clients. Commodity services will be chosen largely on price with the ability to swap out at will. Suppliers will position themselves as either Integrators, Orchestrators or Tower Providers – though a single supplier may carry out different roles for different clients.

For CIOs, this multisourced world will be an exciting one – not least because of the need to create a commercial environment that's dynamic enough to keep pace with technology and business change. Business users will expect CIOs to work continually with Integrators and Orchestrators to assemble a wider and more flexible set of services needed for business transformation.



**Lee Ayling**

Partner, Head of Corporates IT Advisory  
Management Consulting  
KPMG LLP (UK)

2013 was very, very different to any other year in my 18 years' advising clients on outsourcing.

The KPMG Service Provider Performance Survey showed us that satisfaction with monolithic, multi-tower deals is very low and in ITO, many global clients are moving into a much more fragmented buying of services, often with three or four service providers – and bringing around 20% of the scope back in house. This means creating organisations to put together building blocks of services that are then delivered by a range of service providers. And then of course, manage them to aggregate their efforts. This happens to be a better way to control costs and also, clients avoid giving away the 'family jewels' to outsource providers. In fact they are buying the gems back, as they are not over-reliant on any service provider.

---

**"In BPO, large global clients are looking to make optimum use of shared service centres across the world"**

---

Clients realise that you can't pin your hopes on better results by doing much the same thing with another provider. To take cost savings out, you need to make sure there's always competitive tension between service providers – but to be future proof, you have to take real control of your estate.

In BPO, large global clients are looking to make optimum use of shared service centres across the world, designing their own integrated global business services offerings in-house and removing functional silos – then engaging outsource service providers to help build shared service capabilities and often to pick up more transactional parts of the processes. Intelligent buying and more complex services are being retained by businesses, often played out in shared service centres.

In KPO, all the preeminent services providers are placing their bets on industry offerings, each of them offering niche platforms and applications – trying to get famous for five or six very specific offerings, rather than the usual growth story of picking up deals and building capabilities....

Net-net, outsourcing is still very prevalent, there are lots of deals around but suppliers are working very hard because there's lots of competition in the marketplace, not just in winning deals but also in maintaining share of wallet in those deals.



Global outsourcing provider of  
customer experience management.

# Experiences are better when shared.

Sitel is helping the largest brands in the world retain and grow their market share by delivering better customer experiences.

Whether you work for us or in partnership with us, you will benefit from the global knowledge sharing and unparalleled experience that has helped us become a leading provider of global customer relationship management outsourcing.

Experience shared.

[sales-emea@sitel.com](mailto:sales-emea@sitel.com) | 0800 444 221 | [sitel.com](http://sitel.com)

The logo for Sitel, featuring a small globe icon above the word "SITEL" in a bold, sans-serif font. The letter "I" is red, while the other letters are black. The logo is set within a white circular background.

**SITEL**



## Jim Reed

Director of Procurement, University of Nottingham

**Having spent a long career in industry, both private and public sector, and having worked in strategy and business process improvement, as well as procurement, I believe I have a wider view of outsourcing than if I was “just working in it”.**

I have over the last year talked at several procurement conferences about my experiences in setting up, managing and exiting outsources and the talks have seemed to be well received with the audiences taking loads of notes.

The messages I give are simple and common sense (as I say at the beginning of the talks) and yet they still take notes! My experience backs this up. Whenever companies look to outsource, or are deep in one, common sense seems to take a back seat to the excitement of starting off, or the relief when the contract is signed and the real work starts.

**“Whilst the supplier is delivering and managing the service do not lose sight of where you are, how the service stacks up against the outside world and question your provider’s control of your assets, software, hardware and resources.”**

The message I give and my fundamental belief is that you have to work at all aspects of an outsource from cradle to grave. It is vital that you are an intelligent customer and that means starting as you mean to go on with precise requirements, a commercially based service, good knowledge of what you are outsourcing and a strong baseline document set of assets, services, SLAs and contracts.

When you are negotiating the outsource make sure you understand what it is you are negotiating and why. It is simply not enough to admire the legalese, you must understand the logic of what you are committing the service provider to and what you are committing yourself to in return. That way there are no surprises and the situation is relatively balanced – and hopefully win-win.

Once the contract is signed and the service starts you need to maintain your intelligent customer position, keeping hold of those people who negotiated your outsource and understand the logic, and those who built your document baseline. Answer

all of the suppliers’ questions directly, accurately, precisely and promptly so that you are providing direction. If you don’t know the answer, ask the provider to recommend an answer, but ask them to triangulate that recommendation with their other accounts, thus bringing in their experience.

Whilst the supplier is delivering and managing the service do not lose sight of where you are, how the service stacks up against the outside world and question your provider’s control of your assets, software, hardware and resources.

When exiting the service, either by termination, natural end, renewal or retender again make sure you are acting intelligently, checking the state of hardware and software (how up-to-date is it and how supportable) and the third party contracts that come back your way to make sure they are “portable” without cost.

I could go on as there are many hints and tips to keep your outsource running smoothly and to stop it stuttering or failing, but these will give you a view of how much hard work you must put in. I always liken an outsource to a marriage. You have taken vows for better or worse, you will always have to work hard to make it flourish and if times get tough, you will go the extra mile to make sure both parties are happy in the relationship. Divorce lawyers get rich very quickly and a split is always messy. It is the same with an outsource.



## Debra Maxwell

Managing Director, Public Sector, arvato UK & Ireland

## Share and share alike

After years of doubt whether sharing services in the public sector actually works, 2013 saw some exciting new partnerships being formed in both central and local government.

Cabinet Office is pushing ahead with its Strategic Plan for Next Generation Shared Services (NGSS), aiming to deliver at least £400 million in savings, while on a local government level, shared service arrangements have saved the taxpayer £263 million in 2012 alone, according to the LGA.

It’s clear the market has matured, with new governance models and standardised solutions helping to keep costs down while offering more flexibility to adapt to the shared service users’ needs.

More departments and councils will buy into shared services with outsourcing partners – with health and education emerging as significant new markets – to cut costs, drive efficiencies and deliver a better customer experience.

## Modern, adaptable solutions

Advances in technology are enabling outsourcing providers to become ever more responsive to client needs.

Standardised solutions that can be easily applied across different business units, geographies and functions, such as Business Process Management (BPM) platforms, will become commonplace. For the client, this means greater flexibility and agility as processes can be more easily adapted as the business changes, at lower costs.

With cloud-based services continuing to grow, expect an increase in M&A activity as outsourcers look to build scale in this area through targeted acquisitions.

---

“Innovative ‘robotic automation’ will lead to a shift of low level transactions being carried out through intelligent software instead of agents.”

---

## Moving up the value chain

BPO is maturing to move beyond purely transactional services and include functions that were previously considered too complex or judgement-based to be handled by an outsourcing partner.

Innovative ‘robotic automation’ will lead to a shift of low level transactions being carried out through intelligent software instead of agents. This will cut costs and allow outsourcers to focus on moving up their clients’ value chain to handle more sophisticated functions, such as financial planning and risk management in F&A BPO.

The result is that the outsourcing vendor becomes a true strategic partner, key to realising core business goals.

## Driving – and supporting – growth

With the UK continuing to bounce back from recession, the year ahead should see businesses looking for means to capitalise on new growth opportunities.

Independent research among senior BPO clients published in arvato’s second Open Outsourcing report in 2013 revealed that outsourcing can be a true growth enabler - 67% of businesses that had previously outsourced to drive growth had increased profits, 53% saw sustainable revenues grow, while 30% employed more people within core activities. A vast majority (87%) are planning to continue to outsource over the next two years to support their growth objectives.

As outsourcing continues to demonstrate its value in supporting UK economic growth, 2014 could be a real opportunity for the industry to improve its reputation.



## Lauren Tennant

Head of IT Service Delivery, National Trust and Chair of the NOA

I’ve spent a fair amount of the last seven years thinking about outsourcing to a greater or lesser extent, and I always come back to this one thought: “if outsourcing is so popular, why isn’t it seen as more successful?”

I can honestly say that’s because in lots of cases – it isn’t that successful.

I’ve seen and researched the root causes of this lack of success. It can’t be that hard, can it? Put the right expert together with an intelligent client and define what you want to achieve, and ‘hey presto’ they should make sweet outsourcing music together, right?

Wrong. Outsourcing deals are rarely well described and procured, suppliers often stray away from being the expert and clients very often don’t appreciate what it is to act as the intelligent client.

So this year, NOA is going to set about sorting that little problem out. For me it’s all about getting the rewards out of outsourcing and innovation (a new spin on ROI), when it works well the results are incredible.

---

“I want the NOA to spend the next 12 months helping its members, and by extension the industry, to go back to basics, grasping what’s needed to really make outsourcing work for us all and be the brilliant thing I know it can be, much more of the time.”

---

There are 3 KPIs that for me highlight (and if addressed will fix) the success of outsourcing;

**Customer service:** how happy is the end customer of the outsourcing service?

**Value for money:** are we (supplier and client) happy with the value returned against the services?

**Sustainability:** is our outsourcing partnership healthy and adding to the success of both our organisations?

Customer service is so important to the success of our outsourcing, our customers are smart cookies and even the cheap and cheerful service has to be right. From the public to



our own colleagues it's easy to forget the end customer when we get wrapped up in how well our outsourcing is doing. How often do we obsess about service levels to the speed of answering the phone over the quality of the call when it's answered, for example? Focusing on services designed around the positive outcome for the customer is a sure fire way to get the bedrock of customer service right in outsourcing.

Value for money is not to be underestimated in terms of its make or break of outsourcing. So often we drive the price through the floor during procurement, failing to think about the effects of a lack of profit margin for the supplier and the consequences of that for the customer. It's vital we start to procure our outsourcing deals in a more mature way, to do that suppliers have to share profit margin aspirations and clients have to stop wanting their cake and eat it.

---

**“Getting the balance right leads to a healthy relationship where value is understood and appreciated.”**

---

Sustainability; I'm not talking CSR, I mean the sustainable nature of our outsourcing. We often make substantial investments in outsourcing, just the procurement activity alone costs suppliers and clients alike undefined vast sums of money, yet how often do we define the return on investment? Addressing at the outset how the deal will sustain both the supplier and the client organisations can drive a much healthier and partnership approach to outsourcing. Let's stop the cycle of in house/outsource/in house and get great deals working well for the long haul.

Getting these KPIs right will mean significant improvements in ROI of outsourcing; suppliers making more healthy profit from outsourcing contracts, clients getting better value for money, and our end customers being satisfied with our services, but above all else driving and delivering real innovation and differentiation for our industry.

I can't do this alone, I call on you all now to stop and think about how well you're doing against those KPIs and join me in addressing our weaknesses and enhancing our strengths.



**John Willmott**

Managing Director, NelsonHall

## **BPO becomes Business Services**

The increasing expectation of buy-side organisations that the prime role of BPO is to help them deliver a transformed approach to business and become “more relevant to their clients” is having a significant impact on the profile of skills required within BPO delivery. Organisations are no longer content with a short-term tidy up and standardisation of their processes, but are looking for a long-term vision of how their processes might operate in order to transform their business performance.

This might sound like the traditional IT-led role of consulting and systems integration. However, while the desired goals may be broadly the same, there is a fundamental difference in the background and approach of the “consultants” involved. Traditional consulting and systems integration was always strong on “vision” but often had inadequate understanding of operations at the agent level and tended to place IT ahead of process with a consequently high failure rate. Conversely, traditional BPO delivered a high capability to incrementally improve existing processes and deliver relatively narrow process excellence, but typically lacked the vision to achieve strategic business change.

The emerging expectation of BPO is that it will finally combine these two virtues, with “operationally-oriented” consultants bringing both a knowledge of existing processes and current process excellence together with a vision of how future process models can lead to a step-change in key business metrics and performance. In the short-term, complementing this longer-term process vision, organisations are additionally looking for one-off sub-process improvements led by process and analytics consultants.

Accordingly the level of consultancy within BPO engagements will increase significantly, but using consultants well-grounded in operations and process analytics to implement global process models to deliver sub-process reengineering, and to support the longer-term business vision.

---

**“The level of IT-related delivery within BPO will also increase.”**

---

Buy-side organisations are now placing a much greater emphasis on eliminating use of people altogether, with

# Views from the top

**Exhibit 1 - Evolution of BPO**

	BPO 1.0	BPO 2.0	BPO 3.0	BPO 4.0	BPO 5.0
Main drivers for BPO	Cost reduction Service enhancement Technology refresh	Cost reduction Carrying out sub-processes that are too expensive onshore	Cost reduction Process standardisation	Customer impact Cost-effectiveness Process best practice	Ongoing cost reduction Desire to leapfrog existing process models Desire to make step change in key business metrics
Main levers used for transformation	Major platform implementation Onshore lean six sigma	Offshore labour arbitrage Offshore six sigma	Offshore labour arbitrage Offshore six sigma Technology tools	Process benchmarks & best practice Process & business analytics Offshore labour arbitrage Offshore six sigma Technology tools	Process vision Process benchmarks Global process models Process analytics Technology tools
Application of consulting services	Traditional top-down consulting services	Low	Low	Consulting support for vendor GPM	Operational consulting in support of process vision, GPM, and process analytics
Technology approach	Major new platform implementation	Interface to client systems	Interface to client systems Vendor tools	Combination of client and vendor technology Business analytics	Strong use of analytics and plug-in technology
Wrap-around technology	Limited use of client-specific workflow & process dashboards	Vendor workflow and agent & process dashboards	Vendor workflow and agent & process dashboards Process analytics	Vendor workflow and agent & process dashboards Process analytics	Real-time process dashboards Process and business analytics
Processes transferred	New (untried) processes based around new technology	Client processes unchanged	Best client practice rolled out across organisation	Combination of best client practice and best vendor practice	Combination of best client practice and vendor GPM
Timing of transformation	Prior to service roll-out	Post service transfer	Some pre-service transfer; some post-service transfer	Mainly pre-service transfer with ongoing enhancement	GPM pre-transfer Process vision post transfer
Resources used	Client personnel transferred to vendor	Vendor account-specific offshore personnel	Vendor account-specific offshore personnel	Combination of vendor account-specific personnel and shared multi-client resources	Multishore including n-tier locations Interoperability between locations
Volume flexibility	Essentially non-existent	Some ability to flex up and down within predefined limits and timescales	Some ability to flex up and down within predefined limits and timescales	Increased flexibility due to use of shared multi-client resource teams	Transaction pricing plus commitment to ongoing cost reduction

automated processes rather than people-based processes being seen as delivering greater long-term cost certainty and reduced operational risk. This renewed emphasis on automation will accelerate the deployment of vendor and third-party tools around client core systems. There is a particularly high emphasis on using these tools to facilitate use of mobile and digital channels and analytics, and in 2014 a high proportion of these tools will be hosted by the vendor, even if typically still in single instance rather than multi-client mode, leading to more rapid adoption. In addition, there are increasing opportunities to utilise application management services to hasten modifications to client ERP and core systems to hasten process change.

Accordingly, BPO has now come full circle, moving from being an operational adjunct to consulting & systems integration and IT outsourcing services led by a high level business vision, to being the operational vision increasingly supported by consulting & systems integration and IT outsourcing services. In commercial terms for vendors, this means that consulting & systems integration and IT outsourcing are now necessary adjuncts to protect BPO revenues, instead of BPO being the vehicle which helped to protect consulting & systems integration and IT outsourcing revenues as in the past



**John Keppel**

Partner and President, ISG North Europe

## 2014 will be the year of renegotiations

**With a record number of outsourcing contracts set to expire in 2014, John Keppel, Partner and President, ISG North Europe, argues that incumbent providers will need to work hard to hold onto their clients.**

As 2014 steams forwards, when it comes to global outsourcing contracts, providers will need to brace themselves for more change than ever before.

Indeed, our recent Momentum research found that the number of outsourcing contract expirations and renegotiations will reach new heights in 2014.

A total of 1,316 active commercial contracts, collectively valued at \$114 billion, will expire and the value of expiring contracts is up 4 percent from 2013 (also a record year). This is an increase of 19 percent from 2012, which points towards an accelerating trend.

Looking more closely at these expiring contracts, 47 percent of their total contract value (TCV) is in the EMEA region, while 40 percent and 13 percent are in the Americas and Asia Pacific

regions, respectively. We can tell from this that the markets with the greatest value of contracts up for renegotiation tend to be more mature, and prefer more agile, best-of-breed multi-sourcing models.

Information Technology Outsourcing (ITO) contracts account for about three-quarters of the expiring contract TCV and nearly two-thirds of expiring contract volume. The service lines with the highest number of expected expirations include infrastructure-only (399 contracts), ADM-only (288) and full-ITO (150) engagements.

At ISG, we have witnessed three significant influences that are driving the surge in expiring contracts. Firstly, there are now a higher number of contracts with shorter time frames. Secondly, there has been an increase in the number of clients interested in renegotiating their outsourcing contracts midway through the term, so as to achieve immediate cost savings. Finally, we are seeing more clients who are prepared to take scope from an incumbent provider and award it to best-of-breed providers, as a result of the more mature governance processes that are coming to the fore.

More importantly, this trend means a substantial upheaval for incumbent providers, who will need to work hard to retain their business and be willing to play ball in a transformed playing field.

Organisations' emphasis on efficiency, strong governance and value for money is not going to fall by the wayside this year, neither will their expectations for providers to integrate and co-operate within a flexible, multi-sourced environment.

---

**"...the markets with the greatest value of contracts up for renegotiation tend to be more mature, and prefer more agile, best-of-breed multi-sourcing models."**

---

As such, incumbent providers will have to enter these contract renegotiations with a degree of flexibility, understanding what they can and will be prepared to accede, and where their boundaries are. We always recommend that both sides remember that it is a renegotiation, not a war!

It is worth noting that most clients who believe they are receiving quality service at a fair price will renew their agreements with their incumbent service providers. However, as their governance and service integration processes continue to mature, clients are far more prepared to consider other service providers if they feel they are paying too much or are unhappy with their provider.

It is clear that the competition is heating up, leaving many incumbent providers making their own resolutions for change into 2014.





“  
NOA -  
driving  
excellence in  
outsourcing  
”

**We are the outsourcing industry's professional body, passionate about improving, promoting and growing world-class outsourcing in the UK and globally.**

We are best placed to provide you, your team and your company, with the support you need to excel in outsourcing by:

- Developing people into experts
- Building process excellence
- Improving business performance

We drive awareness, standards and thought leadership as well as influence policies and build collaboration through and with our influential network.

**We are outsourcing. We are the NOA. Be part of it.**

Tel: +44 (0)20 7292 8686 [www.noa.co.uk](http://www.noa.co.uk)



**Sue Tompkins**

Director, EQ Partnering

**Sue draws parallels with the utility sector to discuss whether alliances are the way forward for the outsourcing industry.**

I'm really passionate about creating great relationships between organisations because it's so important for releasing the value you expect from the deal. And let's be honest – it makes it a much better experience to boot.

At EQ Partnering, we help organisations develop capability for better relationships and collaboration. We invest most of our energy in the outsourcing and utilities sectors, and I've been reflecting on what we, in outsourcing, could learn from the trends and behaviours of the utility sector. For me there are some astonishing examples of maturity and wisdom which could benefit the quality of outsourcing relationships.

First of all, let's set some context. Those of you who work in the financial services sector will be familiar with this word – I'll whisper it quietly – 'regulation'. The utilities sector is regulated too; OFWAT, OFGEM, OFGAS – each bringing a level of expectation and control to the sector. OFWAT, the regulator for water, requires a rolling programme of asset management plans (AMPs) with typical durations of 5 years. These support the setting of consumer prices and establish the capital required for investment in assets such as distribution pipes and water treatment plants. Some of the construction programmes are mind-blowing in scale and/or complexity, have an environmental impact to be managed and require multiple organisations to work closely together.

In December 2013 we were approaching the later stages of Asset Management Period 5 (AMP5) and preparing for the start of AMP6. The water companies have issued their ITTs; many to the open market, some to the select group they worked with in the previous AMP. The suppliers are now wearing two hats – one of these requires them to finish what they promised for the current AMP working alongside other construction and engineering firms in the team. The other hat may require them to be in active competition against these team members whilst bidding for the next AMP. Complicating this is that many companies choose to come together and bid as a joint venture or alliance, to make sure they have the appropriate blend of capability.

They have to stay collaborative in a highly competitive market; forming, ending and reforming collaborative 'business

units' at pace, to ensure they are focused on what their client needs whilst ensuring their own business is financially sustainable. Challenging - yet I am constantly taken by surprise with the maturity of behaviours that I observe. There is a level of acceptance that working together, willingly, presents opportunity and there is a healthy respect for each other's organisations so that sharing and openness occur. Although parochial and partisan behaviour can still be found, it is clearly seen as unacceptable and is often detrimental to that organisation's reputation.

This reminds me of how outsourcing is changing and what it might become in the future. We've been through the big, single provider deals and now more typically we see multiple vendors working in a client environment. But; is this actually collaborative? In many cases these deals are set up as multiple bilateral agreements which sit alongside each other and never the twain shall meet. What we need is something that really glues these providers together and gets the best out of them. Could the glue be SIAM (service integration and management)? Will devolving a layer of your governance to another organisation that gets all the other vendors working together on your behalf be the answer? Maybe, but that depends on the type of relationship you really need. This might feel good enough if your business need is to keep the lights on and deliver an arm's length, well managed service. It's a bit like having a milk monitor to help distribute the daily school milk efficiently.

---

**"The most collaborative examples I have experienced involve alliances... be clear though, this is not one big love-in. It's contracted tightly, it's governed rigorously and needs lots of people with the right attitude. It takes effort and is absolutely focused on getting the outcome needed for the client."**

---

Maybe the SIAM organisation is your strategic vendor? The one you collaborate really closely with and trust deeply to create the right outcomes for you. If so, you may need to accept that the rest of the vendors are just part of the supply chain – and for them it becomes transactional, not close enough to really know your business and no particular incentive to do more than it says in the contract.

If the stakes are higher than this due to significant business value, complexity, risk or opportunity, then the land of collaboration is where you need to be. So let's go back to what

this looks like in the construction and engineering organisations delivering to the water companies.

The most collaborative examples I have experienced involve alliances; the coming together of ‘competitor’ companies. This will include construction, engineering and project consultancies, sitting with their client as one big team. Be clear though, this is not one big love-in. It’s contracted tightly, it’s governed rigorously and needs lots of people with the right attitude. It takes effort and is absolutely focused on getting the outcome needed for the client. So the companies involved must collaborate rather than compete and at the end of the day that’s what they are rewarded for.

---

**“I truly feel that greater collaboration will become a way of life.”**

---

So what’s involved? On the client-side, the water companies prepare rigorously for the AMP – creating really clear business strategies and plans for approval by OFWAT. This provides essential context for potential alliance partners so they understand what is expected. And when assessing who to award the work to, the water companies pay attention not only to the delivery capabilities of the bidding organisations, but also their collaborative qualities. Typically there will be assessment criteria and observation for both in the selection process.

On awarding the work, a payment framework could be implemented based on a shared pain/ shared gain mechanism. This covers the collective companies of the alliance ensuring an ‘all for one and one for all’ attitude, each member working hard to keep everybody in the gain space. The perceived risk may be softened by a cap and collar, and the reward or exposure for any one vendor is relative to their contracted contribution. Awarding the work and agreeing the contract is really just the start of it. I mentioned earlier, that these relationships take effort and lots of people with the right attitude. My advice to those of you from the client-side considering this approach, is to take a long look at yourself first. Is your organisation ready to create the environment for these relationships to thrive; do you have sufficient leadership at all levels in the organisation, collaborative behaviours of your own, the maturity to resolve conflicting needs and the ability to govern really well?

On the vendor-side, this level of collaboration might feel a bit counter-intuitive. It’s really important to accept that you are there because your client needs your skills and abilities to achieve something they couldn’t do for themselves. If your client chooses to involve one or more ‘competitors’ for you to work closely with, that’s just part of the deal - so accept it. As long as it isn’t preventing you making a financial return it’s fair play and it is up to you to create mutual opportunity from it.

What it will need is preparedness on your part to identify how you will work alongside the other organisation(s), what your accountabilities are, how you can help them, how they can help you and what the show-stoppers would be if they happened. Just like the client you will need leadership at all levels in the organisation, collaborative behaviours, maturity in resolving conflicting needs and the ability to govern well.

There is a leap of faith that goes with collaborating with an organisation that you could choose to see as a competitor. And this is really hard when you have a parent organisation demanding sales and volume targets. I had a personal experience recently which tested my own level of faith – I was brought in to support a client through a bid process and discovered there was another consultancy involved, doing an essential piece of work that I felt I had been ‘promised’. It took a very deep breath to say “welcome, tell me about yourself, how shall we work together to make sure our client succeeds?” but my belief is that if I am defensive then I close doors to opportunity and where’s the sense in that?

Encouragingly I am seeing more of this collaborative behaviour in the world of outsourcing and I have been fortunate in having the opportunity to help some far seeing organisations to develop their capability.

An oil and gas super-major has been a tremendous client for EQ Partnering to work with over the last year. They have invested much effort in creating an ecosystem of strategic IT vendors and they have been brave enough to look in the mirror to determine whether they have the internal capability to bring the best out of these relationships. Training for vendor managers in the collaborative skill and mindset has supported the development of relationship management plans, which will enable these relationships to mature over the next few years. To create a broader capability base, some of the most important themes for building trust and maintaining the right personal attitude are now being communicated through e-learning across key roles in IT.

Closer to the NOA heartland, our own Chair of the NOA Advisory Council, Lauren Tennant, supported by Source, has been pioneering in developing an alliance of key providers at The National Trust. This is the closest example I have yet found in the outsourcing sector to my experiences of construction and engineering alliances. It’s new and progressive – and I hope to see many more examples of these in the future.

I truly feel that greater collaboration will become a way of life – for me and for you. It’s a choice about whether to embrace it, but it’s coming, so be ready!

*Please refer to Page 44 for more on The National Trust’s Alliance.*



The NOA has revamped its online Suppliers Directory, making it the de facto place to go for buyers searching for suppliers against specific selection criteria.

Here's a selection of NOA's supply- and support-side membership base.

Please go to [directory.noa.co.uk](http://directory.noa.co.uk) to start your search.

Please contact [admin@noa.co.uk](mailto:admin@noa.co.uk) to get your company profiled.



# Outsourcing **Directory**



# Directory

## ITO Services

Dark boxes denote service providers delivering the listed ITO services

	Application Management	Consultancy	Data Centre Management	Infrastructure Management	Management Security Services	R & D Services	Software development	Systems Integration	Technical Support/Help Desk	Telecommunications	Web Development/Hosting	Other
60K Ltd												
Active Operations Management International		Dark										
AdetiQ Limited				Dark								
arvato				Dark								
Avasant												
Baker Tilly Business Services Limited												
BancTec	Dark						Dark					
Bird & Bird				Dark		Dark				Dark		Dark
Bleum	Dark	Dark					Dark					
Blue Prism							Dark	Dark	Dark		Dark	
BPeSA												
Brainware Services Ltd							Dark					Dark
Bristows	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark
BSS											Dark	Dark
Capgemini	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark
Capita		Dark	Dark	Dark		Dark		Dark		Dark		
CGI	Dark	Dark	Dark	Dark			Dark	Dark	Dark			
Chexsys Consulting Ltd	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark			
Ciklum ApS		Dark					Dark				Dark	
CMS												
Conectys				Dark					Dark			
Convergys												
DDC Outsourcing Solutions												
Deloitte		Dark			Dark		Dark			Dark		Dark
DWF LLP												
EQ Partnering	Dark											
Eversheds LLP												
First Select Employment Services		Dark										
Firstsource Solutions												
FortunGate		Dark							Dark	Dark	Dark	Dark
Gartner		Dark										
Hogan Lovells		Dark										Dark
Intetics	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark
ITC Infotech	Dark	Dark	Dark	Dark			Dark	Dark	Dark			
K&L Gates LLP												Dark
KPMG LLP	Dark	Dark	Dark	Dark	Dark		Dark	Dark	Dark	Dark		Dark
Lancox Limited		Dark										
LPM Outsourcing												
Luxoft						Dark	Dark					



# Directory

## ITO Services

Dark boxes denote service providers delivering the listed ITO services

	Application Management	Consultancy	Data Centre Management	Infrastructure Management	Management Security Services	R & D Services	Software development	Systems Integration	Technical Support/Help Desk	Telecommunications	Web Development/Hosting	Other
Magicom												
MIDAS												
MidlandHR												
Mindpearl												
Mood International												
Nashtech												
Objectivity Ltd												
Ofsure												
Olswang												
P&Q Consulting												
Parseq												
Pillsbury Winthrop Shaw Pittman LLP												
Pinsent Masons												
PrimaSource Limited UK												
Qcom Outsourcing												
Rapport - TeleBusiness Insight												
RESPONSE												
RPC												
RR Donnelley												
Sirma Solutions JSC												
Sitel												
SLASSCOM												
Slaughter & May												
SMT Software												
Sofica Group												
SoftServe Inc												
Source												
SPI Global												
SQS												
Teleperformance												
The Scottish Development Agency												
TLT												
Turnstone												
UST Global												
Virtrium												

# Directory

## BPO Services

Dark boxes denote service providers delivering the listed BPO services

	Contact Centre Provider	Customer Relationship Management Services	Document Management	Finance and Accounting	HRO	KPO	LPO	Marketing Outsourcing	Procurement Outsourcing	RPO	Supply Chain Management	Other
60K Ltd	Dark	Dark										
Active Operations Management International												
Adetiq Limited				Dark	Dark	Dark		Dark				Dark
arvato	Dark	Dark	Dark	Dark	Dark							
Avasant												
Baker Tilly Business Services Limited				Dark	Dark							
BancTec		Dark	Dark						Dark			Dark
Bird & Bird				Dark	Dark						Dark	Dark
Bleum												
Blue Prism												
BPeSA												Dark
Brainware Services Ltd												
Bristows	Dark	Dark	Dark	Dark	Dark	Dark					Dark	Dark
BSS	Dark	Dark										Dark
Capgemini	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark			Dark	
Capita	Dark	Dark	Dark									
CGI	Dark	Dark			Dark							
Chexsys consulting Ltd		Dark	Dark	Dark		Dark						
Ciklum ApS												
CMS												
Conectys	Dark	Dark	Dark									Dark
Convergys	Dark											
DDC Outsourcing Solutions	Dark		Dark			Dark						
Deloitte		Dark		Dark	Dark	Dark		Dark			Dark	Dark
DWF LLP							Dark					
EQ Partnering												
Eversheds LLP												Dark
First Select Employment Services										Dark		
Firstsource Solutions	Dark	Dark										
FortunGate	Dark		Dark	Dark	Dark			Dark				Dark
Gartner												
Hogan Lovells												
Intetics	Dark	Dark	Dark	Dark	Dark	Dark		Dark	Dark	Dark	Dark	Dark
ITC Infotech		Dark									Dark	Dark
K&L Gates LLP												
KPMG LLP		Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark
Lancox Limited												
LPM Outsourcing		Dark		Dark								
Luxoft												

# Directory

## BPO Services

Dark boxes denote service providers delivering the listed BPO services

Contact Centre Provider	Customer Relationship Management Services	Document Management	Finance and Accounting	HRO	KPO	LPO	Marketing Outsourcing	Procurement Outsourcing	RPO	Supply Chain Management	Other
Magicom											
MIDAS											
MidlandHR				■							
Mindpearl	■										
Mood International											
Nashtech	■	■	■		■				■		
Objectivity Ltd											
Ofsure			■	■				■		■	
Olswang											
P&Q Consulting											
Parseq	■		■	■							
Pillsbury Winthrop Shaw Pittman LLP		■		■				■		■	■
Pinsent Masons											■
PrimaSource Limited UK											
Qcom Outsourcing		■								■	
Rapport - TeleBusiness Insight		■									
RESPONSE	■										
RPC											
RR Donnelley											
Sirma Solutions JSC											
SLASSCOM											
Sitel	■										
Slaughter & May	■	■	■	■	■	■	■	■	■	■	■
SMT Software											
Sofica Group	■	■		■	■			■			■
SoftServe Inc											
Source											
SPI Global	■	■	■		■		■				
SQS											
Teleperformance											
The Scottish Development Agency	■	■	■	■	■	■	■	■	■	■	■
TLT		■	■	■	■	■	■	■	■	■	■
Turnstone											
UST Global											
Virtrium											



## 60K Ltd

**T:** 35924620000

**W:** www.60k.bg

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Central Government / Local Government,  
Media/Telco/Publishing, Pharmaceutical,  
Retail & Consumer, Transport/Travel,  
Utilities

*Service types:*

Contact Centre Provider, Customer  
Relationship Management Services

### **NOA member**

*NOA Award Status:*

Outsourced Customer Service Team,  
Outsourcing Service provider of the Year  
*NOA Award Year:*

2013

*Industry standards:*

ISO 9001/2:1994 / 9001/2000 listed

---

## Active Operations Management International

**E:** enquires@activeops.com

**T:** +44 118 907 5000

**W:** www.activeops.com

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance

*Service types:*

Consultancy

### **NOA member**

*Industry standards:*

Investors in People

---

## Adetiq Limited

**E:** enquiries@adeti.co.uk

**T:** 1273202006

**W:** www.adeti.co.uk

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Central Government / Local Government,  
Media/Telco/Publishing, Pharmaceutical,  
Retail & Consumer, Transport/Travel,  
Utilities

*Service types:*

Document Management, Finance and  
Accounting, HRO, KPO, Marketing  
Outsourcing, Other

### **NOA member**

*Industry standards:*

ISO 9001/2:1994 / 9001/2000 listed

---

## arvato

# arvato

## BERTELSMANN

arvato is a trusted global business outsourcing partner to the private and public sectors. With more than 50 years of experience in outsourcing, we combine expertise in BPO, finance services, contact centres, loyalty and customer retention, supply chain solutions, and public sector and citizen services to deliver innovative, individual solutions.

**E:** info@arvato.co.uk

**T:** +44 20 8843 8750

**W:** www.arvato.co.uk/

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Central Government / Local Government,  
Media/Telco/Publishing, Pharmaceutical,  
Retail & Consumer, Transport/Travel,  
Utilities

*Service types:*

Infrastructure Management, Contact  
Centre Provider, Customer Relationship  
Management Services, Document  
Management, Finance and Accounting,  
HRO

### **NOA member**

*NOA Award Status:*

Best Contribution to the Reputation of  
Outsourcing 2013 Outsourcing Works  
2012

*NOA Award Years:*

2011, 2012, 2013

*Industry standards:*

Investors in People

---

## Avasant



Avasant is a leading management consulting & sourcing advisory firm. Our range of services include Global Sourcing Advisory, IT & Business Transformation, Investment Promotion, Market Expansion and Branding Services, Business & Economic Research and Event Management. Avasant is recognized by IAOP & Vault as World's Best Outsourcing Advisors & Top IT Consulting Firm respectively.

**E:** contactus@avasant.com

**T:** +1.310.643.3030

**W:** www.avasant.com

*Type of Company:*

Service Provider

**NOA member**

---

## Baker Tilly Business Services Limited



Baker Tilly is one of the principal mid-tier professional services firms in the UK offering outsourcing services to SMEs, Large corporates, Public Sector and International Businesses. Our outsourcing services are designed to help minimise risk, improve business performance and reduce costs in areas of finance, accounting, payroll and HR.

**E:** harry.capewell@bakertilly.co.uk

**T:** +44 7791 609540

**W:** www.bakertilly.co.uk

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance

*Service types:*

Finance and Accounting, HRO

**NOA member**

---

## BancTec



BancTec is an international document processing, systems integration, BPO, support and maintenance organisation which delivers mission-critical solutions to automate and streamline data and paper-intensive business processes for blue chip organisations. With over 4,000 employees, BancTec serves more than 5,000 customers spanning multiple industries in 50 countries.

**E:** ukmarketing@banctec.co.uk

**T:** +44 1753 778888

**W:** www.banctec.co.uk

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance, Central Government / Local Government, Pharmaceutical, Retail & Consumer, Utilities

*Service types:*

Software Development, Document Management, Procurement Outsourcing, Other, Customer Relationship Management Services, Application Management

**NOA member**

*Industry standards:*

ISO 9001/2:1994 / 9001/2000 listed

---

## Bird & Bird

**E:** mark.leach@twobirds.com

**T:** +44 20 7415 6000

**W:** www.twobirds.com

*Type of Company:*

Law Firm

*Vertical sector expertise:*

Banking / Financial Services / Insurance, Media/Telco/Publishing, Pharmaceutical, Retail & Consumer, Transport/Travel, Central Government / Local Government

*Service types:*

Finance and Accounting, Infrastructure Management, R & D Services, Systems Integration, Telecommunications, Other, HRO, Supply Chain Management, Other

**NOA member**

---

## Bleum

**E:** sales@bleum.com

**T:** +1 (888) 992-5386

**W:** www.bleum.com

*Vertical sector expertise:*

Banking / Financial Services / Insurance, Retail & Consumer

*Type of Company:*

Service Provider

*Service types:*

Systems Integration, Application Management, Consultancy, Software Development, Technical Support/Help Desk, Web Development/Hosting

**NOA member**

*Industry standards:*

Six Sigma

---

## Blue Prism

**E:** info@blueprism.com

**T:** +44 870 879 3000

**W:** www.blurpism.com

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance, Central Government / Local Government, Media/Telco/Publishing, Retail & Consumer, Utilities

*Service types:*

Software Development

**NOA member**

---

## BPesa

**E:** info@bpesawesterncape.co.za  
**T:** +2721 4272900  
**W:** www.bpesawesterncape.co.za  
*Type of Company:*

Advisory

*Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Central Government / Local Government,  
Media/Telco/Publishing, Retail &  
Consumer, Transport/Travel, Utilities  
Other

### NOA member

*NOA Award Status:*

NOA 2012 and EOA 2013 Offshoring  
Destination of the Year

*NOA Award Years:*

2012 & 2013

*Industry standards:*

ISO 9001/2:1994 / 9001/2000 listed

## Brainware Services Ltd



Brainware Services Ltd is a software engineering agency headquartered in Nikosia, Cyprus with two development offices in Minsk, Belarus and Kharkov, Ukraine. The company provides the following services: - Business software development - Mobile development - Dedicated teams setup and operate Industry experience: mHealth, Tablet publishing, Finance, Retail, Online photo printing.

**E:** info@migrate2mobile.com

**T:** +375 29 684 8120

**W:** www.migrate2mobile.com

*Type of Company:*

Service Provider

*Service types:*

Software Development, Consultancy,  
Other

### NOA member

## Bristows

**E:** toby.crick@bristows.com

**T:** +44 20 7400 8000

**W:** www.bristows.com

*Type of Company:*

Law Firm

*Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Central Government / Local Government,  
Media/Telco/ Publishing, Pharmaceutical,  
Retail & Consumer

*Service types:*

Application Management, Consultancy,  
Data Centre Management, Infrastructure  
Management, Management Security  
Services, R & D Services, Software  
Development, Systems Integration,  
Technical Support/Help Desk,  
Telecommunications, Web  
Development/Hosting, Other, Contact  
Centre Provider, Customer Relationship  
Management Services, Document  
Management, Finance and Accounting,  
HRO, KPO, Supply Chain Management,  
Other

### NOA member

*Industry standards:*

Investors in People

## BSS

**E:** marketing@bss.org

**T:** +44 207 419 3800

**W:** www.bss.org

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Central Government / Local Government,  
Retail & Consumer

*Service types:*

Web Development/Hosting, Other,  
Contact Centre Provider, Customer  
Relationship Management Services, Other

### NOA member

*NOA Award Status:*

Outsourcing Contact Centre Provider of  
the Year

*NOA Award Year:*

2011

*Industry standards:*

Investors in People, ISO 9001/2:1994 /  
9001/2000 listed

## Capgemini



With more than 130,000 people in 44 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. Together with its clients, Capgemini delivers business and technology solutions that fit their needs and drive the results they want.

**E:** robert.de-souza@capgemini.com

**T:** +44 14 8376 4764

**W:** www.uk.capgemini.com

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Central Government / Local Government,  
Media/Telco/Publishing, Pharmaceutical,  
Retail & Consumer, Transport/Travel,  
Utilities

*Service types:*

Application Management, Consultancy,  
Data Centre Management, Infrastructure  
Management, Management Security  
Services, R & D Services, Software  
Development, Systems Integration,  
Technical Support/Help Desk, Web  
Development/Hosting, Other, Contact  
Centre Provider, Customer Relationship  
Management Services, Document  
Management, Finance and Accounting,  
HRO, KPO, LPO, Marketing Outsourcing,  
Procurement Outsourcing, Supply Chain  
Management, Other

### NOA member

*NOA Award Year:*

2013

*Industry standards:*

Investors in People, ISO 9001/2:1994 /  
9001/2000 listed, Six Sigma, BS 13500,  
BS 11000



**E:** info.eu@cgi.com  
**T:** +44 0845 070 7765  
**W:** www.cgi.com

*Type of Company:*  
Service Provider

*Expertise:*

Banking / Financial Services / Insurance,  
Central Government / Local  
Government, Media/Telco/Publishing,  
Pharmaceutical, Retail & Consumer,  
Transport/Travel, Utilities

*Service types:*

Application Management, Consultancy,  
Data Centre Management, Infrastructure  
Management, Software Development,  
Systems Integration, Technical  
Support/Help Desk, Contact Centre  
Provider, Customer Relationship  
Management Services, HRO

**NOA member**

*NOA Award Status:*

BPO Contract of the year - CGI delivered a  
40% reduction in costs for ELEXON.

*NOA Award Year:*

2012

*Industry standards:*

Investors in People, BS 11000, BS  
13500, Six Sigma, ISO 9001/2:1994 /  
9001/2000 listed

**Company statistics**

- More than 35 years of long-term growth with 68,000 professionals in 40 countries
- Client proximity operating model that fosters local accountability for client satisfaction and success – Global delivery capabilities through centers located on 4 continents
- ISO-9001 certified quality frameworks that result in CGI's on-time, on-budget delivery track record Industry expertise, end-to-end service.
- FY2013 Revenue of \$10.1 billion, up 111.3% (following acquisition of Logica).

## CGI



CGI delivers end-to-end IT

outsourcing services that allow

clients to achieve both quick wins

and long-term results. Our track record of on-time, on-budget delivery is rooted in CGI's quality and management processes, and our flexible global delivery model offers the right mix of on-site, onshore, nearshore and offshore sourcing to maximize value, access the best talent and ensure local accountability. Complemented by a full spectrum of proprietary business solutions and industry knowledge, CGI's full-service offering includes the following:

- IT Outsourcing Services
- Infrastructure Services
- Application Management Systems
- Integration and Consulting
- Business Process Services.

Service offerings are complemented by a large portfolio of IP-based software solutions, which represents years of investment in capturing our industry expertise. Whether implementing our own or partner software, CGI's comprehensive portfolio demonstrates our know-how in consulting, implementing, maintaining, hosting and evolving leading solutions.

**Executive viewpoint:**

The hallmark of any successful partnership is a collaborative and transparent working relationship. CGI structures its agreements to make sure we are a client's most trusted and reliable partner. The ability of our teams to consistently deliver value to clients is a result of their disciplined implementation of the CGI Management Foundation. This foundation governs quality management across CGI operations and continually measures and manages our ability to ensure our clients' success. In addition, CGI's global footprint ensures we have the local presence needed to be a client's true on-the-ground partner.

## Capita

# CAPITA

Capita is the UK's leading provider of business process management and integrated professional support solutions to public and private sector clients. With Capita as your outsourcing partner, you can react quickly to unprecedented challenges. You can choose to outsource specific services, right up to an end-to-end solution.

**E:** [engagewithus@capita.co.uk](mailto:engagewithus@capita.co.uk)

**W:** [www.capita.co.uk](http://www.capita.co.uk)

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance, Central Government / Local Government

*Service types:*

Consultancy, Data Centre Management, Infrastructure Management, R & D Services, Systems Integration, Technical Support/Help Desk, Telecommunications, Contact Centre Provider, Customer Relationship Management Services, Document Management

### **NOA member**

*NOA Award Status:*

Innovation in Outsourcing, awarded for our Operational Control Frameworks.

*NOA Award Year:*

2013

*Industry standards:*

Investors in People, BS 11000, Six Sigma, ISO 9001/2:1994 / 9001/2000 listed

---

## Chexsys Consulting Ltd



**E:** [suresh.sewraz@crowehowath.mu](mailto:suresh.sewraz@crowehowath.mu)

**T:** (230) 210-2196

**W:** [www.chexsysconsulting.mu](http://www.chexsysconsulting.mu)

*Type of Company:*

*AA Vertical sector expertise:*

Banking / Financial Services / Insurance, Pharmaceutical, Retail & Consumer, Transport/Travel

*Service types:*

Application Management, Consultancy, Data Centre Management, Infrastructure Management, Management Security Services, R & D Services, Software Development, Systems Integration, Technical Support/Help Desk, Customer Relationship Management Services, Document Management, Finance and Accounting, KPO

### **NOA member**

## Ciklum ApS

**T:** +44 203 5515 930

**W:** [www.ciklum.com](http://www.ciklum.com)

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Media/Telco/Publishing, Retail & Consumer, Transport/Travel, Utilities

*Service types:*

Consultancy, Web Development/Hosting, Software Development

### **NOA member**

---

## Conectys



Conectys is a recognised leader in multilingual and multicultural outsourcing. With facilities in Belgium, Romania and the Philippines, Conectys services over 35 languages with multilingual teams driven by effective processes and proven technology. Ranked a Top 10 Global Multilingual Outsourcing vendor, Conectys is ISO9001:2008 certified and PCI-DSS Compliant.

**E:** [info@conectys.com](mailto:info@conectys.com)

**T:** +44 203 318 1593

**W:** [www.conectys.com](http://www.conectys.com)

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance, Media/Telco/Publishing, Pharmaceutical, Retail & Consumer, Transport/Travel, Utilities

*Service types:*

Infrastructure Management, Technical Support/Help Desk, Contact Centre Provider, Customer Relationship Management Services, Document Management, Other

### **NOA member**

*Industry standards:*

ISO 9001/2:1994 / 9001/2000 listed

---

## Convergys

**E:** [joel.craven@convergys.com](mailto:joel.craven@convergys.com)

**T:** +44 7766 475251

**W:** [www.convergys.com](http://www.convergys.com)

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance, Media/Telco/Publishing, Retail & Consumer, Transport/Travel, Pharmaceutical, Utilities

*Service types:*

Contact Centre Provider

### **NOA member**

---

## DDC Outsourcing Solutions

**E:** enquiries@ddcos.com

**T:** +44 1909 488600

**W:** www.ddcos.com

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Media/Telco/Publishing, Retail &  
Consumer, Utilities, Central Government /  
Local Government

*Service types:*

Contact Centre Provider, Document  
Management, KPO

### NOA member

Industry standards:

Investors in People, ISO 9001/2:1994 /  
9001/2000 listed

---

## Deloitte

**T:** +44 20 7936 3000

**W:** www.deloitte.com/view/en\_GB/uk/  
services/consulting/technology/outsourcin  
g-advisory-services/index.htm

*Type of Company:*

Advisory

*Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Central Government / Local Government,  
Media/Telco/Publishing, Pharmaceutical,  
Retail & Consumer, Transport/Travel,  
Utilities

*Service types:*

Consultancy, Management Security  
Services, Software Development,  
Telecommunications, Other, Customer  
Relationship Management Services,  
Finance and Accounting, HRO, KPO,  
LPO, Procurement Outsourcing, Supply  
Chain Management, Other

### NOA member

*Industry standards:*

BS 11000, BS 13500, Six Sigma, ISO  
9001/2:1994 / 9001/2000 listed

## DWF LLP

**E:** enquiries@dwf.co.uk

**T:** +44 3333 20 22 20

**W:** www.dwf.co.uk

*Type of Company:*

Law Firm

*Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Central Government / Local Government,  
Media/Telco/Publishing, Transport/Travel,  
Utilities

*Service types:*

LPO

### NOA member

---

## EQ Partnering



We specialise in partnering, collaboration  
and relationship management -  
developing capability between  
organisations to work better together. We  
align leadership teams, develop clarity of  
the desired relationship and expectations,  
engage delivery teams with the spirit and  
intent, build effective governance and  
develop behaviours. We also measure and  
monitor ongoing relationship quality.

**E:** sue.tompkin@eqpartnering.com

**T:** +44 7906 864975

**W:** www.eqpartnering.com

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Utilities, Retail & Consumer, Banking /  
Financial Services / Insurance

*Service types:*

Consultancy

### NOA member

## Eversheds LLP

**T:** 0845 497 9797

**W:** www.eversheds.com/

*Type of Company:*

Law Firm

*Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Central Government / Local Government,  
Media/Telco/Publishing, Pharmaceutical,  
Retail & Consumer, Transport/Travel,  
Utilities

*Service types:*

Other

### NOA member

*NOA Award Status:*

Outsourcing Advisor of the Year

*NOA Award Year:*

2008

---

## First Select Employment Services



First Select is a premier Recruitment  
Consultancy based in UAE since 1983.  
First Select is an International corporate  
recruitment group that provides Executive  
Search, Overseas Recruitment and  
Outsourced Staffing solutions for  
contingencies as well as for turnkey  
projects. First Select is driven by the  
concept of the 5 P's of recruitment. Which  
is sourcing and recruiting the Right Person  
for the Right Position, at the Right Price,  
at the right Place and at the Right Pace.

**T:** 009712-6763262

*Type of Company:*

Service Provider

*Service types:*

Consultancy, RPO

### NOA member

*Industry standards:*

ISO 9001/2:1994 / 9001/2000 listed

## Firstsource Solutions



Firstsource is a global Business Process Outsourcing company providing a range of customer management services to leading companies in the telecommunications, financial services and healthcare sectors. Firstsource offers customer services, technical support, back office processing and collections, through a variety of channels - voice, email, online, social media and webchat.

**T:** +44 20 8237 4500

**W:** www.firstsource.com

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance, Media/Telco/Publishing

*Service types:*

Contact Centre Provider, Customer Relationship Management Services

**NOA member**

*NOA Award Status:*

Telecommunications, Utilities and High-Tech Outsourcing Project of the Year, Innovation in Outsourcing, Outsourced Contact Centre of the Year, BPO Project of the Year, Outsourcing Service Provider of the Year

*NOA Award Years:*

2012, 2013

*Industry standards:*

Investors in People, Six Sigma, ISO 9001/2:1994 / 9001/2000 listed

## FortunGate

**E:** admin@fortungate.co.uk

**T:** +44 757 420 2754

**W:** www.fortungate.co.uk/

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance, Retail & Consumer

*Service types:*

Contact Centre Provider, Web Development/Hosting, Other, HRO, Finance and Accounting, Document Management, Marketing Outsourcing, Consultancy, Technical Support/Help Desk, Telecommunications, Other

**NOA member**

## Gartner



Gartner is the re-eminent organisation at the centre of IT. Our clients depend on us for the insight and advice they need to determine where and how to source and use IT to accomplish their business objectives. We have more than 1400 research analysts and consultants.

**E:** ian.puddy@gartner.com

**T:** +44 1784 431 000

**W:** www.gartner.com

*Type of Company:*

Advisory

*Vertical sector expertise:*

Banking / Financial Services / Insurance, Central Government / Local Government, Pharmaceutical, Media/Telco/Publishing, Retail & Consumer, Transport/Travel, Utilities

*Service types:*

Consultancy

**NOA member**

*Industry standards:*

Investors in People

## Hogan Lovells

**E:** mark.taylor@hoganlovells.com

**T:** +44 20 7296 2000

**W:** www.hoganlovells.com

*Type of Company:*

Law Firm

*Vertical sector expertise:*

Banking / Financial Services / Insurance, Central Government / Local Government, Media/Telco/Publishing, Pharmaceutical, Retail & Consumer, Utilities

*Service types:*

Consultancy, Other

**NOA member**

*NOA Award Status:*

Outsourcing Advisory of the Year

*NOA Award Year:*

2011

## Intetics

**E:** odt@intetics.com

**T:** +44 131 2625 5669

**W:** www.intetics.com

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance, Retail & Consumer, Media/Telco/Publishing, Pharmaceutical, Transport/Travel, Utilities

*Service types:*

Systems Integration, Application Management, Consultancy, Software Development, Technical Support/Help Desk, Web Development/Hosting, Data Centre Management, Infrastructure Management, Management Security Services, R & D Services, Telecommunications, Other, Contact Centre Provider, Customer Relationship Management Services, Document Management, Finance and Accounting, HRO, KPO, Marketing Outsourcing, Procurement Outsourcing, RPO, Supply Chain Management, Other

**NOA member**

*Industry standards:*

ISO 9001/2:1994 / 9001/2000 listed



**E:** contact.us@itcinfotech.com

**T:** +44 1908 304902

**W:** www.itcinfotech.com

*Type of Company:*

Service Provider

*Expertise:*

Banking / Financial Services / Insurance, Media/Telco/Publishing, Pharmaceutical, Retail & Consumer, Transport/Travel, Utilities

*Service types:*

Application Management, Consultancy, Infrastructure Management, Software Development, Systems Integration, Customer Relationship Management Services, Supply Chain Management, Data Centre Management, Other, Technical Support/Help Desk

**NOA member**

*Industry standards:*

Investors in People, ISO 9001/2:1994 / 9001/2000 listed, BS 11000

*Case study clients:*

Finnair

## ITC Infotech



**Business-friendly Solutions**

ITC Infotech provides IT services by addressing business pain points through innovative solutions, aimed at optimizing the

IT landscape of customer and maximizing returns. A robust outsourcing model, comprehensive suite of differentiated solutions & services and focus on excellence in execution has elevated the company to a leadership position in chosen industry domains, including BFSI, Treasury & Capital Markets, CPG, Retail, Media & Entertainment, Life Sciences, Travel, Hospitality and Transportation & Logistics.

ITC Infotech is working with a bevy of Fortune listed global customers, with a service delivery footprint spanning five continents and spread across 140 countries.

### K&L Gates LLP

**T:** +44 20 7648 9000

**W:** www.klgates.com

*Type of Company:*

Law Firm

*Vertical sector expertise:*

Media/Telco/Publishing, Central Government / Local Government, Pharmaceutical, Banking / Financial Services / Insurance, Retail & Consumer, Transport/Travel, Utilities

*Service types:*

Other

**NOA member**

### KPMG LLP

**E:** Jason.Sahota@KPMG.co.uk

**T:** +44 20 76944051

**W:** www.kpmginstitutes.com/shared-services-outsourcing-institute/

*Type of Company:*

Advisory

*Vertical sector expertise:*

Banking / Financial Services / Insurance, Central Government / Local Government, Media/Telco/Publishing, Pharmaceutical,

Retail & Consumer, Transport/Travel, Utilities

*Service types:*

Application Management, Consultancy, Data Centre Management, Infrastructure Management, Management Security Services, Software Development, Systems Integration, Technical Support/Help Desk, Telecommunications, Other, Customer Relationship Management Services, Document Management, Finance and Accounting, HRO, KPO, LPO, Marketing Outsourcing, Procurement Outsourcing, RPO, Supply Chain Management, Other

**NOA member**

*Industry standards:*

ISO 9001/2:1994 / 9001/2000 listed

### Lancox Limited



Lancox was founded by former principals of one of the UK's leading sourcing advisors. We tackle CXO sourcing challenges with specific focus on benefits realisation. We operate flexibly and cost-effectively but mostly delivering 'right' providing the right skills and resources, to the right level, at the right time.

**T:** 0800 206 1888

**W:** www.lancox.com

*Type of Company:*

Advisory

*Vertical sector expertise:*

Banking / Financial Services / Insurance, Central Government / Local Government, Media/Telco/Publishing, Pharmaceutical, Retail & Consumer, Transport/Travel, Utilities

*Service types:*

Consultancy

**NOA member**

## LPM Outsourcing

**E:** ian.dennis@lpm.com

**T:** +44 20 8429 2616

**W:** www.lpm.com

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance

*Service types:*

Customer Relationship Management  
Services, Finance and Accounting

### NOA member

*Industry standards:*

ISO 9001/2:1994 / 9001/2000 listed

## Luxoft

**E:** info@luxoft.com

**T:** +41 417 232 040

**W:** www.luxoft.com

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance,

Transport/Travel, Utilities, Media/Telco/

Publishing, Retail & Consumer

*Service types:*

R & D Services, Software Development

### NOA member

*NOA Award Status:*

IT Outsourcing Project of the Year

Outsourcing Service Provider of the Year

*NOA Award Years:*

2011, 2012

*Industry standards:*

ISO 9001/2:1994 / 9001/2000 listed

## MagiCom

**E:** magicom@magicom.com

**T:** +44 7593 354 312

**W:** www.magicom.com

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance,

Central Government / Local Government,

Media/Telco/Publishing, Pharmaceutical,

Retail & Consumer, Transport/Travel,

Utilities

*Service types:*

Consultancy, Data Centre Management,

Systems Integration, Technical

Support/Help Desk

### NOA member

*Industry standards:*

Investors in People, ISO 9001/2:1994 /

9001/2000 listed

## MIDAS

**E:** info@midas.org.uk

**T:** +44 161 875 2239

**W:** www.investinmanchester.com/

*Type of Company:*

Service Provider

**E:** info@midlandhr.com

**T:** +44 115 945 7712

**W:** www.midlandhr.com

*Type of Company:*

Service Provider

*Expertise:*

Media/Telco/Publishing, Retail &

Consumer, Pharmaceutical, Central

Government / Local Government,

Banking / Financial Services / Insurance,

Transport/Travel, Utilities

*Service types:*

HRO

### NOA member

*Industry standards:*

Investors in People

*Case study clients:*

Severn Trent Water, UK General

Insurance Group, Salvation Army,

Ofgem, Law Officer's Departments

# MidlandHR MIDLANDHR

YOUR STRATEGIC HR PARTNER

MidlandHR is a specialist supplier of outsourcing and software solutions for talent management, HR and payroll. With 30 years experience, we support some of the most successful organisations in the UK. MidlandHR provides entirely UK-based HRO services, delivered by CIPD and CIPP qualified teams, and underpinned by our leading iTrent technology - offering a unique level of flexibility. From employment law through to recruitment services, individual service layers allow customers to outsource as much or as little as required.

Customers include: UK General Insurance, Severn Trent Water, TJXEurope, Salvation Army, Laing O'Rourke, London Overground, Goodyear Dunlop, Sytner and more.

## Mindpearl

**E:** askus@mindpearl.com

**T:** 27214406707

**W:** www.mindpearl.com

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Media/Telco/Publishing, Retail &  
Consumer, Transport/Travel

*Service types:*

Contact Centre Provider

### **NOA member**

*NOA Award Status:*

Outsourcing Contact Centre of the Year  
Contribution to Outsourcing

*NOA Award Year:*

2013

---

## Mood International

**T:** +44 1904 717 300

**W:** www.moodinternational.com

*Type of Company:*

Service Provider

### **NOA member**

---

## Nashtech



**The Power to Innovate**

NashTech is a global outsourcing organisation, specialising in offshore software development, testing and business process outsourcing (BPO).

NashTech is known for having helped some of the world's leading organisations build scale, cut costs and improve agility through a blended mix of on-shore and offshore resourced based in Vietnam.

**E:** melissa.ford@nashtechglobal.com

**T:** +44 20 7333 8778

**W:** www.nashtechglobal.com

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Media/Telco/Publishing, Pharmaceutical,  
Retail & Consumer, Transport/Travel

*Service types:*

Application Management, Software  
Development, Technical Support/Help  
Desk, Web Development/Hosting,  
Contact Centre Provider, Customer  
Relationship Management Services,  
Document Management, Finance and  
Accounting, KPO, RPO

### **NOA member**

*Industry standards:*

ISO 9001/2:1994 / 9001/2000 listed

---

## Objectivity Ltd

**E:** sales@objectivity.co.uk

**T:** +44 2476 420000

**W:** www.objectivity.co.uk

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Media/Telco/Publishing, Pharmaceutical,  
Retail & Consumer, Utilities

*Service types:*

Software Development, Systems  
Integration, Web Development/Hosting

### **NOA member**

*Industry standards:*

Investors in People, ISO 9001/2:1994 /  
9001/2000 listed

---

## Ofsure



**global sourcing – realising the value**

Ofsure provides independent specialist advice to help organisations from SME's to large corporates, achieve the right outcomes from global sourcing of IT and BPO services. We provide an 'end to end' advisory and support service - including developing the sourcing strategy through to service transition and beyond.

**E:** info@ofsure.com

**T:** +44 1926 49362

**W:** www.ofsure.com

*Type of Company:*

Advisory

*Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Media/Telco/Publishing, Central  
Government / Local Government, Utilities

*Service types:*

Consultancy, Infrastructure Management,  
Software Development, Systems  
Integration, Finance and Accounting,  
HRO, Procurement Outsourcing, Supply  
Chain Management

### **NOA member**

---



“ **We are outsourcing. We are the NOA. Be part of it!** ”

The NOA is the leading association serving both the outsourcing professional and the global outsourcing industry.

With 18,000 contacts including over 350+ corporate members involved in all aspects of outsourcing, we are the largest outsourcing body in Europe.

**How NOA Membership can benefit you/your team**

**Inclusive Benefits**

- Access to the NOA’s knowledge centre, including best practice guides, templates, latest research and the NOA’s LifeCycle Model
- Free subscriptions to sourcingfocus.com and Outsourcing Yearbook
- Free attendance to NOA monthly seminars, Steering committees and special interest groups
- Communications to keep you up-to-date with the happenings in the industry
- Suppliers Directory to promote your company
- Networking with fellow professionals – online and off
- Access to advice from leading industry professionals
- Inclusion in speaking and PR platforms
- A voice at the industry table: on policies, standards, etc
- Free healthcheck against NOA best practice
- Use of industry’s guiding principles and code of conduct
- Use of NOA’s CPD system

**Discounted Benefits**

- Discounted attendance to the NOA Symposium and NOA/EOA Awards
- Discounted rates for the NOA’s professional development courses and qualifications.
- Favourable fees for NOA’s corporate accreditation programme

**Premier Benefits**

- Profile raising packages
- Commercial services

The NOA offers a range of different membership levels for both individuals and corporates.

**Individuals**

- Associate member £90 per annum plus VAT
- Professional member £100 per annum plus VAT
- Accredited member £140 per annum plus VAT
- Fellow £160 per annum plus VAT

We also offer a reduced affiliate package for £40 per annum

**Corporates**

- SME member £650 per annum plus VAT
- Corporate member £1500 per annum plus VAT
- Premier member £5,000 per annum plus VAT
- Premier PLUS member £ bespoke package

We also offer Honorary membership for eligible buy-side companies.

**Please contact us at [admin@noa.co.uk](mailto:admin@noa.co.uk) or call +44(0)207 292 8686.**





## Olswang

**T:** +44 20 7067 3000

**W:** www.olswang.com

*Type of Company:*

Law Firm

*Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Central Government / Local Government,  
Media/Telco/Publishing, Pharmaceutical,  
Retail & Consumer, Transport/Travel,  
Utilities

*Service types:*

Consultancy

**NOA member**

*NOA Award Status:*

NOA Outsourcing Advisory of the Year &  
EOA Outsourcing Advisory of the Year

*NOA Award Years:*

2010, 2013

## P&Q Consulting

**E:** adrian.quayle@pandqconsulting.co.uk

**T:** +44 7770 431 409

**W:** www.pandqconsulting.co.uk

*Type of Company:*

*AA Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Central Government / Local Government,  
Media/Telco/Publishing, Pharmaceutical,  
Retail & Consumer, Transport/Travel,  
Utilities

*Service types:*

Consultancy, Systems Integration

**NOA member**

Industry standards: BS 11000

## Parseq

# PARSEQ

**Redefining Business Process Outsourcing**

Parseq's services cover the full range of Contact Centre Operations through to a full suite of Back Office processing. On behalf of our clients we are processing over 75,000 items of correspondence a day, £2b of e-payments a month and make/receive over 17m calls a year.

**E:** info@parseq.com

**T:** +44 1709 448000

**W:** www.parseq.com

*Type of Company:*

Advisory

**NOA member**

## Pillsbury Winthrop Shaw Pittman LLP

**T:** +44 20 7847 9500

**W:** www.pillsburylaw.com/global-sourcing

*Type of Company:*

Law Firm

*Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Media/Telco/Publishing, Pharmaceutical,  
Retail & Consumer, Transport/Travel,  
Utilities

*Service types:*

Application Management, Consultancy,  
Data Centre Management, Infrastructure  
Management, Software Development,  
Systems Integration, Technical  
Support/Help Desk, Telecommunications,  
Web Development/Hosting, Customer  
Relationship Management Services,  
Finance and Accounting, HRO,  
Procurement Outsourcing, Supply Chain  
Management, Other

**NOA member**

*NOA Award Year:*

2011

## Pinsent Masons



# Pinsent Masons

**T:** +44 20 7418 7000

**W:** www.pinsentmasons.com

*Type of Company:*

Law Firm

*Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Central Government / Local Government,  
Media/Telco/Publishing, Pharmaceutical,  
Retail & Consumer, Transport/Travel,  
Utilities

*Service types:*

LPO

**NOA member**

*Industry standards:*

Investors in People, BS 11000, ISO  
9001/2:1994 / 9001/2000 listed

## PrimaSource Limited UK

**E:** info@primasource.com

**T:** +44(0)1865 338 013

**W:** www.primasource.com

*Type of Company:*

Service Provider

*Service types:*

Application Management

**NOA member**

*Industry standards:*

Investors in People

## Qcom Outsourcing



Qcom's technical outsourcing expertise helps OEMs, resellers and distributors enhance their profitability and can support business development and expansion. We operate across a large range of technologies offering pre-and post-sales support, delivering warranty packages, and technical services, as well as consultancy around issues such as customer care.

**E:** outsourcing@qcom.co.uk

**T:** 01905 827 650

**W:** www.qcom.co.uk

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Central Government / Local Government,  
Media/Telco/Publishing, Retail &  
Consumer, Transport/Travel

*Service types:*

Consultancy, Data Centre Management,  
Infrastructure Management, Technical  
Support/Help Desk, Telecommunications,  
Other, Customer Relationship  
Management Services, Supply Chain  
Management

**NOA member**

## Rapport - TeleBusiness Insight

**E:** nickv@rapport.co.uk

**T:** +44 20 8668 0200

**W:** www.rapport.co.uk

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Central Government / Local Government,  
Media/Telco/Publishing, Retail &  
Consumer, Transport/Travel, Utilities

*Service types:*

Consultancy, Software Development,  
Other, Customer Relationship  
Management Services

**NOA member**

## RESPONSE

**RESPONSE**  
Building Rewarding Relationships

Leading UK provider of contact centre services and software solutions; with a wealth of experience delivering the full range of customer contact activities including customer service, retention, win-back, up-sell, cross-sell, complaints handling, appointment setting and general customer management.

**E:** marketing@response-uk.co.uk

**T:** +44 141 272 1105

**W:** www.response-uk.co.uk

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Central Government / Local Government,  
Utilities

*Service types:*

Contact Centre Provider, Software  
Development

**NOA member**

*NOA Award Status:*

Financial Services Outsourcing Project of  
the Year - Hiscox

*NOA Award Year:*

2013

*Industry standards:*

ISO 9001/2:1994 / 9001/2000 listed

## RPC

**E:** enquires@rpc.co.uk

**T:** +44 20 3060 6000

**W:** www.rpc.co.uk

*Type of Company:*

Law Firm

*Vertical sector expertise:*

Media/Telco/Publishing, Banking /  
Financial Services / Insurance, Central  
Government / Local Government, Retail &  
Consumer, Transport/Travel, Utilities

*Service types:*

**NOA member**

## RR Donnelley

**E:** marketinguk@rrd.com

**T:** +44 203 047 4444

**W:** www.rrdonnelley.com

*Type of Company:*

Service Provider

**NOA member**

## Sirma Solutions JSC

**E:** rумыana.stoykova@sirma.bg

**T:** +359 2 427 8696

**W:** www.sirma.com

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Central Government / Local Government,  
Media/Telco/Publishing, Retail &  
Consumer, Transport/Travel

*Service types:*

Consultancy, Software Development,  
Systems Integration

**NOA member**

*Industry standards:*

ISO 9001/2:1994 / 9001/2000 listed

## SLASSCOM (Sri Lanka Association of Software and Services Companies)

**E:** corpoffice@slasscom.lk

**T:** +94 117 884460

**W:** www.slasscom.lk

*Type of Company:*

Advisory

*Vertical sector expertise:*

Central Government / Local Government,  
Utilities, Banking / Financial Services /  
Insurance, Media/Telco/Publishing, Retail  
& Consumer, Transport/Travel,  
Pharmaceutical

*Service types:*

Consultancy

**NOA member**

*NOA Award Status:*

Offshoring Destination of the Year

*NOA Award Year:*

2013

## Slaughter & May

**T:** +44 20 7600 1200

**W:** www.slaughterandmay.com/

*Type of Company:*

Law Firm

*Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Media/Telco/Publishing, Central  
Government / Local Government, Utilities,  
Pharmaceutical, Retail & Consumer,  
Transport/Travel

*Service types:*

Consultancy, Infrastructure Management,  
Software Development, Systems  
Integration, Finance and Accounting,  
HRO, Procurement Outsourcing, Supply  
Chain Management, Application  
Management, Data Centre Management,  
Management Security Services, R & D  
Services, Technical Support/Help Desk,  
Telecommunications, Web  
Development/Hosting, Other, Contact  
Centre Provider, Customer Relationship  
Management Services, Document  
Management, KPO, LPO, Marketing  
Outsourcing, RPO, Other

**NOA member**

*NOA Award Status:*

Outsourcing Advisors of the Year

*NOA Award Year:*

2007

**E:** uknewbusiness@sitel.com

**T:** +44 1923 689600

**W:** www.sitel.com

*Type of Company:*

Service Provider

*Vertical Sectors Expertise:*

Banking, Financial Services, Insurance/  
Central Government Local Government/  
Media, Telco, Publishing/  
Pharmaceutical/ Retail & Consumer/  
Transport, Travel/ Utilities

*Service types:*

Contact Centre Provider

### **NOA member**

*Type of membership:*

Premier/Corporate/SME

*NOA Award Status:*

Sitel has won the prestigious 'Outsourcing Works' award, run by the European Outsourcing Association, EOA. The Award, in conjunction with John Lewis, beat strong competition from both private and public sector partnerships.

*NOA Award Year:*

2013 EOA Winner

*Industry Standards:*

CCA Global Standard© Version 5, DMA Certification

### **Company Statistics**

Sitel operates from five sites across the UK, employing approximately 2,400 associates who work within every major vertical market, including retail, public sector, financial services, travel, technology and media and entertainment. Many of the world's largest and best-known brands entrust their customer experience to Sitel UK. Our people in the UK manage contacts every day in 19 languages including English, Spanish, French, German, Italian, Danish, Swedish, Finnish, Dutch, Portuguese and Polish.

## Sitel



As caring for customers becomes the differentiator that drives consumer spend, Sitel is advancing its position as a world leader in outsourced customer care innovation. With 30 years of industry experience, Sitel's 56,000 employees support clients with CRM contact center services that provide predictable and measurable Return on their Customer Investment by building customer loyalty, increasing sales and improving efficiency. Sitel's global solutions include customer acquisition, customer care, technical support and social media programs. Support operations span from home based agents to 110+ domestic, nearshore and offshore centers in 23 countries across North America, South America, Europe, Africa and Asia Pacific. Sitel manages client programs on behalf of some of the best known brands in the world in 40 languages. Sitel is privately held and majority owned by Canadian diversified company, Onex Corporation. For more information, please visit [www.sitel.com](http://www.sitel.com)

### **Executive Viewpoint**

The challenge for most organisations is that the design and management of customer experience is not their core expertise. At Sitel, it's what we love most and do best. As customer relations experts, we are also better positioned to help organisations improve the whole experience of their customers with their brand, using the most appropriate channels and communication methods.

Sitel associates become an extension of our clients' brand by understanding their objectives, embracing their culture and taking ownership of their customers.

Whether you partner with us or work for us, you will discover what it takes to deliver outstanding customer experiences.

## SMT Software

**E:** office@smtsoftware.com

**T:** +44 7979788 968

**W:** www.smtsoftware.com

*Type of Company:*

Service Provider

### NOA member

*Number of NOA qualifications:*

1-10

## Sofica Group



Sofica Group is the largest independent BPO provider in Bulgaria and one of the leading and fastest-growing outsourcing companies in CEE. We provide BPO, ITO and HRO services to local and global clients through the strong and professional team, agile business model and state of the art technology.

**E:** info@sofica-group.com

**T:** +359 2 400 85 00

**W:** www.sofica-group.com

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance, Media/Telco/Publishing, Pharmaceutical, Retail & Consumer

*Service types:*

Application Management, Consultancy, Technical Support/Help Desk, Other, Contact Centre Provider, Customer Relationship Management Services, Finance and Accounting, HRO, Procurement Outsourcing, Other

### NOA member

*Industry standards:*

ISO 9001/2:1994 / 9001/2000 listed

## SoftServe Inc

**T:** +44 7900 696 477

**W:** www.softserveinc.com/

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance, Central Government / Local Government, Media/Telco/Publishing, Pharmaceutical, Retail & Consumer, Transport/Travel, Utilities

*Service types:*

Application Management, Consultancy, R & D Services, Software Development, Technical Support/Help Desk

### NOA member

*Industry standards:*

ISO 9001/2:1994 / 9001/2000 listed

## Source

**E:** tellmemore@source.co.uk

**T:** 0845 533 3313

**W:** www.source.co.uk/

*Type of Company:*

Advisory

*Service types:*

Consultancy

### NOA member

*NOA Award Status:*

Outsourcing Advisor of the Year

*NOA Award Year:*

2007

*Industry standards:*

BS 13500, ISO 9001/2:1994 / 9001/2000 listed

## SPi Global



SPi Global is the Philippines' most internationally-recognized full-service BPO provider, with 30 offices and facilities around the world, including the US, Netherlands, Philippines, India, Vietnam, Australia, China and Nicaragua. It has over 18,000 employees, delivering a wide range of solutions in Customer Relationship Management, Content, and Healthcare.

**E:** content@spi-global.com;

crm@spi-global.com;

info@spihealthcare.com

**T:** +632 884 6222

**W:** www.spi-global.com

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Media/Telco/Publishing, Retail & Consumer, Transport/Travel, Utilities

*Service types:*

Technical Support/Help Desk, Contact Centre Provider, Customer Relationship Management Services, Document Management, Finance and Accounting, KPO, Marketing Outsourcing

### NOA member

*NOA Award Status:*

Best Business Process Outsourcing Team

*NOA Award Year:*

2013

*Industry standards:*

Six Sigma, ISO 9001/2:1994 / 9001/2000 listed



## SQS

**E:** info-uk@sqs.com

**T:** +44 20 7448 4620

**W:** www.sqs.com/uk

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Media/Telco/Publishing, Retail &  
Consumer, Utilities

*Service types:*

Consultancy

### **NOA member**

*Industry standards:*

ISO 9001/2:1994 / 9001/2000 listed

## Teleperformance



**Teleperformance**

Transforming Passion into Excellence

Teleperformance is the worldwide leader in outsourced multichannel customer experience management with over 138,000 people in 46 countries. We help build their customer experience strategies regardless of the channels to be used.

**E:** julia.gibbs@teleperformance.com

**T:** 0117 916 8000

**W:** www.teleperformance.com

*Type of Company:*

Service Provider

*Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Central Government / Local Government,  
Retail & Consumer, Transport/Travel,  
Utilities

### **NOA member**

*NOA Award Status:*

EOA - Corporate Social Responsibility

NOA - Shared Service Centre of the Year

*NOA Award Years:*

2012/2013

## The Scottish Development Agency

**T:** +44 141 248 2700

**W:** www.sdi.co.uk

*Type of Company:*

Advisory

*Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Central Government / Local Government,  
Pharmaceutical

*Service types:*

Application Management, Consultancy,  
Data Centre Management, Infrastructure  
Management, Management Security  
Services, R & D Services, Software  
Development, Systems Integration,  
Technical Support/Help Desk,  
Telecommunications, Web  
Development/Hosting, Other, Contact  
Centre Provider, Customer Relationship  
Management Services, Document  
Management, Finance and Accounting,  
HRO, KPO, LPO, Marketing Outsourcing,  
Procurement Outsourcing, RPO, Supply  
Chain Management, Other

### **NOA member**

## TLT

**E:** perran.jervis@TLTsolicitors.com

**T:** +44 20 3465 4000

**W:** www.TLTsolicitors.com

*Type of Company:*

Law Firm

*Vertical sector expertise:*

Banking / Financial Services / Insurance,  
Central Government / Local Government,  
Media/Telco/Publishing, Retail &  
Consumer, Transport/Travel, Utilities

*Service types:*

Consultancy, Data Centre Management,  
Infrastructure Management, Management  
Security Services, R & D Services,  
Software Development, Systems  
Integration, Technical Support/Help Desk,  
Telecommunications, Web  
Development/Hosting, Other, Customer  
Relationship Management Services,  
Document Management, Finance and  
Accounting, HRO, KPO, LPO, Marketing  
Outsourcing, Procurement Outsourcing,  
RPO, Supply Chain Management, Other,  
Application Management

### **NOA member**

*Industry standards:*

ISO 9001/2:1994 / 9001/2000 listed,

Investors in People

*Number of NOA qualifications:*

50 or more

## Turnstone

**E:** enquiries@turnstoneservices.com

**T:** +44 20 7936 4373

**W:** www.turnstoneservices.com

*Type of Company:*

Advisory

*Vertical sector expertise:*

Media/Telco/Publishing, Banking /  
Financial Services / Insurance, Retail &  
Consumer, Utilities

*Service types:*

Consultancy

### **NOA member**

## UST Global

**E:** Prakash.Raman@ust-global.com

**T:** +44 (0)20 7487 4818

**W:** www.ust-global.com

*Type of Company:*

Service Provider

### **NOA member**

# Directory

## **Virtrium**

**T:** +44 1252 543022

**W:** [www.virtrium.co.uk](http://www.virtrium.co.uk)

*Type of Company:*

Advisory

*Vertical sector expertise:*

Banking / Financial Services / Insurance,

Retail & Consumer, Transport/Travel

*Service types:*

Consultancy

**NOA member**

---

# sourcingfocus.com

the portal for the sourcing industry

Published in  
association with:



sourcingfocus.com delivers bite-sized news and thought-provoking opinion to over 10000 readers

Sign up to the newsletter for insight into the hottest sourcing trends

Be part of the community at [sourcingfocus.com](http://sourcingfocus.com) or  @sourcingfocus





Success

“  
Talent is the  
outsourcing  
industry's  
number one  
concern.  
”

**Join the  
industry elite  
and sign up for  
September's  
Diploma in  
Outsourcing  
today**

We offer a range of training programmes and industry qualifications, for professionals operating at all levels.

**Whether you need a skilled outsourcing professional or wish to become one, the NOA is the leading body for developing the outsourcing profession and industry.**

To find out more, contact [chrish@noa.co.uk](mailto:chrish@noa.co.uk) or call 0207292 8686.  
[www.noa.co.uk/professional-development/](http://www.noa.co.uk/professional-development/)