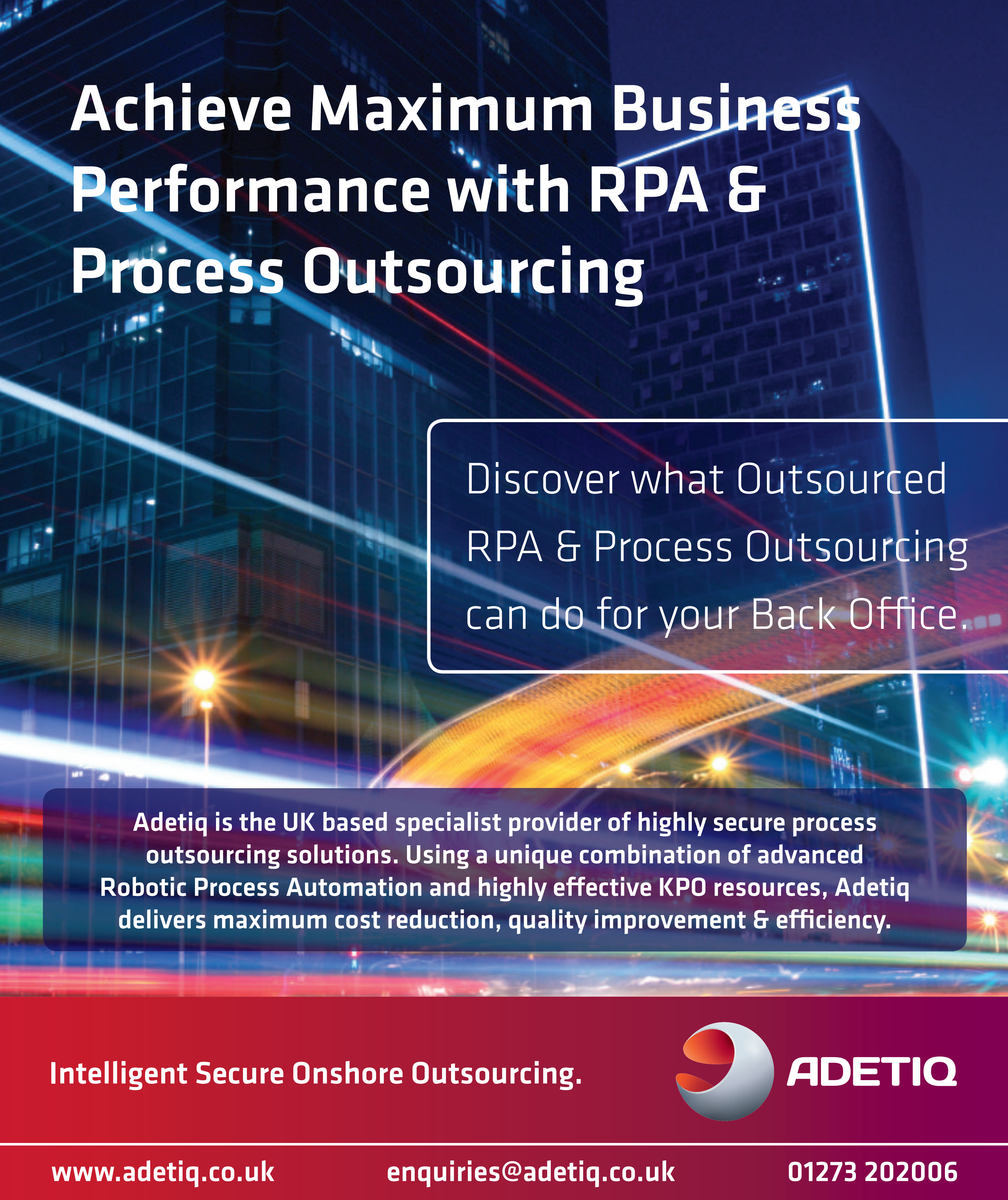
Outsourcing Yearbook 2016

NOA
NATIONAL OUTSOURCING ASSOCIATION

Containing the official NOA's Supplier Directory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Welcome

Kerry Hallard
CEO
National Outsourcing Association

2016 NOA Events Calendar

Outsourcing is collaborative by nature, so it makes perfect sense to come together and learn from each other. NOA events and training workshops cater to buyers, suppliers and advisors alike, building a community that prides itself on the sharing of knowledge and development of best practice.

Being committed to professional development for those in the outsourcing industry, the NOA offers a wide variety of event topics and formats.

Take a look at our events calendar below for the first half of the year, to find out which is perfect for you.

To register for any of the below or for further details please email admin@noa.co.uk or visit the NOA website, www.noa.co.uk.

Educational & Networking Events

Date	Type	Title	Location	Fees excluding VAT
MARCH				
8th March	Special Interest Group	Benchmarking in association with Everest Group	London	Corporate members – FREE Individual members – £150 Non Members – N/A
16th March	Special Interest Group	Banking Financial Services and Insurance (BFSI)	London	Corporate members – FREE Individual members – £150 Non Members – N/A
17th March	Special Interest Group	Re-shoring and Back-sourcing	London	Corporate members – FREE Individual members – £150 Non Members – N/A
APRIL				
20th April	Special Interest Group	Enhancing Buyer, Supplier Relationships	London	Corporate members – FREE Individual members – £150 Non Members – N/A
25th April	One-day Conference	Public Sector	London	Corporate members – FREE Individual members – £225 Non Members – £250
MAY				
19th May	Awards Ceremony	Professional Awards	Manchester	Discount for all members
JUNE				
22nd June	Symposium	NOA Symposium	London	Discount for all members
OCTOBER				
6th October	Summit & Awards	EOA Summit & Awards	Sofia, Bulgaria	Discount for all members

Professional Development Workshops & Qualifications

Date	Type	Title	Location	Fees excluding VAT
MARCH				
15th March	Foundations	Outsourcing Governance	London	Members – £395 Non Members – £440
16th March	Diploma	Diploma in Strategic Outsourcing	London	£3,400
APRIL				
19th April	Foundations	Mechanics of Performance Management	London	Members – £395 Non Members – £440
MAY				
17th May	Foundations	Managing Relationships	London	Members - £395 Non Members - £440

Review of 2015


OUTSOURCING ASSOCIATION
2015

Our award winning entrants!

The NOA hosts three major outsourcing awards ceremonies each year:

NOA's Professional Awards

An awards ceremony dedicated to the individuals and teams that bring the most value to their companies, their partners and the global outsourcing industry.

EOA Awards

Celebrating excellence in pan-European outsourcing, acknowledging buyers, suppliers, support providers and destinations from across Europe and beyond.

NOA Awards

The NOA's largest awards ceremony that rewards innovation and pioneering best practice delivered by buyers, service providers, advisors and consultancies. Now in its thirteenth year, this is the definitive awards ceremony that all passionate outsourcers want to be a part of.

You, your team, your organisation, your outsourcing partnership: these awards ceremonies exist to recognise outsourcing excellence in all of its forms. Get involved in 2016 for your chance to join the ranks of outsourcing's elite…

Winners in 2015

NOA's Professional Awards 2015

NOA'S PROFESSIONAL AWARDS

Rising Star of the Year
Bryan McGovern, Head of MI & Dialler Support Services Private Sector, Serco Global Services

Manager of the Year
Gavin Cox, Head of Operations/Operations Manager, Serco Global Services

Advisor of the Year
Paul Silver, Senior Associate, CMS

Strategic Leader of the Year
Rosaleen Blair, CEO and Founder, Alexander Mann Solutions

Award for Professional Development (Individual)
Alison Haigh, Head of Procurement, UKAR

Award for Excellence in Supplier Management
NHS Blood and Transplant

Award for Excellence in IT Delivery
Cognizant

Award for Excellence in FAO
Tata Consultancy Services and National Grid

Award for Excellence in Outsourced Customer Service
Teleperformance and E.ON

Award for Excellence in BPO
Xchanging and Federal-Mogul

Best Offshore Team
Serco Offshore Mortgage Services Team

Best Shared Services Team
CGI

Skills Development Programme of the Year (Corporate)
Capita's Regulatory Solutions, Active Manager Programme

EOA Awards 2015

European BPO Contract of the Year
Intetics

European IT Outsourcing Project of the Year
Miratech and Lindorff

European Outsourcing Service Provider of the Year
Conectys

European Outsourcing Advisory of the Year
Elixirr

Offshoring Destination of the Year
Bulgaria

Award for Corporate Social Responsibility
Avasant

Pan-European Buyer of Outsourcing Services of the Year
Minsk City Authorities

Outsourcing Works: Award for Delivering Business Value in European Outsourcing
ITC Infotech and Holland & Barrett International

NOA Awards 2015

International Outsourcing Contract of the Year
NIIT Technologies

Offshoring Project of the Year
DDC and Brandbank

Outsourcing SME of the Year
Arise Virtual Solutions

Offshoring Destination of the Year
Bulgaria

Telecommunications, Utilities and High-Tech Outsourcing Project of the Year
Capita and Telefonica

Public Sector Outsourcing Project of the Year
Teleperformance and The Environment Agency

Financial Services Outsourcing Project of the Year
Capgemini and Direct Line Group

Best Contribution to the Reputation of Outsourcing
BBC Audience Services and Capita

Award for Corporate Social Responsibility
Infosys BPO Limited

BPO Contract of the Year
Capita and Telefonica

ITO Project of the Year
Avanade and Centrica Energy

Award for Innovation in Outsourcing
Firstsource and Giffgaff
Highly commended - Olswang & BP

Shared Service Centre of the Year
CGI

Outsourcing Advisory of the Year
KPMG

Outsourcing Contact Centre Provider of the Year
Conectys

Outsourcing Service Provider of the Year
ScaleFocus AD

Outsourcing Buyer of the Year
Centrica - British Gas

Outsourcing Works - Award for Delivering Business Value
Capgemini and Heathrow Airport Limited

Professional Development

The National Outsourcing Association is committed to developing the reputation of our industry through making outsourcing the profession of choice.

We do this through a complete programme of training, professional development, and individual and corporate accreditation. For those that want to take their outsourcing education one step further, the NOA also offers qualifications, ranging from the Foundation Certificate in Outsourcing Practice (level 4) to the NOA Diploma in Strategic Outsourcing (level 7).

All NOA qualifications require participants to write at least one paper outlining how what they've learned can be practically applied in their professional role. Here are some of the key topics that have been covered by NOA students this year:

- Relationship engagement techniques that achieve longer-term profit and growth
- Developing a checklist to optimise service provider selection
- Key considerations for designing and defining an SLA
- Identifying new metrics for judging the effectiveness of an outsourcing strategy
- Achieving innovation that will get the attention of stakeholders
- Selecting the right new technology to enhance risk assessment procedures
- Driving performance and delivering benefits through good governance
- Ensuring high performance when transitioning processes to offshore locations
- The impact of culture and the regulatory environment on BFSI outsourcing
- Producing the framework for an effective exit strategy

And many more.

Testimonials from 2015

Phoenix Group (NOA Diploma in Strategic Outsourcing)

"The NOA Diploma program was a great way to develop and share best practice, and benefit from expert facilitation and mentoring."

- Chris Day, Head of Outsource Management, Phoenix Group

Ulster Bank
(NOA Foundation Certificate in Outsourcing Practice)

"Undertaking the NOA foundation certificate in outsourcing helped us make real business sense of our own internal framework. It enabled us to share knowledge and best practice across our business in relation to governance, performance management and relationship management. It has also opened up opportunities for us to develop our learning of outsourcing further, through undertaking the NOA Diploma in Strategic Outsourcing. We have gained a real insight into the outsourcing industry through the relationship we have built with the NOA."

- Darren McKnight, Head of Outsourced Services, Ulster Bank

Department of Public Expenditure & Reform, Ireland
(Foundations of Outsourcing workshops)

"The NOA has delivered its foundation course in external service delivery to approximately 100 Irish public sector managers to date. The course provides a firm grounding that allows practitioners to understand the outsourcing life cycle and its application in a business context. The overwhelming feedback from our participants indicated that they found the course to be well balanced; offering both conceptual and practical elements, delivered by professionals who were highly experienced and knowledgeable in their field."

- Kevin Daly, Commercial Delivery Manager, Department of Public Expenditure & Reform, Ireland

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UK Asset Resolution
(NOA Foundations in Outsourcing workshop)

"I recently attended the one-day NOA Life Cycle Workshop presented by Chris Halward. The content of the course covered ALL the implications around outsourcing and developed my knowledge to the next level. It provided a clear, robust and more importantly a 'useable' structure to help me base any future outsourcing projects around. The varied teaching methods kept the day really interesting i.e. tutor presentation, group exercises and learning from others through group discussion. I would highly recommend!"

- Ella Gallagher, Buyer / Procurement, UKAR

Corporate accreditation in action at the BBC

Many years in the making, the Corporate Accreditation Programme is a crucial part of the National Outsourcing Association's ongoing campaign to professionalise the outsourcing industry.

Organisations outsource a wide range of services – from customer service to enterprise-wide technology systems – yet the vast majority of them ultimately find themselves asking similar questions: are our service providers performing well? How do we compare to others in our industry? Are we achieving outsourcing best practice?

While there are some attempts at common standards emerging in outsourcing – such as those being developed by the ISO - they necessarily tend to be broad-reaching and non-prescriptive. The NOA's Corporate Accreditation Programme has been developed to sit above these emerging standards, giving the company involved a much better picture of its outsourcing maturity, and highlighting specific strengths and weaknesses. The result is a journey of improvement towards outsourcing best practice, which will yield increased value in terms of cost savings and service improvements. Accreditation also means recognition of an organisation's outsourcing competency, assuring customers and stakeholders that they're in the safest hands.

The BBC is one of the Corporate Accreditation Programme's latest participants. The NOA recently caught up with Bill Butler, senior business analyst at the BBC and project lead, to discover how the public broadcaster's journey towards continuous outsourcing improvement was going.

Why participate in the programme?

"By undertaking corporate accreditation, we had two main objectives," Bill explained. "First, we wanted to raise the profile of contract management at the BBC internally. The NOA is recognised as being at the forefront of contract management and having their recognition would be an ideal way to demonstrate to internal stakeholders that we're meeting, and hopefully exceeding, industry standards.

"Second, we took part so that we could identify our strengths and weaknesses in how we engage and manage our service providers. The BBC is also in the process of developing its own outsourcing Life Cycle Model – which is based on the NOA's own model. Participating in this process will not only help us strengthen our outsourcing capability, it will be extremely valuable to the development of this model."

What are the benefits of the programme?

"By taking part in this process we intend to raise the profile of Procurement and demonstrate to our internal stakeholders that we are serious in our intent to become better business partners. We've spoken to a lot of senior stakeholders throughout the organisation about outsourcing and procurement – conversations that wouldn't have happened otherwise. On top of this, the programme has given us an important framework we use when conducting these conversations.

Review of 2015

“Taking part in this programme has helped us structure our thinking around the outsourcing lifecycle and its impact at each stage. Departments and functions won’t necessarily think about outsourcing and procurement in these terms; more often than not, teams only think about their own part in the process. Our ultimate aim is for the organisation to be thinking and acting more holistically.

“It’s also been useful having the NOA as an external expert to speak to about best practice, to let us know what’s available in the marketplace, and keep us up to date with the latest trends.”

As a major public sector organisation with an annual budget of circa £5 billion, the BBC’s spending is placed under intense scrutiny. Bill added that corporate accreditation could go some way to help satisfy the BBC’s internal auditors that outsourcing and procurement are being conducted in a highly efficient manner.

Where will you go from here?

Once finished, the BBC has a few ideas for how to keep the positive momentum going: “Corporate accreditation has paved the way for new thinking and we’ll continue to review our processes going forward. The NOA will certainly be involved; the general consensus at the BBC is that both organisations are singing from the same hymn sheet when it comes to best practice and I have no doubt that our continued collaboration will bring mutual benefits.”

Do you have advice for other organisations considering corporate accreditation?

“My main piece of advice would be to think carefully about who you want to talk to before you begin, and make sure you consider the views of people from across the organisation. Be ready to embrace views different to your own, rather than listening to an enclosed echo chamber. We made a point of speaking to those who wouldn’t necessarily have a glowing view of the BBC’s current outsourcing practices; those who’ve experienced issues in the past. That’s really helped us single out problems and acknowledge our weaknesses.”

Steps to accreditation

1. Outsourcing Lifecycle Assessment Level 1

Complete this fifteen-minute questionnaire to receive a summary assessing your organisation’s outsourcing maturity level and highlighting specific areas for development. It’s free for members and accessible via the NOA website.

2. Accreditation Readiness Assessment

From here, your organisation or team can enrol on the NOA’s accreditation programme. Once you’ve assigned a project manager, the NOA will get them started with the Outsourcing Lifecycle Assessment software platform, which collates and contrasts views of different individuals/teams at the company (and even suppliers) to deliver an objective picture of company-wide performance. This will be followed by a one-day workshop, led by the NOA or an NOA accredited partner, to review performance and ways to improve.

3. Performance Improvement Programme

The Accreditation Readiness Assessment process results in a detailed report on outsourcing performance based on the NOA’s own best practice standards. You can then choose to proceed by working with an NOA accreditation partner on a journey of best practice improvements, embark on this journey yourself or immediately undertake the Accreditation Audit.

4. NOA Accreditation Audit

When your organisation is ready, the NOA will come in and begin the audit process. Within one week the NOA will announce the level of accreditation achieved: Competent or Excellent. Companies will be given detailed feedback on their performance and recommendations on what needs to be done in order to reach the next level.

To start your journey towards corporate accreditation, take the Outsourcing Lifecycle Assessment, or email admin@noa.co.uk for further information.

The UK can become the global strategic hub for outsourcing by 2020... but David Cameron must act now

The NOA outlines five crucial steps David Cameron must take to support UK outsourcing, which will drive job creation and significant growth to UK GDP

Back in 2015, the National Outsourcing Association (NOA) unveiled its vision for how the UK can become the global strategic hub for outsourcing and service delivery by 2020, and called for David Cameron's government to provide some long-awaited, much-needed support. With the government's action and backing, the UK will enjoy sizeable economic growth, more knowledge-based jobs, a rise in national productivity and an increased competitive advantage internationally, contributing billions to the treasury – all whilst also offering a solution for cutting the deficit. This, in turn, will provide numerous benefits to the outsourcing industry globally.

It's our crown to lose

Just imagine it. Being recognised as the global strategic hub for outsourcing will ensure that the majority of global sourcing strategies will be devised in the UK. Britain will be the frontrunner in best practice and global standards, with more contracts being signed and governed here. The UK will also be recognised for its expertise in delivering value-add services, resulting in increased international use of UK-based service providers and a dramatic increase in foreign direct investment. In order to achieve this ambitious vision, the NOA has identified five key areas for immediate government focus which will help the UK secure this global leadership position.

The UK possesses the second largest and most mature outsourcing market in the world, employing over three million individuals. And the UK government uses outsourcing more than any other government globally – spending £120 billion on outsourced public services over the past five years – which shows Whitehall recognises the industry's value, yet publicly the government currently hinders outsourcing more than helping it. The UK already has the key ingredients required to become the global leader in outsourcing: the English language, the perfect time zone, strong financial markets, excellent infrastructure and world class consultants. With the government's active support, the UK can become the global strategic hub for outsourcing by 2020, making a vital contribution to the growth of the UK economy.

Services vs manufacturing

As a small nation, the UK punches dramatically above its weight when it comes to exporting services, with the World Trade Organisation ranking the UK as the second biggest exporter of business services in the world. The only country in front is the USA - business services make up 3.9 per cent of their economy which, despite being five times bigger than UK GDP, only manages to export double the amount of services. Eurostat reports that the UK enjoys a larger trade surplus in this area than the rest of the European Union put together – our nation is in the black to the tune of $36 billion, while the nearest rival is France, which exports less than half of what the UK does.

Compare this modern success story to Britain's failing manufacturing sector. Manufacturing exports slumped at the end of last year and are expected to suffer further in 2016 and beyond. According to the British Chamber of Commerce, the services sector is already exceeding its own performance pre-recession, while manufacturing balances still lag well behind what they were in 2007. Furthermore, manufacturing jobs will always be vulnerable to automation and advances in technology, while knowledge-based jobs go hand-in-hand with these advances. Which begs the question: why does the UK government continue to support manufacturing at the expense of its services sector?

Review of 2015

Five areas for immediate government focus

Improved skills development: The government needs to focus on developing the right professional talent. Schools, colleges and universities will play a crucial role – the UK needs more home-grown knowledge workers with digital and IT skills, while all school-leavers should be better educated in commercial and soft skills. The next generation must be adept at delivering services to the highest possible level, and capable of designing, building and managing customer-centric business processes.

Less restrictive immigration policies: The government plans to crack down on the number of workers from outside the EU being brought into the country via intra-company transfers, despite the fact that these individuals possess the very skills the UK currently lacks. Until those skills are abundantly available at home, we need to encourage the best foreign talent to come and contribute to our economic prosperity, rather than turning them away - to do so will damage the economy and discourage foreign R&D investment.

A balanced approach towards outsourcing transparency: The National Audit Office has recommended that the government improve its approach towards open-book accounting. The NOA supports transparency and accountability, but recognises that a delicate balance is required. The government must focus on the value attained from outsourcing, rather than the profits made by its service providers. Purely attacking profits will have huge ramifications, restricting innovation which in turn will reduce productivity, and making the prospect of public sector contracts far less appealing.

Further investment in infrastructure: Britain's infrastructure serves as the hard wiring to its economy, where better travel capabilities mean more foreign investment. Heathrow's third runway is a prime example: such progress will aid the UK's national productivity and its competition against emerging global superpowers. Telecommunications infrastructure is another area that requires dedicated and continuous investment, as it will facilitate the country's ability to provide services internationally at the highest possible level.

Active and vocal government support: The government clearly values the UK outsourcing industry, being one of its biggest customers. However, it is rarely vocal in its appreciation. If the UK is going to become outsourcing's global strategic hub, the government will have to stand behind the industry and publicly support its successes, rather than just criticising its few failures.

"The UK government needs to drop its fixation with the manufacturing industry and recognise that we are living in the services economy. We have a very real opportunity to become the global leader in this space and enjoy all the growth opportunities that come with it, but I fear we are losing ground to the very nations we outsource to: India, China and Poland being prime examples. Their governments have much more committed focuses on this burgeoning sector with proper financial incentives, committed education programmes and real pride for the industry. The UK government, on the other hand, prefers to castigate outsourcing to save ministerial skins and puts up barriers that prevent innovation. This must change with immediate effect. The crown is ours to lose, and we will lose it if the UK government continues to neglect its biggest, brightest industry.

"Change needs to happen at the highest level and fast. The outsourcing industry is transforming rapidly. Contracts based on labour arbitrage are quickly becoming a thing of the past. Robotic automation will replace the most basic transactional roles, and the NOA's latest research shows the new battlegrounds will be digital excellence, process design, customer-centricity and strategic leadership - areas the UK already excels in. As a nation we are really good at delivering value-add services! The UK is now running a services trade surplus of 5 per cent, with outsourcing making a significant contribution to UK GDP. But we need to keep improving - we need to let the world know we are committed to this industry and proud of our leadership role within it.

"For an industry to contribute so significantly to the UK economy, yet be ignored to this extent by its government, is quite frankly disgusting. It used to be the manufacturing sector that put the 'Great' into Great Britain – today it's British services and outsourcing. Just imagine how much more the UK could achieve in terms of economic growth, employment and productivity if outsourcing had the government's full backing."

- Kerry Hallard, CEO, **NOA**

Legal Round-Up of 2015

It's of paramount importance that outsourcers stay up to date with the latest laws affecting their industry. This is our summary of the most important legislation to affect outsourcing in 2015.

CMS Law.Tax

The EU Recovery and Resolution Directive

On 19 January 2015 the FCA amended the Prudential Sourcebook for Investment Firms to incorporate the Recovery and Resolution Directive. These new rules aim to reduce threats to national financial stability by establishing a comprehensive recovery and resolution regime. This will allow the government to help plan, intervene and resolve problems in order to avoid investment firms failing.

Each affected investment firm (an "IFPRU 730K firm" in the Prudential Sourcebook) is required to consider how the new rules affect them. The new provisions also specifically require investment firms who outsource services to consider how their outsourcing arrangements fit in with their new proposed resolution plan. For many firms this may require the introduction of new contractual terms into their outsourcing arrangements. Certain additional bail-in provisions took effect on 1 January 2016.

Looking forward to 2016 and beyond…

FCA guidance on outsourcing to the cloud

The FCA is consulting on draft guidance which will provide end-to-end support for firms outsourcing to the cloud and to other third party IT services. The comprehensive guidance includes information on all aspects of the decision-making process for outsourcing. Before a deal is made to outsource either to the cloud or another IT service, firms should review the contract with the outsource provider to ensure it complies with the FCA rules, paying special regard to the legal and regulatory considerations, any external assurance that has already been provided when conducting due diligence, data protection, risk management and international standards.

Senior manager's regime

On 7 March 2016, a new FCA and PRA regime governing individuals in UK banks, building societies, credit unions, PRA-designated investment firms and branches of foreign banks operating in the UK comes into force. Under this regime, senior managers will be held personally liable for misconduct and nearly all staff will be subject to enforceable conduct rules. This is likely to result in an increased focus by customers on back-office/middle-office servicing responsibilities and the sign-off process for outsourcing arrangements.

Small Business, Enterprise and Employment Act 2015

The future clearing model for cheques will impact all banks and their customers. The major cheque processing service providers and their clients will need to adjust their systems and processes to facilitate the processing of cheque images.

Linklaters

Greater freedom on liquidated damages

The Supreme Court has limited the circumstances in which liquidated damages, service credits and similar provisions will be treated as penalties under English law, and so be unenforceable. This should give customers greater freedom to choose the sanctions for performance failures by suppliers.

Data "Balkanisation"

EU data protection laws contain a restriction on the transfer of personal data to "unsafe" jurisdictions, such as the US. One way to justify transfers to the US is to rely on the US "Safe Harbour". However, this was struck down in 2015 and it is unclear if either a new version of Safe Harbour will be agreed, or if other means to transfer personal data to the US and elsewhere remain valid. This, like the Russian data localisation laws, is leading to data "Balkanisation" under which much more data is stored either "in-country" or at least within regional hubs.

Legal Round-Up of 2015

MAYER • BROWN

The new European General Data Protection Regulation

The final draft of the new European General Data Protection Regulation (GDPR) was agreed on 15 December 2015 and, once it has been approved by the European Parliament in early 2016, is expected to take effect by early 2018.

This reform aims to update data protection law to address the challenges of the digital age while simultaneously protecting the rights of individuals and enabling businesses to utilise personal data in a more consistent manner across the European Union. The GDPR will be directly applicable in the same form in all EU member states with the intention of reducing the burden on international organisations that, up until now, have had to vary their compliance to satisfy the particular data protection requirements of each member state.

The key points to take away from the GDPR are:

1. The GDPR will apply internationally. Data controllers located outside the EU that process personal data in relation to offering goods or services to individuals within the EU, or as a result of monitoring individuals within the EU, will be subject to the GDPR.
2. Tougher sanctions. The maximum fines for a breach of the GDPR will be four per cent of an enterprise's worldwide turnover or €20 million, whichever is higher.
3. Data breach notification obligations. Data controllers must notify the authority without undue delay and, where feasible, within 72 hours of a data breach.
4. Liability for data processors. Data processors will have direct obligations to comply with the GDPR under certain circumstances, and data protection authorities may take action against them for breaching the GDPR.
5. Privacy by design. Data controllers are required to take a proactive approach to ensure that an appropriate standard of data protection is the default position taken when personal data is being processed.
6. Stricter governance. Data controllers will be required to undertake impact assessments for higher risk processing. Data controllers and data processors will need to appoint a data protection officer to carry out relevant assessments of an organisation's data processing in certain circumstances.
7. Strengthening of data subjects' rights. An individual will have the right to have their personal data removed from a controller or processor's system or online content.

TRAVERS SMITH

Modern Slavery Act 2015

The Modern Slavery Act 2015 requires organisations with a global annual turnover of £36 million or more to publish an annual slavery and human trafficking statement. The statement must set out the steps the organisation has taken to ensure both its own business and its supply chain are slavery-free. Outsourced service providers will be regarded as part of the supply chain, and are likely to be asked to provide information to their customers about the action they have taken to prevent slavery and human trafficking. Businesses with a year end of 31 March 2016 will be the first required to publish such statements.

Consumer Rights Act 2015

The Consumer Rights Act 2015 came into force on 1 October 2015 and affects outsourced services which are consumer-facing, such as call centres handling telephone sales to private individuals or consumer complaints. It changes key aspects of consumer law including remedies for sub-standard goods or services and rights relating to digital content. In addition, how suppliers (and their sales staff) describe the service they provide now forms part of the contractual promise to the consumer, and any qualifications need to be very clearly and understandably set out. The Act also introduces new enforcement powers, including the power for regulators to seek court orders requiring businesses to pay compensation to consumers for breaches of consumer legislation.

The national living wage

From April 2016, a new compulsory national living wage of £7.20 per hour will be introduced for workers aged 25 and over. This will effectively create a new minimum wage rate for workers in their mid-twenties (or above) which is 50p an hour above the current minimum wage. It is, therefore, likely to increase labour costs associated with outsourcing arrangements, particularly affecting sectors where providers already operate on very low margins. Progressively lower wage rates will continue to apply to younger workers in three age groups: under 18, 18-20 and 21-24.

Legal Round-Up of 2015

RPC

Solvency II Directive

The Solvency II Directive and the Delegated Regulation detail requirements which insurers and reinsurers must cover in their outsourcing agreements “for any critical or important operational functions or activities”. Many of the requirements in Solvency II are things that are already typically seen in large-scale outsourcing contracts. However, the specifics of what is required by this legislation is considerably more detailed than the existing regulatory regime with regard to outsourcing. Insurers and reinsurers will need to be more aware of the specific mandatory requirements in their existing and future agreements.

Insolvency (Protection of Essential Supplies) Order 2015

This order, which came into effect on 1 October 2015, places restrictions on the ability of suppliers to terminate certain IT services automatically in the event of customer insolvency.

This legislation may not significantly impact suppliers in large scale IT outsourcing deals, where the suppliers' termination rights are commonly limited to persistent and material non-payment. However, it is likely to impact IT suppliers in smaller deals who rely on "standard" termination-for-insolvency rights, and who could suffer significant exposure to insolvent businesses as a result of this new law. This may result in suppliers increasingly asking for payment guarantees from customers, pushing for other early termination rights that can be triggered before the onset of insolvency, and also seeking to include different termination rights for those services that are "essential" and those that are not.

Public Contracts Regulation 2015

The Public Contracts Regulation 2015 contains a number of provisions which should, in theory at least, result in public procurement processes being more flexible and less time consuming. The regulations also give much needed clarity around how modifications to contracts can be made, which is a development that will be welcomed by public bodies and suppliers alike.

KEMP LITTLE

Security

The increased risk and varied nature of data security breaches means that there is a growing need for a cohesive data security solution for businesses. This is likely to result in service providers (and perhaps pure play providers) offering specific cybersecurity services which straddle a customer’s various systems across all geographies.

The proposed General Data Protection Regulation seeks to impose increased cybersecurity obligations on businesses that collect or process personal data, and the proposed Network and Information Security Directive, amongst other things, requires member states to ensure that providers caught by the Directive take appropriate and proportionate technical and organisational measures to detect and manage the risks to networks and information systems that the providers use and control.

These requirements, tied with a commercial and reputational need for businesses to ensure their data is protected in an era of increased cybercrime, will ensure that data integrity and security become of critical importance when choosing outsourcing providers and offerings, consequently ensuring the agreement provides adequate protection for the customer.

Robotics and automation

The increased use of robotics and process automation will mean that any FTE business models must be updated to ensure that they maintain pace with the developing service delivery methods, and that clients can capitalise on the resulting cost savings and quality improvements. Maintaining the flexibility in agreements to accommodate these rapidly-changing service delivery methods will be the difficulty but also the key to success.

As-a-service

A rise in the types of “as-a-service” offerings is inevitable, given the continued need for flexibility in contracting to allow for rapidly-developing service delivery methods and ever-changing customer requirements, including those that occur as a result of corporate restructuring.

Ask the Analysts

Ask the Analysts

Rob Hughes, Client Director

2015 has proven to be a great year for Everest Group, with our research focus allowing us to get a firsthand view of some of the most instrumental changes in the outsourcing industry in recent history.

In 2015 we worked with the NOA to run a series of special interest groups focused on benchmarking and pricing assurance. This critical and often trivialised process can offer an in-depth view of fair price, efficiencies, what it takes to deliver best-in-breed services and draw forth opportunities to better serve the organisation. We have worked with a number of global brands in the past 12 months, using benchmarking as the catalyst to accelerate process improvement and develop a roadmap leading to best practice. Of course, if benchmarking is a measurement tool, it is important to understand what exactly it is measuring, and it would be wrong not to mention the areas of the business it can move forwards, outside of functional aspect.

To this end we have seen an increased involvement of procurement professionals in the sourcing space over recent years, and a real leap forward from cost cutting to value creation as a critical part of the procurement agenda. The outsourcing market can be considered fairly mature in some areas, meaning that the goal of further cost savings is becoming more of a challenge - let's face it, you can only sweat the FTE model for so long before it starts affecting service delivery and negatively impacting the value component. However, that is not to say that the TOC (total cost of ownership) cannot be leveraged to address the cost challenge while still attending to the importance of value creation. This is where we have undoubtedly seen the most disruptive advancement in the outsourcing market to date.

SDA (service delivery automation) has undoubtedly been the major talking point in the industry, especially towards the end of the year, with the final release of some factual research both backing up some of the hype while also clearing up some of the confusion. It turns out that much of the hype is real, but that this is generally under reported in terms of potential cost savings - some of the figures are so extreme that we would not have believed them ourselves, if they had not come directly from enterprises in their second and third years of deployment. It is commonly reported that a further 40-50 per cent cost reduction can be achieved in some processes (F&A in particular), that errors decrease, and that over time the exception rate falls to lower 'teens.

This is all splendid news for those under consistent pressure to address cost and service delivery. However, the challenge is not in achieving these numbers - in fact these are highly conservative and some of our ongoing research has shown much higher savings and much better accuracy derived from some automation initiatives.

The challenge is the changing supply dimension. If the traditional service providers do not start to "up their game" in relation to client demand for integrated automation solutions, they may soon find themselves struggling to stay relevant. We know that it's never easy to accept change - especially when it is forced - but we also know that adaptability is key to growth, and while we are hearing the right sounds from the senior echelons in service provider management, we are not seeing any real commitment to the automation agenda. Having heard fairly outlandish comments that "this automation thing will all be over and done with by the end of 2016" it seems that there is a real divide in opinion, and we know which side of the fence we are sitting on. There could be a real upheaval in the BPO market in the year ahead, with so many contracts up for renewal and few (if any) of the incumbents including automation as part of their proposals.

Then again, if your CFO wakes up one morning and decides that being more cost efficient is no longer a priority, and the business heads decide that becoming more efficient and competitively distinctive does not really matter, then I suppose we've got it wrong.

Ask the Analysts

Ian Puddy, Vice President, Gartner Consulting,
Strategic Sourcing Practice Lead

Gartner

Sourcing models are in the midst of a critical shift, driven by digital transformation, automation, and the convergence of IT and the business. Sourcing strategies are transitioning from an end-user, tower-focused approach to integrated, consumer-focused and outcome-based. While this is an important time for IT and sourcing, not all service providers are positioned for this transition. More upfront investments are required to bring technology-based solutions to market, some of which will replace labour-based models. Global delivery networks will be more diversified. Automation and robotic processing will decouple the relationship between head count and revenue growth, and disrupt the knowledge worker industry. New skills are required in the areas of data analytics, service brokerage, and the use of technology to support digital initiatives. Industry-focused solutions are a critical differentiator. And importantly, vendor concentration and pricing pressure on traditional services can make this transition challenging for companies that do not have the financial flexibility to invest in future growth. As a result, we expect to see increased divergence in performance among the service providers, more consolidation and financial engineering over the next several years.

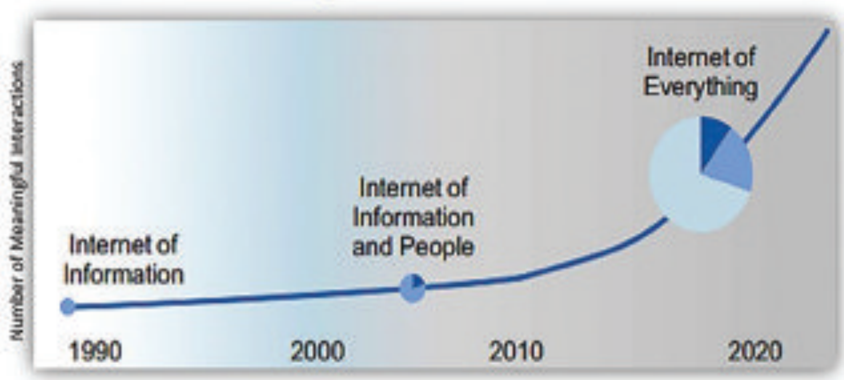
- The outsourcing relationship is changing. CIO surveys show that 70 per cent of existing sourcing relationships will change over the next two years. This suggests risk to incumbents, new vendors entering the ecosystem and new delivery models emerging.

- CEOs are reporting that 22 per cent of revenue was attributable to digital in 2014, with projections to increase to 41 per cent by 2019. As a result, investments are accelerating, but more of these investments are coming from outside the IT department. Our research shows that, in 2015, 38 per cent of IT spend will fall under the control of the business, increasing to 50 per cent by 2019. As a result, service providers will increasingly be selling solutions to buyers they have not typically interacted with in the past.

- Leaders also expect to leverage third-party providers for their digital business initiatives. Our surveys show that 85 per cent of CIOs expect their organisations to look externally for digital skills and expertise. As a result, services will comprise a greater percentage of the total IT budget, increasing from 20 per cent today to 40 per cent through 2020, according to our research.

- All of this creates tremendous opportunity for the service providers that can manage the bimodal IT environment, defined as renovating and supporting core legacy systems, while simultaneously exploiting new technologies to innovate and transform, using Agile techniques.

Accelerating Growth of the Internet



By 2020, approx 30 Billion connected things will lead to the creation of new markets and drive a total economic value add of $1.9 Trillion [2]

Ask the Analysts

Tom Reuner, Managing Director

HfS Research

Our recent service buyers summit in Harvard drew attention to a number of big things the industry must address if we are going to drag ourselves away from legacy land, and venture into the promised land of the “as-a-service economy”. Here are just a few:

• **Intelligent automation has emerged as a core competency for operations staff.** Like outsourcing, RPA is a means to improve processes and applications, but rarely the ideal end-state – it is typically retrofitted to make legacy applications and processes function more automatically and efficiently. Legacy operations delivery and BPO can only achieve a certain level of efficiency without a well-planned, intelligent automation roadmap. RPA is one of the leading technologies to provide efficiency improvement in rules-based tasks and processes, but intelligent automation is also now including the adoption of real time self-learning techniques, predictive analytics and cognitive computing.

• **Ambitious providers will cannibalise their revenues when their buyers give them more to work with.** Moving forward, buyers will need to make some new investments in intelligent automation (especially RPA), technology and expertise, while the service providers will ultimately have to concede that they may need to reduce the FTE provision on their side as automation takes effect. A service provider must prove it can redeploy “freed-up FTEs” on their clients’ higher-value processes. These two motivations should go hand-in-hand: decreasing labour effort on automatable tasks and increasing it on the higher value work the clients would like to outsource in the future. At our service buyers summit, 45 per cent of buyers surveyed said they would like to improve the quality and outcomes from their current service relationships by “rolling out an automation strategy in tandem with the provider”.

• **Design thinking is a real, tangible practice that can bring together common outcomes and support co-innovation activities across buyers and providers.** The core issue holding back the services industry are relationships being too “directional”; there needs to be a pre-agreed willingness and desire on both sides to get to the table, on an ongoing basis, preferable in close physical proximity, but also using visual media collaboration tools. Our research has shown that 69 per cent of outsourcing relationships are directive, while only one-in-five are truly collaborative. Effective design thinking can work, provided both buyer and provider can use the method to agree, prioritise and execute on common outcomes that constitute success for both parties.

• **Automation is impacting entry-level roles and the industry is not prepared.** The roles that used to drive entry into business process and IT careers are changing, as many of the core tasks for these roles are being addressed by deployments of intelligent automation. As an industry, there is a need to recognise this change and determine what will constitute new entry-level roles and career paths for the future. This means changing many elements including: educational programs, models for recruiting and training new employees, promotion and evaluation criteria, supervisory roles and more. It also means that middle management baby boomers and “Gen Xers” will have to accept that their reports will build their careers on criteria that are new and sometimes hard for the older employees to recognise and accept.

The bottom-line is that 2016 will be the year where the fog lifts and we figure out how to adapt. When we look back at 2015, I think we’ll reflect on a year of confusion and too much over-thinking of what’s happening down the road. Many enterprise buyers are now much more aware of what is possible, but struggle to engage effectively with their provider to risk more and share more, to find new thresholds of value.

However, there is a strong realisation that if you fail to tie your career to intelligent automation – understanding how to leverage digital technology more effectively – no one’s going to wait for you to catch up. None of this stuff is rocket science, it’s simply resetting the goals and revisiting stagnant relationships to figure out a realistic way forward. Sadly I do think money and cost are the ultimate arbiters of change, and it’s not until the providers really start to feel the squeeze on their profit margins, and the clients get tempted by disruptive rebids, that we will really see much of the change described above become reality. Those service providers and buyers which have not yet begun to address (with genuine investment) the reorientation of capabilities and enablement of technologies to support business model disruption are already circling the drain of yesterday’s legacy.

Ask the Analysts

John Keppel, President EMEA & Asia

The fourth quarter of 2015 turned out to be one of the strongest quarters ever in the outsourcing industry, ending a rather lacklustre year on a high note. Surprisingly, the major source of growth in the quarter came in the form of nine mega-relationship awards – deals worth at least $100 million annually – certainly an anomaly in a market that's clearly trending toward contracts of lesser value and shorter duration.

The longer-term trend toward more and smaller deals is evidenced by the considerable decline in annual contract value (ACV) over the last decade, most notably the 20 per cent drop in average ACV between 2012 and 2015. Similarly, the average contract duration has dropped proportionally. The 3.5-year average in 2015 is a full 15 per cent shorter than it was three years ago. Our research shows 2015 contract award numbers at an all-time high, even as ACV declined 8 per cent for the year. The 23 mega-relationship awards signed in 2015 marks a new low not seen in a decade.

Behind this shift: clients want shorter contracts as they look to remain more flexible and nimble to quickly respond to the rapidly changing market conditions. They are taking advantage of a buyer's market, with declining prices making outsourcing an even more attractive option than ever before.

That's especially true in the ITO market. Almost all of the ACV shortfall in 2015 can be pegged to ITO, which declined in annual value by $2 billion or 12 per cent from last year, as more infrastructure moves to the more flexibly priced cloud environment.

Clearly outsourcing continues to have a strong value proposition as we enter 2016. But advances in cloud computing and other technologies are changing the rules of the game. We're seeing enterprises increasingly participate in what we call the "outcome economy", in which they buy business results, not bodies or disconnected services. Companies choose the products and services they need based on outcomes that make a difference first and foremost to their customers and their top-line growth, and second to their cost structure.

Not surprisingly, this shift is largely precipitated by technology. Trends like multi-tenancy, automation, embedded technology and the return of shadow IT are, quite literally, reinventing our industry. To stay relevant, CIOs and their leadership teams must be well-acquainted with the products and services their organisation sells, in addition to datacentres and networks, so they can drive competitive technology into it every day. For service providers to survive in the outcome economy, they must embrace the change and perhaps even reconsider to whom they sell.

This profound shift in the industry may mean a tepid start to outsourcing activity in 2016, but we believe demand across all regions will pick up in the second half. Now that enterprises have realised the flexibility and value of shorter, smaller contracts, they won't give that up. We expect the trend toward lower contract values and shorter-term commitments to continue.


Industry
Insight

Industry Insight

Jeremy Coward, Community Marketing Executive,
National Outsourcing Association

Outsourcing in 2020

Executive summary

2015 was a highly disruptive year for outsourcing. The year saw many changes occur and at a fierce pace, surpassing the number of changes seen within the entire last decade. As the extent of this transformation is only set to increase over the next few years, the National Outsourcing Association elected to launch *Outsourcing in 2020*, a research campaign set to discover what the face of modern outsourcing will look like in five years' time.

The verdict? The outsourcing industry is set to grow, with the majority of buyers keen on increasing the scope of their outsourcing. The reasons motivating organisations to outsource are also changing permanently, with companies increasingly outsourcing to achieve customer-centricity and unlock new technological capabilities, rather than simply to cut costs. In short, there's a new outsourcing ecosystem in the making, where the future belongs to the best-of-breed service providers who understand what their clients want and utilise the latest technology to provide it.

Expect the outsourcing market to become simultaneously more collaborative and more competitive. Both buyers and service providers are heavily in favour of basing contracts on outcomes rather than outputs, choosing to share risk in order to reap greater rewards. At the same time, notice periods, and even contracts themselves, are likely to become shorter, with industry giants choosing to partner more often with their smaller, sleeker adversaries. We expect to see exciting new technological investments across the board between now and the next decade, in robotic process automation and artificial intelligence in particular, while it is probable that backsourcing, reshoring and even offshoring will take more of a backseat.

Key findings

- 70% of buyers plan to increase their use of outsourcing, with 35% planning to significantly. 10% plan to decrease their outsourcing slightly; none plan to decrease the amount they outsource significantly.
- 83% of service providers expect the outsourcing industry to grow, with 37% expecting it to grow significantly. Just 4% expect the outsourcing industry to get smaller.
- Overall, organisations said they outsourced primarily for the following reasons: Cost savings (35% cited this as the prime driver for outsourcing); improving the customer experience (23%); transitioning from legacy IT to as-a-service models (17%). This differs from the traditional prime reasons why companies outsource: cost savings; increasing operational flexibility; accessing new skills.
- Overall, respondents said they are most progressed with offshoring, cloud-based technologies and process transformation
- 83% of all respondents believed robotic process automation (RPA) will be of greater significance in the next decade. 80% said the same of artificial intelligence (AI).
- 44% of service providers said AI will be more of a game-changer than RPA. Just 7% on the buy-side agreed.
- 61% of buyers thought backsourcing will be less significant in 2020, with 57% of service providers saying the same. 59% of buyers thought reshoring will be less significant in 2020, while 61% of providers said the same of offshoring.
- There is strong expectation on both sides that the following changes to contracting will occur:
  1) Contract values will be based on outcomes
  2) Service providers will be contracted as service integrators sharing risk
  3) Procurement will become a more important part of the contracting process
  4) Notice periods will become significantly shorter

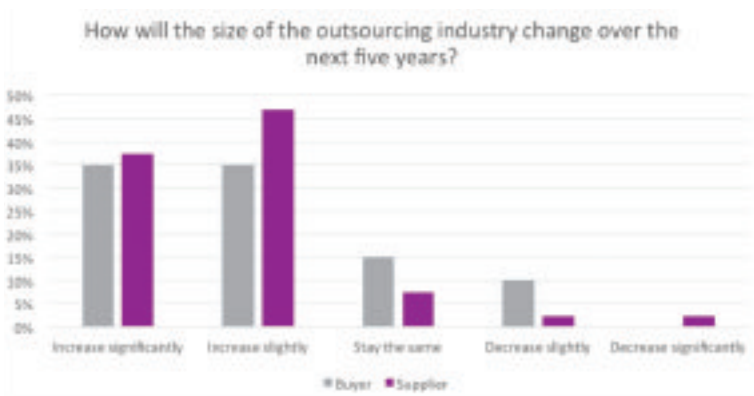
Methodology

Outsourcing in 2020 is an industry-wide campaign that aims to discover how outsourcing will change as a practice over the next five years. The NOA surveyed 134 organisations (one-third buyers, one-third service providers, one-third support organisations), asking them to share their expert opinions on the future trends and technologies that are expected to disrupt outsourcing between now and the next decade.

One quarter of the organisations that participated had 50,000+ employees. On the buy-side, half had a headcount of 10,000 or more, while company size on the supply-side was more varied. The vast majority of those surveyed were c-suite, directors, heads, presidents, senior vice presidents, managers and specialists. There was an even split between those interested in BPO and ITO, with customer service, FAO, HRO, KPO and LPO also given as primary focuses.

The report

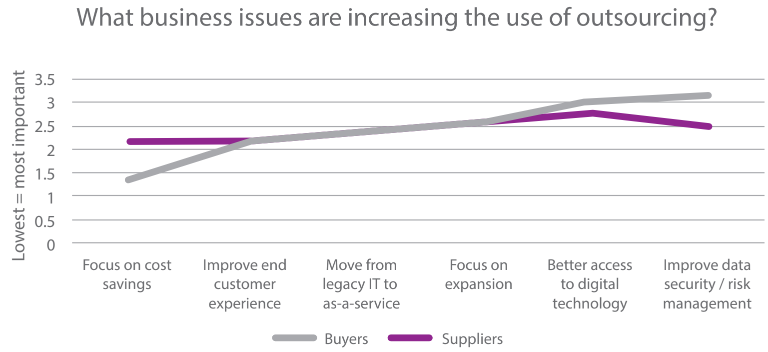
The outsourcing industry is set to grow



70 per cent of buyers surveyed said they expect to increase their use of outsourcing, with 35 per cent planning to do so significantly. Meanwhile 84 per cent of service providers expect the outsourcing industry to grow; 37 per cent believe it will do so significantly.

With 80 per cent of all respondents expecting themselves or their clients to increase the scope of their outsourcing, there is strong belief that outsourcing is set to become more popular as a business practice over the next five years.

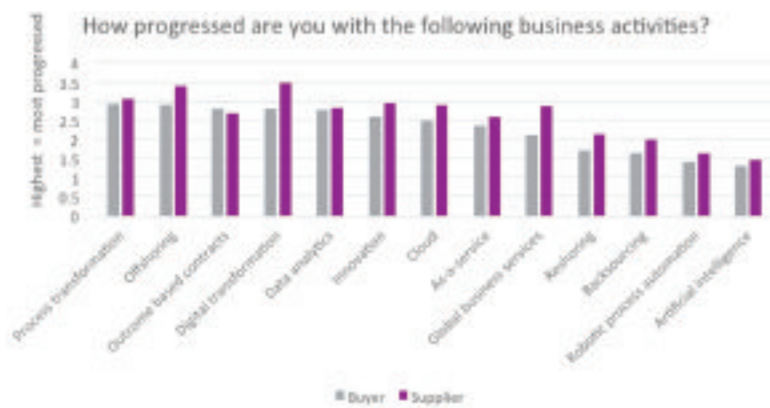
Customer-centricity disrupts traditional outsourcing drivers



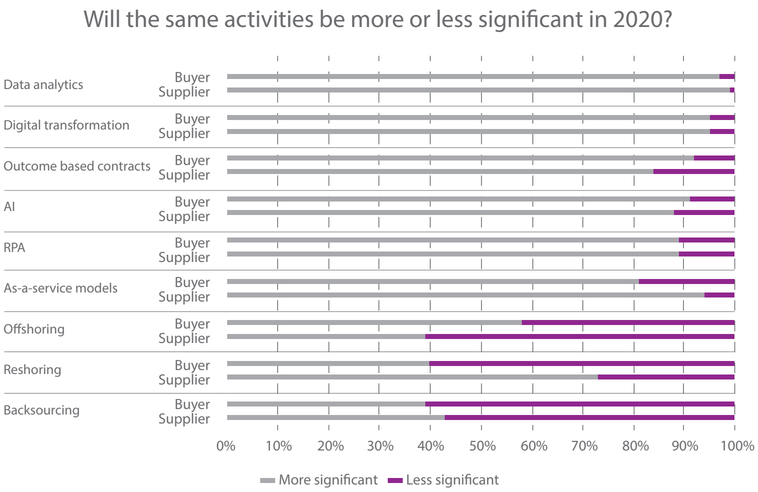
Buyers were asked what business issues motivate them to outsource, while service providers were asked the same in regard to their clients. Overall, 35 per cent of respondents chose achieving cost savings as the number one reason to outsource. 23 per cent chose improving customer experience, followed by the 17 per cent who chose moving to as-a-service.

There are a number of conventional reasons why organisations outsource: increasing operational flexibility, gaining access to new skills and, of course, cutting costs. For the first time, some of these drivers have become less dominant, making way for higher priorities like customer-centricity and technological excellence. As 2020 approaches, expect to see an increasing number of organisations outsourcing primarily for service improvements and other value-adding benefits such as these.

Exciting investments and stagnating trends



Buyers believe they have made the most progress with process transformation, offshoring and outcome-based contracts, while service providers thought their clients had done the most with digital transformation, offshoring and process transformation. Both sides ranked artificial intelligence (AI) and robotic process automation (RPA) as the two least progressed activities, which is unsurprising seeing as both are emerging technologies. For every activity given, providers believe their clients to have made more progress than the clients themselves said they had, suggesting that the service providers may be adopting a more “rose-tinted” perspective than their clients.

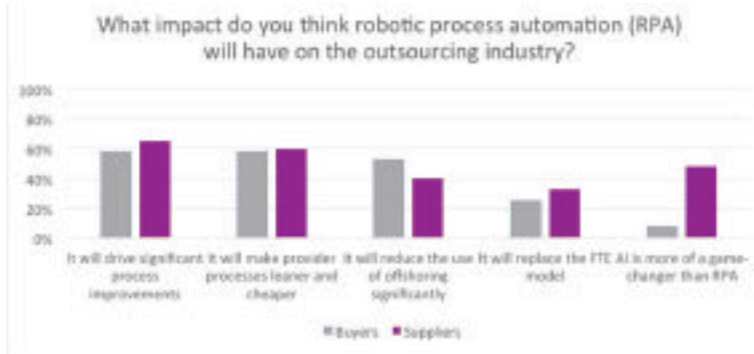


Buyers of outsourcing and their service providers are not as progressed as they’d like to be with many prominent trends and technologies, yet most of these are expected to become more significant as the years go on.

97 per cent of buyers think data analytics will become more prominent, matched by 99 per cent on the supply-side. 95 per cent on both sides expect digital transformation to play more of a role; 92 per cent of buyers believe there will be more outcome-based contracting, while 94 per cent of service providers expect to see a great uptake of as-a-service models. On both sides, the vast majority of respondents concurred that every technology listed will be more significant in 2020, meaning more investment in the likes of RPA, AI, data analytics, process transformation and digital innovations.

However, respondents indicated that they are much less likely to invest further in reshoring or backsourcing; it is unlikely there will be a significant increase in offshoring either. 61 per cent of buyers thought backsourcing will be less significant in 2020, with 57 per cent of service providers saying the same. 59 per cent of buyers thought reshoring will be less significant in 2020, while 61 per cent of providers said the same of offshoring.

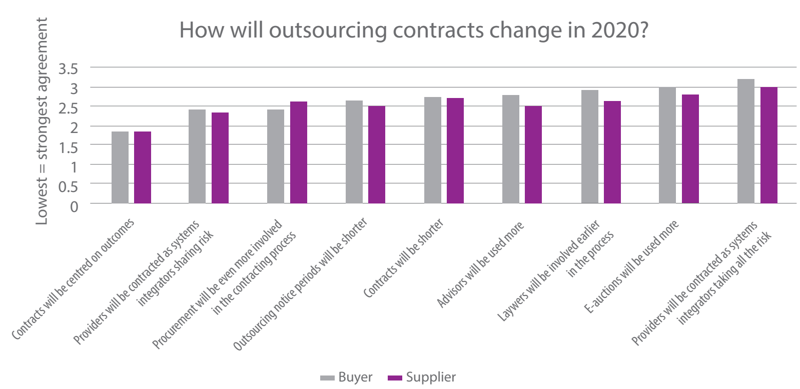
RPA or AI: Which will prove to be the biggest game-changer?



The majority of buyers and service providers agree RPA – the automation of highly repetitive, high volume tasks – will drive significant process improvements (58 per cent and 65 per cent respectively). Overall 60 per cent believe that automation will also make processes leader and cheaper. 53 per cent of buyers think RPA will significantly reduce the use of offshoring with 40 per cent of providers agreeing, while under one-third overall thought RPA will eventually replace the FTE model.

Opinion between buyers and their partners differs massively when AI – a much more advanced form of computers acting as humans – enters the picture. When asked which technology will prove to be the biggest game-changer, almost all buyers say RPA while half of the service providers say AI. This discrepancy could be due to widespread misunderstanding of what each technology involves; nevertheless, expect there to be plenty of competition in this area as AI capabilities are developed.

Contracting in 2020



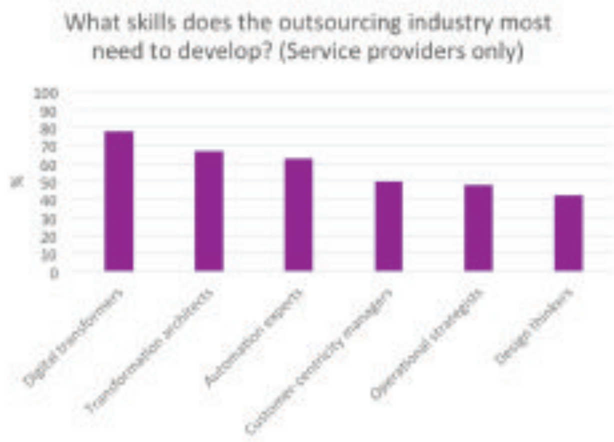
Belief is strong with both buyers and service providers that outsourcing contracts will be centred more on outcomes in 2020, with 89 per cent of all respondents believing this to be the case. 69 per cent of all those surveyed think service providers will be contracted as systems integrators sharing more risk with their clients, while only 31 per cent thought providers will be expected to adopt all of the risk themselves. 57 per cent expect procurement to become a more important part of the contracting process; more service providers believed that notice periods will become shorter as we approach the next decade, with many on both sides saying the same of outsourcing contracts themselves.

With buyers currently developing their outcome-based contracting models and both sides clearly in favour of judging the success of an outsourcing relationship through outcomes, it's safe to say that outsourcing is set to become a more collaborative practice, with organisations acknowledging that sharing risk can result in greater benefits for both sides down the line.

Where to improve in preparation for the future

Despite the large number of new innovations disrupting the outsourcing market, buyers are still looking for their partners to improve in traditional areas first and foremost. Staff quality, delivering value and innovation, relationship management and collaboration all ranked highly as areas where service providers need to improve.

The same can be said of the buyers themselves, with service providers saying that their clients need to get better at collaboration, relationship management, aligning objectives and understanding their own processes. Many providers also want their clients to judge more outsourcing relationships on outcomes, not outputs, a trends that we've already seen is definitely on the rise.



The firm consensus among service providers is that the outsourcing industry will need more digital transformers and transformation architects if future growth opportunities are to be maximised – personnel who can harness the power of digital technology and use it to transform the way in which a business operates, ensuring sizeable growth and healthy margins. Automation experts, customer-centricity managers, operational strategists and design thinkers will also be valued highly – a whole new breed of jobs ushered in with the new outsourcing ecosystem.

Conclusions

The future is brimming with opportunity… for some

Service providers will be overjoyed to hear that buyers intend to increase the scope of their outsourcing, as this means more available business. However, there's a slight caveat. The only providers set to benefit are those that fully understand how the industry is changing and what the modern client is looking for. That means best-of-breed partners who know how to provide customer-centricity; deft service integrators putting the latest technology to good use; providers that are apt at mining data, refining it and keeping it secure on the client's behalf. These are the companies that will prosper in 2020 - some big outsourcing names will disappear if they fail to adapt before the next decade.

RPA and AI top the investment wish list

Buyers and service providers alike believe they have made little progress with RPA or AI so far. Accordingly, they want to ramp up their investments in these areas as the relevant technologies become more advanced and more accessible. Confusion prevails across the industry when it comes to what each technology is actually capable of; as a result, there is disagreement as to which will prove to be more valuable.

And while organisations believe themselves to be more progressed with the likes of data analytics, process transformation and outcome based contracts, they believe these areas and others will be worthy of further investment too as the industry matures. From all of the upcoming trends and technologies, only reshoring, backsourcing and offshoring are areas where renewed investment is unlikely.

Contracting changes to make outsourcing more collaborative and competitive

By 2020 outcome-based contracting will be vastly more popular, with more and more buyers opting to share risk with their service providers and contract them as service integrators. Having said that, the extent to which sharing risk is possible is limited; profits and losses can be split, but it is the reputation of the client that is ultimately on the line.

Meanwhile notice periods are likely to get shorter, as well as the average length of contracts themselves, meaning increased competition between service providers and fewer megadeals as the years go on. On the other hand, a few savvy buyers may use this fact to their advantage. They know many providers will still be seeking long term deals and will use this as leverage when negotiating new contracts with them.

Technologies change, but outsourcing's core tenants remain the same

Despite all of the excitement surrounding new technologies, innovative investments and copious amounts of service disruption, buyers and service providers are still searching for partners who respect traditional outsourcing values: collaboration, relationship management, delivering value and all-round good governance. The NOA recognises all of these aspects as core tenants, fundamental to the success of every outsourcing relationship, hence why NOA professional development programmes focus on their best practice.

Dissatisfaction will drive transformation

In 2015 the NOA hosted three executive think tanks – one for buyers, one for service providers and one for support organisations – attended by some of the biggest names in outsourcing: Expedia, the Ministry of Justice, Capita and Capgemini are just a few examples. At these round table talks, companies discussed outsourcing's current state and where organisations should improve.

They concluded that dissatisfaction is running high, particularly on the buy-side. Buyers are finding most service providers to be insufficiently flexible, and reluctant to bring new technologies and innovations into their existing outsourcing deals. These clients are undergoing disruptive change, and need their service providers to step and take action if those disruptors are going to be kept at bay. They want solutions fast, but their partners aren't bringing anything to the table. The best-of-breed partners who provide these services are out there, but they're few and far between. And while some of the larger providers are changing their ways, far more still lie dormant.

Service providers across the industry need to acknowledge the outsourcing ecosystem of the future that is outlined in this report and take affirmative action - customer-centricity, process transformation and data analytics should all be areas of focus. Those that do will win new contracts and gain significant market share; those that don't will be left by the wayside.

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European Outsourcing Association Leadership Summit & Awards

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There are 13 categories up for grabs and the deadline for entries is Friday 22nd April 2016.

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Simon Gamlin, Partner in Eversheds' Commercial Team and Head of Eversheds International Outsourcing Group (pictured)
Ed Tompkin, Associate in Eversheds' Commercial Team and a member of Eversheds International Outsourcing Group

Delivering contracts with teeth

The dilemma…

All too often, businesses are faced with bold promises about the services they will receive from their outsource providers; they are drawn in by the "ideals" pitched to them, and ultimately find themselves disappointed with the outcome as those services fail to live up to expectations.

This is a dilemma that arises time and time again for organisations that procure outsourced services. Outsourcing is undoubtedly a powerful tool for improving performance, driving business change and achieving efficiencies within an organisation. However, it should not be forgotten that any deal requires significant up-front investment from the buy-side organisation, including the costs of undertaking transition and transformation, the need to reconfigure the retained organisation and other deal costs. What happens if the outsourced services just aren't cutting the mustard?

Added complications…

To make matters worse, buyers with long term outsourcing arrangements in place are often shackled by a situation in which service delivery is not acceptable, but performance is not at a level that permits termination. Termination is, in any event, unattractive for the buyer with the upheaval this would result in, and also because of the knowledge of the time and money invested to date.

The survey

In light of this, it is paramount for the buy-side organisation that any major outsourcing contract includes sufficient levers to incentivise good supplier performance. Deal teams spend a huge amount of time forming, negotiating and then drafting outsourcing contracts. Where is this time best spent?

The aim of this survey was to collate data on those contractual provisions in outsourcing agreements which are actually being used by customers at the coalface, to ensure that their suppliers perform. Which terms are being included and which are actually making a difference?

Respondents to the survey covered all sectors, including financial services, energy and utilities, manufacturing, TMT, public sector customers and a range of professional services. The majority represented organisations with a turnover of £50m plus per annum, though a significant percentage also fell into the £10m - £50m per annum bracket. The majority of responses were from buyers of outsourced services, with a small number from support organisations, such as advisory or consultancy. Two types of outsourcing (ITO and BPO) dominated the respondents' current areas of focus (BPO - 30% and ITO - 28%), with finance and accounting, human resources, LPO and analytics/KPO deals all seemingly having a lower level of focus at present.

What we found

It is clearly a topic that generates interest, and respondents were keen to provide real-life examples of outsource relationships where particular contractual provisions have been used to great effect, and equally those that have not had the value that organisations expected when the contract was signed.

Service credits have become a staple ingredient of any outsource contract, and remain in favour and well-used in practice. As one respondent stated, "anything which offers an immediate remedy which hits the supplier's bottom line" is an obvious form of encouragement. Another added that "it is the threat of implementing service credits when performance slips below SLA levels that arrests poor performance". However, many other remedies and contractual provisions, that are similarly "stick" rather than "carrot" approaches to incentivising the right results, are also seen as important to delivering robust supplier performance, such as an ability to terminate in part, a right to remove exclusivity, audit rights to deal with poor performance and imposing remediation planning processes. Perhaps, not surprisingly, step-in rights were viewed as having limited value, along with a right to recover damages for breach from a poorly performing supplier.

What is also clear, however, is that the contract terms are an important baseline to establish and maintain a strong business relationship between the parties. This is particularly clear from the additional commentary that respondents provided, where "effective partnership management" is a common theme. The contract must have the relationship at its heart, through a strong governance structure, constant senior engagement from both sides, a reporting structure that delivers an understanding of whether business requirements are being met, and also an ability to reward good performance where there is a tangible upside for the customer's business.

Continuing with this theme, the survey also demonstrates an openness on the part of the buyer community to revisit the contract terms, if deemed necessary to improve performance and embed confidence in the buyer's organisation. This is only where there was a genuine belief that revisiting the contract would ensure the supplier would start to meet its contractual obligations. The types of changes being considered include renegotiating the charges, adjusting the charging mechanism to better compensate for fixed costs, rebaselining, pushing out certain SLAs, amending the scope of the services being provided and also extending the transition period. Nevertheless, these steps were still seen as "unwelcome" and "rare", and there "needs to be a benefit for both sides in the new terms", with perhaps "a marginal increase in rate, subject to increased contract performances".

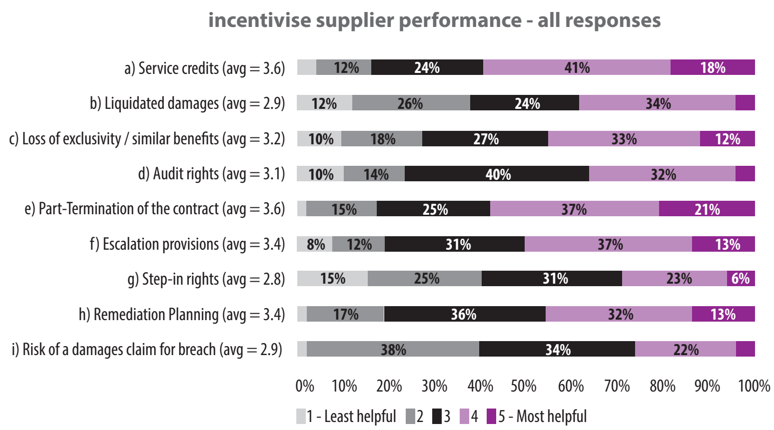
The push factors

Service credits, as well as a right to terminate in part, are both viewed as very helpful tools to deliver performance.

The tool that the highest percentage (21%) of respondents concluded was the "most helpful" tool was termination in part; an interesting statistic. It is a right that is often considered and may be included in outsourcing contracts but often without full thought being given to the consequences. For this to be a right that works in practice, it is essential that the contract clearly identifies what parts of the contract can be terminated, and crucially that it is clear what the impact is on the charges and wider terms that are relevant for the retained services. Without this, the right does little more than trigger a change control discussion.

Step-in rights, liquidated damages and the risk of a damages claim for breach of contract were seen as the least helpful tools. This is not a surprise for step-in (which has become much less useful as a model, with supplier outsource operations less dedicated to particular customers), or for damages claims. However, it is interesting that "liquidated damages" appears lower down the list; perhaps it is seen as too blunt a tool to deal with delays in transition, given the difficulty of identifying that purely the supplier is to blame.

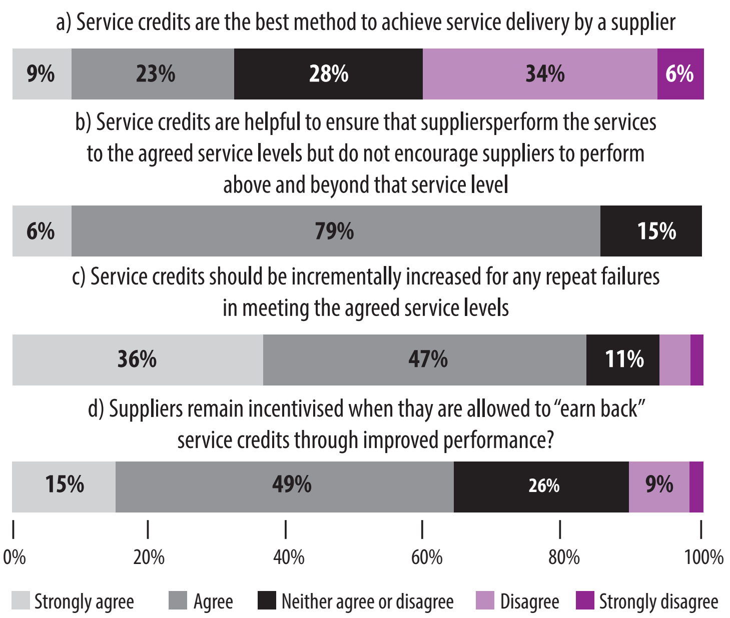
In your view, how useful are the tools listed below in a contract to incentivise a supplier to perform? Please rank each option with "1" being the "least helpful" and "5" being the "most helpful".



Service credit regimes

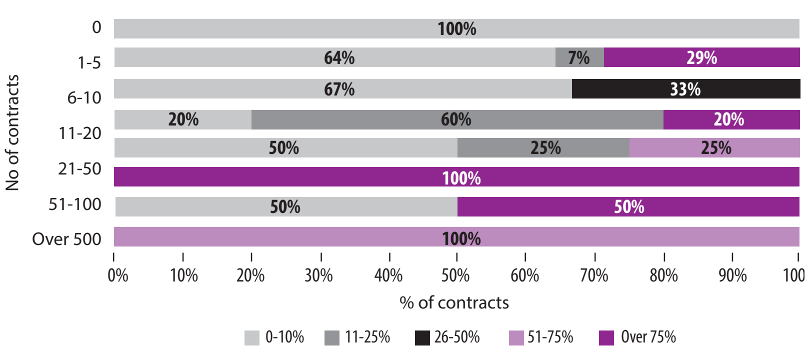
In the additional commentary provided by respondents, service credits come up time and time again as a helpful way to push supplier performance. Despite this, they are not seen as the perfect solution. 85 per cent of respondents agreed that service credits are helpful, but crucially they do not encourage suppliers to perform above and beyond the relevant service level. The mechanism also needs to be thought through: for example, 83 per cent agreed the service credits should, for example, be incrementally increased for repeat failures in meeting service levels. In addition, there is a risk that suppliers are not focused where they should be where there are “badly aligned SLAs” that “drive wrong behaviours”. An earn-back element of a service credit mechanism was also seen as attractive, as only 11 per cent of respondents did not agree that suppliers remain incentivised when they are allowed to “earn-back” service credits through improved performance.

Service credit regime - all responses



The chart below provides further detail on how service credits have been used by respondents. 29 per cent of those with 1-5 contracts including service credits (the largest group) have implemented service credits in over three-quarters of those contracts.

In the last three years, on approximately what percentage of those contracts has your organisation exercised its contractural right to obtain service credits for supplier poor performance or for repeated failures to meet the agreed service levels?



Remediation planning, audit reviews and the use of third party experts

11 per cent of respondents regularly use the contract remediation planning process to tackle supplier under-performance, and over 50 per cent apply the process from time to time. A number of respondents noted the importance of being able to deal with under-performance via a “root cause analysis” from the supplier.

***Remediation planning:** There are often contractual provisions in outsourcing agreements which require the supplier to correct/remedy any poor performance within a short time period, with a formal process to put in place and then implement a rectification plan. Which one of the below is most applicable to you?*

	Buyer	Support organisation, etc.	Grand Total
We regularly tackle supplier under-performance by applying the contract remediation planning process.	9%	18%	11%
We apply the contract remediation planning process sometimes to tackle supplier under-performance.	58%	45%	55%
Our contracts include rectification provisions but we rarely, if ever, use them.	33%	36%	34%

Overall, over half of the respondents regularly conduct audits of their suppliers and a number of respondents separately identified that an “ability to increase oversight” where a supplier is not delivering had proved to be helpful.

***Audit reviews:** In the last 3 years, has your organisation conducted an audit of your outsourcing suppliers?*

	Buyer	Support organisation, etc.	Grand Total
Regularly	60%	31%	51%
Only if the supplier is in breach, or we have been required to do so by a third party (i.e. a regulator)	23%	38%	28%
Never	17%	31%	21%

Third party experts are not as popular, with only 8 per cent of respondents continually or frequently using them. 48 per cent use them occasionally and 45 per cent of respondents do not use them.

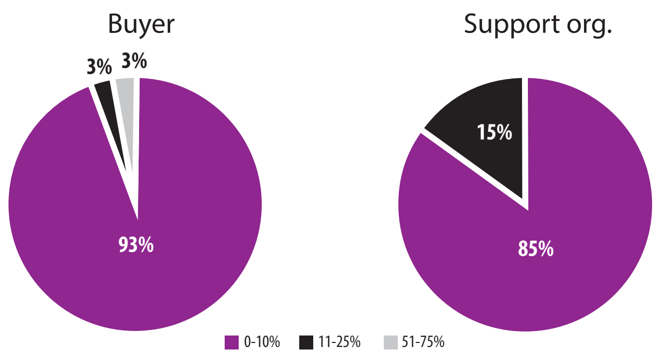
***Third party expert**: Has your organisation ever instructed a third party expert to review poor supplier performance?*

	Buyer	Support organisation, etc.	Grand Total
Yes - continually	0%	15%	5%
Yes - frequently	4%	0%	3%
Yes - occasionally	44%	54%	48%
No	52%	31%	45%

Step-in rights

Step-in rights are not very popular. This is understandable as, in many cases, the skills do not exist to do this, or the outsourcing operating model is not one that lends itself to a third party taking over the running of it. Over 90 per cent of respondents stated that they have used step-in rights on less than 10 per cent of their contracts.

***Step-in rights:** In the last 3 years what proportion of your outsourcing contracts has your organisation used step-in rights to deal with supplier's poor performance?*

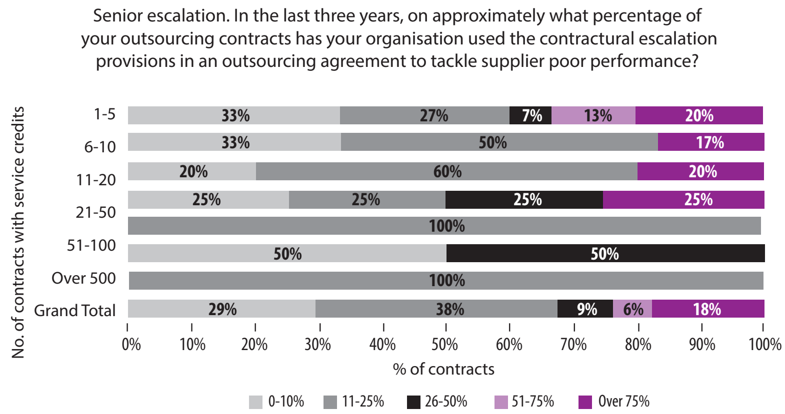


The pull factors

Senior escalation

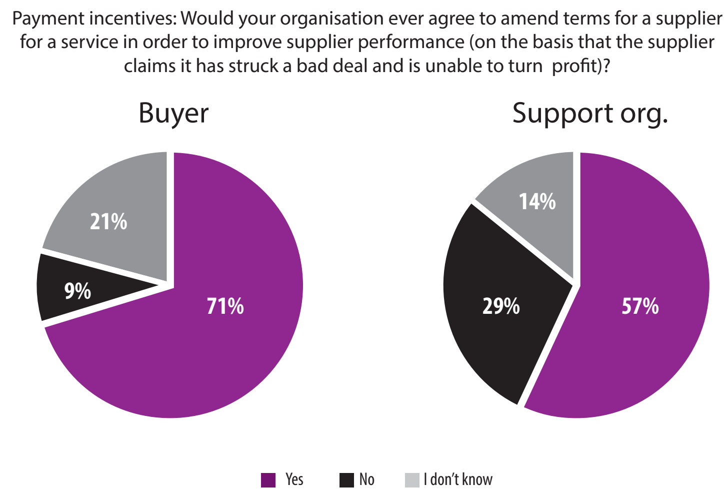
The chart below shows how escalation has been used by respondents. Feedback from the survey respondents stresses the importance of using the contract escalation processes, with a common message being that it is key to "work closely with the supplier at a senior level" and "senior level escalates", "senior management escalation" and "escalating the issue to a director within the supplier organisation" all being the ways in which respondents identified they had resolved a recent problem with supplier poor performance. However, what is also clear is that "senior management had to be really engaged in the issues and could not just have a superficial understanding".

Over 70 per cent of respondents indicated that they have employed some form of escalation in over 10 per cent of their contracts.



Amending contract terms

67 per cent of respondents would agree to amend terms for a supplier in order to improve performance, though the additional commentary indicated that this option perhaps only came into real consideration when other options had been exhausted, and where there was a genuine belief within the buyer organisation that the supplier was not able to conduct its business in a profitable way.



Additional commentary

Many respondents were vocal around the importance for a contract to recognise the relationship element of an outsourcing arrangement, such as:

"Continual working together and review of performance, using relationship and communication as opposed to contractual remedies."

"By close and continuous contract management, regular reviews, a careful use of change control and constant senior engagement in reviewing performance."

"Close working relationship that recognises the supplier's and client's needs and ability to conduct business in a profitable way."

"More to do with supplier relationship management than contractual stick and carrot – if relationships are good, this fosters a better working environment and improved performance."

Conclusion

It remains the case that having a number of levers in an outsourcing contract to incentivise good performance from your suppliers is paramount. Although it is accurate to say this survey demonstrates that certain provisions are more favoured by the buyer community, what is also clear is that having a range of options available to an organisation at any given time is very beneficial; the solution is very much dependent on the particular facts at the time and there is no particular contract tool that will be sure to fix all problems. There must be sufficient tailoring to a particular transaction, and the contract must be able to deal with the multitude of types of breaches or poor performance issues that can arise in an outsource relationship.

Secondly, building and maintaining a strong relationship with your outsourced supplier is equally as important, and the contract must provide a strong framework for doing that.

Finally, buyers can of course look outside of the immediate contract terms to drive better performance. A number of respondents pointed out the benefit of having alternative suppliers in place, holding back on (or not giving) further work to a supplier that is not delivering on the existing contract, and also not being as open as it could be to providing support to a supplier where that supplier is hoping to win work from other potential clients. Of course, it is important that buyers consider these levers as part of their wider vendor management strategy, which needs to sit alongside the approach taken on each outsource contract.

Jim Hemmington, Director of Procurement, BBC / NOA Council Member

Do we need more transparency in outsourcing relationships?

Anyone will tell you that the most successful contracting relationships are built on that well-used five letter word "TRUST". In the outsourcing world those proud of their work will also talk about "collaboration", "win/win" and "partnering", all flowing from the same source - a trusting and constructive relationship. They may also tell you that openness, honesty and in particular transparency are essential to building trust. Trust brings success, increased value, efficiencies, faster decision making and much more.

So why do contracting parties still heavily resist being open and transparent to support a trusting relationship? Or is it more fundamental than that, and the notion of transparency and real trust in outsourcing is really just the expected thing to say? Not least perhaps because ultimately the aims of the buying organisation (reducing cost is king) and service providers (maximising revenue is king) are so diametrically opposed.

In pursuit of answers to these and other questions, I've consulted with a broad range of stakeholders on both the buyer and service provider side, to really test whether more transparency in contracting relationships is worth considering as a route to even greater value.

But first - is it really worth the effort to be more transparent?

Everyone I've spoken to advocates that some improvement in transparency will spark further value opportunities, though how far this can go and what tangible benefits can be achieved depends on several factors, explored later. What is clear is that a lack of transparency is starting to lead to questions about whether continuing to outsource is right for some. Indeed we have seen some major reversals recently. Cornwall Council terminated and back-sourced a huge contract with BT for IT services less than two years into the contract, and the Ministry of Defence decided to back-source a significant contract with Serco for corporate services, covering activities such as human resources, finance, information and vetting. It is not clear if a lack of transparency/trust influenced these decisions, but we should not dismiss the possibility that they did.

The NOA's recent research shows that the overarching trend towards 2020 is to continue to outsource and outsource more. However, if complacency sets in, and service providers in particular maintain a "black box" approach to commercial issues, there is a strong possibility that back-sourcing could emerge more prominently for some services and some industry sectors.

Two issues seem to be prime drivers for back-sourcing. An in-house model brings no margin and ultimate cost flexibility; the organisation can alter its own cost base more readily than having to rely on negotiations with a service provider. Cost flexibility certainly appears to be becoming increasingly important to buying organisations. Since the economic downturn many organisations have needed to make tougher financial decisions. Limited influence and control of cost drivers that reside with service providers have been seen as a big disadvantage. Certainly the "core" versus "non-core" debate seems to have less weight now, when organisations consider outsourcing. They increasingly look more widely at their overall cost bases to optimise efficiencies.

So the hypothesis is: yes, it is worth looking to increase transparency, not just to identify new ways to generate value but to show that outsourcing can compete with the financial flexibility that organisations may now find tempting with the self-provide model.

So what is actually meant by greater transparency?

If we first go back to the "black box" concept where if I'm the buyer, provided I get my expected cost savings, service performance improvements and so on, I shouldn't really be worried about the costs that sit behind the value I'm getting, especially if I've transferred a bunch of risk too. That's been the base approach in several industry sectors for many years. But expectations are changing and while we have seen innovation, technology and people arbitrage reduce costs dramatically, buyers want to know more about cost drivers, supply chain issues and the cost of risk management, so they can make more informed decisions.

Equally service providers, in trying to respond to increasing cost pressures both internally and from their clients, want to know more about what's influencing client's decisions, priorities and future plans.

From discussions with a broad mix of buyers and service providers, the practical things they would like to see that could demonstrate and support real and tangible transparency are given below. This is of course a wish list, much of which will not be a surprise. There are also some common topics (highlighted) across buyers and services providers.

THE BUYER'S WISH LIST

- Knowing all service provider costs
- Better understanding of service providers' cost drivers (like volumes and people)
- Knowing margin
- **Costing risk and allocating risk in a more informed way**
- **Honest conversations**
- Full open book
- **Understanding service providers' business priorities**
- Investing more time in driving efficiency
- **Sharing benefits**
- Service providers not sitting back until re-procurement to drive more value

THE SERVICE PROVIDER'S WISH LIST

- Clients to share internal inefficiencies
- Realistic about expectations on both sides
- Clients sharing business plans
- **Clients being open to taking more risk**
- Better planning by clients
- **Engaging more openly**
- Taking time to understand service providers' issues
- Less formal governance
- Less use of contractual levers by clients
- **Being open to incentives to drive good behaviours**
- Clients taking more responsibility for success, rather than expecting service providers to shoulder everything

Interestingly there were two areas of contrasting views from the buyer perspective.

Firstly, some buyers saw no real benefit to knowing margin. If value for money could be clearly shown and service providers were overtly competitive, then that was seen as enough. Other buyers, and in fairness the majority, wanted to know about margin too, not to attack it but to understand how service providers were managing their cost base, achieving profitability and offering assurance to clients that any growth in margin was proportional and compatible with clients' objectives.

Secondly, there were differing views on how effective open book was as a means to evidence the spend profile. Some thought it was difficult to get a true view; others saw open book as a means to force transparency and subsequent conversations that focus on driving good behaviours and discipline. Certainly for the public service contracts there is a strong desire for service providers to adopt a more cooperative stance in supporting regular open book reviews.

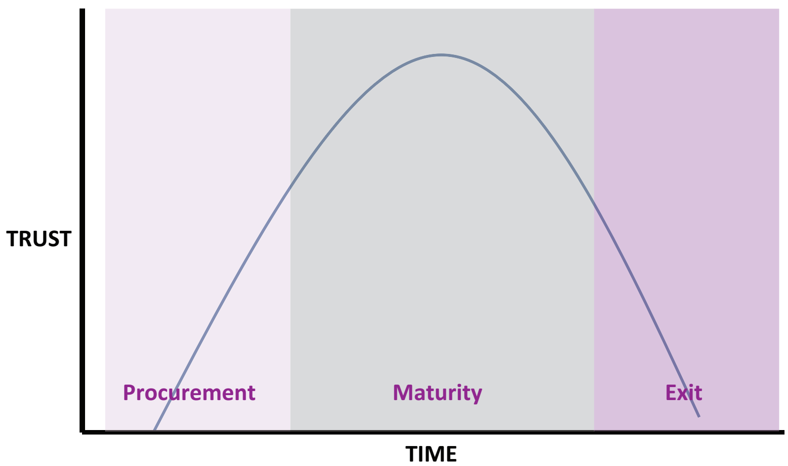
But what stops greater transparency?

There are a number of barriers to achieving the level of transparency that on the face of it look wholly sensible but remain elusive. These vary and, even though they can be challenging, it is possible to overcome them all and create a highly transparent and mutually beneficial relationship:

1. The maturity of the relationship

The procurement process can leave an air of mistrust. Building trust and ongoing transparency can therefore take longer, not least on the service provider side where there may be fear that more transparency on their part to engender trust will simply be used against them, and undermine the viability of their commercial goals. The graph below shows how trust builds and transparency grows, but then declines as the uncertainty of exit looms.

Much of it is down to contract lifestyles



• Caution • Risk perceived high • Focus on costs • Contract focus • Difficult negotiations	• Relationship's built • Governance supports transparency • Risks are managed • Change understood • Business and delivery environment well established	• Uncertainty impacts trust • Service provider holds back on efficiency • Exit planning can become difficult

Hints to avoid the problems: *It's important to recognise this cycle. During the procurement stage the buyer must challenge and scrutinise, but positively and with context in order to start the basis of a good relationship. Equally the service provider should respond to buyer challenges practically and not overly wrap difficult issues in sales speak.*

Once the relationship is mature, that's when transparency will underpin success, but as it approaches exit, unless it is possible to extend, there needs to be acceptance that the level of transparency will start to wane and expectations must be reset.

2. Importance of the relationship to both parties

A number of my sample contributors have invested much in positioning the importance of their outsourced relationship. Several have taken measures such as including service provider staff in their own staff surveys, there have been joint bonus schemes, and service providers investing time and resource in seeking to anticipate the next big thing that might impact the client's longer-term strategy. Here transparency is as pure as it can be. The service provider is effectively an extension of the client organisation and the client regards the service provider as a valued partner supporting its long term business aims.

Such relationships only thrive though where business imperatives are aligned. Alas, while they may appear so, often they are not. One contributor to this study gave me an example where the service provider of marketing services was seen as a key strategic supplier, intuitive to the needs of the buyer and generally responsive. However, when a major strategic change was required by the buyer in their marketing strategy, the service provider was unable to adjust their service model accordingly. At this point the buying organisation realised the relationship was not as aligned as they had thought and that, in reality, they were followers of a successful formula that the service provider delivered to all clients.

In another example a complex service contract for support services had included very detailed transparency provisions in the contract, established to support the highly collaborative principles that the relationship was set to deliver. A few years in and the service provider bought out the transparency provisions (for a significant rebate back to their client), all cost transparency then disappeared within a set service charge. Yet as time passed further and staff changed, there was again the desire from the client organisation to establish more transparency.

Hints to avoid the problems: *It's important to understand the real perception of the relationship on both sides and set the transparency agenda according to these expectations. A key supplier may be important to you, but be clear about the limitations of the relationship. Equally if there is a danger transparency starts to expose real commercial issues for the other side, you may need to agree adjustments to protect the relationship without going to extremes.*

3. The people involved on both sides

Once in a while senior executives get excited. They see opportunity for mutual gain, they like each other, and they want to do business and achieve great things together. When these senior executives are counterparts in buying and service provider organisations, this can lead to great collaborative outsourced relationships. Complete transparency prevails, trust is unquestionable and both organisations reap the benefits, and the great "win/win" is achieved. In most cases these relationships only prevail because of the connection between individuals at the right level in both organisations.

However, when one of these individuals leaves and is replaced by someone new, the whole relationship can change. In fact in the worst case it can begin to decline, leading to mistrust, disputes and eventually a complete breakdown. Very often the contract underpinning the relationship includes few of the principles creating the trust and transparency from the individuals involved.

Hints to avoid the problems: *It is important to capture what the expected outputs are from a collaborative relationship and incorporate them into the contract, as far as is practicable and within the governance process for managing the relationship. This needs to be quickly followed by efforts to ensure the teams on both sides work effectively together, so that the impact of any change in key people can be minimised.*

4. When times are strained

That first major dispute in a relationship can be a huge test. Often the contract management team/service provider account team dig in and the other side becomes the enemy. That atmosphere may then prevail, and what first seemed to be a good open and transparent relationship starts to become confrontational, wholly contractual and worst of all of limited strategic value to either party.

Disputes happen, and if these are allowed to unduly influence the behaviours of both the buyer and service provider, then the whole basis of transparency and trust was probably just a pipe dream.

Hints to avoid the problems: *Strong governance is required and clear levels of escalation. It is important to present escalation as a means to objectively resolve disputes and not as acknowledgement that someone lower down the organisation has failed. Otherwise escalation is avoided until it's too late and the relationship is damaged. A good mix of people within the team on both sides can help manage disputes effectively and keep the relationship on an even keel.*

Getting the balance right

So if contracting parties agree that greater transparency is a prize worth going for and can see a joint approach to addressing the perceived barriers, then the foundations ought to be in place to create more value and less hassle, for both parties.

Absolute transparency is unlikely to be achieved; there will be issues on both sides that simply cannot be shared. That said, when we look at those relationships that are highly successful from a collaboration and transparency point of view, both parties are sharing operational and commercial information at a very detailed level. Buyers are sharing forward plans and business road maps. Service providers are operating highly flexibly, where the cost of change is minimised by agile operating models that can adapt quickly to the client's changing priorities.

But there needs to be incentives on both sides and these differ. Going back to the introduction of this study, the aims of the buying organisation (reducing cost is king) and service providers (maximising revenue is king) can be so diametrically opposed. Transparency that promotes financial incentives for the service provider against cost savings for the buyer can be a highly successful formula for most contracting relationships.

Imagine a service provider able to openly increase margin and a buying organisation reducing their costs and creating significant savings opportunities, by just being more open about what they are trying to achieve with their service provider.

Making long term transparency happen

Let's assume we all think greater transparency is not perhaps the Holy Grail, but worth pursuing as it will bring value, so how do we deliver it?

There seems to be three things that when applied in concert, make transparency work effectively:

THE CONTRACT

This preserves the practical mechanisms that enable transparency to continue through the contract lifecycle, regardless of change to people.

This includes (but not limited to):

- Detailed cost models, refreshed as appropriate
- Margin set, but with parameters for review
- Process prescribed for expected change - with "automated" commercial adjustments if feasible
- Quantified costs associated with commercial risks and a process to allow the parties to review
- Inclusion of an annual commercial review – KPIs, service credits, trends and a process to reset outdated commercial parameters
- Options to relax/tighten commercial principles where the parties see and agree the value

THE RELATIONSHIP

This creates the opportunity, boundaries and behaviours that support transparency and trust.

- Agree during procurement what information will be shared (set according to the nature of the relationship)
- More open discussions about value and context of relationship to both parties (true partnering or following the crowd)
- More time on how incentives can be built around cost drivers
- Joint forward planning
- Clear about how disputes will be managed without jeopardising the relationship
- A practical means to celebrate success (for staff in particular)

AGREED PRINCIPLES

This creates the framework for sustaining the relationship, the basis of engagement, standards that apply and rules supporting ongoing transparency.

Establish a code of practice, i.e.:

- A list of principles, but specifically defined according to the relationship and agreed by both parties
- Clarity on "contractual" transparency and what will rest within the "relationship" as part of good governance
- Behaviours to support difficult discussions (e.g. a client may require more agility, service provider needs more revenue)
- Being clear about no-go areas
- Agreeing where transparency will prevail throughout the contract

From this study there was overall consensus that to ensure transparency is maintained, and survives staff and other key changes over the contract lifecycle, careful thought should go into capturing the principles as far as possible in the contract. However, it was also acknowledged that not everything that creates transparency, trust and more value opportunities can be contractualised. Good working relationships, open and honest discussions can be equally or more important. If this can be preserved by working to a code of practice (or agreed principles) that provides the ground rules for engagement and promote the behaviours to safeguard transparency long term, significant additional value could be achieved.

Conclusions

Some contributors to this study believe they have achieved an additional five-to-seven per cent in value, simply by heading off poor decisions, arguments and being more honest about their goals. As yet, however, there is no comprehensive analysis to prove that greater transparency in contracting relationships will guarantee an increased level of value.

The time feels right for buyers and service providers alike to share more to gain more; no opportunity to create further value should be lost, otherwise we may see more organisations questioning the scope and purpose of their outsourcing strategies. Consequently, for the future and to genuinely create real partnerships, win/win and all the other positive things about good outsourcing, greater transparency will increasingly feature in some form to help keep trust at the centre.

To develop the idea of a code of practice (or principles) to support long term and productive transparency in outsourced relationships, the next step is to agree a statement of principles with, and endorsed by, the NOA, that contracting organisations can use as a template to create their version of transparency for their relationships.

I would like to thank my fellow professionals who kindly helped with this research, for their candid and detailed contributions, and generosity in imparting their profound knowledge and experiences.

Outcome-based contracting: Past, present and future

Paul O'Hare, Head of Outsourcing, Kemp Little LLP / NOA Council member

Outcome-based contracting is seen by many customers as the Holy Grail of outsourcing. At its simplest, it involves the outsourcing supplier's charges being linked, in whole or part, to the achievement of defined business outcomes for the customer, rather than being based on input costs, such as labour, or outputs, such as transaction volumes.

Outcome based contracting is not new. It's been used in parts of the outsourcing industry for years, most notably manufacturing. Rolls Royce's "power by the hour" service - where maintenance charges are based on the number of hours in flight achieved by its jet engines, rather than on labour and parts - is the classic example of genuine outcome-based contracting.

So, although not a new concept, outcome-based models are gaining traction in other parts of the outsourcing industry, driven in part by recent economic conditions, and the desire of customers to derive more value from their outsourcing spend.

Evolution of contracting in action

The F&A outsourcing market provides a good illustration of how pricing models have evolved as the market has matured. In the first cycle of F&A outsourcings, suppliers typically charged based on the number of FTEs. This input-based model (which rewards inefficiency) has largely been replaced with an output-based model, where suppliers are paid based on number of transactions processed. Whilst transaction-based pricing is still the norm, most current F&A outsourcing contracts will involve an element of the supplier's charges being linked to achievement of pre-defined objectives that have a direct financial benefit for the customer, such as reduction in the number of customer debtor days, or processing of payments to obtain the benefit of early payment discounts.

Similarly, in mortgage and loan administration outsourcings, it is increasingly common for some of the supplier's charges to be linked to successful collection of arrears payments, and/or the reduction of the number of borrower accounts in arrears. Whilst the attractions to customers of outcome-based pricing are obvious, the model is not appropriate for all types of outsourced services. Where it is used, in order to deliver genuine success for both parties, it requires a change in approach and mindset by both supplier and customer.

Key ingredients for successful outcome-based contracting

Focus on those services which can directly influence business outcomes. As noted above, outcome-based pricing works well for many BPO transactions, where the supplier's performance can directly influence the achievement of pre-defined customer benefits. This is not always the case for IT outsourcing - such as application development and management services - where the outsourced services are often too far removed from business outcomes for the model to work, or where the supplier's performance is only one of many components in the achievement of the customer's business objectives. Identifying those services that can directly influence achievement of customer benefits is critical to a successful outcome-based model.

Objective performance measurement. Where an outcome-based pricing model is used, the business outcomes should be clearly defined in the contract, objective and capable of easy measurement (with the measurement metrics captured in the contract). If any of these are missing the model is unlikely to succeed, and there is a much greater risk of tensions and disputes arising between the parties during the deal's lifecycle. In practice, a contract which uses a combination of service levels, KPIs, and a limited number of well-defined business outcome measurements is most likely to deliver the desired results for customer and supplier.

Greater supplier control over service delivery. In an outcome-based contract, suppliers will generally expect much greater control over how the services are provided - including methodologies, tools and locations - so that they can adapt their service delivery models as appropriate to achieve the relevant business outcomes. This often means less emphasis in the contract on input-based specifications and definition of service delivery processes. This relinquishment of control requires a mindset change for customers, and can be a challenge for many customers whose natural tendency is to micro-manage service delivery. It may also raise regulatory challenges for customers in some sectors, particularly those in the financial services sector who are required to retain greater control over their outsourced services.

Understanding the customer's business. Suppliers will generally only assume the risks associated with an outcome-based model where they have a detailed understanding of the customer's business. That means having access to accurate, historic data about the customer's performance against the defined business outcomes, including costs and any factors that have influenced achievement of those outcomes in the past. This places even greater importance on the due diligence that the supplier must carry out pre-contract. The need to understand the customer's business means that outcome-based pricing typically works best where the customer and supplier have an existing relationship, or where the supplier has a track record of providing services to similar customers. In practice, this means that an outcome-based model is often most appropriate where an existing outsourcing relationship is being extended, or at the very least, following an initial baseline period during which data can be collected, analysed, and used to agree an appropriate outcome-based model.

Greater transparency and better governance. Finally, the supplier will need ongoing access to information about the customer's business performance during the term of the contract, including information about the customer's strategy, its business plans and product roadmap, and any other factors which may affect the defined business outcomes. This in turn places even greater emphasis on contract governance and relationship management. The governance structures used in input/output-based contracts are unlikely to deliver the transparency and visibility required, and these structures should be modified to provide the supplier with greater insight into the customer's business, including executive-level engagement on both sides.

Successful implementation of an outcome-based model requires realism and pragmatism from both parties and their advisors, careful planning and due diligence, genuine sharing of risk and reward, and transparency and trust between the parties. Whilst each of these success criteria come with their own set of challenges, outcome-based models, implemented in the right circumstances, can be an effective way of driving value and innovation from an outsourcing relationship.

Contributors: Michael Butterworth, Associate, Kemp Little LLP

Juan Crosby, Partner, PwC Legal LLP / NOA Council member

In recent years, as technology is increasingly seen as a business enabler and companies across all industries come under increasing pressure to provide more value within constrained budgets, a key focus for customers and their strategic partners has been how to drive better engagement and business outcomes – particularly where organisations are mature in their outsourcing lifecycle and looking to create more from their relationships. As a part of this, attention has also turned towards some of the issues arising under existing arrangements, such as a perceived lack of cooperation, sub-optimal management of interfaces, processes and behaviour, and limited innovation culminating in loss of value.

These experiences, together with an increased awareness of how different internal and outsourced activities can impact on business, has led to a focus on how companies can work together to find a mutual value point that drives better results and what contractual arrangements can best set the scene for this.

As a consequence, outcome-based contracting has received renewed attention with its focus on what outcomes the service provider can deliver and structuring payment around delivering the desired outcomes, rather than the prescribed activities and tasks - something the economist Levitt notes makes intuitive sense – "the customer really doesn't want a drilling machine, he wants a hole in the wall" and should get paid for that.

The focus of these types of contracts is therefore less about what the supplier is providing and more around contracting for the outcomes or broader business results the supplier is helping achieve, such as: measurable growth in a part of the business and/or effectiveness of a function; service or business process transformation generating better results; or, at its broadest, more satisfied end-users, customers or shareholders. To contract in this way outcome-based contracts typically have three key characteristics: a focus on business outcomes, instead of activities and tasks; the use of measureable performance indicators that are tied to the defined outcomes; and a pricing model that includes rewards and risks to help incentivise the achievement of these outcomes, with delivery against those outcomes determining the amount of fees paid.

While not without challenges, this approach can be of particular interest to an organisation's business process or technology function, providing a golden opportunity to build contracts that keep pace with technology trends and delivery models and allowing third party technical expertise to deliver real value to the business.

Challenges associated with outcome-based contracting

How to measure contract performance. Specifying business outcomes that are high level enough to achieve the benefits of outcome-based contracting but remain specific enough to measure is a challenge. This can be achieved by tying outcomes to measurable data and agreeing upfront how to best create a metric that indicates the outcome is being delivered. Creating mutual incentives like gain-shares or other payment mechanisms can also help to improve supplier collaboration.

How to share risk (of success as well as failure). Technology commercial/finance functions can be wary of suppliers after historic experience of poor performance - especially in long term contracts where threat of competition to an incumbent supplier is low. This customer attitude can also foster a lack of trust or willingness in suppliers to meet the challenge of delivering outcomes rather than outputs, resulting in contracts that focus on granular tasks and actions. Again, looking at how to explore sharing risk for delivering the agreed outcomes should be considered, whether by using gain/loss share, or other mechanisms and incentives, in order to drive good performance.

Understanding the business vision. Unless the business vision for the solution is understood, it is very difficult to articulate the outcomes that suppliers need to deliver, and can make quantifying performance measures difficult, as well as risking preventing suppliers from bidding due to lack of information, or providing very high prices to overcome knowledge gaps.

Contributors: David Bendall, Tom Hobohm, Ritika Narang, PwC

Case study

***PwC** worked with a large UK police force on an IT service improvement programme to make significant cost and efficiency savings without cutting police office numbers, and in parallel reduce neighborhood crime and boost public confidence in the services provided. Technology was a key enabler for delivering the strategy, and a technology infrastructure was needed that would underpin more flexible frontline policing and provide a consistent yet adaptable platform.*

The existing ICT estate was provided by a prime supplier under a multi-year old ICT contract, and through the life of this contract the commercial and contractual arrangements, technical landscape and infrastructure services had become complex, expensive and not fit for purpose.

An IT outsourcing programme was launched which aimed to improve the costs and quality of services, and introduce a multi-supplier tower-based model. The commercial arrangements to achieve this were complex and the aim was to provide a commercial construct that provided a blend of input, output and outcome-based obligations to meet the police service's needs. PwC worked with the police service and put together an ICT services contract that blended these types of obligations.

In this deal, the master services agreement defined a broad construct of how suppliers would work together, alongside individual tower-based service agreements that contained the obligations for specific towers. This agreement included an incentive mechanism that focused on business outcomes, stipulating that each supplier contributes a proportion of their monthly service charge (together with a contribution from the police service) into an "incentive fund". At the client's discretion this fund could be awarded to a supplier in recognition of successful partnering, appropriate behaviors and delivery of the desired business outcomes. The intention of this contracting approach is to create a contract that truly focuses on the business outcomes rather than outputs.

While outcome-based mechanisms were part of the force's success in the programme, it is also important to acknowledge the major role that input and output-based requirements played in ensuring that mission-critical outputs were delivered on time and to the correct quality. For example, the detailed IT service requirements for the individual towers that specified which services would be delivered and when.

The police service's programme is considered a success, and is now on track to make year-on-year IT savings of over 25 per cent of run costs.

John Jorgensen, Senior Commercial Manager, Shop Direct / Individual NOA member

Great expectations: Relational contracting as a strategic competence in outsourcing agreements

Operating in a complex, unpredictable, globalised environment makes it challenging to think far ahead, when designing any long term agreement, and plan for all contingencies, let alone document them. Hence relational aspects of an agreement are of ever increasing importance. The NOA's Life Cycle Model provides for "excellent relationships to be essential for successful programmes", and furthers "What is critical is that the organisations are able to recognise how the organisation's needs and capabilities align and then define and enshrine them in a clearly crafted contract".

This paper puts a spotlight on the contract life cycle, highlighting key aspects of relational contract theory, economics and "social contract" aspects in managing an agreement that creates a paradigm within which outsource professionals can consider a "best-fit" structure to meet the objectives of the trading relationship. As professionals, what do we do about managing the complexity and uncertainty over long term agreements today? Well, as negotiators the response seems to be "not much" according to the IACCM annual survey on top negotiated terms. The IACCM asked members to list what they spend the most time negotiating, and then what were considered the most important terms:

MOST NEGOTIATED *(and "most important" ranking)*	**MOST IMPORTANT** *(and "most negotiated" ranking)*
1. Limitation of liability (10)	1. Scope and goals (11)
2. Indemnification (>10)	2. Responsibilities of the parties (12)
3. Prices and price changes (5)	3. Service levels and warranties (4)
4. Service levels and warranties (3)	4. Performance / guarantees / undertakings (8)
5. Payment (>10)	5. Prices and price changes (3)

Source: IACCM Top Negotiated Terms 2015

This "inverted" view causes the IACCM to summarise: "Business today is increasingly digital, services-based and driven by intangible assets, yet over the last 15 years, the terms we spend most time negotiating have not altered… If organisations actively monitored the extent of value lost through poor contracting, they would become relentless in the push for change."

Driving a negotiation that leaves the parties feeling that they have something that is one step better than "no deal" is not a "win/win" situation. So why does current negotiating practice risk putting us in that situation?

Relational contract theory

Relational contracts, as a legal theory, has been in existence since the late 1960s. Advocates of relational contracting focus on the implementation of an agreement in their approach to negotiations, rather than creating a "deal" mentality in negotiations and simply "getting to a yes", and by not treating the deal as an isolated exchange separate from its social context.

Therefore, it can raise the governance aspects of an agreement on par with the core commercial deal, and on the development and continuation of the trading relation. The structure consisted of twelve "norms" of behaviour upon which to assess the extent of a relational or discrete exchange.
Later refinement of the theory aggregated these 12 norms into four "supra-norms". Empirical research is limited due to the confidentiality of commercial agreements, however where available the incidence of norms by obligations in highly relational contracts can be shown thus:

The key consideration is what determines the extent of flexibility that enables these other factors to play out. In the Outsourcing Yearbook 2015 Glenn Hickling summarised, "There seems to be a general miscommunication as to how well things are going… whilst there was alignment on value-adding activities… there's discord on performance assessment, delivering value, sharing risk, cost reduction and more". It's an echo of the IACCM "top terms" table, the myopia centres on the treatment of risk and cost allocation (such as liability transfer, indemnification and payment terms) and an inability for an agreement to flex over long terms to meet the objectives. This is where the "self-enforcing" range comes in.

Economic boundaries: The self-enforcing range

In the Outsourcing Yearbook 2015 Kerry Hallard's prediction was for open book accounting to be "all the rage" and that anyone not making use of those arrangements "isn't governing their outsourcing contracts in an optimised fashion". In most cases people cooperate, not due to some sense of altruism, but in order to increase their own utility. It is simply the fact that an agreement provides certain obligations that limit our behaviour (including the creation and restraint of power).

The self-enforcing range of an agreement can be summarised as the point at which one party would consider the cost of exit as a more preferential outcome than staying within the relationship. This includes considering the impact of exit costs within the commercial structure of the agreement itself, but also wider impacts to its reputational capital in the market. Where these are less than the cost of sustaining its commitments under the agreement, the party will seek exit. Conversely therefore, the more elastic the self-enforcing range becomes, the more contracting parties seek incentives NOT to renege, as this would bias future trade terms. We create agreements to limit our behaviours, but do we focus on the right things? More transparency on cost and risk allocation, contingencies, and margin and incentives that support the right behaviours minimises the chance of failure, dispute, deterioration in a relation and hence fosters trust… so no-one has to jump out of the window.

Through the life cycle: The implementation of planning

Ertel and Gordon's work in this area reinforces Macneils norms-based approach. They examine how one transitions from a "deal-maker" mentality to having an "implementation mind-set, from the outset" - to have the resulting agreement articulate not just the deal shape but how the parties get to the final destination. How can we break that habit? Lax and Sebenius as part of their 3D approach to negotiating, move from the "ZoPA" "1D" view that many negotiators fall foul of, towards understanding the "social contract" aspects of the relation that should run in tandem with the economic parameters.

Conclusions

The NOA's Life Cycle Model already embraces many facets of the relational contract theory – let's use it!

Focus on the end-goals, have an implementation mind-set from the outset (scope, goals and responsibilities).

Understand the real nature of the trading relationship early in negotiations – is it problem solving or rights-based? Entrepreneurial or bureaucratic? Centralised or decentralised? If you are coming up with opposites on these factors in a negotiation, are you speaking to the right partner? (The "social contract" should not assume a highly cooperative, democratic or paternalistic outcome, provided that is acceptable for the parties).

What if? Anticipate external shock from industry and wider market / consumer context.

Address and manage the "self-enforcing range" of the agreement, transparency in cost drivers, risks and contingencies, and commercial underpinnings to incentivise both parties, will help early repairs and hence move the focus to opportunity.

Disruptive Technologies

Daniel Dines, CEO

UiPath
Robotic Process Automation

RPA technology: An opportunity or disruption for BPO providers?

Throughout 2015 there was considerable discussion around the potential of robotic process automation (RPA) to transform business operations through significant savings and process efficiencies. Perhaps inevitably, these discussions ignited speculation as to what, if any, impact this emerging technology would have on BPO service providers. Some thought it would be game-changing while others viewed the technology more skeptically and waited to see more in the way of concrete results backing up savings and productivity claims. Now, as we enter 2016, a comprehensive report from Mindfields has decisively settled the BPO speculation: robotic software will dramatically change the BPO business model and its future.

What changed over the last year - and why?

The biggest change since 2014 can be described in one word – action. BPO services providers have moved past talking about robotic process automation as a technology with potential benefits; the majority of them are acting on it.

At UiPath, we first began to see this acceleration in RPA adoption in the latter part of 2014 and saw it build during 2015. An example is our engagement with Capgemini's BPO automation program, culminating in a three-year product technology partnership. Phase one of this program has just been completed and phase two is underway.

According to the Mindfields report, 90 per cent of surveyed service providers intend to invest in robotic technology this year and 64 per cent of them have already partnered with robotic vendors to accelerate their positioning in this niche. This means a critical mass of BPO service providers have voted in favor of robotic automation, ending speculation and setting the stage for widespread adoption and deployment.

There are several reasons why this seismic change has taken place, but perhaps the two most important factors have to do as much with a fundamental BPO weakness as they do with RPA's strengths.

Outsourcing's linear business model: The rapid growth of the global outsourcing industry masked a fundamental weakness in the business model – it was linear. The practical consequence of a linear business model was that, with both pricing and growth based on FTEs, there were few economies of scale. In fact, high attrition rates created negative economies of scale when major Indian outsourcing providers found themselves with a 35,000 FTE bench (within a total FTE count of 140,000+) to ensure a sufficient cushion of trained employees for replacement or new account contingencies.

Vanishing margins: To take an outsourcing contract away from an incumbent provider requires offering a minimum of 30 per cent savings over the contract term. For the incumbent, winning a renewal requires offering at least 25 per cent savings over the contract term. The looming challenge for any winner lies in the fact savings have already been extracted from operations during the previous contract term – so where will new savings be found? In the early outsourcing days a mix of new or expanded contracts could be relied upon to bolster weaker margins in mature accounts, but those days are gone.
To further complicate matters, finding new ways to save the

customer 25-30 per cent in operating costs isn't enough – the service provider has to also achieve an internal operating margin of 20-25 per cent from the customer engagement to satisfy shareholders. This means the true challenge is actually in the range of finding 45-55 per cent savings – in the face of inflationary wages and expenses.

As one of the three types of global outsourcing (the others being application and infrastructure services), BPO shares in these two significant business model conundrums. It's not hard to imagine how the interest of management grew during 2015 when robotic automation showed its claim of significant savings and high scalability was genuine.

The outlook for opportunity and disruption

Certainly robotic software represents a transformational opportunity for business process outsourcing service providers. A principal reason is the technology's capability to scale dramatically while simultaneously affecting sizeable cost reductions. As discussed earlier, these considerable strengths represent direct answers to deep weaknesses in the outsourcing operating model. However, there are other factors which magnify the opportunity for service providers.

Well-suited skill sets: While service providers are aggressively partnering with RPA vendors to quickly incorporate robotic software into solutions, the technology is based on widespread languages such as .Net. This means service providers have deep pools of talent that can scale and master the development of the automated processes run by robots, provided that they get the right training.

Deep process knowledge: Service providers have deep knowledge of processes within both operational areas (finance and accounting, order management, etc.) and the nuances of industry verticals (insurance claims processing, mortgage loan processing, etc.). This expertise will allow service providers to leverage existing internal and customer process maps to rapidly and effectively model process automation.

Process optimisation skills: In order to generate customer savings and meet internal margin requirements, service providers learned long ago to turn process expertise into process optimisation. Today, by eliminating process inefficiencies – then substantially automating the optimised workflows – service providers are able to release the full savings and scalability potential of robotic software.

Shared services model: Leading RPA software products emphasise repeatable development techniques, standardisation, software reusability and versioned modifications – all of which are conducive to the shared services or GBS models. Global delivery centers are patterned after the shared services model, with skills, resources, practices and methodologies spread across multiple customer teams to maximise efficiencies and utilisation. Accordingly, delivery centers will present few obstacles and many advantages to the adoption of this type of technology.

Strong governance models: The backbone of the global delivery model is strong governance. The requirement for managing highly scalable deployments of large robot groups is also strong governance. As with the shared services culture within delivery centers, this foundation will enable services providers to aggressively leverage automation robots whilst simultaneously controlling risks and managing change effectively.

Of course, radically changing the service provider business model is about as disruptive an action as can be imagined. This is particularly true in the following areas:

Pricing: Suddenly a relatively simple process (rate card plus markup, savings levers, future state staffing model, risks and contingencies, etc.) becomes quite complicated. How is a nonlinear solution priced? Will it be by outcome or perhaps by transaction? How does this translate into contractual language?

Staffing: While architecting a global staffing model was always more complicated than pricing, now it becomes even more so. How will teams be structured to incorporate robots in the most efficient manner? Certainly highly automated processes require small teams: managers for work orchestration, business analysts for exception handling, senior analysts/developers for ongoing robot configurations and enhancements.

How will the size of teams change over the life of the contract? Where will the teams be located? When high volumes of automated processes leverage large numbers of robots, aggregated savings will minimise the cost differential between onsite and offshore staffing, which could open up entirely new opportunities for high value, on-shore client-facing roles.

Risks and contingencies: Service providers do not have the luxury of running pilots and applying lessons learned. Instead, after a roughly ninety-day RFP response period, they bind themselves contractually to a price, a term and service levels.

How will they evaluate relatively high-level RFP documentation and translate this into a multi-year automation strategy and tactical delivery model? Every informational or methodological "hole" will have to be filled with contingencies and risk mitigation; how will this account for the unknowns of a new technology?

Existing accounts: How will service providers address new savings opportunities in accounts covered by existing contracts? Those contracts will almost certainly lack any reference to robotic technology – creating the possibility of highly contentious and disruptive circumstances. For example, a services provider may realise an existing contract can be fulfilled with 40 per cent fewer FTEs. Ignoring any contractual requirements, will it cut staffing and pocket the large upswing in profitability? Will the customer expect a good faith re-opening of the contract?

What could go wrong?

It would be a mistake for service providers to embrace robotic software without first thinking about what could go seriously wrong as they transform the way they do business. Of course, even as such risks are recognised and grappled with, providers have little competitive choice but to continue down the robotic process automation path.

In fact, there is one characteristic of the new services provider business model that appears to have the potential for inflicting serious harm upon the BPO industry.

Previously, the global delivery model protected service operations from any replicative move by its customer base. Yes, a client could set up a captive offshore operations centre to capture all the global delivery benefits for itself. But that was a difficult move for most companies and the potential gain rarely justified the investment, disruption and associated risks.

RPA is very different. The technology is accessible; vendors and/or third party advisors are willing and able to support the creation of onsite shared services teams. With those two steps, clients can deploy onsite robotic process automation across the enterprise. Unlike establishing an offshore captive, deploying an on-site shared services team is well within the capability - and risk appetite - of many services provider customers.

Service providers have to ask themselves how long their customers will allow them to keep half (or more) of all the savings this technology will produce. Perhaps clients will be content to leave money on the table while robotic automation proves itself beyond all doubt. After that point, services providers will need to develop a compelling value proposition to keep customers from bringing process automation in-house.

Case study

Capgemini*, a global BPO service provider, is in a three-year RPA product partnership with UiPath for their BPO Automation Program. Phase one, the "GUI Automation Solution", began in late 2014. Since mid-2015 it has been rolled out globally by the BPO Delivery Excellence team. The phase has proven RPA transforms the BPO business model.*

At the December 2015 London IRPA conference, Dr. Marcus Esser, head of Capgemini's BPO IT Innovation Center, presented Phase one results:

- *Manual client invoice processes taking 600 seconds were reduced to 180 seconds*
- *Process and sub-process work was completely taken away by robots*

Phase one of Capgemini's BPO Automation Program confirmed RPA technology's potential for dramatic savings and performance impact: a typical pilot engagement showed weekly savings of 25 people days within 30 days of deployment.

Dr. Mark Esser said Capgemini's BPO delivery teams automated processes and sub-processes in five working days: "Requirements-gathering started on Monday and by Friday automation was ready for production."

At the London IRPA conference, Capgemini outlined formal RPA governance in three areas:

- *Change Control, with a methodology to maintain alignment of process changes with automation changes.*
- *Automation QA, with a production release review based on formal automation standards.*
- *Automation Service Levels, by means of real-time reporting and dashboard graphics.*

Frank Palermo, Senior Vice President – Technical Solutions Group

virtusa
Accelerating Business Outcomes

Artificial intelligence: The future is finally here

From the days of Alan Turing's landmark paper "Computing Machinery and Intelligence" back in 1950, the promise of artificial intelligence (AI) has been the Holy Grail for generations of scientists focused on the theory.

While no machine has yet been built with a human level of intelligence, AI technologies are now maturing to the point where they are less science fiction and more about reality as it begins to intersect our daily lives.

Drones in the military, driverless cars, voice assistants and the rise of robots have grabbed headlines in recent years. Advances in automation are transforming industries including healthcare, transportation and financial services — among many others. This is driving rapid expansion for the AI market. According to US-based market intelligence firm Tractica, the AI market for enterprise will increase from $202.5 million in 2015 to $11.1 billion by 2024.

Big investments in AI

Tech heavyweights like IBM, Google, Microsoft, Apple and Amazon are pioneering the AI space. IBM currently leads in the race to making AI a reality, with over 500 patents related to the theory. IBM's supercomputing Watson has become the modern face of AI. Watson can be seen in action across 20 different industries including healthcare, research and development, strategy advisory and more. IBM has also created an ecosystem of developers — startups to further the development of Watson's applications — which is bound to further spread the use and influence of AI.

Many of the large technology companies are on an acquisition spree to accelerate the development of AI capabilities. Google's largest European investment to date was the $400 million acquisition of DeepMind technologies, a company that specialises in machine learning and advanced algorithms. Additionally, it made a big investment in the German research centre for artificial intelligence (the DFKI), where some 450 scientists work on projects in language technology, augmented reality and embedded intelligence.

AI rates as a priority for companies like Facebook, which is rapidly hiring a team of researchers to focus on a class of AI called deep learning. Deep learning focuses on developing technologies that can analyse videos, identify objects and people in images, and answer questions. The social network's future rests on the ability to understand posts in its newsfeed and show you things you are truly interested in.

And new startups in AI are proliferating. According to CB Insights, the amount of money invested in AI startups soared to $390.2 million last year, up 20 times from 2010. According to estimates from the business analytics firm Quid, AI has drawn more than $17 billion in investments since 2009.

These new AI startups continue to expand the breadth of AI applications. AI startups such as Affectiva, Vicarious and Sentient tackle progressive technological issues such as emotion analytics, image recognition and data analytics. These investments from tech companies are now forcing traditional businesses to change their approach. For example, to match Google's driverless car, Toyota recently announced that it is investing $50 million in partnership with Stanford University and the Massachusetts Institute of Technology (MIT) to research how to develop advanced intelligent systems to recognise, understand and act in complex traffic environments.

AI is already in your life

Whether you realise it or not, AI has already become a part of your everyday life.

Did you know that some of the news you read may not be written by human beings? The Associated Press (AP) has been using AI technology for a majority of US corporate earnings stories for their business news report. Historically, a lot of time is spent analysing numbers from companies to publish over 300 earnings reports each quarter. Using this automated technology, short stories from 150 to 300 words are now created in less time than it previously took reporters. And now the AP can increase the number of stories from 300 manual stories to over 4,400 automatically each quarter.

Google has been directing a large fraction of its millions of search queries to be interpreted by an AI system, nicknamed RankBrain, signaling for the first time the emerging role of AI in search. The addition of RankBrain into search is part of a half-decade long initiative by Google, as the company seeks to embed AI technology into every aspect of its business.

Charles Schwab recently launched a new service called Schwab Intelligent Portfolios, which uses sophisticated computer algorithms to decide how to build, monitor and rebalance portfolios. These types of robo-advisors represent a cost-effective, highly accurate way to manage portfolios.

Millions of people are now using and relying on intelligent voice assistants like Apple's Siri, Amazon Echo, Microsoft Cortana and Google Now. While these are still fairly rudimentary and often feel like a super smart magic eight ball, millions of people are now using and relying on these every day. One day, these assistants will play a major role in our daily routine.

These capabilities will quickly evolve as companies like Cycorp take a fresh approach to evolve traditional question-answer AI models to respond to users' input based on a wider semantic level understanding, assembling the world's largest knowledge base and commonsense reasoning engine. This will radically change the way we interact with these voice assistants.

AI collaboration: Man meets machine

The real future may be in man joining machine. Human robot interaction is emerging as a more practical, near-term application of AI. Guy Hoffman of the IDC Media Innovation Lab introduced a robot that can compose music independently and also collaborate with other musicians to create a new piece of music. The result is a creative process with lifelike interaction between composer and robot.

In fact, Japanese venture capital firm Deep Knowledge recently became the first company in history to name an AI robot to its board of directors. The robot named Vital finds trends that are not immediately obvious to humans. The recognition that the power of combining human and artificial intelligence will eventually allow Vital to get an equal vote on all financial decisions made at the company.

The evolution of the "conversational model" of AI brings the promise of true interaction of human and machine. Google recently detailed its project on "chatbots" that learn how to respond in conversations based on examples from a training set of dialogue. The model can remember facts, understand contexts and perform common-sense reasoning.

AI is now

The future for artificial intelligence is finally here. And while it took a little longer than the two decades Turing predicted in 1950, we're finally on the cusp of that dream.

Boris Kontsevoi, President & Founder (pictured)
Diana Kontsevaia, Content Marketing Director

intetics
The Remote In-Sourcing® Company

The real impact of the Internet of Things

Predictive maintenance

There is a lot of hype about the internet of things (IoT). What if your lightbulb could tell you how much power you've used? What if your fridge could automatically update your grocery list when you run out of milk? What if… IoT wasn't really about consumer products?

The internet of things phenomenon has sparked a lot of debate. Many of the ideas and concerns have to do with consumer products. Yet, that's only one part of the emerging industry. The real influence – and undoubtedly revenue – will actually come from the industry. The real change IoT will bring will be "predictive maintenance". Rather than a collection of useful gadgets, IoT is actually about creating a network of sensors. These sensors will be able to communicate with each other and impact unprecedented change in industries such as manufacturing, healthcare and technology. Automating major parts of the industrial sector will bring enormous change to the world as we know it. Objects will be able to talk to each other and let humans know before anything breaks; machines will aid humans in predicting maintenance. Here's a glimpse of what sorts of changes are to be expected in healthcare, insurance, manufacturing and technology, and what else to keep in mind.

IoT in healthcare

IoT will help make healthcare more transparent, participatory and preventative. Health sensors will surround patients, with gadgets similar to today's health trackers, and collect data about them (perhaps even going as far as having IP chips implanted at birth). These sensors will be capable of sending accurate readings to doctors and help patients themselves assess their medical needs. Moreover, the data collected by the network will create a fairly accurate and verified (but anonymous) database of health data that will be beneficial for research and medical discoveries. IoT will make healthcare about prevention first, because data collected will advise people on how to improve their quality of life before any serious ailments require a trip to the hospital. The technology to make all this possible already exists, though it is fragmented. The main task in the next couple of years will be to align technologies in an effective and secure way.

IoT in insurance

Insurance companies will use IoT in two major ways. The first will be the result of automating assessment processes in order to save money on labour. Instead of hiring expensive assessors, insurance companies will be able to reduce costs by using drones to assess damage.

The second way IoT will influence insurance companies is through better analysis of potential risks by collecting information from the network of sensors. Users will have an option to enable their cars and houses to transfer their usage statistics directly to insurance companies for accurate assessment. This data will be processed and analysed to yield better risk estimates. Taking this a step further, as a result of personalised information, insurance companies will be able to provide individualised insurance products based on each person's assessed risk. Indeed, according to research by FC Business Intelligence, the value of IoT for insurance lies exactly in risk-based pricing, customer behavior-steering, and value-added services.

Despite the promises and the existing technology, only about half of insurance executives have an IoT adoption strategy. 58.9 per cent of executives think this is a long term goal for companies, not an immediate goal. This means that the advances possible with IoT will not come to full fruition in insurance until at least five years from now – because of lack of a clear strategy on how to implement IoT solutions.

IoT in manufacturing and IT

In manufacturing, companies will have to make use of new technologies to enable objects to be connected to the IoT network. It is estimated that by 2020, 90 per cent of cars will be connected and human participation in driving will eventually be completely eliminated. Car makers will need to account for the change in not only the kind of products they manufacture, but also for what kinds of technologies they use to make their products. A whole new wave of smart technologies is coming that will make manufacturing more automated. The machines and products themselves will be able to assess their status to regulate their required maintenance – going back to the idea of predictive maintenance.

In IT, the landscape will look similar to manufacturing: there will be new programs monitoring other programs. In other words, predictive maintenance will be achieved not only with sensors on machines, but also with sensors inside the machines.

Impacts of IoT

Big data and analytics: The immediate result of creating and using a network of sensors is, of course, more data. Already we have seen a great push towards automating data analysis, and indeed, that is what needs to occur if there are to be effective and accurate results from a network of sensors. Any advances towards creating a truly interconnected world will mean more efficient data storage and analysis methods.

Data security and connectivity: If the majority of humanity's data will be uploaded onto a network, and in many cases transmitted in real time, it means that data security becomes a central question. Yet it is not as big of a problem as some may think. The networks will still operate on the same principles of the internet as we know it, and as such it will have the same data security procedures as today. The real issue is not what kind of security the new network should have, but rather, the issue is making sure data security practices are being followed. Even today many companies simply do not follow simple data security procedures. Imagine what would happen if a whole myriad of new hardware and software makers also decided not to follow security guidelines.

The bigger concern is creating a reliable network. Although the world today is fairly connected, the IoT world will require 100 per cent reliable, constant connectivity. Alongside security, we will have to create a Wi-Fi field that can withstand natural disasters and extremely efficient data synchronisation. Telecommunications companies are already researching 5G networks, something that will ensure that IoT does indeed have its desired effect, reach and stability.

Outsourcing: While many multinationals and startups are feverishly spending their R&D dollars on IoT, others are still far behind in even understanding what their IoT strategy should be. This means only one thing: once IoT becomes mainstream, there will be a whole range of companies looking for ready-made solutions. Big companies can afford to internalise the costs of R&D, but most cannot. There will be a heightened demand for existing solutions as the result.

Nevertheless, IoT could mean bad news for BPO, since the "body shop" model may no longer be profitable as activities become automated. As a reaction to automation, companies who rely on this model will most probably transition into becoming "IoT consultants" to gain benefits from demand for IoT solutions.

> "Nevertheless, IoT could mean bad news for BPO, since the 'body shop' model may no longer be profitable as activities become automated. As a reaction to automation, companies who rely on this model will most probably transition into becoming 'IoT consultants' to gain benefits from demand for IoT solutions."

Predictive maintenance: The end goal of IoT in any industry will be predictive maintenance. In other words, IoT will be able to automate the collection of data through sensors and thus create a more detailed picture of the world that humans can analyse and make more qualified decisions – whether they're looking for disease, accident risk, or machinery breakdown.

The network of sensors that comes with IoT certainly has its concerns, like security, potential job loss (or change) and connectivity. Yet, each of these concerns is more likely to advance its respective field rather than hinder it. Innovation and advancement is demonstrated in cases such as the telecommunications companies creating new, more reliable networks. There will be more innovations to come, and more software developers needed to make them tangible.

The technology to implement IoT already exists. The main problem now is to arrange the technologies in such a way to maximise the benefits – by predicting the things we want to avoid.

Disruptive Technologies

Jaroslaw Czaja, CEO

Future Processing

The concept of internet of things has exploded and is rapidly becoming the next technology trend, with companies competing with one another to come up with more innovative ideas and solutions in the IoT milieu.

IoT has a much broader remit than it had even two years ago. There is a new breed of IoT service providers and cloud-based services that are managing everything from simple applications to implants, sensors and “things” as sophisticated as smart dust.

Let’s not forget, though, that IoT works in conjunction with big data, and it’s only by connecting these two that we can drive innovation. Bringing this wealth of data intelligence into the digital realm has the potential to transform a disparate collection of industries, devices and individuals into one network, covering the entire world.

Thanks to IoT the global economy is predicted to earn up to **$6.2 trillion** in the next ten years. It will spread to nearly all parts of our existence, cumulating in savings and a simpler way of doing things. You could even say that each and every one of us will be a potential human-sensor, monitoring actions happening around.

Healthcare will benefit because of easier, online admissions processes and special sensors monitoring our health at all times, alerting doctors whenever there may be a threat to a patient’s life. We’ll also have more IoT-driven domestic devices: systems controlling temperature and light are just the beginning. Not sure if you’ve remembered to turn the oven off? Not a problem anymore. Agglomerations as well as teeny-tiny cities will take advantage of systems tracking pollution levels or high-frequency soil movements. When it comes to transportation, most trucks will be supplied with monitoring sensors tracing the locations and distance of the vehicles. On top of all of this, most devices will become very self-reliant and dynamic. They will be able to detect or even predict problems with their own software and fix them.

We all know that IoT represents a real breakthrough and it is hard to say how enormous it will be. One thing is for sure, the IoT future is set to have a bigger impact than any of us can imagine.

James Mason, Founder & Operations Director

mtivity

The future of procurement transparency

What does transparency mean for the service provider when we talk about procurement on behalf of the client?

In a nutshell, procurement transparency translates to “the ability to both demonstrate and measure the value and savings delivered, whilst disclosing the basis of the service provider decision making, when procuring goods and services on behalf of the client”.

Where is the demand for transparency coming from?

Several key factors are currently converging resulting in a trend towards increased transparency in procurement. This includes widespread proliferation and availability of data ("Big Data") paired with the current generation of business users who have been using consumer product and service procurement tools like Amazon for years. The people awarding outsourcing contracts are, after all, the same people who have been using price comparison websites like Priceline, Confused.com, E- lance and others, and are beginning to expect the same real time pricing, ranking and reviews in their B2B procurement processes.

A recent article in Procurement Insights magazine says that "the B2C consumer experience has forever changed the business world’s approach to B2B engagements. Whether in the private or business world, buyers simply want something that simplifies their job in terms of making best value procurement decisions."

> “From 2007 to 2014 UK consumer use of price comparison websites for car insurance, home insurance and travel increased from 2% to 56% and when looking at the same statistic for 30-44 year olds this jumps to 82%”
>
> *Source: Consumer Futures*

What does this mean for revenue generation?

The financial models for service provider contacts are on the verge of a major shift, the fixed markup or management fee based contract is becoming undesirable and clients are beginning to expect the service provider revenue to be intrinsically linked with the value and savings being delivered.

In line with this shift is the reemergence of the gainshare model and it is beginning to gather pace. This is not the gainshare model of old, however, as clients now expect the savings and gainshare calculations to be transparent from beginning to end and transitioned from operating behind the scenes to being exposed in real time at the time of transaction. This allows the client to determine the value being delivered before making a purchasing decision.

Demonstrating savings in a robust and audit-able way

Savings measurement is a topic that has been debated publicly for a number of years. The persistent challenge has been defining the benchmarks to be used when calculating the savings achieved and, as expected, there is no "one size fits all" approach.

Benchmark definition plays a key role in the contract negotiations with clients and must include factors such as historical pricing, market rates, anomalous price exclusion and others. Once agreed, then the method of disclosure of the savings calculation comes into play.

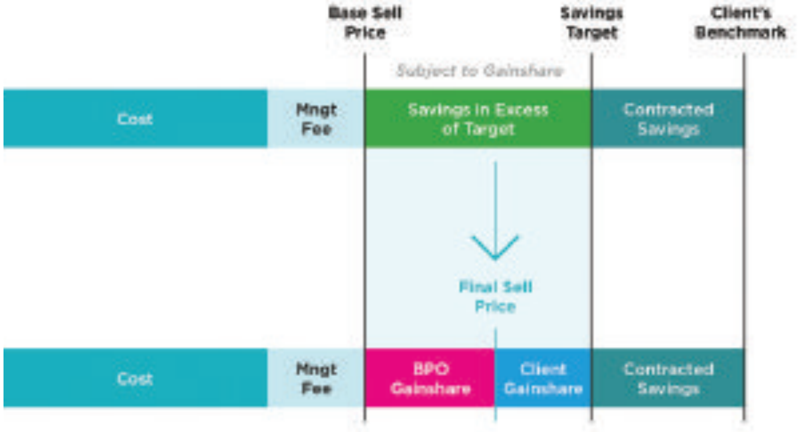
A recent Computer Weekly article stated that "One of the persistent customer complaints of organisations using outsourced service providers is the lack of pricing and service transparency.

"Several factors are contributing to this including the complex way in which supplier contracts are presented to the customer and the often arbitrary way that services are bundled together which makes it difficult to compare the price of individual service components with competitive offerings on a 'like-for-like' basis. As a result of this blur, clients assume - accurately or not - that they are paying more than they should but don't have access to the information they need to prove it. C level execs are becoming increasingly self-educated and want to know exactly what they are getting, how much they are paying and how it compares with other offerings.

"The danger to service providers is that if their competition is providing more open pricing detail to meet market requirements, those who withhold, or simply don't possess, sufficiently comprehensive information are on a collision course with customers who are sourcing data from either specialist consultants or the marketplace and may use it to challenge their providers."

This is where the largest shift is occurring and is being driven by the end user experience discussed earlier. Clients are no longer accepting a quarterly or monthly summary of the savings achieved (often the calculations and benchmark source are not exposed in the summary), and client expectations are that the savings calculations and the method of benchmark identification are exposed at the time of transaction, potentially directly to the end client. This provides significant technical challenges to the service provider as it can be extremely time consuming and subject to human error or oversight. Fortunately, the combination of massive amounts of data available in the Cloud and a new breed of procurement functionality tools from companies like Mtivity, are helping outsourcing providers and companies solve these challenges.

Moving forward, how should gainshare be calculated?
Once a robust and demonstrable benchmark identification and savings calculation process is established gainshare can be measured. Gainshare is typically applied to the savings achieved that go beyond the agreed savings targets for a client.



Gainshare is an excellent method of increasing service provider revenues provided that the service provider have visibility and control over their supply chain and have implemented operational efficiencies across their procurement teams. The key is to aggregate and automate as much work as possible to maximise the potential to achieve savings in excess of the target.

Product/SKU benchmarks versus specification driven benchmarks and other considerations

The main business concepts discussed in this paper are not new and have been in use for many years, however there has been a recent shift in the accepted methods for identifying and tracking benchmarks.

The business practice of linking benchmarks to specific products or SKU numbers is now considered too restrictive and even worse often perceived as a tactic by the service provider to reset benchmarks based on the smallest deviation. The emerging trend for benchmark identification is linking the benchmarks to the specifications and permitting minor changes that do not detrimentally affect the price or production method. This approach provides massive challenges to the service provider, as identification of benchmarks now evolves from being time consuming and error prone to a process that cannot be performed by a person without adding significant labour costs to service the contract (often to the point where the contract is no longer viable). In reality, the only way to manage this process is via automation and the use technology.

The future for service provider procurement

Benchmarking, savings calculations and gainshare are not new concepts, however the method and ability to operate these models is beginning create a significant divide in the competitive landscape of the service provider. Clients are identifying and expecting the transparency of calculations related to the saving provided, and beginning to view service providers in one of two ways:

Those service providers that are open, transparent and link their revenue to the saving achieved for the client	*VERSUS*	*Those service providers that offer savings but are unable to demonstrate the savings in a transparent and self audit-able way*

Transparency does not equate to lowering of profit margins and in fact, often has the opposite effect as modifying business processes and procurement strategy can lead to opportunities, not only to maintain and increase margins via the use of gainshare, but also increase the retention of clients and improve renewal rates due to implicit trust driven though open and transparent business operations.

The ability of service providers to adopt these new processes will rely heavily on technology to drive efficiencies and automate the process as far as possible.

Opportune is a product from Mtivity that contains market leading functions to assist the service provider by automating the process of identifying, managing and demonstrating both the benchmarks and savings achieved, with further functions to automate the calculation of Gainshare.

Case studies

Oliver Marketing Limited

The challenge

Oliver Marketing Limited (OML) is a marketing services company working with clients to enhance the effectiveness of their marketing communication programmes. Their expertise helps clients achieve more targeted communications and benefit from extensive cost savings.

To help them to deliver, OML needed an application capable of running their day-to-day print sourcing operations. They needed complete management of the print procurement work flow, including financial documentation and management reports that could be produced on demand for their clients.

The solution

Mtivity's Professional Services team analysed OML's business requirements and recommended a solution that would typically enable each team member to realise a 50 per cent increase in productivity. This solution also enabled effective collaboration with their clients and suppliers, and the ability to delegate within their teams which further increased these efficiencies. OML has since realised savings that exceeded expectations.

Due to the flexibility of the Mtivity system it was possible to create branded portals for each client which are still managed through one central OML account. This provides the OML marketing department with clear visibility of all aspects of their campaigns, cost management and supplier relations. With all of this combined into one platform, the bottom line clearly shows an increase in productivity with a decrease in cost whilst delivering a better a client experience driving retention.

The benefits

- *Dashboard capability: Gives team members visibility of their respective client jobs and campaigns*
- *Streamline processes: Maintain consistent service across various client teams*
- *Added value for OML clients. Helps build loyalty and drive new business*
- *Reporting tools: Produce a range of standardised financial and management reports for internal and client use*
- *Increased efficiencies: Through procurement workflow reduces costs, increases margins and saves administration time*

The future

OML has been able to take advantage of their more streamlined working processes to create targeted, innovative communications and reductions in marketing costs for their clients.

Office Depot

The challenge

Vital Communications is a new, expert managed communications business, backed by the world-leading logistics capability of Office Depot. Vital manages large-scale print, marketing and communications projects from planning to execution and delivery in a single, cost-effective, end-to-end service.

As a fledgling company Vital recognised they needed a differentiator in the marketplace in order to be successful. Managing an efficient operation while providing operational efficiency and client transparency within one platform was critical to their business.

The solution

Mtivity's Professional Services team worked with Vital to understand their business requirements and recommended they integrate Mtivity with SAP and enable Opportune.

Their buying team would be able to leverage real-time historical data and rate cards for job planning and realise end-to-end process efficiencies by streamlining typical production management processes.

What's more, their clients would experience ease of use when requesting new jobs and the resulting estimate would be provide transparent, easy-to-interpret savings against pre-established benchmarks.

The benefits

- *Benchmarking and historical pricing: Can be leveraged for instant estimates*
- *Streamlined processes: Maintain consistent service across various client teams*
- *Added value for Vital clients: To help build loyalty and retention*
- *Increased efficiency: Through the marketing procurement workflow reduces costs, increases margins and allows the buyer to concentrate on what they do best – buying*

The future

Vital has recognised the benefits of Mtivity and their client roster is proof. They have proved themselves as a trusted service provider and continue to win new clients as a result of solid value proposition supported by Mtivity technology.

"Office Depot has worked closely with Mtivity to deploy an industry-leading technology platform which enables us to work more efficiently and helps our clients to reduce their costs through benchmarking and analysis. As a result we were able to achieve an average productivity increase of 148%. The adoption of these cutting edge features within our solution allows us to differentiate ourselves from other outsourced marketing communications providers."

\- *Andy Eaton, Head of Technology,* ***Office Depot***

Gunnar Menzel, Vice President & Chief Architect Officer

Hybricity: A new era of infrastructure

The world of Infra is changing, fast. Cloud, hybrid, "DevOps" and service integration combined with internet of things (IoT), big data and "software defined everything" is changing and shifting infrastructure.

In Capgemini's Technovision 2015 we outline in detail the changing landscape from an IT's perspective - the new IT world is more agile, more open, more interactive and more dynamic than before. The shift in IT is further accelerating and is fuelling the fusion of business and IT. It is forcing the business to embrace IT further, and for IT it means to fully connect and enable the business.

This business and IT connection has been apparent for many years now in an application and business context. However, infrastructure was always one step removed, delivering foundation blocks for the applications to support the business. But not anymore. Nowadays it is not so easy to differentiate between application and "pure infra" as new tools, technologies and capabilities are entering the market every day, increasing choice but also complexity.

In Technovision 2015 we introduced the idea of an "invisible infostructure"; an "infostructure" that uses the Lego principle to construct and deliver business-enabling IT solutions. The next challenge for Infra is now to orchestrate these services and capabilities – both for the business to consume and for the IT to provide.

This shift is moving Infrastructure from a once only technical focused capability where infrastructure capabilities like MHz, RAM or FLOPS were the only target, to a business-enabling capability where outcomes are business focused. Infrastructure is becoming more "business aware". This shift is driving the "componentisation" of standard infrastructure services to enable easier application. The shift will allow us to construct and consume infrastructure like using electricity… today.

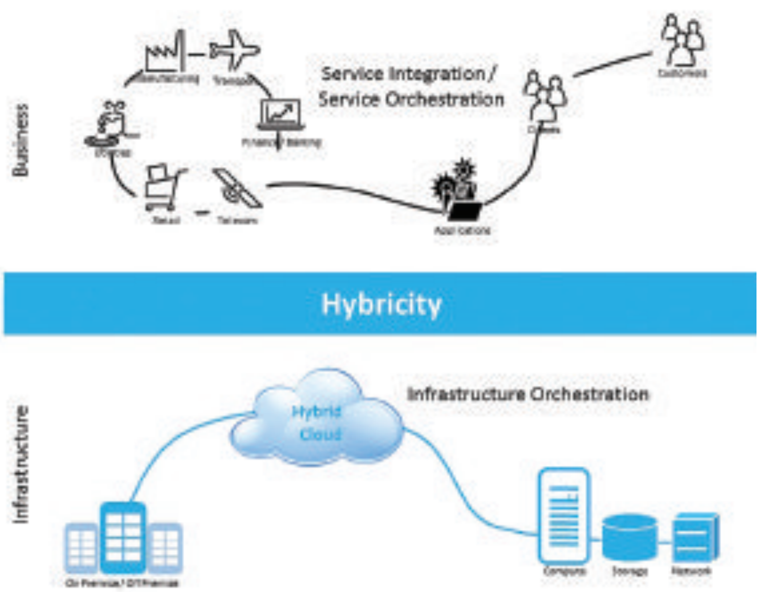
When you are plugging a toaster or TV into a wall socket, you do not care how electricity is being delivered to the wall socket for you to consume. So you expect the same from infrastructure. Or "when you start your car to drive from A to B" you do not care about what material the pistons are made of, nor care at what position the spark will ignite the fuel in the cylinder. You want to press the pedal and off you go. Again, the same goes for infrastructure – it should just work, in a turn-key fashion, without having to mess about with deep technical and mechanical aspects.

Next to the "componentisation" of standard infrastructure services (the Lego approach), infrastructure is increasingly automated (DevOps), hybrid (a mix of private and public cloud services) and software-based (for compute, storage and network).

Hybricity explained

The need to orchestrate capabilities both from a business and from an IT perspective is increasing. On one side we have been driving a new area for infra called service integration. In short, service integration is our approach to establishing an end-to-end visibility, reporting and accountability for services that are delivered by multiple suppliers. On the one hand, cloud and cloud based IT services are moving more and more into a hybrid model; creating, consuming and providing IT capabilities either on/off premise or hybrid.

This dual-sided approach is referred to as "Hybricity".



We have been talking about “aligning business and IT”; to create perfect fusion to maximise value for money. So the idea of combining both business service orchestration and infrastructure orchestration is not new. What is new is the pace and wider impact of both developments. Service orchestration and infrastructure orchestration is developing fast with many vendors expanding their reach and scope to stay relevant in the market.

The shift business is facing

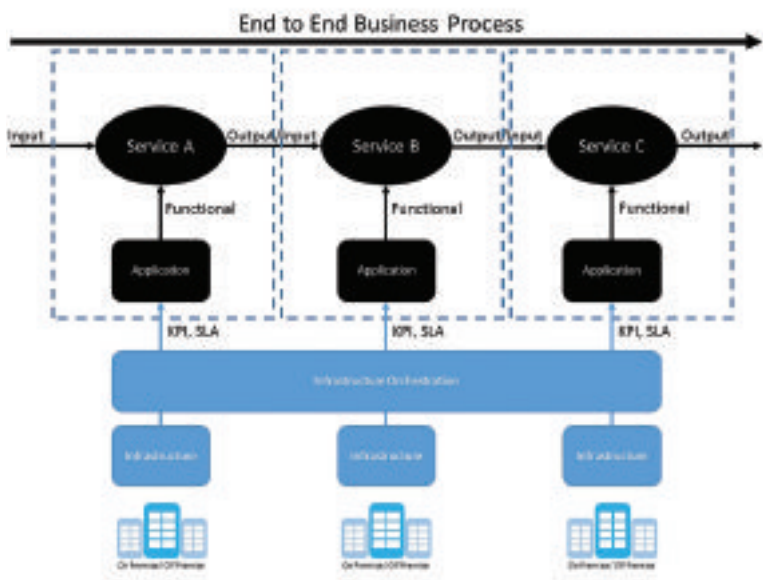
In Technovision 2015 we made the case for an agile, open and fully business-to-app-to-client-to-customer connection. We stated that enterprises have to adopt SMAC-based approaches to accelerate their creation, consumption and delivery of business services.

We noted that: “The best things happen outside, and it is not only outside the organisation where the crowd is already bringing new business value every day; platforms are ‘eating the world’. Now it is time for the IT department to unleash this energy within its own organisation. A compelling digital platform that features APIs, open datasets, service catalogues, integration, frameworks, solutions guidance, tools and collaboration enable business units to quickly create their own market-focused solutions, while leveraging enterprise grade information and services. It provides the best of both worlds, being at different speeds, ‘letting it be’ for the best digital results.”

The centre stage for the business is being able to digitalise and to orchestrate “business capability” in such a way that it maximises value for money.

“Infrastructure, or more precisely technical infrastructure, is the combination of all technical components needed to store, manipulate and transmit data used or consumed by information systems (applications) in a particular context, with certain performance characteristics and against a set of so-called non-functional requirements.”

To outline what is meant by infrastructure orchestration here is an example:



As illustrated above, when designing a solution (here a simple end-to-end business process) the aggregation of all individual service behaviours is needed to ensure that the overall business process executes in, for example, under one second, or is 99 per cent available. Many applications are now hosted on software-as-a-service (SaaS) based platforms which have built-in, predefined and in many cases non-negotiable application and infrastructure capabilities.

When “consuming” Hybricity, an end user seldom has the ability nor the need to “open the box” and understand what is inside. There is no need to understand whether the service is constructed on a mainframe system or on a single host Linux server being capable of providing the application service according to certain non-functional characteristics. However, more and more services are “constructed” using/consuming a number of SaaS applications in tandem and as soon as this is the case closer consideration regarding the non-functional characteristics of an individual service is needed.

Craig Wallace, Head of Digital Strategy and Transformation

CGI

Re-imaging a digital strategy: What role should outsourcing play?

Today more than ever, companies are asking: “How can we be competitive in the digital world?” The answer to this question cuts through the whole of their business, from driving changes at board level, to transforming the way they engage with customers and employees. To achieve this competitive edge, many businesses have embarked on a journey of digital transformation.

If done successfully - as a joined-up strategy rather than ad-hoc projects - digital transformation can mean achieving profitable growth and operational efficiencies, as well as ensuring competitiveness in a digital world. However, modern organisations are facing a number of challenges related to increasing regulation, fast-changing markets and contracting budgets, making it difficult to drive technology innovation and business change.

Creating a digital roadmap

Faced with these challenges, many are struggling to find the right balance between running the business and transforming the business. But achieving digital transformation is not only about allocating resources most effectively. It’s about building a clear strategy and creating a Business Roadmap, a step-by-step guide to creating a Digital and Agile operating model.

A typical strategy addresses the operating model of the company including its business model, value proposition, partner, customer, operating, employee, technology and cultural aspects. As a starting point organisations need to identify the business value impact of the digital transformation strategy and the key business imperatives that provide opportunities for revenue growth, cost reduction and improved efficiency. The roadmap should also offer a clear view of how the business can integrate digital and physical channels, and make the most of data insight to improve efficiency and decision making.

Another important factor in the strategy planning process is deciding how they will position themselves with an increasing range of eco-system partners. As companies look to leverage the networked economy they are recognising the importance of partnering with technology companies. One of the key challenges for any organisation is how quickly can they transform their business, this often depends upon the market pressures they are under.

This raises two questions: 1) do I work with my legacy culture, processes and systems, or do I start with a blank piece of paper and create everything new? And if I do, how can I manage the legacy operations? 2) To accelerate the transformation do I need to do everything myself, or can I leverage partners, platforms and BPO outsource services? And if so, where do I differentiate and focus my talent?

Such a division is particularly critical in those sectors that are increasingly dependent on IT, and where IT is becoming the core business. For example, in the case of music and video retail, the old models collapsed years ago, and similar transformations have or are now taking place in fashion, travel, hospitality, retail banking, car insurance, logistics, parts distribution and many other sectors.

Identifying key differentiators and IT outsourcing priorities

To be able to successfully adapt their business models to the changing market environment, organisations need to ensure their digital strategies are closely aligned to the nature of their business. Most companies today operate in one of three broad environments: consumer-intensive (e.g. communications and retail), asset-intensive (e.g. manufacturing and utilities) or risk-intensive (e.g. oil and gas, and healthcare).

Operating in each of these environments is driven by different priorities, which subsequently affects organisations' digital strategies. For example, in consumer-intensive sectors, differentiation is achieved through cloud enablement, digital working, collaborative toolsets, ecosystem partnerships, connectivity and predictive analytics.

Companies operating in asset-intensive industries are exploring and automating operations supporting end customer relationships, social media, mobile self-service and eliminating paper-intensive tasks.

Finally, organisations in risk-intensive industries are moving toward common platforms and data sets, investing in digital employee tools, implementing customer platforms that facilitate internal collaboration, and strengthening cyber security.

By identifying the key areas which can drive competitive advantage for the business and focusing investment on those areas, businesses will be able to better prioritise their IT budgets and determine which operations need to be outsourced. Moreover, this approach will allow businesses to find the right balance between demand-driven agility at the front-end and the need for integration, compliance and security at the back-end. Outsourcing the right IT activities will allow organisations to drive down costs while guaranteeing high levels of availability, improving productivity and system performance.

Choosing the right delivery model

To achieve this effectively, organisations need to make the right choice between single or multi-sourcing depending on how mature their IT operations are. However, it is important to bear in mind that multi-sourcing requires significant overhead for managing integration, collaboration, accountability and risks, which can create additional complexity and reduce agility.

Choosing a flexible IT delivery model which allows organisations to respond to changing market conditions and internal business changes is equally important for the success of their digital strategy. This is why many organisations are moving to a utility model of IT outsourcing, which is based on the concept of providing "IT on demand" or scaling up and down the provisioning of IT services depending on the needs of the business. This approach not only reduces costs and risk, but also allows organisations to better respond to shifts in technology and customer behaviour, and ensure long term competitive advantage.

The role of the outsourcing provider in driving cultural change

Another important factor to consider is the role of the outsourcing provider in helping the leadership team drive cultural and structural change across the business. Building a working relationship that involves a comprehensive executive engagement model will enable organisations to drive deeper cultural change that underpins their digital transformation objectives.

In this scenario the IT outsourcing provider will be able to support the goals of the business by running digital awareness sessions with the leadership team or undertaking digital readiness assessment to ensure the company culture, structure and business strategy are aligned. By establishing a robust governance process and determining meaningful KPIs, frequent milestones and a timeframe for managing each stage of the programme, organisations will be able to maintain control of all IT transformation projects, while allowing their IT outsourcing partner to contribute more.

Conclusion

For many companies, digital technology is now at the centre of operations and in many cases, the most critical enabler of a company's strategy. Therefore determining what really matters in IT versus what is only nice-to-have is key to allowing businesses to better prioritise their IT resources and ensure the success of their digital transformation strategies.

By establishing close partnerships with their outsourcing providers organisations will be able to better align technology innovation to their business needs. This will allow them to drive significant improvements in their business value proposition, resulting in a stronger competitive edge.

Case studies

ThyssenKrupp Elevator *is the largest producer of elevators in the Americas, globally providing over 1.2 million elevators. The company wanted to move away from a traditional reactive maintenance approach to one that is predictive and even pre-emptive. Above all, they wanted a system that would provide more choice and options to engineers and maintenance staff.*

Our team was brought in to design, build and implement a new elevator monitoring system that leveraged IoT technology and real-time data to help ThyssenKrupp achieve its strategic maintenance objectives. The technology was integrated with ThyssenKrupp's elevator sensors, using data insight and business rules to generate maintenance alerts and recommendations for supervisors and site technicians. The system is augmented by feedback each time an engineer is on site, allowing it to become more accurate over time.

The solution took only eight weeks to implement, resulting in significant improvements for ThyssenKrupp, including reduced downtime, more accurate cost forecasting, better resource planning and maintenance scheduling. Most importantly, ThyssenKrupp was able to deliver more competitive products and services to its customers resulting in a strong competitive advantage.

Euromoney *is an international publishing, events and electronic information group, delivering business information to the finance, law, energy and transport sectors. They wanted to update their legacy marketing and communications platform, which was increasingly starting to struggle in the digital age. As a result marketing campaigns required a lot of manual, labour intensive processes and lacked agility.*

CGI worked in partnership with Euromoney to help them transform the digital customer experience and improve their ability to exploit all available customer data to drive intelligent marketing communications.

CGI met with the senior management team of Euromoney at the very beginning of the programme and tried to understand their business requirements and objectives. This was followed by a series of workshops with the Euromoney team, which were aimed at raising awareness about the project and identifying the next steps.

The next stage involved implementing Adobe Marketing Management and integrating it into the new content management system (CMS) of Euromoney. The new system allowed editors to track how editorial content is consumed by the readers and deliver a highly personalised customer experience.

The programme enabled Euromoney to achieve a holistic customer view, and measure and report on customer trends and engagement, which helped improve their business value proposition.

Gianni Giacomelli, Chief Marketing Officer & SVP of Product Innovation

GENPACT
GENERATING IMPACT℠

Lean Digital: A practical, digital approach that transforms your business

Digital changes the fundamentals of competition in many industries, from manufacturing to financial services. However, today's challenge is not digital technology; it is the enterprises' ability to reimagine how businesses run – at scale – by harnessing digital's power to adapt and compete.

It is imperative that organisations don't digitise the wrong processes, and construct their recursive action-data-insight-action flows so that their business can adapt over time. A practical Lean DigitalSM approach can not only productively harness digital technologies such as Systems of Engagement (SoE)™ and analytics, it can also help construct advanced organisational models and leverage them to deliver enterprise-wide impact. The resulting intelligent operations constitute a more rapidly attainable, yet scalable and cost effective business process platform, built to adapt.

There are challenges, however. The surge of digital transformation will also result in misguided efforts.

> In fact, our research indicates that if the right strategies aren't adopted, nearly US$400 billion per year could end up in initiatives that return inadequate ROI.

What's more, these mistakes could provoke strategically dangerous delays in adopting digital business and operating models, which could result in significant missed opportunities.

The digital ROI challenge

Technology represents 40 per cent of the entire capital equipment investment of mature economies, such as that of the US, yet much analysis has been done over the years suggesting that many enterprises struggle in deriving full benefit from new technologies. That state of affairs is no longer an option. Technology is profoundly reshaping the way business is done. It is crucial to avoid the pitfalls that can come with swift technological developments.

Yet as was the case with previous technology waves, measurement of returns on digital initiatives is a work in progress. At best only half of organisations build robust business cases, and the lack of clear quantification of impact is a significant source of frustration for many in top management. All the more reason to try to apprehend the scale of the issue and devise solutions to govern investments effectively.

On average only 33 per cent of significant IT projects have been fully successful since the year 2000. Worse, that figure falls below 20 per cent for projects larger than US$3 million. There is no reason to believe that digital projects will fare better—especially given their newness, not to mention the relative lack of established methods, frameworks, benchmarks and resources to implement them.

A rough estimate suggests that all current digital efforts worldwide cost about US$593 billion yearly. That means up to US$394 billion – a staggering number — is now being spent on efforts that deliver insufficient ROI. While this is an approximation, it is close enough to give CEOs pause — and the figure doesn't even include the opportunity cost of business benefits that will not accrue to enterprises because of those less-than-effective efforts. These are unacceptable numbers.

The current challenge has several root causes. For one thing, many established companies aren't able to align initiatives to deliver measurable impact. As well, some are slow to embrace digital for the value chain beyond the front office. For other firms, the complexity of legacy technology, processes – and sometime people – seems insurmountable.

Yet solutions exist. Our experience indicates that a combination of classic and cutting-edge methods – specifically Lean principles, advanced digital technologies and a discovery process that involves design thinking – is powerful, practical and may prove effective for large enterprises.

The key to combining lean and digital is (a) maximising customer value while (b) minimising, not eliminating, waste. Both are particularly useful for large enterprises. Customer value can illuminate the true north often lost in the maze of organisational layers, whose Byzantine complexity and resulting idiosyncratic end-to-end processes are too often translated into code that is both overly complex and hard to evolve. As well, seeking the minimisation of waste provides a practical lens to reduce the displacement of existing legacy processes and systems.

This approach can help companies do what the Lean startup movement has done for fast-growing challengers: harness digital's revolutionary power in an agile way. It will also help prevent the digitisation of broken processes, can simplify interventions and can discourage the bias towards small, tactical improvements that some Lean management practitioners have. Perhaps most important, these methods harness digital's power to completely reimagine the middle and back office, thus unlocking disproportionate client value.

Digital-native enterprises built on these principles run at unprecedented levels of efficiency and effectiveness. The best digital, retail-lending institutions have efficiency ratios ranging between 20 and 35 per cent, compared to 55-60 per cent of the top banks. Their cost of origination, for instance, is often 70 per cent lower or more compared to their traditional competitors, ranging from 60 per cent lower in the front end, to 80 per cent lower for middle and back office functions. The cost-per-client follows a similar pattern. Emerging market disruptors like China's WeBank exhibit even more polarised economics, something an entity such as Facebook can also demonstrate. While reimagining operational processes and doing away with many of the constraints of traditional players' legacy, they can also build a clean set of data structures that can help reconcile data between CFOs and chief risk officers, thereby enabling a less cumbersome fulfilment of regulatory duties.

Ultimately, the emergence of Lean Digital practices can help many generate material impact through the latest technology, faster.

WINNERS AWARDED IN 26 CATEGORIES FOR 4TH EDITION OF CEE SSO AWARDS 2016

Most Dynamically Developing City – Poland: **Gdańsk/Gdynia**

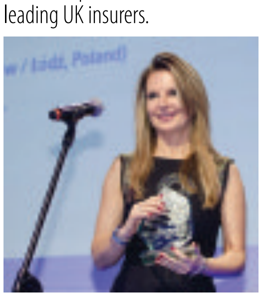
12 Major new projects: Alexander Mann Solutions- RPO | APL Poland – SSC Logistics | Avaus Marketing – IT | Ciklum – IT | PKO – SSC | Staples – IT/CS/Logistics/SSC | State Street – SSC (F&A- inv.banking)

Best Employer of the Year – BPO: **CPL Integrated Services – Hungary**

In 2011 CPLIS developed a strong partnership with HP Hungary to provide service desk and end user support to HP's multinational customers. Operating with 750 employees, in 2015 we have paid out over 1M EURO in key benefits which is a 20% increase compared to last year.

BPO Firm of the Year – Poland: **Capita Polska**

Starting with only 12 employees, Kraków Business Centre quickly developed, becoming a strong player in the Polish BPO sector with a team of over 570 professionals. Capita Investor Relations is a premium consultancy Assets Service offered to London City Clients. Capita Pet Insurance is a service delivered to leading UK insurers.



Business Centre Manager of the Year – Shared Services: **Terri Gerosa, Citi Service Center Poland**

Since Terri joined in 2013 the site grew from 2000 to over 4000 employees. This center provides services for over 90 countries within more than 50 different business lines.

New-entrant SSC of the Year: **NASDAQ, Vilnius**

At the end of 2014, Nasdaq decided to leverage existing assets by establishing a new Technology and Business Support Competence Center in Vilnius. NVS runs a range of business critical operations supporting external and internal clients of the Nasdaq group in EMEA, Americas and Asia Pacific.

Shared Services Firm of the Year – CEE: **BT Regional Operations Centre (Budapest)**

BT ROC provides services to internal BT business units and directly support customers globally. Activities performed in the SSC are back office activities (finance ssc, HR support, cash collections, business admin.) We are one of the most complex shared services in Hungary with 6 key functions and 11 small / mid-size teams in 2 locations. More than 1700 employees.

More than 300 top execs from 129 companies and 23 countries celebrated this year's top winners at the 4th annual **CEE Shared Services and Outsourcing Awards** on 4 February 2016 in Warsaw - with more than 50 being international firms from western Europe, Scandinavia, United States, United Kingdom, east Asia and India - interested in setting up, expanding, or fine-tuning their business services centres in central Europe.

The annual CEE SSO Awards Gala is dedicated to recognizing excellence in the sector for the Central and Eastern European region.

Central and Eastern Europe (CEE) is well-established as a world-class destination for Shared Services centres and BPO investment. With Poland the strongest location in the region, other countries such as the Baltics, Czech Republic and Romania are important investment destinations. Global outsourcing firms, business services projects and sector professionals were presented with awards of acknowledgment - by an independent jury from the industry - for their contribution to the development of the business services sector in CEE for 2015.

The Awards Gala was preceded by a half-day Forum of discussion panels covering the shared services and outsourcing sector, led by investors such as State Street, Goldman Sachs, CH2M, and Cisco.

All Things Data

Loretta Pugh, Senior Associate (pictured)
Emma Burnett, Partner

International data flows and the new EU-US Privacy Shield

Moving data around the globe is a major component of many modern businesses, especially in outsourcing as emerging technologies (such as cloud computing) and markets make moving data offshore more attractive to customers and service providers. This article discusses international data flows in the context of the erosion of the Safe Harbour protection for transfers of personal data to the US and its proposed successor, the “Privacy Shield”, and looks at the alternatives that may be available as customers and service providers alike look to transfer data safely, securely, and at a level of manageable risk.

The transfer restriction

EU data protection legislation provides that personal data should not be transferred to a country outside the European Economic Area (EEA) unless there is an “adequate level of protection” or an exemption applies.

The onus to comply with this rests on the “data controller”, being the person who determines the “purposes for which and the manner in which any personal data are, or are to be, processed”. In an outsourcing context, this will invariably cover the customer, with the service provider usually being a “data processor”, merely processing data on behalf of the customer. However, the data controller is still responsible for the processing of personal data by its processors, including in relation to transfers outside the EEA.

Transfers to the United States

The “Safe Harbour” regime was recognised in a Decision of the European Commission, back in 2000, as providing an adequate level of protection for the purposes of data protection transfers to companies within the United States that had signed up to the Safe Harbour principles issued by the US Department of Commerce.

On 6 October 2015, the Court of Justice of the European Union (CJEU) held that the European Commission decision was invalid. The CJEU invalidated the decision for the following reasons:

- It only applied to self-certified US firms, not to the US public agencies that could access and process personal data in a way that was incompatible with the purposes for which it was transferred, and went beyond what was strictly necessary and proportionate to the protection of national security.
- EU data subjects had no administrative or judicial means of redress.

Ultimately, the level of protection available under the Safe Harbour regime was not “essentially equivalent” to that provided under EU data protection legislation.

Implications for data transfers to the US

With the invalidity of the Safe Harbour decision comes the reality that transfers of personal data to the US that relied on the Safe Harbour regime are unlawful. Furthermore, given the reasons behind the CJEU invalidating the Safe Harbour decision, doubts have been cast on the validity of alternative methods of transfer to the US – it is possible that their validity could be challenged as well.

Following intensive talks with the US government to find a new arrangement for transatlantic data transfers, the European Commission announced on 2 February 2016 that it had reached a “political agreement” with its US counterparts on a replacement framework, to be known as the “Privacy Shield”.

The announcement states that the Privacy Shield will:

- Provide for stronger monitoring of data processing by US companies and enforcement by the US Department of Commerce and Federal Trade Commission, including through increased cooperation with European Data Protection Authorities.

- Include commitments by the US that the access by public authorities for law enforcement and national security to personal data transferred under the new arrangement will be subject to clear conditions, limitations and oversight mechanisms – there will be no indiscriminate mass surveillance. A joint annual review of the arrangement, including the issue of national security access, will be conducted.

- Enable Europeans to refer complaints on possible access by national intelligence authorities to a dedicated new ombudsperson.

Implementation of the Privacy Shield is likely to take several months, during which period the Article 29 Working Party, the body of national EU data protection authorities, will assess the adequacy of the proposed framework. The European Commission must take into account, but is not bound by, the Working Party's recommendations. However, if the Working Party (which has highlighted it still has concerns) considers the Privacy Shield inadequate, national data protection authorities may reject transfers made pursuant to it and bring it before the CJEU.

The European Commission has stated that, for the time being at least, model clauses (being standard contractual clauses entered into by the importer and exporter of the data) and binding corporate rules (BCRs - being binding and enforceable rules for the transfer of personal data within a corporate group) can still be used to lawfully transfer personal data to the US. That view is not shared by all member states' data protection authorities, with some raising concerns that these alternative transfer tools do not provide adequate protection. However, the Working Party has also indicated that businesses can continue to rely on model clauses and BCRs until it has had time to scrutinise the Privacy Shield and data transfers to the US more generally.

The UK position

The UK data protection authority - the Information Commissioner's Office (ICO) - has taken a pragmatic stance, demonstrated most recently in its blog post responding to the Privacy Shield announcement. Its message to businesses has been:

- **Do not** panic or rush into alternative methods which may prove to be invalid also.
- **Do** – take stock – identify affected transfers, consider raising the possibility that the Privacy Shield may need to be considered with any US organisations to which such transfers are made, and plan alternatives for if no progress is made on the new Safe Harbour regime.

The ICO has also stated that, at the moment at least, it will not rush to use its enforcement powers, but it will investigate complaints from data subjects.

Looking ahead

Unless the EU and the US can implement and alleviate concerns surrounding the Privacy Shield, the outlook for EU-US transfers looks shaky. The other standard "methods" of transfer, such as the use of model clauses or BCRs, are potentially open to attack in the same way as the old Safe Harbour regime.

Ultimately if there is no agreement on the legal text and mechanisms underpinning the Privacy Shield, European data protection authorities may start enforcement action against data controllers that continue to rely solely on Safe Harbour for their transfers to the US. Affected companies should therefore consider their options immediately if they have not done so already.

For the time being, model clauses and for intra group transfers, BCRs, could be employed. However, data transfers on the basis of BCRs have to be authorised and this can take a long time - typically around 12 months for straightforward applications. In most cases model clauses will be the most suitable compliance approach. The European Commission has approved various sets of model clauses relating to transfers between two data controllers, or between a data controller and a data processor. In using the model clauses, a data controller should choose the correct set of clauses for their circumstances and provide the relevant information as set out in the chosen set of model clauses.

Reliance on one of the exemptions (for example data subject consent) is often difficult, especially in an outsourcing context (not least because, in relation to consent, it can be retracted), but may be viable in certain circumstances.

Self-assessment by the data controller as to whether the transfer ensures an adequate level of protection is a possibility in the UK although not replicated across Europe. An "adequate level of protection" is one that is "adequate in all the circumstances of the case", with particular consideration being given to certain specific criteria, including the nature of the personal data and any security measures taken. The assessment may indicate that the transfer does not give an adequate level of protection, and in any case, being a self-assessment, does not give the same degree of certainty as the transfer methods pre the 6 October CJEU decision. Up until now self-assessment has only really been used for ad-hoc, low risk transfers. However, if the Privacy Shield is not finalised and agreed, this may be an area more companies in the UK will consider exploring.

The current turmoil in relation to EU-US transfers is particularly acute for existing outsourcing arrangements where it is not necessarily easy or quick to change the fundamentals of the transfers already up and running. For future outsourcing arrangements (whether they be first or subsequent generation outsourcings) customers and suppliers alike should from the outset consider how they can deliver the outsourced services in an effective and cost efficient manner while still being compliant with the relevant legislation.

For some arrangements, this may involve on-shoring – bringing services back within the EEA where they have hitherto been provided outside the EEA. In addition, “privacy by design” should be encouraged, i.e. having an approach to the outsourcing project that promotes privacy and data protection compliance from the start. Enhanced encryption, anonymisation and pseudonymisation could be considered for reducing, and in some cases, eliminating, the risks around the transfers to, and processing by, third party service providers.

For the customer, exploring these ideas and evaluating them as part of the tender evaluation process will become increasingly important. For service providers, developing solutions that reduce the risks associated with the processing of personal data and assist the customer in its data privacy compliance obligations will become increasingly important and may give a competitive advantage relative to providers who are not so enlightened.

Jack Springman,
Head of Analytics,
UK Financial
Services Sector

Data has been likened to the oil of the digital economy. Unlike oil, which has to be purchased, virtually all the data a business needs is generated by its operations. So a better analogy is that data is digital exhaust and we are moving from the catalytic converter age to the turbocharger age. How effective an organisation’s data turbocharger is will determine its performance.

Automotive exhaust was originally collected and treated in catalytic converters to meet emission controls. Similarly data in organisations has traditionally been collected to meet regulatory requirements – financial reporting, compliance and so on. Catalytic converters were replaced by turbochargers which didn’t just ensure that regulatory requirements were met, they recycled exhaust emissions to improve performance. And turbocharging technology has developed to such a level that a small car can achieve 60 mpg driving across a town while emitting cleaner air than it takes in.

In the case of digital exhaust, the turbocharger age is just beginning. The organisations that succeed will be the ones that recycle data most effectively to reduce costs while providing a superior experience to customers (and other stakeholders), differentiating them from competitors and driving growth in revenues and investment returns.

Barry Shannon, Head of HR Business Development

CAPITA

Behind the buzz word: Practical HR analytics

HR analytics has the potential to transform the way businesses operate, as well as the HR functions responsible for informing the business through data. Whilst delving into analytics can appear overwhelming, and perhaps outside the comfort zone, it's small practical steps, not giant leaps that will move the agenda forward.

HR analytics doesn't have to be a huge intervention. Small projects with clear objectives, using accurate data, can pay huge dividends. In this article, we look at where HR analytics is heading in the future, how our clients are already using it, and how you can make a start on turning data into insight today.

The challenge

Capita's *Workforce Horizons* white paper reported that "The HR function is awash with data but is struggling to understand how to use it and how to get analytics initiatives off the ground." More than a third of HR professionals that participated cited a lack of analytics skills as the source of reluctance to venture into analytics, and 30 per cent identified an overabundance of data.

There are other barriers too when it comes to leveraging insight from HR data: "Part of HR's challenge is the fact that workforce planning, big data – and wider aspects of talent management – are still in their relative infancy as core business functions, so they are yet to be fully embraced by many corporate teams".

But, without brushing these concerns aside, there are plenty of opportunities for HR to make a start on analytics without the need for deep analytical skills in-house or an organisation-wide technological overhaul.

We see the future of analytics not as an overnight transformation to a business that is suddenly completely led by data, but as an ongoing and continuously evolving scheme of manageable projects where HR works in partnership with the wider business and external providers of solutions and market data.

The opportunity

Whilst technology is providing access to ever-growing amounts of real-time data, it's HR and their internal and external support teams that will turn it into insight that is of strategic value to business.

According to Capita's *Workforce Horizons* research, 38 per cent of HR professionals see the value of big data for analysing

performance management factors such as employee attrition and loyalty. This is already apparent in the work we do with clients who are increasingly looking for data-led solutions rather than traditional, advisory style consultancy.
For example; using an analytics-led approach, we worked with a national retail chain to help them find efficiencies through people. We helped to identify £2.5m per annum of benefit savings for the business, as well as employee savings of between £500 and £2,200 per employee per annum.

We did this by working with the client to gather and analyse the demographics and benefits data for the company's 300,000 employees and comparing providers for each of the benefits. The savings are at no detriment to employees who will receive no changes to the benefits or pensions they receive.

For another client we used our data analytics to help them reposition their employee value proposition, and to make cost savings whilst offering improved benefits. Using market research and demographic information we built a picture of the types of benefits that would be most appealing and relevant to their various employee populations. We worked this into a model for providing flexible benefits in a cost-effective manner.

By providing flexible benefits, the company is demonstrating its understanding of the varied needs of its workforce, and is building its brand with a diverse population at different stages of their professional lives. By being smart about providing certain benefits to certain groups, and allowing employees more choice about their benefits, there was also a net saving to the company of £112,000. By using demographic data and market research data, we could make reliable recommendations to the client even when asking them to offer benefits they had previously not considered.

People as well as technology

Technology and advancements in analytics made these project results possible, but the real value is added by the people who translate the insight into tangible ROI. Where analytics will be successful in future is where people translate big data into actionable insights that deliver real business benefits.

Based on client engagements here are some key points to remember:

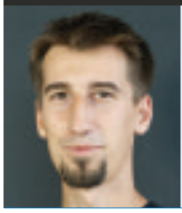
Stay focused on objectives: Don't start too big, nor with all your organisation's data. Start with a clear objective in mind like: "I want to identify cost savings in our benefits scheme" or "I want to identify the critical skills gaps in our organisation", and stay focused on that outcome or else you risk being overwhelmed by reams of historical data.

Translate insight to ROI: Think about your audience from the boardroom to line managers, and define the output they are looking for. Rather than presenting them with information on absence trends for example, calculate the opportunity cost, the potential increase in revenue if absence were reduced to market average levels. Make sure outcomes are measurable, preferably in financial terms.

Make sure your insight speaks to non-HR people: If HR is to truly get a seat at the top table, it needs to be able to demonstrate how it can influence the bottom line through its people-based interventions. As well as actually delivering business benefits, it needs to be articulated in the language of the leadership team through metrics and rationale that is meaningful to them.

The bigger picture: Internal data such as payroll can be used to provide an organisation-wide view but increasingly clients want to compare their organisation to industry, market, or best-in-class norms; so do consider other sources of data. Technology platforms have the potential to make huge time savings and a degree of external expertise – along with an external perspective – can speed up the journey towards becoming a data-led HR function.

Insight derived from workforce data will be increasingly available and key to strategic decision making. As we have seen from the examples, effective HR analytics is more than a buzz word or "something that HR should be doing". Effective HR analytics reduces costs to the business, reduces risk, improves effectiveness and helps the business articulate its brand.
By providing well informed data-led recommendations and insight that delivers real business benefits, HR also has the opportunity to elevate its internal positioning as a function that adds strategic value.



Nazar Tymoshyk, Security Consultant Lead

softserve

Ethical hacking in action

With the widespread use of cloud computing, SaaS and smart devices, coupled with the associated growth in mobility, enterprises and organisations of all scales are inherently more vulnerable than ever to external and internal attacks on their information systems. Those seeking to do harm for profit, social justice or sport can create a security breach resulting in the loss, modification or destruction of confidential and mission critical data - stolen from an organisation in seconds and often undiscovered until days, weeks or months later.
It's more important than ever for companies to secure their information resources, protecting stakeholders from financial and privacy losses, as well as preserving constituent confidence.

To thwart cyber-attacks and secure data from those wishing to do harm, modern IT organisations require a robust security solution that includes continuous testing for the potential for security breaches. An organisation's preparedness and responsiveness directly affects the scope of an attack and the volume of data at risk.

Anatomy of malicious attacks

Black-hat hackers have long found creative ways to attack information systems - new vulnerabilities and attacking techniques are identified daily. Hackers undertake a number of different activities to exploit weaknesses in network infrastructures, web applications and physical security. They write and seed malware, and implement sophisticated campaigns to trick employees into exposing systems to an attack in the following ways:

- Find hosts with vulnerable services to exploit
- Locate vulnerabilities on a company's website and exploit them to access sensitive data
- Write and install malware on network resources and computing devices
- Hack security systems, gaining access to secure physical environments
- Trick employees through communications into unwittingly performing malicious activities

Attacking methods are continuously renewed and improved, forcing companies to implement new preventive measures and revisit security preparedness on an ongoing basis. This never-ending process is costly and consumes valuable human resources.

The need for ethical hacking

There's a saying in law enforcement: to prevent a crime, you should think like a criminal. The principle of that saying is equally true in the field of information security.

White-hat ethical hackers are data and security specialists with experience in network examination, penetration testing and other analysis, who are employed by companies to identify security vulnerabilities for the purpose of improving data security.

Ethical hackers dive deep into a network to identify vulnerabilities, thinking with the mindset of a black-hat hacker who would attack a network to do harm.
Ethical hackers work with a high degree of professional morals and principles, void of hidden agendas. They respect privacy, meaning all information they obtain during testing are kept private, nor do they crash a system or do any harm.

White-hat, ethical hackers conduct a variety of penetration tests to simulate an attack. They:

- Identify vulnerable machines
- Discover company website vulnerabilities potentially used by black-hat hackers to compromise the system
- Reverse-engineer malware to identify patterns that can be used later to detect new threats and attacks
- Assess physical security systems
- Verify employees adhere to security policies

Ethical hacking is proven to identify vulnerabilities otherwise unknown by scanners and automated security measures, and is growing in recognition as a critical component of every IT ecosystem.

Conclusions

The widespread adoption of cloud computing, SaaS and personal smart devices have left organisations of all kinds increasingly vulnerable to external and internal attacks on their information systems. More is publicly known about corporate structures, processes and technical configurations than ever before, leaving organisations vulnerable to attack from those seeking to do harm.
Security isn't a one-time event or single threaded process. Securing an IT infrastructure and the data it supports requires a comprehensive security solution to include endpoint security, threat protection, platform security, auditing and active monitoring.

It's increasingly clear the security market will continue to grow and companies will employ more resources to protect their data investments. While security tools and code scans will always have a role in data security, there's a growing need to implement a broader area of testing for vulnerabilities than automated testing is capable of addressing, raising the need for ethical hacking.

Given the growing threat of black-hat attacks, ethical hacking is a critical component of every IT ecosystem.

Case study

An example of ethical hacking in action

After having experienced a security incident, ***Shell Retail Ukraine****, an operating company within Shell Oil Company's group of approximately 94,000 employees worldwide, initiated a penetration testing audit with SoftServe to evaluate their current level of IT security.*

Led by a team of SoftServe certified ethical hackers, SoftServe was asked to develop a plan, and perform internal and external penetration testing and IT-security assessments, as well as evaluate the potential for social engineering attacks.

Working in close collaboration with Shell Retail Ukraine's CIO, and providing regular updates and recommendations, SoftServe's security experts employed the most advanced OWASP guidelines and standards during penetration testing to perform their analysis: OWASP Top-10 Web Application Risks and OWASP Risk rating methodology.

Based on black-box penetration testing, the ethical hacking team established a ten stage process to assess the security of Shell Retail Ukraine's network. This process ranged from activities such as target discovery and segregation, to vulnerability identification and analysis, as well as penetration exploitation and mitigation strategies.

Penetration testing included a comprehensive suite of security testing:

- *Petrol station equipment and employees*
- *Employee security and security awareness*
- *Internal IT infrastructure*
- *Third-party resources and providers*
- *External network perimeter*
- *Public web applications*

Working under a tight deadline, the ethical hacking team detected a range of OWASP top 10 defects and provided pointed recommendations regarding the security of web applications, infrastructure and publicly accessible services. SoftServe's security experts defined the most effective approach to eliminate identified vulnerabilities, improve key controls on external and internal infrastructures, educate employees about security risks, and reinforce the importance of following updated corporate security policies.

This white-hat, ethical hacking uncovered a number of vulnerabilities with a great likelihood of compromising sensitive data. These vulnerabilities were easily exploitable and posed a significant security risk. SoftServe's security assessment helped Shell Retail Ukraine prevent the threat of significant financial losses.

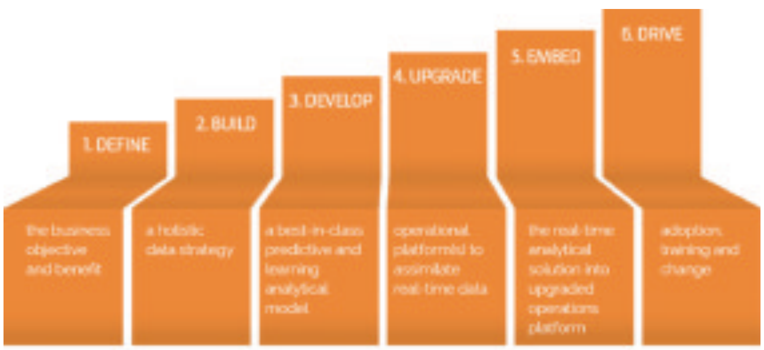
Rohit Kapoor, CEO

EXL look deeper.[sm]

Six steps to embedding real-time analytics into your business operations

EXL firmly believes that embedding real-time analytics into a business process is crucial to driving the next wave of business growth irrespective of industry or function.

Embedding real-time analytics into a decision process is a complex undertaking demanding a thoughtful approach. We believe that a viable approach for this transformation involves six steps:



Step 1: Clearly define the business objective and benefit

Start by determining the business value to be generated. Business-unit managers, technology teams and frontline operational managers will not only need to jointly define the business problem and the value of the analytics, but will also have to agree to an ongoing governance framework. This framework is critical to ensure that the teams do not lose the sight of the business goal as they progress through this journey. For example, fraud has been a key area of advancement in analytics with many products in the market. In the past, reducing “fraud losses” and “operational cost” was the key objective, but we have seen many of our banking clients increasingly redesign the objective of fraud control to “maximising customer satisfaction.”

This is because through analytics, they saw that experiences with fraud services drove key customer metrics like renewals, churn and cross-sell. Analysis has shown us that fraud control experiences, like transaction declines during travel, authorisation phone calls and actual fraud on their cards can drive people to either disengage or increase loyalty.

Step 2: In accordance with the business goal, build an internal and external data strategy, keeping in-mind the challenges in integrating it with existing technology infrastructure

A brave new world of insight awaits and the path runs through the exponentially growing volumes of unstructured and semi-structured data, especially from new sources such as automobiles, sensors, CCTVs and social media. Increasingly, analytics teams are required to be more than model and algorithm “builders”. Analytics professionals also need to be “data architects” and “business consultants” who quickly assess data from inside and outside the organisation.

One of teams analysed internal, cross-silo client data to learn that fraudsters use similar approaches across geographies and to ascertain where fraud patterns originate. Sharing data across geographies was critical to addressing this threat. When it comes to external data, companies need to continuously scan the ecosystem for technologies and partners to take full advantage of new types of real-time data. Once identified, companies need to define how they integrate that external data into their internal systems. This involves building a comprehensive "data matching" solution and enabling your data infrastructure to connect and integrate big data.

Step 3: Develop a best-in-class predictive and learning analytical model/algorithm that utilises a combination of real-time and historical customer data

This is one of the better-understood parts of the journey, but two points are critical for success:

1. Collaboration between analytics professionals who build models and the operational decision-makers who use them: combining a "black box" data-modeling process and a "smart box" filled with the knowledge of experienced practitioners. For example, experienced claims adjusters have an intuitive sense for which injuries have the highest probability of escalation, but a hypothesis based on judgment still must be validated. Internal data from claims histories will not reveal (for example) that an employee's relations with the management were poor or that a long commute can influence how long a claimant stays off work. On the other hand, data such as a claimant's performance ratings and geo-spatial GPS data can provide additional insight to validate a hypothesis.

2. The need to build a learning analytical model/algorithm is crucial, and there must be a data feedback mechanism that lets the model adjust its future prediction/recommendation based on the actual outcome of the event. Back to the fraud example, it is critical that the mathematical model learn from its false alerts to minimise customer dissatisfaction.

Step 4: Upgrade your operations platform(s) to assimilate real-time data that the analytical model will use as input

"Deploy" cannot be taken lightly. Often technology transformation is required. Today, most technology infrastructure is built for batch, not real-time processing. Typically, data resides in multiple platforms that might or might not be within the purview of the enterprise IT team. Those that are will include a mix of transactional, analytical and decision data platforms. The answer is a unified data management platform that can handle high volume, high speed and high variety of data. Solutions like SAP Hana allow operations platforms to also seamlessly act as decision-support platforms by allowing embedded real-time analytics. Another big challenge is integrating real-time video and audio streaming data. Open source technologies like Apache Kafka and Storm are considered the future for stream processing.

Step 5: Embed the real-time analytical solution into the upgraded operational platform

Once we have the technology in place, the goal is to design new embedded decision-support tools that are simple, user-friendly and can be inserted in the workflow. The recent explosion in data visualisation tools makes this easier and improves productivity. A commercial and specialty lines insurer tested three ways to display information — numerical scores, letter grades and coloured flags — to see which led to the highest adoption and most accurate results. Such diligence can determine whether a frontline operations employee uses an analytical model or ignores it.

Another important element is to introduce the analytical tools at the right stage in the workflow. Claims adjusters, underwriters and call-center representatives will only incorporate analytics into their decisions if it addresses the issues in ways that make sense and are easy to use. In our experience of embedding real-time analytics into claims platforms at the "first notice of loss" (FNOL) stage, a driver of strong adoption was our provision of a dynamic list of questions for claims adjusters to ask in their calls with claimants. The questions changed based on answers given, helped structure the engagement and improved customer satisfaction.

The last major issue in integration is to finalise the appropriate level of automation. A high-volume, low-value decision process lends itself to automation. For example, a centralised underwriting group that once manually reviewed thousands of insurance-policy applications, needed only to review one per cent of them after adopting a robust analytical rules engine. At the other end of the spectrum, automation can never replace the expertise and judgment of managers handling multimillion-dollar commercial accounts.

Step 6: Drive adoption, training and change management

Success means employees acceptance, trust, understanding and consistent use. Managing the adoption phase is critical to achieving the intended impact of embedded real-time analytics. All the right steps can be made to this point, but if frontline decision makers do not use analytics as intended, the value to the business evaporates.


NOA -
driving
excellence in
outsourcing

The New Outsourcing Ecosystem

Boris Kontsevoi, President & Founder (pictured)
Diana Kontsevaia, Content Marketing Director

intetics
The Remote In-Sourcing® Company

Outsourcing in the midmarket

Outsourcing in the midmarket drastically differs from big companies and megadeals because of unique concerns of midmarket organisations. Here is why midmarket outsourcing is different and how midmarket organisations can assure their outsourcing success.

Midmarket vs big enterprises

Midmarket companies share one common characteristic: their main dilemma is providing the best product or service, while making realistic tradeoffs and negotiating budgets. The simple answer to why midmarket companies started to outsource is because they find it increasingly difficult to deliver enterprise level services relying solely on their in-house IT departments. In fact, over 70 per cent of midmarket executives find it hard for their IT departments to deliver enterprise-level services using purely their own resources. The midmarket cost and resource constraints are more stringent than big organisations.

Although big enterprises have bigger budgets, midmarket companies are better poised to reap the benefits of outsourcing. Across the board, midmarket executives report better outsourcing effectiveness than big enterprises. In fact, about 20 per cent more midmarket than big executives report they were effective at reducing operating costs, gaining access to new talent, meeting regulatory requirements, and making their global operations more effective with outsourcing.

“ In fact, about 20 per cent more midmarket than big executives report they were effective at reducing operating costs, gaining access to new talent, meeting regulatory requirements, and making their global operations more effective with outsourcing.”

Digging deeper it is possible to identify three main reasons why midmarket companies choose to outsource. Big enterprises tend to outsource to reduce operating costs, standardise processes and make operations at a global level more effective. In contrast, midmarket organisations outsource to gain access to talent, new technology and mature offerings.

Access to talent

The first reason for outsourcing in the midmarket is access to talent. A recent Ernst & Young study identified that 31 per cent of executives say that lack of personnel lead to loss of turnover. Finding the right talent is in the top three biggest challenges for the midmarket regardless of country. The situation is most difficult in Germany, where 16 per cent of executives report difficulty recruiting talent. Entering into an outsourcing relationship alleviates the issue of finding and training the right talent internally.

Access to new technology

The second biggest reason for outsourcing in the midmarket is access to new technology. With the ever-changing landscape of technology, midmarket companies must remain competitive, while also balancing their budgets effectively. Unlike global giants, midmarket budgets are much more sensitive and their investments have to bring a faster return. As a result, training a whole department to become big data analysts might not be a tactic that allows future survival. Instead, some companies opt to outsource, relying on the expertise elsewhere to gain access to latest technology. At this time the most pressing technology issues for midmarket companies is cloud computing, data security, big data, data mining and analysis, consumerisation, mobile integration, internet of things (IoT) and robotic automation. While these technologies are priorities for companies of all sizes, the midmarket is caught in trying to keep a peculiar balance between cost, service delivery and innovation.

Access to mature solutions

The third reason is maturity of the outsourcing market. Outsourcing is now a viable strategic choice for the midmarket, because there are now providers with mature offerings able to deliver existing solutions and long term partnerships. The search for proven and mature offerings is also the key difference between midmarket and big enterprises' motivations for outsourcing. While big enterprises outsource for cost reduction, midmarket organisations seek ready-made solutions to achieve quicker effectiveness.

How much does the midmarket outsource?

Prior to 2008, only 25-30 per cent of midmarket organisations outsourced, though the number has been increasing in recent years. The general value of the outsourced contracts are projects between $10 and $25 million. Despite the growing number, only about six per cent of midmarket organisations outsource more than 30 per cent of their operations. The average midmarket organisation in the UK currently has nine or more outsourcing contracts. But many specifically UK organisations are planning on re-shoring their operations over the next three years, especially companies in BPO, client-facing, and finance and insurance industries.

Who are the midmarket providers?

In general, the smaller the company, the less their systems come from multinational providers. This is especially true for companies in the UK. However, provider size is not the chief concern for midmarket companies. The majority of midmarket outsourcers simply look for providers that have relevant experience, regardless of their size. There is also a bit of discrepancy between what consumers say they want out of outsourcing and what they actually look for in providers. For example, in a study conducted by Intetics, while the majority of buyers said they look for cost reduction in an ideal relationship with a provider, only half claimed that to be a reason for actually outsourcing in the past 12 months. Indeed, the majority of respondents replied that access to talent and expertise was the main benefit they received from outsourcing. They also emphasised ability to innovate as a key part of an outsourcing relationship – something that was actually underrated by providers. Midmarket buyers are likely to look for providers with matching experience and business models that guarantee talent and innovation, rather than just cost reduction.

Best practices for midmarket buyers

The fact that midmarket organisations can derive better results and benefits from outsourcing does not mean that every outsourcing venture is a successful one. Unfortunately, 40 per cent of companies report that outsourcing was worse than expected, which means that comprehensive best practices and training need to be conducted for the midmarket to fully embrace outsourcing. Many midmarket organisations are only just learning how to outsource and are now experiencing the same issues as the early big enterprise outsourcers. The top midmarket issues with outsourcing are:

- Not planning for change management and governance
- Unclear expectations of supplier and service – most evident in inexperience of drafting up effective service level agreements (SLAs).

Case study

*When the issue of governance and clear expectations are addressed, outsourcing does become quite an effective strategy. This is evident in companies like **Conversity**, a midmarket company that currently outsources parts of its operations. Conversity helps its clients create advocates for brands through personal customer engagement. Their new software-as-a-service (SaaS) platform is a scalable solution that enriches the relevance and value of customer engagements. In 2015 the platform won a grant from the UK government's Technology Strategy Board (TSB).*

Conversity's outsourcing story began almost when the company itself began. In 2005, Conversity, then CInergy International, began developing their first call centre application. Since they were a new company (founded in 2003), they looked for an outsourcing partner with the right technology expertise.

They took great care to select their provider, asking for recommendations, examining the provider's ability to deliver on time and their domain expertise. Intetics was recommended as a result of this selection process. The first steps of cooperation included understanding Conversity's requirements and writing an SLA that reflected deliverables. Conversity also designated a dedicated project manager whose role was to manage the outsourcing activity. The outsourced team was small at first, to test the provider and make sure requirements were satisfied. Eventually, as trust and the platform grew, so did the number of people working on the project. Today, Conversity has a remote team of twenty full time developers, who function as a part of their in-house team. Since the team is distributed, one part in the UK and another part in Eastern Europe, constant communication is crucial to ensure business goals are being met.

Three main outsourcing practices for the midmarket

Drawing on the lessons learned by Conversity, there are several crucial "dos" and "don'ts" that midmarket outsourcing buyers should consider to secure success. The first is to select the provider very carefully. The provider should be a company with mature offerings, provide access to the required talent and offer guarantees as to the quality of the product.

The provider should be able to understand the buyer's goals and offer a fair price for their services. Note that the lowest-cost provider is not always the best fit for every solution (and might cost you more in the long-term).

The second major thing to understand is that outsourcing is a continuous process that needs to be managed. Assigning at least one person to manage the new outsourcing provider is essential. This person, along with the project manager on the provider's side, will help make sure that the end result is what was expected. Communicating throughout the process is critical to avoid unexpected results.

Finally, the provider should draft an SLA that relies on real metrics and avoids vague definitions, especially for things such as "quality" and "deadline". These terms need to be strictly defined: what is due, when, and in what condition? Otherwise, there might be a nasty surprise at the end of the outsourcing project.

By selecting the right provider, ensuring continuous communication and writing SLAs that quantify deliverables, executives can avoid the two biggest issues midmarket companies report in outsourcing: governance and deliverables. As a result, outsourcing can become a strategy that allows midmarket companies to access new technology, while maintaining growth and budget goals.

Questions to ask a potential provider

What kind of provider are they?
Do they commit to SLAs? What systems will they use to achieve your goals? Will they provide the right amount of service despite your size?

How engaged is the provider with your project?
Does your remote team show initiative to solve your business problems? When can you meet them and how long will they be on your team? Are you confident that this provider will help you overcome your technology challenges?

What's their delivery capability?
Can they manage a hybrid model and utilise all resources – in-house and remote? Do they have a broad portfolio of services to help reduce number of contracts to manage? Can they work

with other partners? Do they have the experience working with the technologies you need help with? Is the contract flexible to help you manage changes such as rapid ramp up or down?

What are their resources?
Do they have access to the sort of infrastructure your require now and in the future? Who are their partners and are they acceptable to your organiation?

Can they demonstrate delivering best-in-class IT?

Dos and don’ts

Do:
- Select provider carefully
- Set up a management process for the provider
- Find a provider that understands your strategic visions along with your technical issues
- Keep communicating
- Write SLAs backed by real numbers with precise definitions

Don't:
- Assume you’ll face no more challenges once the new team is created
- Assume lowest cost means best firm for the job
- Settle for lower quality

Remon Fahim, Commercial Consultant, Serco Europe / Individual NOA member

10 top tips to achieve a successful joint venture partnership

More and more outsourcing providers are entering into joint ventures, with many even “sleeping with the enemy”. What is driving this trend and what are the key motivators?

Since the financial crises of 2008-09, companies have developed a lower appetite for risk, as cash flows and margins are squeezed. With pressure from investors, customers and competitors, companies must find new ways of maintaining a competitive advantage, defend and grow market share.

Many are turning to joint ventures. Joint ventures are increasingly being used as a way to access markets in the same industry, new markets in foreign countries, and a method of reducing costs and sharing risk. They are also being used as a channel to access resources (human and capital).

Joint ventures no longer have to be about short term projects to achieve strategic goals. Rather we are seeing them develop into longer term strategic alliances and partnerships.

But what are the risks? If there are no clear agreements and commitment to objectives during the negotiation stage, issues will arise during operations. Matters such as: performance evaluation, management control, or how to deal with subsequent changes to the formal structure may cause disputes.

Below are 10 top tips to ensure your organisation gains the most from your joint venture partnership:

Tip 1: Correct partner selection
Seeking a partner is one of the most difficult parts of a joint venture, especially if there is no pre-existing relationship. Things to look out for include: location of partner, previous work, supplier network, make-up of senior leadership, commitment to partner contribution and even CSR policy. Evaluate existing relationships first before seeking new partners and making a decision.

“A very good example of good partner selection is the Renault-Nissan alliance, which initially began in 1999 as a joint venture but has developed into a strong, long term, strategic partnership lasting more than 15 years.”

Tip 2: Align strategic objectives and be explicit
It is vital for partners to align their strategic goals and objectives, and manage expectations of outcomes. Not doing so will result in the joint venture failing to successfully execute as partners pursue different goals. Be explicit!

“In 2007, The Swatch Group and Tiffany &Co. entered into a joint venture where Swatch agreed to produce watches under the Tiffany Brand. However, in 2011 Swatch cancelled the cooperation and later successfully sued Tiffany in an arbitration court. It later emerged that there was a misalignment of strategic objectives. Tiffany & Co was under the understanding that The Swatch Group would act as an ‘original equipment manufacturer’ who will produce based on their own specifications whereas The Swatch Group was under the understanding they were acting as ‘original design manufacturer’ who will produce based on Tiffany’s specifications.”

Tip 3: Seek appropriate legal counsel and due diligence
In the rush to begin operations or for fear of annoying the partners, due diligence is one aspect not often undertaken

enough during the negotiations stage. Failure to conduct correct due diligence early or seeking guidance from your legal counsel can result in unknown partner, commercial, financial or operational issues creeping later. Look out for internal and external factors such as: language and culture, politics, organisational structure, technology, legal, finance and commercial.

Tip 4: Do not rush!

Once a decision is made to enter into a joint venture and a partner is selected, there is often a rush to get things started. This might result from a need to respond to a competitor threat, pressure from stakeholders, or individual motivations, such as managers wanting to close deals to secure a bonus. Such rushed agreements overlook key aspects of the deal and result in poor due diligence and governance.

"In 2007, the National Audit Office (NAO) published a report which criticised the Department of Health for brokering a deal between the NHS Information Centre and Dr Foster, a commercial partner. The NAO found that, in a rush to set up the joint venture, Treasury guidelines on joint ventures had not been followed. A competitive tender process was not followed and the Public Accounts Committee estimates the Department of Health had overpaid between half and a third higher than their external advisors valuation for their 50 per cent share."

Tip 5: Managing change

Ensure there is a process to deal with ongoing issues and change. If there is a change in the macro environment, which impact the joint venture's ability to realise its strategic aim, the partnership must be prepared to change tactics. Ensure there are escalation channels and processes in place. Regular reviews by the senior management of both parties are essential.

Tip 6: Avoid early consumption of resources

Joint ventures have been known to consume too much resource (whether human or capital) too early in the partnership, which have led to working capital issues later down the line. Prudent financial planning will prevent early consumption of capital.

Tip 7: Leadership continuity

Senior managers are very visible and involved during the negotiation and start-up phase of the partnership. These are the people with the best insight into the deal dynamics. However, they tend to quickly disappear when "business as usual" kicks in. Ensure there is sufficient knowledge transfer and appropriate management in place during the course of the partnership as many rubrics will be informal and unwritten.

Tip 8: Attitude to trust and conflict resolution

Every joint venture will experience challenges at some point of their relationship, whether it is conflict between partners, or not realising the economic benefits of the joint venture due to other uncontrollable factors. If firms understand and accept this from the onset, they will establish the necessary processes and controls in place to deal with partner conflict and a changing environment. Trust between partners plays an integral role in the success of a joint venture, particularly for area such as due diligence. It is important to maintain transparency and good communication between partners to ensure mutual respect and understanding, which in turn drive positive results.

Tip 9: Renegotiate

Often, the best method to address and resolve issues is simply to renegotiate the initial agreement. A 2009 study by KMPG showed that most respondents were satisfied with the results of the issues that were renegotiated.

"In June 2008 oil giant BP and their joint venture partner Alfa-Access-Renova came into corporate dispute over their TNK-BP joint venture. Amongst other demands, the Russian shareholders demanded equal representation on all TNK-BP subsidiary boards and stopping the use of seconded staff from BP. In September 2008 the partners of TNK-BP signed a five-page memorandum of understanding, signalling the end of the disagreements. Robert Dudley, the then BP appointed CEO of TNK-BP, stepped down from his role and AAR succeeded to have their president Mikhail Fridman installed as interim CEO. In 2010, BP and its Russian co-shareholders held their first joint media briefing to pronounce their tensions gone and TNK-BP Ltd.'s prospects bright."

Tip 10: Know when to say goodbye

As a last resort the most straightforward method to overcome an issue within a joint venture is to exit or cancel the agreement. If there is a mutual understanding, an amicable split may be the most efficient and least costly way. Departures can also be on a good note! If strategic goals are achieved, it will simply be the right time to part ways.

"In October 2013 after a seven year partnership, Bharti Enterprises and Wal-Mart Stores, Inc. announced they had reached an agreement to independently own and operate separate business formats in India and discontinue their franchise agreement in the retail business. There has been debate about whether this was due to strict FDI rules in India, the ongoing probe into corruption and bribery allegations in foreign markets by Walmart, or simply because objectives were met. Either way, the departure was as received as amicable."

Implementing a "Customer Outcome Assurance Model" (case study)

EXL demonstrates how companies can best put the customer at the centre of their operations

VISION AND STRATEGY

Current operations and desired future state: *Changing customer behaviour poses multiple challenges. With the "information storm" and connected technologies, customers' expectations are continuously evolving. While service providers adopt the latest technologies to deliver seamless experience and the front office is becoming increasingly more customer-centric, business processes often do not reflect this mind-set. The conventional approach results in complaints, re-work and customer churn.*

The "success" of a business process is often measured using KPIs which may not necessarily be aligned to customer outcomes. As a result, it's common that, even though business processes are meeting/exceeding all performance KPIs, customers are still not satisfied with their service provider.

EXL partnered with a large energy services provider to help deliver on the vision of a "Customer Outcomes Assurance Model" for its operations:

"Deliver key customer outcomes, proactively manage debt, manage billing system change and reduce cost to serve by leveraging domain expertise, analytics and technology".

APPROACH

To achieve this, EXL's offshore team focused on the following key areas:

- *Support in SAP migration and deployment*
- *Improving key customer outcomes (accurate billing & reducing unbilled)*
- *Driving the a "debt-free" customer agenda*
- *Reducing cost-to-serve*
- *Wrapping transformational change into a scalable model*

EXL designed and implemented the Customer Outcomes Assurance Model (COAM). The model puts the customer at the centre of operations and delivers a mindset shift from the way processes are operated traditionally.

The key components of the customer centric operating model:

- ***Aligning process outcomes with customer outcomes:*** *Using the model, EXL ensured that "business process success" is dependent on meeting/exceeding customer outcomes. These outcomes were identified by analysing significant volumes of complaints and NPS data.*

- ***Outcome Assurance Model:*** *The framework assures continual delivery of customer outcomes by building controls in the process such as changes to workflow, systems and processing guidelines, employee training, reward and compensation policies.*

This unique model focuses on driving a customer-centricity agenda throughout business processes. Within six months of implementation, nine opportunities to address customer outcomes were identified. EXL implemented 11 instances of proprietary tools and nine process improvement initiatives/controls across 24 processes.

The New Outsourcing Ecosystem

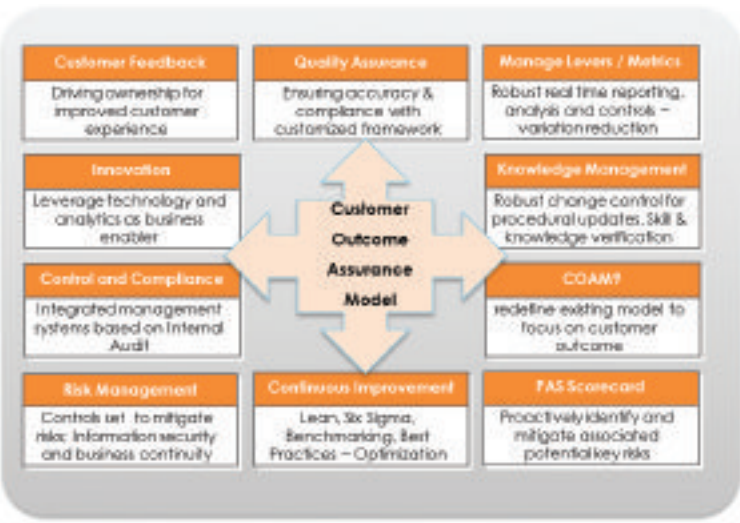
BEST PRACTICE AND GOVERNANCE

Best Practice throughout

- EXL leveraged its experience and best practices to support SAP designing, UAT testing, training, fixing faults/defects and creating work-arounds for unknown exceptions.
- Bringing skills and ideas from other verticals: EXL also leveraged best practice (quality assurance) from its manufacturing industry experience, customising it for the service industry to place the customer at the centre of operational thinking.
- Communication and coordination: The client's third party relationship management (TPRM) team acts as a facilitator between business leaders, offshore delivery teams, other functions and third parties and has proved highly effective in core areas such as speed of decision making and timely, accurate communication.
- Cross functional collaboration: The offshore delivery team is supported by a team of Lean and Six Sigma experts, embedded analytics resources and dedicated technology leads, MI and business analysts, and human resource professionals, for seamless operations management and value realisation.

INNOVATION

The COAM framework enables disciplined and scientific management with focus on customer and business outcomes:



- EXL deployed its proprietary, innovation-award winning Business EXLeratorTM Framework that leverages industry and process experience, proprietary analytics and technology.
- 16 automation tools, nine technology wrappers and three analytics models to transform processes were deployed.

BENEFITS REALISATION: CUSTOMER AND BUSINESS OUTCOMES

The COAM model delivered business value worth £8.8 million in the year of implementation through its impact on:

- Timely and accurate billing
- Reducing site visit costs
- Preventing complaints
- Reducing re-work and improving first pass yield (straight through processing)
- Reducing over billed and duplicate invoices

The table below shows some of the key customer and business outcomes achieved:

	0.15mm	0.61mm	0.35m
Customer Outcomes	Additional customers billed on actual read	Customers delivered positive experience on calls	Additional customers brought under the purview of Customer outcomes
	£8.8mm	**0.6mm**	**6%**
Business Outcomes	Benefits delivered and Signed-off	Cost avoidance - NVA Incoming volume reduction	Increase in effectiveness of resolution given to customers in debt (improved from 58% to 64%)

Daniel Zaborowski, Project Manager

The use of Scrum in outsourcing

What Scrum is about

Scrum is an iterative, incremental methodology for project management and is classified as an Agile methodology, consistent with the Agile manifesto. It is not restricted only to IT projects as it is also used in education, sales marketing and management.

When most technology companies think about Scrum, they expect that the introduction of this methodology will increase productivity of technological units. But Scrum can actually be used to improve the results of each production team. That's how we should think since the roots of Scrum derive from lean manufacturing, the industry that is not completely analogous to software development. The basic idea behind Scrum is simply to encourage the team to work more efficiently and deliver higher quality products.

This methodology focuses on:

- The provision of further, more elaborate project results
- The introduction of the future users to the productive process
- The self-organisation of the project team

Various outsourcing models

Over the years SMT Software had the opportunity to observe various configurations of interaction with the customers for whom we provided services in the outsourcing model. For me, the most important element of these configurations is the management structure and the results of the implementation of Agile methodology.

The most common and yet simplest model is the deployment of selected individuals to cooperate with the client. It is not the team but individuals supporting existing teams on the client side. In such a configuration, a person becomes a part of the client's Scrum team and adopts the mode of operation.

The most interesting model is, however, the configuration where SMT Software provides the whole dedicated team. Such a team can be equipped with a dedicated scrum master, project manager, product proxy owners, developers and testers. This approach has been introduced successfully to our clients Xstream, Quartic, Open Bank. Not always, however, does the budget allow the customer to build such a complete team. Another case will be the situation where the overall project budget is not enough to hire a scrum master. Often, this function is performed by the project manager, which is not recommended due to the conflict of interest between these roles. Therefore, we often recommend for one tester or developer to take over the function of the scrum master. I have also seen solutions where SMT provides only technical people (analysts, developers, testers) and the scrum master was indicated on the client's side, with good results. SMT applied this model to many of our clients including Ingage, Itaka and Ink.

In each of these configurations the Agile methodology can be introduced. However, due to the heterogeneity of the linear management - partly of the customer, partly of ourselves - different visions of Agile implementation collide.

Optimal Scrum implementation in an outsourcing environment

Looking back and evaluating team performance from the perspective of work results, productivity, and the quality of the delivered solution and communication, I think I can indicate the optimal Scrum team structure within the outsourcing model. The ideal would be a model where the whole Scrum team would come from a single supplier (scrum master, technical people and project manager). On the other hand, the most problematic configuration would be an incomplete team: a Scrum team built without an indicated scrum master or product owner. Such a solution is dysfunctional and the work results will not meet those expected ones.

From my experience, the optimal solution - somewhere between the ideal and highly problematic, and still accepted by the customer - would be the creation of a scrum team (developers, testers others) and choosing the scrum master among the members of the technical team (many times testers can act as scrum masters). This solution is often accepted for budgetary reasons by the customer and still allows the correct implementation of Agile methodology.

Problems with Scrum adoption

Unfortunately, the world is not perfect, so any attempt at Scrum implementation encounters all sorts of problems.
Frequently, I have seen a lack of understanding and bouncing off the walls from teams that, from the bottom up, want to introduce elements of Scrum in the organisation where Scrum is not implemented. Despite good intentions, the team has problems identifying people who will commission their work after each increment. The organisation rather expects to adapt to the existing software deployment process, and such bottom-up action, despite the good desire to increase productivity, will be doomed to failure. Therefore, Scrum should be introduced centrally in the company's structures and technical teams allowed to switch to modern methods.

The second most common problem is the lack of theoretical knowledge. This leads to a number of distortions in the implementation. The lack of understanding of individual elements of methodology causes frequent removal of less obvious and seemingly redundant elements. Teams often omit ''backlog grooming" and thereby truncate the flow of knowledge, causing communication chaos in the iteration. The solution is to hire a consultant who generally assumes the role of scrum master to teach, explain, implement and demonstrate the results.

Another common problem is the attempt to transition from software development based on developing components (the vertical) to a model where the cross functional team provides changes to all application components, thus allowing the release of a small change directly to the end user (the horizontal model). In such cases, the implementation of Scrum will be possible only locally (within individual components) and will not bring significant positive changes noticeable to the business itself.

Interestingly, in spite of an appropriate environment, theoretical knowledge and mutual willingness to cooperate, it is difficult to maintain planned and rolling implementation. Here, a lack of sufficient patience by organisation's management and an appetite for immediate positive productive change is to blame. The introduction of a new approach within the team is obtained after six months, but above the local implementation, where methodology requires the inclusion of persons responsible for sales, product management and proper communication with the client, the process will last at least a year.

How Scrum will continue to develop in the future

The future looks positive for entrepreneurs. The knowledge of Scrum and other agile methodologies (such as Kanban) is increasing rapidly. Even universities are introducing new students to the basics of project management in Agile methodologies. Such people, introduced to the labour market and enhanced with the basics, will improve with gained experience later on. People experienced in this method of software delivery will begin to cover key positions in companies and thereby support the transformation process of manufacturing units. Such a work environment, where Scrum implementation is supported from bottom-up and top-down, is an increasingly common picture in the world of business. It also provides an ideal environment for businesses using the outsourcing model, since such engineers will better understand and assimilate in companies where production is based on Agile methodologies.

> “ Even universities are introducing new students to the basics of project management in Agile methodologies.”

Ken Wheeler, Vice President

Arise™
No Boundaries, Better Results.

Contact centre disruption: Homeworking comes of age

Search the word "disruptor" online today and you will find examples of new entrants gatecrashing mature but nonetheless valuable market segments, winning share from the slow-moving legacy incumbents, be it in advertising, design, recruitment, room-letting or transportation. As Forbes puts it so aptly: "In the eyes of a disruptor, no one company is so essential that it can't be replaced and no single business model too perfect to upend."

The contact centre industry is no exception. The sector has already seen a recent and dramatic transformation, with the widespread digital migration helping fuel a shift to online self-service, and the adoption of social media as a contemporary and real-time customer service channel. Tech-savvy customers have responded to the widening of engagement channels and made the fullest use of a new generation of mobile devices, turning every bus, train and coffee shop into a mobile office with expectations of an "open-all-hours" service.

In response, many service providers are rapidly trying to adopt an omni-channel approach across their customer contact strategy, through the integration of social media platforms such as LinkedIn, Twitter and Facebook with their contact centres, together with a widening of their service windows. In itself, for many brick-and-mortar organisations - including outsourcers - this is a monumental undertaking from an infrastructure, investment and people management perspective. And there is a sting in the tail from the end-customer's perspective too.

Let's assume that large numbers of B2C customers are being driven online through this provision of self-service apps, enabling them to take control of transactions that are classified, by their service providers at least, as high volume but low value and, in essence, removing those tasks from the contact centre.

As a result of this empowerment, is that customer becoming more demanding? Once all self-service options to resolve their basic query are exhausted, are they now feeling aggrieved to have to give up yet more of their valuable time to call a contact centre in order to get their problem resolved? Would it have been more effective for them to use that option in the first place?

What would happen if organisations were to pursue the unified technology solution, offering access to, or even one view of, the end-to-end customer journey and all its touch points? What would happen if you could give that view to a fundamentally different profile of agent? If the customer truly is more self-sufficient, more demanding, more emotive, more price conscious and possibly less loyal, aren't those all good reasons to challenge the profile of the agent tasked with keeping them happy? An agent with greater emotional intelligence and empathy, with a broader range of competencies and more life experiences to draw from, will inevitably deliver a richer, more meaningful interaction. This is where organisations that specialise in homeworking come in, with unique platforms that are disrupting the traditional contact centre outsourcing market.

> "An agent with greater emotional intelligence and empathy, with a broader range of competencies and more life experiences from which to draw from, will inevitably deliver a richer, more meaningful interaction."

The New Outsourcing Ecosystem

To understand how and why, we first need to consider the characteristics of a typical contact centre agent. What comes to mind is a 23-25 year old, maybe just out of college or in their second job, living at home with their parents, and with limited life experience and responsibilities. If this stereotype is accurate it is fair to assume that those same agents are unlikely to possess the affinity or empathy required for this kind of heightened, customer-centric interaction. For example, when you consider banking, home loans, health insurance or situations where the caller is distressed, the preference would be to engage with an agent they can relate to, who can bring real life experience into the conversation.

The very nature of a brick-and-mortar contact centre creates a relatively limited, commutable catchment area around the site, which limits the talent pool available and prevents the ideal profile from being sourced. Homeworking specialists, such as Arise, have demonstrated that a virtual operating model effectively removes many of the barriers to entry and negative perceptions associated with contact centre work. This has allowed talented, mature individuals with years of life and work experience to interact with like-minded customers and within an environment of their choosing (i.e. their home office). Their average age is 42; most work part-time but, critically, deliver more productivity than their full time employed counterparts.

This innovative platform offers them a unique work/life balance, and this balance is evidenced by their energy and enthusiasm, and the exceptional service they provide to the customer. Often they are brand advocates having chosen the call types they support. Their ability to work from home and create their own schedules also delivers a level of agility to resource planners that breaks most of the constraints experienced in a traditional contact centre planning cycle.

By freeing customer service and related support from the constraints of brick-and-mortar sites and their fixed operating hours, homeworking specialists have evolved a way of deploying highly skilled, qualified resources to meet often unpredictable customer demand across channels. With a flexible network of home-based agents servicing in 30-minute intervals, these specialists are able to handle demand within, and outside, core operating hours including weekends and public holidays. Using "pay-for-performance" models, clients no longer pay for unproductive agents, since resourcing aligns more closely with the actual call arrival pattern than in a traditional full time/part time contact centre model.

Whilst the adoption of remote or virtual working through a distributed workforce is still in its infancy in the UK compared to, for example, the USA, the recent Sunday Times report on outsourcing estimated that 15 per cent of the UK workforce can now be classified as home workers, up from 11 per cent in 2000. The migration to self-serve solutions and broader contact channels is forcing the agenda for a step change in how customer contacts are handled, and by whom. One thing is certain: the days when working in a contact centre meant enduring lengthy and costly commutes, to sit alongside hundreds of colleagues on noisy calling floors for eight hours, should be numbered, if providers are to keep pace with evermore demanding and savvy customers. Perhaps it's time to redefine what an operation that offers great customer service should look like?

It was the agility of the Arise platform, combined with the ability to attract a more rounded and experienced profile of agent, that resulted in npower appointing Arise to deliver a solution for customer enquiries in the UK. The key challenge was to find a more effective way of managing customer demand, particularly during the early morning/evening peaks and Saturdays, when staffing at existing sites was challenging.

"We had a specific challenge that we were looking to tackle by resourcing our morning and afternoon peaks in the most cost-effective way. A requirement for short shifts at different points in the day felt like it could only be filled by home working. Arise's model of self-employed agents was most attractive to the team as we felt it showed both commitment and flexibility without compromising the level of service delivered."

Rob Sawle, Partner Development Manager, **npower**

Case study

The client

Shop Direct Group (SDG) is the UK's leading online and home shopping retailer, with fantastic brands such as Littlewoods, Very and isme. They have around five million customers, handle over 19 million calls and process orders for 53 million items per year driving turnover of £1.7bn.

The challenge

In 2005, it became apparent that a new vision and strategy was needed to bring the business up to date with the emerging trend in the British retail sector, i.e. to create a compelling consumer proposition online and greatly improve the customer's ability to self-serve.

At that point, only 18 per cent of trade took place via the web, with the majority being driven through their traditional catalogue model. In the following five years, that bias was to increase to a planned 70 per cent. In order to support such a dramatic shift in customer behavior, Shop Direct Group needed to reengineer their customer contact strategy in order to support a more unpredictable demand pattern across an extended service window, dealing with an ever more complex mix of calls. At the same time, that strategy would inevitably reduce overall demand for voice contacts and the business needed to be able to manage an extensive call centre estate across the UK. The final element of the strategy was to elevate the end-to-end customer experience to entice customers away from their competition.

The pilot

Arise launched their UK business in 2008. As the first Arise location outside the USA, Arise were keen to partner with a forward thinking client who believed in the true potential of the Arise self-employed, home working model. In order to address the challenges of enhancing the customer experience, adding high flexibility and meeting unexpected demands of their customer in response to ever-changing marketing activity – all at a cost effective price point – SDG signed a five-year deal with Arise.

Whilst the relationship went from strength to strength, with Arise matching or beating internal SDG performance on a range of KPIs, in Nov of 2011, SDG took the strategic decision to undertake a significant transformation within their contact centres. SDG chose Serco as their outsource partner to support that transformation, assuming ownership of the overarching contact strategy and current physical estate and provide funding for significant technology and process change. Based on the delivery of Arise to date, Serco chose to novate the existing contact and retain Arise as a partner vendor, as Arise provided some unique attributes in terms of flexibility and risk mitigation.

Key benefits

Scale: In response to significant client demand, Arise scaled to 600 seats across the first six months of 2009. With this first "ramp" experience behind the partnership, Arise were able to refine their sourcing processes and knowledge transfer scenarios and subsequently routinely increased seasonal capacity by 100 > 300 heads depending on demand, with relatively minimal disruption to business as usual delivery.

Complexity: Most clients traditionally adopt the simplest call types for a POC (proof of concept), SDG chose their relatively simple Orders contacts for Arise to handle. The results through POC were so convincing, that they quickly added to the call mix. Arise were able to cross-skill all of their agents in order that they could service virtually any contact, from orders and returns, through to complex statement queries and the execution of credit/warranty products.

Security: Using a combination of robust screening processes, multilevel system authentication and robust security measures, Arise have experienced zero fraud instances since the inception of the program in 2008. This reflects both the high standard of agents servicing through Arise as well as the shared approach to ensuring all risks are mitigated.

Flexibility: Because of the unique nature of the model, Arise are able to offer and maintain very high levels of residual flexibility within SDG workforce management. With a predominantly part-time agent pool and a mature demographic who benefit from not always having to work standard pre-arranged shifts, Arise are able to avoid locking down their service commitments until one week from delivery, and then are able to flex that lockdown in-week,commonly in-day and even in-interval. Arise will commonly deliver a profile to SDG that flexes by 300>400% in half hour increments delivering resource right where it is needed.

"Allows access to pools of people we couldn't reach from fixed centre locations, sourced from all over the UK, including some remote areas of the country where typically they couldn't have worked in a contact centre. Arise attracted people into the model from a broader range of backgrounds… The Arise homeworkers brought a very different attitude, as they saw it as a profession rather than just a job. Operating at 90%+ utilisation and generating up to 30% reduction in our operating costs the model was great for disaster recovery - I remember the bad snow in peak 2010 when we had to send all our contact centre agents home, the home workers kept going as they were already at home!"

\- Nicola Collister, prior Customer Experience Director,
Shop Direct Group

Arnold Cobbaert, CEO (pictured)
Raluca Lungu, Content Specialist

conectys
multilingual people services

Welcome to the business-process-as-a-service age

Much ink has been spilled on the latest trends in business process outsourcing, most of it on the as-a-service business model, and with good reason. Indeed, the trend towards layering cloud-based technology on top of an industry that has for decades been mostly unchanged has had a fundamental impact.

Business-process-as-a-service (BPaaS) is a straightforward concept - automate highly standardised, human-powered business processes through a cloud-based, outcome-centric delivery model.

There are clear and immediate advantages to this approach: processes are simplified, which means automation can be pushed further, decreasing expenses and increasing the cost competitiveness of the service providers who manage to adopt this model, as well as the competitiveness of their customers. Another advantage is transparency and insight. No longer is outsourcing a black box with service delivery latency. Real-time, 24/7, cloud-based reporting “opens the kimono”, meaning that service providers have to make sure they get their act together, while customers have a better grip on all the important metrics that drive their business. Performance against SLAs, KPIs, customer satisfaction metrics, efficiency, productivity, ROI are all visible as they happen.

Upskilling people as they are freed from the more repetitive tasks that can be automated is another advantage that drives quality improvements and has the potential to gradually drive BPOs (business process outsourcers) into the realms of KPOs (knowledge process outsourcers).

Sounds too good to be true? Well, in 2016, it mostly is. The reality is that few BPO providers have mustered the courage to make the switch to the as-a-service model, let alone have a strategy to do so or even have business cases of as-a-service adoption.

The fear of sharing performance and risks with clients is real. The technology hurdles are important. The courage to change comfortable, profitable legacy business models in order to have a chance at catching the oncoming BPaaS wave is found to be lacking in what is mostly a highly conservative industry. It takes a new breed of outsourcing service provider to fully understand and adopt this model.

“ The courage to change comfortable, profitable legacy business models in order to have a chance at catching the oncoming BPaaS wave is found to be lacking in what is mostly a highly conservative industry.”

Case study

Conectys's *cloud-based ConectysOS platform offers real-time customer insight into the overall performance of outsourced, multilingual customer support and technical support. Conectys' clients can log in from any location using any device, 24/7, and get deep insight into the past and current performance of their customer support operations.*

The platform is not limited to the basic metrics such as SLAs and KPIs. Conectys has developed technology that allows for automated capture of post-contact net promoter score (NPS) and customer effort score (CES). These metrics are critical to any business that cares about customer retention, repeat business and viral, word-of-mouth promotion.

A great example of the power of this approach is the partnerships with a well-known European manufacturer of precision sports wearables. The unprecedented transparency and immediacy enabled by ConectysOS has allowed a rapid cycling of analysis and insight into customer satisfaction-driving initiatives. And with rapid, we are talking about hours, not the typical weeks or months. In numbers, over the course of five years of collaboration with this specific customer, this approach has allowed the client to increase NPS by more than 50 points, while doubling their revenue.

Going further, the meticulous reporting discipline that comes naturally as a result of transparency has allowed the client's product research and design teams to tap into a wealth of product-specific customer insight. What user interface changes can be made in order to improve the user friendliness and intuitiveness of our products? What frequently recurring defects should be addressed in the next design cycle? This is knowledge that makes or breaks businesses.

In short, BPaaS has enabled this and many more of Conectys's clients to better understand and adapt to consumer demand, reduce their reaction speed from months to hours, and outpace competitors on customer engagement.

It is now clearer than ever that buyers need to select providers based on more than the traditional criteria of size, cost and reputation. Demonstrated ability to innovate, with immediate access to the benefits of BPaaS and a roadmap to further benefits down the road are most certainly just as critical. The transition to BPaaS needs to be approached holistically, to define the vision and long term goals for success, and then identify realistic business cases and smart teams to begin implementation.

As clients become more and more outcome-driven, so should providers, and accepting to cannibalise short term revenue will no longer be a trend, but a natural step forward and a proof of trust - in the outsourcing collaboration, in the superior workforce and in the ability of BPO companies to become co-sourcers, instead of mere execution engines of static black box business processes.

Lian Chambers, Marketing Director

The death of outsourcing's commercial chameleon

Outsourcing has, by its own hand, become something that is seen as a commodity, "white label" product offering. A means to fill a void such as team capacity, skillset, and availability to technology or experience. The position the industry has created for itself and traded on for decades, as a commercial chameleon that changes its colours to suit its client, is not only outdated but also does it a great disservice. Why is it that branding is so important to every other industry, sector or service offering but not to our industry?

Providers of outsourcing services should feel confident in the value they bring to their clients and have an identity which investors recognise as adding value to a client brand, rather than being the engine room behind a corporate service that is seen as troublesome.

Earlier in 2014, we asked a number of our clients to tell us, openly and honestly, what their feedback was on not only the service we deliver but also what they thought of the Parseq brand, values and principles. We found that service levels were being agreed, but most of our clients had no idea about us as a brand, our values, or a full understanding of all the aspects of our business – despite them being keen to know more and holding the same values that we, as a business, hold but hadn't communicated.

According to the Content Marketing Institute 64 per cent of B2B relationships are built on shared values. But without a brand identity and communicating what a business stands for, how can clients ever truly understand the whole value you can offer and what makes your business offering so unique?

Our research made it very clear to us that we had focused so much on offering our clients services, by moulding to their brands and becoming an extension of their teams, that we'd become a white label offering and by doing so we were missing commercial opportunities. 23 per cent of businesses feel having a relationship with a brand, not just its people, adds value and I defy any outsourcer to say they wouldn't like to grow their business by almost a quarter.

There is without question an appetite for outsourcers to have a personality, a clearly defined set of principles and an identity that clients can be proud to attach to. Service providers need to be bold, enabling clients to proudly point towards their business partner, safe in the knowledge that the vision, brand and values provided are clear for all to see, rather than shrouded in opaque language that is impenetrable to anyone who isn't involved with outsourcing on a day-to-day basis. By stripping out and not hiding behind the jargon, which is rife in the industry but rarely understood outside it, we were able to offer our clients clarity and a service offering that is simply defined into three commercially focused areas: acquire, retain and improve.
By making this change, we've been able to demonstrate an understanding of what deliverables genuinely make a difference to our clients' bottom lines.

The New Outsourcing Ecosystem

“Acquire, retain and improve” in action

These core business areas of service were not set up as sales messages, they represent Parseq’s whole business from top to bottom. You can find acquire, retain and improve processes running throughout the whole organisation. We recruit, develop and invest in acquirers, retainers and improvers on behalf of our clients.

We continually improve by ensuring we deploy best practice in all of the services we provide. We introduce new skills to the business through official accreditations and investing in cutting edge technologies, and we retain our market position by treating our clients’ businesses like our own.

Secondly, we recognise our strengths and champion them. Without question an outsourcer’s most valuable asset is its people, and we strongly believe that as an outsourcer it is our responsibility to have a strong, clear and memorable business identity that helps attract and keep the best talent for clients.

In fact, in the last five months, since the brand was launched and the business has expanded considerably, we’ve noticed a real change in the feedback we are receiving from candidates, especially amongst those in the C-level category. They tell us that they’re attracted to the new, refreshing approach to working with clients and the clarity in our vision to grow. They can see the potential clearly and they have confidence in the opportunities available. While some firms may feel protective of this information, we see it as a way of directly targeting, acquiring and retaining the best talent the sector has to offer.

Relationships with clients and customers are key to retaining business. In fact, these close, long-lasting relationships helped our approach evolve – by listening to, working closely with and responding to our clients’ needs. We aim to be a strategic partner, rather than simply a supplier – which in itself is a departure from how the industry has typically worked.

Third and finally, we pride ourselves on creating market leading operational excellence. Some providers may create a product and dust their hands as a job well done, but outsourcers should constantly look to hone and improve every element of their service delivery and the technology available, and deploy those improvements across the client base.

We’ve broken free of the “white label” tag line that has done so much to belittle the contribution of business service providers. Only time will tell if others have the confidence to do the same and become true brands with a focus on adding genuine value to clients.

Neil Anderson,
Managing Director

qcom
Business Improvement Outsourcing

As a business, we have recently changed our corporate imagery and adopted the new descriptor of “business improvement outsourcing” (BIO). This is a change that has prompted some to ask: “What’s in a name?”

For more than a decade Qcom has sought to help manufacturers and resellers of technological products to support their equipment more effectively. We have been about helping such businesses to improve one (or more) of four aspects of their service model:

1. To improve quality of service
2. To save money
3. To extend the range of service supply
4. To extend the scope of service supply

We have now reached the point where we can say that nearly all successful technical outsourcing serves to improve the outsourcer’s business – hence the change of name.

I often get asked, “What’s the one thing we need to do as the outsourcing company to make sure things works?” My answer is always the same. You have to have senior management buy in to the process from the host company and secondly you need a dedicated project manager to sift out the devil in the detail – not only for “Go Live”, but on an on-going basis too. One of the trends in outsourcing that we have championed is that hosts shouldn’t outsource entire functions – there needs to be an experienced core staff at the host who can manage the relationship once the Rubicon is crossed.

What has emerged is that BIO is relational rather than transactional. It is a strategic partnership dedicated to achieving specific outcomes rather than a means to cut costs. BIO tends to build momentum over time and Qcom’s desire is always to be seen as a strategic partner in a relationship dedicated to business improvement.

In summary then BIO has three critical attributes. It is at one and the same time dynamic, long term and mutually beneficial. It is about a relationship of shared responsibility, one in which Qcom is always focused on the need to deliver on objectives that have been specified with the host.

Chris Redmond, Managing Director

GROUP

The future of talent sourcing and the "open talent economy"

As a global talent acquisition and human capital solutions consultancy, NP Group RPO maintain a critical eye on "talent and skills" trends; in particular the shifting landscape associated with the make-up of the talent community or talent pools themselves, and the evolving variable mechanisms for hiring talent.

Building and managing your "Talent Estate" will be become more demanding, yet equally more advantageous, to your business's competitive edge. Performance improvement, cost benefit and strategic advantage will all be underpinned by the quality and agility of your Talent Estate.

Building models based on flexible engagement will support your business's ability to sustain agility against external market change. By mapping the open and latent talent within your existing workforce, you will find existing flexibility and variable resource bandwidth gains. By developing a greater understanding of the talent available to you from within your partner ecosystem, either directly or with the support of talent acquisition and human capital management partner, you will start to build a more visible, flexible and agile workforce.
By augmenting this approach with a flexible "locked in" freelance, contract or associate community well-managed, well-motivated and highly aware of your business, your ability to create a modern workforce will have started to take meaningful shape. It will also fit perfectly with the increased flexibility sought out by many professionals, particularly those with the ability to work in a mobile way.

The open talent economy sets out the core drivers for both workforce shift, in other words, the flexible styles through which workers seek to be engaged, as well as the trends driving these supply and demand levers.

The trends driving this shift can be narrowed down to six, and can be clearly recognised in both the evolving market engagement models of businesses, as well as becoming clearly visible amongst the underlying feeders for "skills-driven", flexible working arrangements.

The top six trends driving the "open talent economy"

Globalisation: The emergence of a global talent market across an increasing number of fields and disciplines is opening the world to new ways of acquiring, developing, and managing talent and work. The open diffusion of ideas, practices, technologies and above all, people, allows different parts of the world to influence and depend upon one another in new ways.

Technology: The growth in computing speed, storage and power is making global, real-time collaboration possible in almost every discipline. When people can learn, share and work anywhere in the world, then traditional talent assumptions are open for review. In HR, technology once powered "systems of record" but now powers "systems of engagement", yet the average HR system today is over seven-years old.

Mobility: Today's critical workforces are freer to work where they want, making career moves more seamless and potentially more frequent. For their part, organisations expect people to be productive while on the move, which requires more new skills in balancing priorities than ever before.

Social Business: When people can connect, share information and build communities online, power shifts from the traditional organisation to dynamic human networks. Businesses now must use social media not only to innovate their talent brands, but also to connect and deploy people who relate to the organisation in widely different ways.

Education: Rapidly growing pools of talented workers around the world continue to reshape global talent networks. We are witnessing a new wave of innovation, driven in part by MOOCs (massive open online courses), where leading universities make high quality courses, taught by world-leading professors, available to tens of thousands of students around the world.

Analytics: Rather than looking only at historical data to make decisions, employers can now use data analytics for both predictive and prescriptive purposes. Those who can effectively mine large pools of employee and business data for hidden insights and apply them will perform more powerfully within the open talent economy.

Exploring and building a blended talent ecosystem

The journey from operating within a closed to a fully open talent economy can be best navigated by mapping and evaluating where your organisation is at this point in time, in terms of the scale and maturity associated with the five core talent economy segments:

Balance sheet talent: Your own full time employees

Partnership talent: Partnership or joint venture talent not on your balance sheet

Borrowed talent: Talent from within your supply chain ecosystem, not on your balance sheet

Freelance talent: Independent workers on specific temporary assignments

Open source talent: Free talent, delivering from within a user community or online forum

In summary, the start point on this evolution for most organisations will be through a considered evaluation of the workforce model and talent strategy that they have in place today, and the comparison with the agile shape that will be required in order to deliver the workforce of the future, in alignment with their critical business drivers and wider market conditions.

Every organisation will find themselves somewhere between the old way (statutory employees fixed on a balance sheet) and the new, emerging model, with more extensive agile use of the wider open talent economy.

The leading questions from the outset will almost certainly include exploration of how much exposure the organisation currently has to a wider and more open talent economy, and of course, how much of the current workforce resides on the organisation's own balance sheet.

Andras Gasparetz
ICT Services
Enthusiast

Outsourcing is a complex way of cooperation. Behind the major trends there are three main drivers: business, technology and people. The business or directly cost-related trends include pay-per-use models, risk-sharing with the supplier, getting more insight into indirect costs and service standardisations. Technology driven trends include internet of things (IoT), data analysis, intelligent tools, specialisations and more.

The services are used by people and provided by people. The subjective impressions about quality assessment have a major influence, therefore the "specific resource to the specific task" trend strengthens. The segmentation of services gets another dimension, the trend of cultural matchmaking leads to better communication between clients and the service provider.

Furthermore people like to shape non-personal to personal, meaning that the outsourced repetitive tasks and automated services need to get a "human face". Combining the low-cost, repetitive task services with human interaction and providing a cultural match in interaction are basic human needs. As a result of the listed human type trends, the providers focusing on the human part of outsourcing get ranked more highly. New service models are elaborated to bring the human aspects of outsourcing more into focus.

One possible solution is that Asian and European service providers come together and provide services hand-in-hand. The synergic impact comes true when two providers combine forces, as both regions have their strengths, resulting in value for the customer. With this model the customer gets all the advantages of near-shore and offshore services in one contract.

Outsourcing is about people.

Martin Molloy, Director MC – Shared Services & Outsourcing Advisory

KPMG

The future of outsourcing ecosystems

Disruption throughout the outsourcing market has caught many organisations off-guard, presenting increasing amounts of challenges that they must navigate to stay ahead of the curve and remain competitive. The challenges identified below highlight some of the issues organisations are facing and what this potentially means for the outsourcing market looking into the future.

Inflexible operating models

Operating models many organisations use today tend to be static. They may lack the flexibility required to adapt quickly to a rapidly changing market and customers. Built around traditional ITIL v3 and waterfall development structures, these operating models can limit the ability of an organisation to be multi-speed and responsive to business needs. Combined with embedded cultural issues - lack of vision, resistance to change and lack of funding are all examples – this can hamper the agility of an organisation to fully respond to disruptive influences in and out of the marketplace.

Conflicting internal strategies

CIOs are being faced by multiple challenges, both internally and externally, with increasing demands being placed on their capabilities and resources. KPMG's research, *Digital Business: It's time for CIOs to lead or get out of the way*, shows four key challenges being faced:

a) Delivering stable IT services
b) Responding to digital innovation and disruption
c) Ensuring overall IT performance, risk management and regulatory compliance
d) How to adapt their internal structure to operate at various speeds.

These conflicting strategies compete for the same resources and capabilities in an incoherent manner, resulting in unclear direction for the CIO and potentially lost opportunities for the business.

Legacy platforms

Many challenges faced by organisations rest within their IT function, which may have an inflexible and dated infrastructure supporting a modern and dynamic business that is trying to remain competitive. Organisations have spent substantial amounts in creating these platforms with technology groups that hamper their ability to react and fully adapt to disruption and digital innovation.

Disruptive technologies

Our *Digital Business* research shows that 66 per cent of CIOs view digital technologies as disruptive, however only 27 per cent have a strategy in place to respond. This seems to indicate that whilst some organisations, and CIOs specifically, recognise the disruption that digital can present, they are yet to respond to the challenge. This is potentially due to a combination of inefficient operating models, legacy platforms, conflicting strategies and unidentified value leakage.

The New Outsourcing Ecosystem

Value leakage

Not all CIOs are able to sit at the top table, have the relevant influence or have a strategic approach to demonstrate the value of IT to the business. Not having the ability to drive broader strategic change outside of the IT organisation into the wider business potentially results in the value of IT being lost, with IT being viewed as a resulting cost to the business, as opposed to a strategic platform for change and growth.

Taking these challenges into account, what are organisations doing in response?

A different view

CIOs are beginning to view outsourcing as a means by which to acquire specific skills and capabilities to enable their organisations to succeed. Bringing in these capabilities is enabling organisations to strategically respond to disruption, freeing up internal resources to help organisations navigate this change, leveraging their service providers to do the heavy lifting.

Looking horizontally

Organisations, however, are becoming capable of provisioning their own point solutions outside of the remit of the CIO, due to the increase in technology-savvy business users, influencing a territory that was the sole purview of IT. This has contributed to the rise of niche solution providers within the marketplace and the need for larger service providers to develop flexible solutions to compete in this space.

Addressing the skills gap

To support these new disruptions, that look to be capitalised on by organisations, CIOs need to be addressing the skills gap, not moving people from role to role. An awareness is needed that capabilities may not exist within the business and external partners will be needed to support knowledge gaps, bringing in new skills that are more in touch with the changing market environment.

Approach to business engagement

The traditional approach of viewing IT as a cost centre has changed and requires a different mindset to realise potential benefits, to leverage technology and the outsourcing of IT as a channel for revenue growth and value creation as opposed to being viewed solely as a channel to reduce costs.

Partner with service providers

To adapt to disruptions, organisations need to up their game with service providers by really having partnerships, not just buyer-supplier relationships. A greater balance is required between risk, opportunity and value going against the traditional standpoint of being risk-averse. Embracing innovative partnerships and relationships with suppliers that have “skin in the game” will represent the fundamental building blocks of how to respond to disruption and drive greater innovation.

KPMG’s predictions:

The end of tower based strategies: KPMG predicts that tower based outsourcing strategies will become obsolete as contracts reach renewal, with the focus changing to industry and function specific service offerings, already seen in the software-as-a-service space.

Alliance to succeed: A greater use of alliances to deliver outcome based services will emerge, mimicking other more mature industries such as the construction sector, and the rise of process automation changing the dynamic between human and computing resources, with enterprises seeking the optimal blend of both.

Greater market awareness: As the speed of change increases, the IT function needs to have the ability to look into the market and identify the capabilities and skills required that will give its business the competitive edge. This potentially requires the creation of a new role - Head of Market Scanning - which seeks to address:

1. Who in IT is looking for the external technology solutions that could give their organisation the edge?
2. Due to the increasing speed of emerging technological change, who is identifying the external solutions that are in the wider market that could address a business need?
3. We know that partnering and market engagement will be critical moving forward and this role is often taken up by vendor managers or procurement. However, who is it who is there to find the new, innovative technology solutions that are coming to the market?


Public Sector

Public Sector

Introduction

Following the general election on 7th May 2015, the Conservative party achieved an unexpected majority in the House of Commons, all but guaranteeing Tory rule in the UK for at least another five years.

ISG's Outsourcing Index had previously reported that sourcing in the UK slowed for the first quarter of the year, most likely due to uncertainty surrounding the election and lack of faith in a potential Labour government led by Ed Miliband. Following the result, the NOA was hopeful that this Conservative government would bring some welcome stability to the UK outsourcing industry. And seeing as government spend on public sector outsourcing almost doubled to £120 billion during the Coalition's five-year term, we were confident of that upwards trend continuing between 2015 and 2020.

Last year saw a number of new government policies and pledges, good and bad, that left their mark on the public sector's outsourcing. If kept, Whitehall's promise to allocate one-third of central government procurement to SMEs would provide a great and much-needed boost for the UK's smaller service providers, while the removal of VAT charges for private sector bidders on many public sector contracts, introduced in March 2015, will help those outsource partners deliver further cost savings and service improvements.

Unfortunately, other government initiatives were not so positive. The proposed crackdown on foreign visas and intra-company transfers is at real risk of shutting out the digital talent that the UK severely lacks and our businesses desperately need. Meanwhile Whitehall's fixation with revealing the profit margins of its service providers, rather than focusing on the actual value attained from its outsourcing, could make the prospect of taking on public sector contracts far less appealing in the future.

David Cameron's "smarter state" speech in September gave the UK an idea of what's to come over the next four years. He emphasised how taking insights from the world of business would be crucial to turning around the economy; he claimed that digital technologies, innovative service providers and customer input all lie at the heart of his vision to deliver more-for-less through government services and clear the deficit.

Hand-in-hand with these transformations come stringent austerity measures and further cuts to public funding. Accordingly we expect to see a dramatic rise in the amount the public sector outsources, with local government organisations collaborating with their service providers in increasingly innovative ways to attain as much value as possible.

Read on for further commentary, predictions and advice intended to help the public sector through these trying times. We've also included some of the best and worst examples of recent public sector outsourcing; both equally valuable for outsourcers to learn from.

NOA Public Sector Conference

Monday 25th April 2016
Eversheds, 1 Wood Street, London, EC2V 7WS

The civil servants' skillset is changing dramatically.

Digital technologies and best-of-breed service providers are becoming increasingly critical to the delivery of "more-for-less" in public services. The civil service will have to adapt accordingly; in the face of stringent austerity measures and excessive government cuts, managers in the public sector are striving to find evermore innovative ways to maximise the value of their contracts while mitigating risk.

The NOA's Public Sector Conference will draw attention to the very best cases of public sector outsourcing, giving you access to insightful case studies, interactive breakout sessions and excellent networking opportunities.

Free to attend for all NOA Corporate, SME members and buyers of outsourcing services.

To register to attend or for sponsorship enquiries please contact the NOA Team on admin@noa.co.uk or visit our website www.noa.co.uk for more information.

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Debra Maxwell, CEO, CRM & Public Sector, UK & Ireland

arvato BERTELSMANN

Local government: Outsourcing strategies for the future

Local government has long been the vanguard of UK outsourcing. As the need to find efficiencies has gathered pace with the austerity agenda, partnerships with private sector suppliers have become a well-embedded strategy in the sector. Figures from the arvato UK Outsourcing Index, a quarterly research initiative conducted with industry analyst NelsonHall, suggest this is not showing any signs of slowing down.

Our research from the third quarter of 2015 found the total value of local government outsourcing contracts more than trebled during the period when compared with the previous quarter. This surge in activity saw the sector account for 21 per cent of all outsourcing deals signed across the UK in July to September last year. We also found that authorities are signing longer agreements, with the average length of contracts nearly doubling to 102 months in Q3, from 54 months in the previous quarter. When compared with the previous year, both total spend and average contract values were found to have risen, by 67 per cent and 201 per cent respectively.

“ We also found that authorities are signing longer agreements, with the average length of contracts nearly doubling to 102 months in Q3, from 54 months in the previous quarter ”

The statistics clearly suggest an ongoing role for the private sector in helping public authorities to cut costs, but it’s also clear that the challenges these relationships intend to tackle are becoming much more profound.

New challenges

In November’s Spending Review the Chancellor announced what the Local Government Association (LGA) calculates will be a further 24 per cent real term reduction in central government funding for local authorities. The challenge is such that, as we enter our sixth year of austerity, much of the low-hanging fruit has already been picked. The traditional outsourcing approach of lifting and shifting services from the public to the private sector, to squeeze efficiencies, no longer achieves the savings required and does not address the sector’s other priority - to meet growing pressure from central government and citizens for digitally accessible frontline services.

As a result, the public sector and its outsourcing partners need to consider bolder approaches to change, focused on genuine transformation, taking in people, processes and technology. That means brave choices are needed when it comes to deploying new ways of working.

Embracing new technology

It's in this context that robotic process automation (RPA) could have a significant impact. RPA uses software to mimic human interaction to complete repetitive tasks, where speed and accuracy are critical. The potential is that, having a virtual workforce to handle mundane, transactional work in the back office would enable local authorities to free up employees to focus on more strategic tasks and handle citizen enquiries, the complexity and volume of which has grown significantly in the Universal Credit and welfare reform era.

A recent pilot project, conducted by arvato with one of our local government partnerships, has been able to prove the potential of this new technology. By implementing cutting-edge automation software we've successfully replicated a number of core transactional processes allowing them to be completed up to eight times quicker. In addition, the jobs picked up by RPA were delivered with 100 per cent accuracy. Within just one department, a total of 20 separate tasks have been identified where using RPA could improve both accuracy and efficiency.

Shared services

Shared services will also be a key strategy in the future. Pooling resources with neighbouring authorities is not a new concept; our outsourcing index found that local councils have signed shared services outsourcing contracts worth £97.9 million since the 2010 Spending Review, doubling the £53 million agreed during the five years before. However, it is fair to say that the majority of existing agreements have been small-scale in nature, lacking the true standardisation needed to deliver major savings. Private sector outsourcing partnerships can bring in the necessary expertise for real, large scale transformation, including the drive to standardise processes and implement new technology platforms. But in order to be successful, they need to be backed by a strong will to overcome political boundaries and challenge established structures.

One such barrier is the concern that shared services agreements in local government will mean jobs being relocated outside of a borough. There are several solutions to help the situation. For example, allowing each partner in a shared service agreement to specialise in a particular service would create defined "centres of excellence" in each authority. This can be easier within large, multi-council partnerships where a greater number of resources can be pooled together.

The availability of new technology will also offer another option. Virtual shared services and mobile working technologies can enable authorities to digitally combine their service delivery using standardised technology and processes so their staff don't need to move.

A shift in mind-set can also provide councils with a greater number of potential collaborators. Authorities have often limited their list of potential partners to those they border with, which has resulted in many partnerships failing to get off the ground. Just because councils share borders doesn't mean they share the same challenges or the will to make shared services a success. By putting the technology in place to share services virtually, councils don't have to rely on their neighbours, and instead can look further afield for authorities of similar size and with the same issues or opportunities. In addition, joining forces for a shared services venture will provide smaller councils with the buying power to attract private sector partners that will help invest in new approaches and technology.

The private sector looks set to continue to be an important partner to the UK's local authorities but it should not be a passive one. New ideas, approaches and a willingness to collaborate will be key in the face of a growing financial challenge.

How outsourcing can benefit local government

When addressing the All Party Group on Outsourcing and Shared Services, former COO at the Cabinet Office Ian Watmore said that outsourcing and shared services are “at the heart of the efficiency and reform agenda”.

This demonstrates how outsourcing was identified as a key focus by the coalition government when it achieved power in 2010. In the UK’s ongoing state of austerity, outsourcing certainly has had and will continue to have a central role to play in the reduction of our country’s deficit.

Somewhat unfairly, outsourcing is perceived negatively by swathes of the UK public and politicians alike, largely because it is misunderstood. And when Barack Obama himself gets confused by the concept, who can blame them? Outsourcing is in fact the second largest aggregate employer in the UK, responsible for over three million jobs. It is often associated with cost cutting because, more often than not, reducing costs is a key objective for the companies and governments using outsourcing.

In its simplest form, outsourcing is the use of third party specialists to deliver a particular business function or process. And the use of specialists makes eminent sense today, just as it did when the division of labour was introduced as a theory thousands of years ago. Specialists are experts in their fields and in addition to bringing process efficiencies – brought about through process excellence and technology investments – today’s service providers also bring productivity improvements and further innovations.

Today, even local government needs to be able to act in a 24-hour global environment – outsourcing will help it do just that. And it’s a misconception that outsourcing necessarily involves sacrificing quality in order to cut costs. There’s no doubt that, in this modern world of social media and mass communication, organisations pay a high price for delivering substandard services. That’s why so much emphasis is placed on the need of “more for less” – the best outsourcing partnerships involve a delicate balance of improved services and reduced costs.

Examples of successful public sector outsourcing

When you consider the future role that outsourcing will play in the public sector, it’s vital to study current outsourcing relationships and identify what makes them successful. It’s unfortunate that high profile outsourcing failures make for such popular news stories; for every one of those stories, there’s a vast number of outsourcing successes that are not nearly as widely reported.

Take Sefton Metropolitan Borough Council as an example. In 2008, austerity measures placed unprecedented pressures on the council's controllable budgets, so they entered into a 10-year public-private partnership with arvato. The contract included the delivery of customer services, revenues and benefits, payrolls, pensions, transactional HR, ICT and more. arvato consistently achieved the agreed target of 10 per cent savings from day one, made business processes 15-20 per cent more efficient and the partnership retained its "Investors in People" accreditation, with assessors praising the commitment to the wellbeing of employees from both sides.

Margaret Rawding, Head of Corporate Finance and ICT at Sefton, applauded arvato's work. "If more outsourcing engagements were structured in this way," she said, "I believe the public sector would be more able to effectively deal with new challenges."

She was right. Chesterfield Borough Council - one of the first UK boroughs to outsource services - also achieved success, hitting more of its key performance indicators than ever before after outsourcing some of its non-core services. In April, Serco announced that the London Borough of Enfield had opted to extend its IT outsourcing contract with them for a further four years, while Lincolnshire County Council also signed a five-year contract with the same company involving a range of business process and contact centre services.

Public sector outsourcing's rising popularity

Research conducted by NelsonHall has shown that the quantity of UK public sector outsourcing deals rose by 168 per cent in 2014. 75 per cent of those were onshore agreements kept within the UK; over half were first-time outsourcing deals, demonstrating that public sector outsourcing is growing more popular.

IT is still the service that is most widely outsourced by the public sector, but business processes such as customer services, contact centre services, HR, pensions and payroll are all now commonly outsourced. And while that is a wide variety of processes, all can be outsourced efficiently and effectively if the buyers and service providers involved concentrate on best practice.

The NOA's top tips for public sector outsourcing

- Have a clear vision of your goals – do not outsource without giving the matter proper consideration. Understand where you want to be and why outsourcing will help.
- Be realistic about what can be achieved – outsourcing won't solve everything in one fell swoop. Savings from outsourcing can take time to feed through so look at maintaining and improving services first.

- Don't seek to outsource a problem without first acknowledging that the problem exists – problems cannot be outsourced easily, and you'll pay for that. The outsourcer can work with the outsourcee and advisors to solve the problem, then figure out how to outsource it.

- Communicate early on with outsourcing bodies, advisors and prospective partners. Advice and best practice are both vital.

- Seek to create a partnership – negotiation is not a competition but a co-design process. There must be incentives for both sides to participate.

- Be transparent with your activities and business objectives, and ensure that those objectives are aligned with your partner's.

There are also some steps that the government must take in order to improve its outsourcing:

- The government must concentrate on becoming a better commissioner of services.

- The government also needs to do more to assist SMEs with the procurement of public sector contracts.

- Civil servants are often being expected to oversee outsourcing with little or no experience. These personnel deserve proper training before they're required to manage outsourcing relationships.

Using third party specialists that are willing to invest in new technologies and improve processes makes complete economic sense. That's why the outsourcing industry is set to continue its growth, but it's our responsibility to ensure that this happens to the benefit of all parties involved. That means the government, the suppliers, and of course the end consumers of public services.

NHS Outsourcing: More essential now than ever

In June 2015 iGov and Serco partnered up to conduct the “Efficiency Challenges in the NHS” report. Their survey revealed that the majority of directors, department heads and managers working within NHS organisations believe that outsourcing and shared services will make an important contribution to the success of the NHS over the next five years.

This positive perception of outsourcing from those at the top of the NHS is a stark contrast to that held by people generally in the UK. National Outsourcing Association research has revealed that 80 per cent of the UK public do not think outsourcing helps UK PLC; 22 per cent claim to actively dislike the outsourcing industry, while only 19 per cent believe outsourcing can help the UK reduce its deficit. Outsourcing has long had an image problem, especially where the NHS is concerned. So why is it that NHS directors and managers recognise outsourcing’s value, but the UK public doesn’t?

It’s important to look at where each group is getting its information from. Unfortunately, in the case of Joe Public, that’s the media, where the UK outsourcing industry is constantly misrepresented. Only high profile outsourcing failures make headlines – particularly those concerning the public sector. Meanwhile, the vast majority of successful outsourcing contracts, which deliver our country with valuable cost savings and efficiency gains, get little-to-no coverage.

In contrast, those working in the NHS who actually manage contracts see the statistics concerning outsourcing on a daily basis. They are fully aware of its true value and how fundamental outsourcing is to keeping the NHS going. From Thatcher through to Cameron, the UK’s health service has become increasingly reliant on private sector support. Today, the Centre for Health and Public Interest estimates that the provision of clinical services by the private sector to the NHS is now worth £20 billion a year, one-fifth of the overall healthcare budget.

Successful NHS outsourcing case studies

So where is all that money going, and is it providing value? Here are a select few from the wide array of successful NHS outsourcing and shared services case studies that the NOA has come across over the past few years.

Let’s start with NHS Shared Business Services, the “integrated single financial environment” launched 10 years ago, now used by 40 per cent of NHS providers and 100 per cent of commissioning groups. Establishing the organisation was a huge transition, where over 6,000 users had to become quickly accustomed to a brand new system. The project was rolled out across as many NHS organisations as possible, in order to bring the greatest possible benefit to the British taxpayer – which it did. Savings of over £224 million were achieved over the course of nine years, smashing the original target set. NHS Shared Business Services was a worthy winner of "Shared Services Centre of the Year" at the NOA Awards 2014.

Another long term NHS outsourcing relationship of note is the "NHS Spine" contract awarded to BT Global Services, for the development of systems and software that now support over 899,000 registered users. Thanks to this contract, transformational healthcare applications are currently available to approximately 1.3 million NHS healthcare staff across the UK, who in turn provide care to around 50 million UK citizens. The NHS Spine has enhanced efficiency when managing requests for patient details, where results are returned in milliseconds. Over two billion messages are sent between the systems every year, with practically zero data loss. This gargantuan IT programme is a great example of how the NHS can provide more effective, patient-centric services.

The outsourcing of back office functions such as record management is vital to the NHS. Prior to 2009, Worcestershire NHS Trust had 60 records management staff – based across three hospitals and one overcrowded library – using 10 different legacy systems, responding to thousands of requests with deadlines they couldn't possibly meet. Responses were delayed, putting patients at risk, with one-to-two per cent of all records going missing entirely. Enter Xerox, the service provider the Trust chose to outsource the operation to. Within two years, Xerox completely transformed the Trust's record management functions. Documents were digitised, increasing reliability and efficiency, while the staff involved received better training and were better incentivised. And, to top it all, £2 million in savings is expected over the course of the following 10 years. Worcestershire's director of ICT John Thornbury put it best when he said, "Important as this team is to patient care, we could never have focused on them the way Xerox has".

And there's Mid Essex Hospital Services NHS Trust, who achieved savings of 28 per cent, along with a vastly improved orthopaedics operation, by outsourcing specialist clinical procurement to INVERTO. Under INVERTO's supervision, procedures were broken down and rebuilt from the foundations upward, streamlining processes and eliminating inefficiencies. Within the first three months of the outsourcing partnership £300,000 has been saved, without changing any of the suppliers or products used by the Trust.

Lessons for the NHS to live by

A 2014 report compiled by six different NHS bodies has found that the NHS budget will face an annual £30 billion shortfall by the end of the next parliament if practices do not improve. Additionally, our health service faces further jeopardy thanks to the UK's slowing economy and an ageing population demanding evermore healthcare services. Not to mention the fact that further Conservative cuts seem to lie around every corner. So who, or rather what, is going to save our NHS?

You guessed it – outsourcing. But there's more to it than that. The NHS is in dire need of more outsourcing contracts like the aforementioned: collaborative, well-planned and properly executed. With Capita recently signing a £1 billion megadeal to provide the health service with administrative support, and more contracts of a similar nature expected over the coming years, it is vital that the NHS takes the following lessons to heart if it is going to maximise the success of its outsourcing:

- **Follow outsourcing best practice.** That means not outsourcing a problem and expecting it to magically disappear without further input. The NHS needs to collaborate fully with its service providers, sharing business objectives and taking the time to nurture and maintain every relationship.

- **Take full advantage of new technologies.** The NHS has a flawed track record when it comes to integrating new technologies with its operations; service providers can help here. Robotic process automation and artificial intelligence are just two new prospects that stand to change the face of modern outsourcing. The NHS could be transformed too, provided it partners with the right best-of-breed suppliers.

- **Learn from the private sector.** Outsourcing is a dynamic, evolving industry, meaning those working in it need to constantly hone their skills. The government should follow in the footsteps of the private sector and provide NHS contract managers with the extensive outsourcing training they deserve, and support that training with incentives, qualifications and accreditation. Doing so will greatly improve the vocational happiness of those individuals and, in turn, have a positive impact on their outsourcing.

Public Sector Case Studies

The Environment Agency & Teleperformance

(Winner of "Public Sector Outsourcing Project of the Year" at the NOA Awards 2015)

The Environment Agency's flood information call centre service, Floodline was established in 1999 to provide a 24-hour telephone helpline through which the public could access up-to-date information about flooding in their area and make detailed enquiries. The Environment Agency partnered with Teleperformance, the world leader in call centre management, to build and shape a bespoke high volume service that met the needs of customers. Floodline not only provides an important information service to the public in England but also to partners in Scotland (Scottish Environmental Protection Agency) and Wales (Natural Resources Wales).

Floodline and Teleperformance

Teleperformance is a world leading provider of outsourced customer contact management and has worked with the Environment Agency since the outset, delivering an integrated multimedia warning and information service. Both organisations view the programme as a partnership and work closely to deliver the service to the highest standards of quality and customer satisfaction. Due to the high availability and exacting standards of service required, it operates like a "fourth emergency service".

Flexible solution to flood threat

During "Steady State" periods, when inbound call volumes are low, Teleperformance operates Floodline with a small team of dedicated agents who handle the business-as-usual calls and carry out administration tasks. This core team is supported by a much large pool of trained advisors sited throughout Teleperformance UK's call centre network, who can be called upon at short notice in the event of a flood situation. This works well and provides support to the customers when needed, as well as providing resilience across the range of call centres. When a flood event occurs the service moves to a different level of service called "Event Status". As expected during a flood event there are a large number of distressed and vulnerable callers, which requires advisors to be calm, sensitive and sometimes initiate emergency assistance. Therefore, to maintain quality of service, each advisor within this pool receives regular refresher training which ensures they are ready to handle Floodline calls should the need arise.

When there is advance notice of adverse weather that may cause call volumes to increase quickly, advisors on a call out list across all participating sites are informed of this possibility, and are alerted to be prepared. Once "Flood Event Status" has been invoked, the point of contact at each site arranges for advisors to become available for the Floodline Service. Once the advisors are in place, the emergency call routing is activated to route the calls to all necessary locations. This ensures that as the call volumes increase, they can be managed by the increased number of fully trained Floodline agents.

More detailed resource planning then takes over to ensure the required advisor coverage necessary to support a prolonged flood event is in place, bringing online other data centres as and when needed at short notice.

This active call management allows the Environment Agency to control costs and still deliver a world class call centre experience for our customers.

BBC Audience Services & Capita

(Shortlisted for "Public Sector Outsourcing Project of the Year" at the NOA Awards 2015)

Five years ago the BBC Audience Services contract had been through a bumpy transition; its reputation (and its outsourced partner's reputation) had been affected by this. Clearly the priority was to fix the problems - which happened quickly - and the contract was running smoothly and effectively within a few months. But contract difficulties can linger in the memory long after they is fixed, and that needed to be tackled too.
Rather than just fix the service and hope the rest would follow, the team used the following tactics to dramatically change their reputation:

- *Regular internal newsletters*
- *A programme of visits from senior BBC managers to the contact centre (including the director-general and eight of the 12 BBC trustees)*
- *Using the externally facing "About the BBC Blog"*
- *Slots at divisional "awaydays"*
- *Speaking externally at the NOA, the Customer Contact Association and the Market Research Society*
- *Getting in front of sceptical stakeholders regularly with evidence of good performance*
- *Using regular forums such as the Strategic Contracts board, the Complaints Management board and meetings of the BBC Trust to update regularly on new initiatives*
- *Celebrating success by entering awards ceremonies*

This has all been very successful and, in addition to improving the team and Capita's reputation internally and externally, the team are now regularly invited to share their story with other contract professionals.

The Home Office & VFS Global

(Shortlisted for "Public Sector Outsourcing Project of the Year" at the NOA Awards 2015)

VFS Global is the world's largest outsourcing and technology services specialist for governments and diplomatic missions worldwide, serving 48 client governments in 123 countries. Established in 2001, it has a global work force of some 7,000 and recently processed its 100 millionth visa applicant.

In September 2013 the Home Office awarded VFS a contract for managing UK visa applications globally. The required service packages included application and submission services, biometric enrolment, document registration, interview booking and courier services across six global regions.

The paramount objective was to deliver these services in over 90 separate locations - spread over 40 countries - in just six months, ensuring continuity of service for the Home Office.

VFS prides itself on its ability to demonstrate best practice, using methodology such as Lean and Six Sigma to achieve this. It has a structured approach to governance, ensuring effective performance management at all levels and has been constantly innovative, pioneering changes that enhance efficiency and customer service.

Challenges faced included locating and fitting out many new visa application centres, and ensuring that any existing facilities fully met the new requirements, whilst continuing to deliver services under the previous contractual arrangements.

The result was a fully successful transition and implementation from an organisation that prides itself at putting people and relationship skills first in order to deliver a world class customer service.

"VFS successfully delivered the requirements of NGOV in over 90 visa application centres across six diverse global regions against a very demanding timeline, ensuring that a secure, effective and high quality service was maintained to all UK visa applicants. Their transition was managed extremely efficiently with excellent communication, planning and governance in place."

- Simon Peachey, Head of Visa Operations, ***UK Visas and Immigration***

NHS Blood and Transplant

(Winner of "Award for Excellence in Supplier Management" at the NOA's Professional Awards 2015)

The introduction of the NHSBT online donor portal has been an amazing piece of digital development which has not only transformed NHSBT's relationship with donors, but has also had a truly life changing impact on many patients. Led by Jon Latham, Assistant Director Blood Donation, key to the success of this project was cross functional support from all parts of the organisation.

Marketing, IT, operations, business transformation and communications teams were brought together with the objective of designing NHSBT's self-service future. This team was then augmented by procured specialist input from online design agencies (Sapient and Twenty-Six) as well as a core operational system developer (Savant). On top of all this, input from donors was used in every part of the process to ensure that the look and functionality would be attractive to the overall donor pool.

Key achievements include:

- *It will truly save lives by not only increasing the number of donations available through greater attendance on session (30,000+ in the first year) but also delivering £1.2 million net saving in the first five years to be reinvested back into frontline services*
- *It has been universally praised by new and potential donors alike as it has delivered channel shift to provide donor self-service, enhancing the reputation of the blood service*
- *Its delivery was first class and illustrated best-of-breed in terms of private and public partners working in an agile way, illustrative of the digital delivery that the government is looking for in the public sector*

International blood services have also taken note as they aspire to have a similar service of their own – NHSBT is now the number one blood servicing portal in the world.

The five most significant public sector contracts awarded in 2015

Every day outsourcing provides the UK government with extensive cost savings and process improvements. The public sector simply couldn't survive without the support of its diligent service providers, increasing efficiencies and bringing the government – occasionally kicking and screaming – into the digital future.

NHS signs megadeal with the UK government's favoured service provider

1

Client: ***NHS***
Service provider: ***Capita***

It's widely reported that outsourcing megadeals are in decline, but that didn't stop the NHS signing a £400 million contract with Capita in June 2015. The deal means Capita will provide the NHS with administrative support services over the next four years; it is also part of a larger framework that could be worth anywhere up to £1 billion by the contract's end.

Capita are expected to oversee 40 per cent in cost savings while also allowing the NHS to boost the frontline of its healthcare services. With $14.5 billion (just shy of £10 billion) in sales to the UK government achieved in 2015 alone, Capita has firmly entrenched itself as the UK government's number one service provider.

Met Police outsources to achieve ambitious savings target

2

Client: ***Metropolitan Police***
Service provider: ***Shared Services Connected Limited (SSCL)***

In July 2015, following much consultation and debate, the Metropolitan Police formally made the decision to outsource finance, procurement and HR to SSCL, a commercial joint venture held between Sopra Steria and the Cabinet Office. The 10-year agreement is valued at £216 million and will contribute significantly to the Met's target of reducing expenditure to the tune of £800 million by 2020.

The deal has since been met with some concern and criticism: the London Assembly most notably labelled the deal risky and called on the Met to better its "business nous". The NOA responded in defence of the Met, citing Cleveland Police's arrangement with Sopra Steria as a prime example of how outsourcing can benefit police forces in the UK.

Government creates £4.1 billion facilities management services agreement

3

Client: ***UK Government***
Service provider: ***Carillion and others***

August 2015 saw the government instigate a new facilities management services agreement which will run until 2019 and could be worth up to £4.1 billion. The project involves a standardised pool of facilities management resources for public sector bodies to use. A contract has been signed with 19 service providers in total; Carillion is one of only three companies that will work across all contract areas.

Through better buying, aggregation of requirements and standardisation of specifications, the government expects to see 15 per cent in savings as a result of this agreement, leaving the UK taxpayer £200 million better off.

4

County council pioneers in new age of local government outsourcing

Client: ***Northamptonshire County Council***
Service provider: ***First for Wellbeing***

Prolonged austerity measures and sizeable cuts to local government funding have given Britain's councils cause to think more innovatively about the way they outsource. Northamptonshire County Council is a prime example: in February 2015 the council proposed plans to reduced its core staff to 150 people and transfer 4,000 employees to four new service provider companies (all created and part-owned by the council). Savings of £150 million by 2020 are expected as a result.

It's been called the "Next Generation Model" of public sector outsourcing where a smaller council commissions a group of "specialist social enterprises"; if successful, many more councils may adopt this model to derive more value from their outsourcing. Northamptonshire County Council kicked off the transition in December with the creation of First for Wellbeing, a company expected to handle a wide variety of services, from debt advice to smoking cessation clinics.

5

G4S obtains another young offenders contract despite heavy criticism

Client: ***Youth Justice Board***
Service provider: ***G4S***

In September 2015 G4S secured a five-year contract to manage a facility for young offenders in the UK, valued at £50 million. The award came as something of a shock; many thought G4S's government contract days were over, after the group came under strong criticism for its "inadequate" management of a young offender institution in Rainsbrook.

This could be interpreted as a sign that the outsourcing giant is on the road to recovery. However, news broke in early 2016 that G4S is considering exiting all young offender contracts in the UK and the US following yet another high profile incident, at one of its facilities in Kent.

The five most significant public sector contracts ended in 2015

Unfortunately, public sector contracts sometimes fail, and 2015 was no exception. When this does occur, it is vital for the outsourcing industry to take note of these failures and learn from them, in order to avoid repeating the same mistakes in the future.

1

BT and Cornwall Council go to the High Court

Client: ***Cornwall County Council***
Service provider: ***BT***

March 2013 saw Cornwall County Council sign a 10-year outsourcing deal with BT, valued at £160 million, involving the provision of services including IT, HR and document management. In May 2015 the Council issued BT with an ultimatum threatening to terminate the contract; by September, the matter was being escalated to the High Court.

Before the year's end, the High Court had ruled that Cornwall County Council were allowed to formally end the outsourcing relationship. While BT only managed to deliver 64 per cent of the KPIs agreed between the two parties, the Council is also thought to have rushed the original contracting process, focusing instead on the 2013 local elections.

2

DVLA brings two decades of outsourcing to an end

Client: ***Driver and Vehicle Licensing Agency (DVLA)***
Service providers: ***IBM, Fujitsu, Concentrix and others***

In September 2015 the DVLA completed an extensive two-year project bringing all of its IT services back in-house. The DVLA's outsourcing strategy – set up during the Thatcher years – existed for over 20 years and saw over £1.6 billion spent, yet allegedly it only took CEO Oliver Morley a few days to make the decision to backsource everything after he joined the agency in 2013.

Iain Paterson, the DVLA CTO during this time, explained: "We looked at the architecture and cost of standing still, which we estimate to be in excess of £230 million, and to run a procurement programme would have cost £80 million. For the most part we are doing it ourselves but we have plenty of partners – big and small – still with us, who will be doing a large part of the work. But we have the relationship directly with them, we coordinate delivery, we have mixed development teams and it is very important we own the overall model."

Government terminates deal with the Met's new outsourcing partner

3

Client: ***The Department for Business, Innovation and Skills (BIS)***
Service provider: ***Shared Services Connected Limited (SSCL)***

Also in September 2015, the Department for Business, Innovation and Skills opted to terminate its contract with Shared Services Connected Limited, a joint venture involving Sopra Steria (75 per cent) and the Cabinet Office (25 per cent). The deal, established in 2013, was part of the government's Next Generation Shared Services strategy, a project that was meant to save taxpayers roughly £500 million in total.

BIS admitted that the contract was "no longer viable" due to how much it was costing the department, along with other factors. Despite this failure, SSCL was still the partner of choice for the Metropolitan Police – the Met signed a 10-year contract with the company in 2015 to deliver its IT services. The deal is worth £216 million and will significantly contribute to the Met's aims to save £800 million in spending by 2020.

NHS consortium pulls out of £800 million contract after just eight months

4

Client: ***Cambridgeshire and Peterborough Clinical Commissioning Group (CPCCG)***
Service provider: ***UnitingCare***

This case stands out as it was actually the service provider that terminated the deal. October 2014 saw CPCCG outsource particular healthcare services to UnitingCare, a consortium made up of the Cambridgeshire and Peterborough NHS Foundation Trust and the Cambridge University Hospital NHS Foundation Trust.

The five-year contract, valued at £800 million, included urgent care and mental health services for the elderly, as well as adult community services. UnitingCare started work on the 1st April 2015. Eight months down the line, the consortium pulled out, due to the arrangement being "no longer financially sustainable" – despite the lengthy procurement process and £1 million spent on commissioning leading up to its selection.

Ministry of Justice ousts Serco to bring defence business services in-house

5

Client: ***Ministry of Justice***
Service provider: ***Serco***

Despite actually taking place in very early 2016, this case is still well worth a mention. The Ministry of Justice will not be renewing its £36 million defence business services (DBS) contract, choosing instead to bring DBS management back in-house. Serco originally won the contract in 2012, with the expectation that it would save the UK tax payer around £71 million by driving down costs and delivering efficiencies.

The MoD didn't specify whether this target had been achieved and simply commented that the contract had reached its "natural end". Nevertheless, this will be a significant blow to Serco and its aims to focus primarily on public sector work.

"As the industry association promoting best practice in outsourcing, it's always very disappointing to see examples of outsourcing failing. Little solace for those negatively impacted, but such examples are still few and far between – sadly the successes don't make it into headlines in quite the same way as the failures. The NOA's Outsourcing in 2020 research showed a significant increase in the planned use of outsourcing into the next decade, along with a dramatic trend to a new sourcing ecosystem of companies working with a multitude of best-of-breed partners under shorter, outcome based/shared risk contracts. As collaboration becomes king and new technologies become more commonplace, their clients will be the ones to benefit – those in the public sector in particular!"

- Kerry Hallard, CEO, **NOA**

Video interviews

Buy-side interviews

Nick Mason
Head of Strategic Sourcing
BBC

Paul Carter
Department Engagement Lead – Crown Commercial Services
Department of Work and Pensions

Nicola South
Sourcing Business Partner
Zurich Insurance

Service / support provider interviews

Rick Simmonds
Managing Director
Aecus

Chris Holder
Partner
Bristows LLP

Service / support provider interviews

Ashley Carter
Director, Global Outsourcing
BDO

Tom Reuner
Managing Director
HfS Research

Service / support provider interviews

Joanna Page
Director
KPMG

Leslie Willcocks
Director – Outsourcing Unit
London School of Economics and Political Science

Mike Winter
Major Bid Director
Sopra Steria

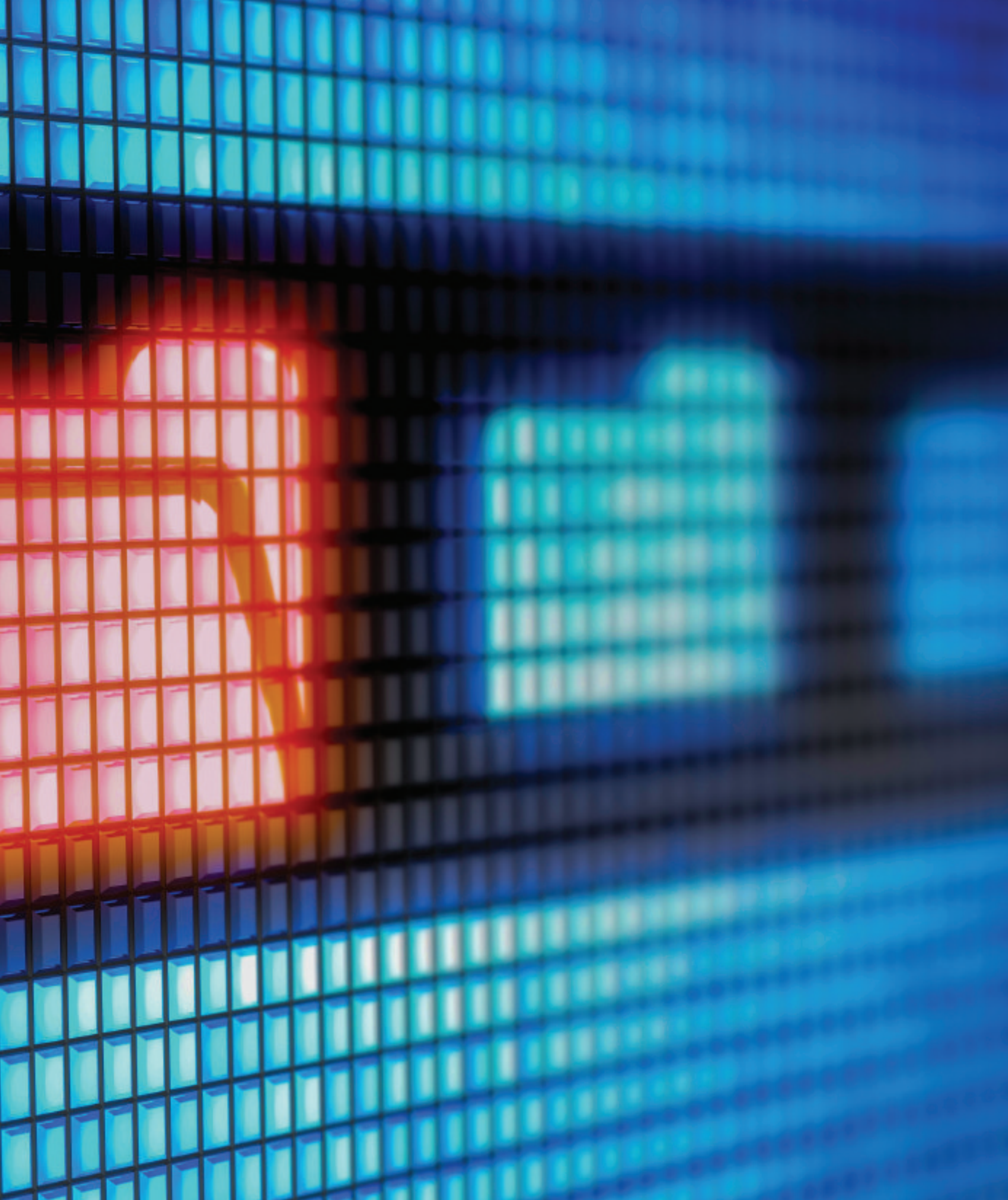
The NOA has revamped its online Suppliers Directory, making it the de facto place to go for buyers searching for suppliers against specific selection criteria.

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

Directory

Please go to directory.noa.co.uk to start your search.

Contact admin@noa.co.uk to get your company profiled.



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												
Accedia JSC		■				■	■	■				
Adetiq Limited												
Aecus		■										■
Apex Employment Services		■										■
Arise Virtual Solutions												
arvato					■							
Aspect Software										■		■
Arvo Software	■			■			■		■			
Avasant		■										
Bird & Bird												■
Blue Prism							■					
Bold International	■	■		■		■	■				■	
BPeSA												■
Capgemini	■	■	■	■	■	■	■	■	■	■		■
Capita		■	■	■		■		■	■	■		
Capita HR		■										
CDS												■
CGI	■	■	■	■			■	■	■			
CMS												
Cognizant Technology Solutions UK Limited	■	■	■	■			■	■	■	■		
Conectys				■					■			
Damco Solutions Limited	■	■					■	■			■	■
DDC Outsourcing Solutions												
Deloitte		■			■		■			■		■
Everest Group		■										
Eversheds LLP												■
EXL												
Firstsource Solutions												
Freeths LLP												
Future Processing	■	■				■	■	■	■		■	■
Gartner		■										
Genfour Limited		■										
Genpact		■				■			■			
Herbert Smith Freehills LLP												■
IBM United Kingdom Limited		■	■	■				■	■			
ICB (Interconsult Bulgaria)	■	■					■	■			■	
Infinity CCS	■	■	■				■	■		■	■	■
Information Technology Industry Development Agency - ITIDA												
Integris Applied		■										
Intetics	■	■	■	■	■	■	■	■				■
ITC Infotech	■	■	■	■			■	■	■			■

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
KPMG LLP		■										
Linklaters		■										
Mayer Brown International LLP												■
MidlandHR												
Mindpearl												
Miratech	■			■		■	■		■			■
NashTech	■						■		■		■	
NP Group		■										
Objectivity Ltd	■						■	■	■		■	■
Olswang LLP		■										
Ofsure		■		■			■	■				
Parseq			■								■	
Pillsbury Winthrop Shaw Pittman LLP												■
Pinsent Masons												■
Prescience Outsourcing Limited		■										■
ProcessFlows UK Ltd									■			
Qcom Outsourcing		■	■	■					■	■		■
Questers				■			■		■			
Redwood							■					
RPC												■
RR Donnelley												■
RSM												
ScaleFocus		■					■	■				
Scottish Development International		■										
Serco				■								
Sigma Financial Group												
Silverskills Private Limited												
SLASSCOM		■										
Slaughter and May												■
SMT Software UK Ltd		■				■	■	■	■		■	
SoftServe Inc	■	■				■	■					
Soitron	■	■	■	■	■			■				■
Sopra Steria	■	■		■	■		■	■	■			
SPi Global									■			
Teleperformance									■			
Teletech	■	■							■			
TLT												■
Travers Smith LLP												■
Turnstone		■										
UiPath							■					
WNS Global Services (UK) Limited					■							
Xchanging		■										
Xoomworks							■		■			

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	■	■										
Accedia JSC												
Adetiq Limited	■	■	■	■	■	■		■		■		■
Aecus												
Apex Employment Services												
Arise Virtual Solutions		■										
arvato	■	■		■	■						■	
Aspect Software	■											■
Arvo Software												
Avasant												■
Bird & Bird												■
Blue Prism												
Bold International												
BPeSA												■
Capgemini	■	■	■	■	■	■	■	■	■		■	■
Capita	■	■	■									
Capita HR					■							■
CDS												
CGI	■	■			■							
CMS												
Cognizant Technology Solutions UK Limited	■	■		■		■						■
Conectys	■	■	■									
Damco Solutions Limited												
DDC Outsourcing Solutions	■		■			■	■					
Deloitte												■
Everest Group												■
Eversheds LLP												■
EXL	■	■	■	■	■	■	■			■	■	■
Firstsource Solutions	■	■										
Freeths LLP												■
Future Processing		■	■	■								
Gartner												
Genfour Limited												
Genpact	■	■	■	■	■	■		■	■	■	■	■
Herbert Smith Freehills LLP												■
IBM United Kingdom Limited												
ICB (Interconsult Bulgaria)												
Infinity CCS												
Information Technology Industry Development Agency - ITIDA												■
Integris Applied												
Intetics	■		■	■	■	■						■
ITC Infotech		■									■	

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
KPMG LLP												
Linklaters												■
Mayer Brown International LLP												■
MidlandHR					■							
Mindpearl	■											
Miratech												
NashTech	■	■	■	■		■				■		
NP Group										■		
Objectivity Ltd												
Olswang LLP												
Ofsure				■	■				■		■	
Parseq	■		■	■								
Pillsbury Winthrop Shaw Pittman LLP												■
Pinsent Masons												■
Prescience Outsourcing Limited												
ProcessFlows UK Ltd	■		■					■				
Qcom Outsourcing		■									■	■
Questers				■	■		■		■	■		
Redwood												
RPC												■
RR Donnelley												
RSM				■	■							
ScaleFocus												
Scottish Development International												
Serco	■			■	■							■
Sigma Financial Group		■										
Silverskills Private Limited				■		■						
SLASSCOM												■
Slaughter and May												■
SMT Software UK Ltd												
SoftServe Inc												
Soitron	■								■			
Sopra Steria			■	■	■				■	■		
SPi Global	■	■	■	■		■		■				
Teleperformance	■	■										
Teletech	■	■		■	■				■			■
TLT												■
Travers Smith LLP												■
Turnstone												
UiPath												
WNS Global Services (UK) Limited	■	■		■								
Xchanging			■	■								
Xoomworks									■			

60K Ltd
T: 35924620000
W: www.60k.bg
Company type:
Service Provider
Service types:
Contact Centre Provider, Customer Relationship Management Services
Vertical sector expertise:
Banking / Financial Services / Insurance, Pharmaceutical, Central Government / Local Government, Media/Telco/Publishing, Retail & Consumer, Transport/Travel, Utilities
Industry standards:
ISO 9001/2:1994 / 9001/2000 listed
NOA Member
NOA Award Winner:
Outsourced Customer Service Team, Outsourcing Service provider of the Year 2013

Accedia JSC
E: bizdev@accedia.com
T: +359 (2) 444 20 03
W: www.accedia.com/
Company type:
Service Provider
Service types:
Consultancy, Software Development, Systems Integration, R & D Services
Vertical sector expertise:
Banking / Financial Services / Insurance, Healthcare, Pharmaceutical, Retail & Consumer, Utilities, Media/Telco/Publishing, Transport/Travel
Industry standards:
ISO 9001/2:1994 / 9001/2000 listed
NOA Member

Aecus
E: Holly.nicholson@aecus.com
T: 020 7242 0666
W: www.aecus.com
Company type:
Service Provider
Service types:
Consultancy, Other
NOA Member

Apex Employment Services
E: info@apexes.ae
T: 97142551241
W: www.apexes.ae
Company type:
Service Provider
Service types:
Consultancy, Other
Vertical sector expertise:
Healthcare, Banking / Financial Services / Insurance, Retail & Consumer
NOA Member

Adetiq Limited

E: enquiries@adetiq.co.uk
T: 01273 202006
W: www.adetiq.co.uk

Company type:
Service Provider

Years in market:
46

NOA Member

NOA Award winner:
Shortlisted for Outsourcing SME of the Year 2015

Adetiq is the UK based industry expert in highly secure Document and Data Process Outsourcing (DPO), Robotic Process Automation (RPA) & Business-Process-as-a-Service (BPaaS). Adetiq offers end-to-end back office process outsourcing solutions and management combining automation, specialist expertise and effective human resource to deliver unrivaled cost savings, improvements in quality and effective scalability within a PCI DSS secure UK environment, and under a cost efficient consumption based pricing model. Adetiq's client base spans a range of verticals including financial services, retail and leisure, healthcare, utilities, local and central government, telco's and transportation.

Service types:
Customer Relationship Management Services, Document Management, Finance and Accounting, HRO, KPO, Marketing Outsourcing, Other, Contact Centre Provider, RPO
Office locations:
UK - London, UK - South East, UK - South West, UK - Midlands, UK - North East, UK - North West
Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Media/Telco/Publishing, Retail & Consumer, Transport/Travel, Utilities, Healthcare
Industry standards:
ISO 9001/2:1994 / 9001/2000 listed

E: kwheeler@arise.com
T: +44 7880 350993
W: www.ariseworkfromhome.co.uk

Company type:
Service Provider

Years in market:
8

NOA Member

NOA Award winner:
SME Outsourcer Of The Year 2015

Arise Virtual Solutions

Arise is a work-at-home, Business Process Outsourcing (BPO) company that uniquely blends crowdsourcing innovation, cloud-based technology and operational efficiencies to power its services and solutions. Recognised as a pioneer in the call centre industry, Arise has been delivering services in the cloud for nearly a decade through its network of tens of thousands of independent, work-at-home customer service, sales, and technical support providers in the United Kingdom, Ireland, Canada and the United States. Key benefits of our platform include unparalled resource flex, access to agents with life skills and an extremely competitive cost model.

Service types:
Customer Relationship Management Services
Office locations:
UK - South East
Vertical sector expertise:
Media/Telco/Publishing, Retail & Consumer, Utilities, Transport/Travel

E: clare.angood@aspect.com
T: 0208 018 8000
W: www.aspect.com/UK

Company type:
Service Provider

Years in market:
40

Industry standards:
ISO 9001/2:1994 / 9001/2000 listed

NOA Member

Aspect Software

Aspect's fully integrated solution unifies the three most important facets of modern contact centre management; customer interaction management, workforce optimisation, and back-office. Through a full suite of cloud, hosted and hybrid deployment options, we help the world's most demanding contact centres seamlessly align their people, processes and touch points, to deliver remarkable customer experiences.

Service types:
Telecommunications, BPO Other, Contact Centre Provider, ITO Other

Office locations:
UK - London, America - South, America - North, Africa, Asia, Middle East, Europe - Southern, Europe - Central

Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Healthcare, Media/Telco/Publishing, Pharmaceutical, Retail & Consumer, Transport/Travel, Utilities

arvato

E: info@arvato.co.uk
T: +44(0)844 8460800
W: www.arvato.co.uk/

Company type:
Service Provider
Service types:
Management Security Services, Contact Centre Provider, Customer Relationship Management Services, Finance and Accounting, HRO, Supply Chain Management
Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Media/Telco/Publishing, Pharmaceutical, Retail & Consumer, Transport/Travel, Utilities, Healthcare
Industry standards:
Investors in People, Six Sigma
NOA Member
NOA Award winner:
Best Contributor to Rep of Outsourcing; Outsourcing Works, PS Outsourcing Project of the Year 2013, 2012, 2011

Arvo Software

E: webenquiries@arvosoftware.com
W: www.arvosoftware.com
Company type:
Service Provider
Service types:
Application Management, Software Development, Technical Support/Help Desk, Infrastructure Management
Vertical sector expertise:
Utilities, Transport/Travel, Central Government / Local Government
NOA Member

Avasant

E: contactus@avasant.com
T: +1.310.643.3030
W: www.avasant.com
Company type:
Advisory
Service types:
Consultancy
Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Pharmaceutical, Retail & Consumer, Transport/Travel, Utilities, Healthcare, Media/Telco/Publishing
Industry standards:
Investors in People, ISO 9001/2:1994 / 9001/2000 listed, BS 11000, BS 13500, Six Sigma
NOA Member
NOA Award Winner:
Corporate Social Responsibility 2015
Number of NOA qualifications:
1 - 10

BOLD International

E: bold@boldint.com
T: +351 217 959 541
W: www.boldint.com/

Company type:
Service Provider

Years in market:
20

Industry standards:
Investors in People

NOA Member

NOA Award winner:
Innovation in Outsourcing, awarded for our Operational Control Frameworks 2013

BOLD International is an information technology consultancy, with a strategy that focuses on outsourcing as well as specialized competence centres in Digital Strategy, Mobility Solutions, Infrastructure & Systems Administration. Combining these units the company delivers solutions that cover all the main stages of the business value chain.

With clients in all key-industries, BOLD is investing in developing nearshore projects for international markets. Standardized and industrialized processes enable BOLD's teams to deliver complex projects, whilst ensuring ongoing communication with clients.

Founded in 2009 the company has over 350 employees currently present in Lisbon (Portugal) and São Paulo (Brazil).

Service types:
Consultancy, Software Development, Web Development/Hosting, Infrastructure Management, R & D Services, Application Management
Office locations:
Europe - Southern, America - South
Vertical Sector Expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Healthcare, Media/Telco/Publishing, Retail & Consumer, Transport/Travel, Utilities, Pharmaceutical

Bird & Bird

E: mark.leach@twobirds.com
T: 020 7415 6000
W: www.twobirds.com

Company type:
Law Firm

Service types:
Other

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

NOA Member

Blue Prism

E: info@blueprism.com
T: 0870 879 3000
W: www.blueprism.com

Company type:
Service Provider

Service types:
Software Development

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

NOA Member

BPeSA

E: info@bpeswestercape.co.za
T: +2721 4272900
W: www.bpesawesterncape.co.za

Company type:
Advisory

Service types:
Other

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

Industry standards:
ISO 9001/2:1994 / 9001/2000 listed

NOA Member

NOA Award Winner:
NOA 2012 and EOA 2013 Offshoring Destination of the Year 2012 & 2013

Capgemini

Capgemini
CONSULTING.TECHNOLOGY.OUTSOURCING

E: ed.gardner@capgemini.com
T: 014 8376 4764
W: www.uk.capgemini.com

Company type:
Service Provider

Years in market:
45

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

NOA Member

NOA Award winner:
FSO Project of the Year category ITO Project category 2015

With 180,000 people in over 40 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2014 global revenues of EUR 10.573 billion. Together with its clients, Capgemini creates and delivers business, technology and digital solutions that fit their needs, enabling them to achieve innovation and competitiveness. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business ExperienceTM, and draws on Rightshore®, its worldwide delivery model. Learn more about us at www.capgemini.com.
Rightshore® is a trademark belonging to Capgemini.

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

Office locations:
London, South East, South West, Midlands, North West, Scotland, Wales, Asia, Europe – Western, Europe – Central, Europe – Eastern, Europe – Northern, Europe – Southern, American – North, American – South, UK – Ireland, Africa, Australia, Middle East

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

Capita HR

E: engagewithus@capita.co.uk
W: www.capita.co.uk

Company type:
HRO, Consultancy, other

Years in market:
20

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

NOA Member

NOA Award winner:
Innovation in Outsourcing, awarded for our Operational Control Frameworks 2013

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 solutions.

Service types:
HRO, Consultancy, Other

Office locations:
UK - London, UK - South East, UK - South West, UK - Midlands, UK - North East, UK - Ireland, UK - Scotland, Europe - Western, Europe - Central, Middle East

Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government

CGI

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

Company type:
Service Provider

Years in market:
40

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

NOA Member

NOA Award winner:
Shared Service Centre of the Year at National Outsourcing Association Awards 2015

CGI delivers end-to-end IT outsourcing services, with a track record of on-time, on-budget delivery resulting from CGI's quality and management processes. Our flexible global delivery model offers the right mix of on-site, onshore, nearshore and offshore sourcing to maximize value and ensure local accountability.

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

Office locations:
London, Midlands, Scotland, South East, South West, Wales, Asia, Europe – Western, Europe – Central, Europe – Eastern, Europe – Northern, Europe – Southern, American – North, American – South, Middle East, Asia

Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Retail & Consumer, Transport/Travel, Utilities, Healthcare

Capita

E: engagewithus@capita.co.uk
W: www.capita.co.uk
Company type:
Service Provider
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
Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government
Industry standards:
Investors in People, BS 11000, Six Sigma, ISO 9001/2:1994 / 9001/2000 listed
NOA Member
NOA Award Winner: Innovation in Outsourcing, awarded for our Operational Control Frameworks 2013

CDS

E: info@cds.co.uk
T: 0113 3994000
W: www.cds.co.uk
Company type:
Service Provider
Service types:
Other ITO
Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Utilities, Transport/Travel
Industry standards:
ISO 9001/2:1994 / 9001/2000 listed
NOA Member

CMS

E: communications@cms-cmck.com
T: +44 20 73 67 3000
W: www.cms-cmck.com
Company type:
Law firm
Service types:
Other
NOA Member
NOA Award winner:
Advisor of the Year, NOA Professional Awards 2015: Paul Silver, Senior Associate 2015
NOA qualifications:
1 - 10

Damco Solutions Limited

DAMCO
Ensuring Success. Always

E: info@damcogroup.co.uk
T: +44 (0) 208 7992800
W: www.damcogroup.co.uk

Company type:
Service Provider

Industry standards:
ISO 9001/2:1994 / 9001/2000 listed

NOA Member

Damco is a fast growing IT Solutions and Services provider. Started in 1996, Damco has clients all round the globe and has offices in UK, USA, Luxembourg, Australia and India. Our array of services includes software development & maintenance, software testing and professional services.

TestingXperts(www.TestingXperts.com) is an independent and specialist QA & software testing division of Damco Group. Leveraging holistic knowledge of core business processes and software development, its comprehensive suite of testing services covers functional, non-functional testing and specialised testing services like Digital Testing, Cloud, DevOps/Agile Testing, BigData, Mobile, DataWarehouse/Analytics Testing to name a few.

Service types:
Application Management, Software Development, Systems Integration, Web Development/Hosting, Other, Consultancy

Office locations:
UK - South East, Asia, America - North, Europe - Western, Australia

Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Healthcare, Media/Telco/Publishing, Pharmaceutical, Retail & Consumer, Transport/Travel, Utilities

Directory

Cognizant Technology Solutions UK Limited

E: swaminathan.kannan@cognizant.com
T: +44 207 297 7600
W: www.cognizant.com/
Company type:
Service Provider
Service types:
Application Management, Consultancy, Data Centre Management, Infrastructure Management, Software Development, Systems Integration, Technical Support/Help Desk, Telecommunications, Contact Centre Provider, Customer Relationship Management Services, Finance and Accounting, KPO
Vertical sector expertise:
Banking / Financial Services / Insurance, Media/Telco/Publishing, Retail & Consumer, Transport/Travel, Utilities
Industry standards:
Investors in People
NOA Member

Conectys

E: info@conectys.com
T: +44 203 318 1593
W: www.conectys.com
Company type:
Service Provider
Service types:
Infrastructure Management, Technical Support/Help Desk, Contact Centre Provider, Customer Relationship Management Services, Document Management, Other
Vertical sector expertise:
Banking / Financial Services / Insurance, Media/Telco/Publishing, Retail & Consumer, Transport/Travel, Utilities, Pharmaceutical
Industry standards:
ISO 9001/2:1994 / 9001/2000 listed
NOA Member
NOA Award Winner:
European Outsourcing Service Provider & Outsourcing Contact Centre & of the Year 2015

DDC Outsourcing Solutions

E: enquiries@ddcos.com
T: 01909 488600
W: www.ddcos.com
Company type:
Service Provider
Service types:
Contact Centre Provider, Document Management, KPO, LPO
Vertical sector expertise:
Banking / Financial Services / Insurance, Media/Telco/Publishing, Retail & Consumer, Utilities, Central Government / Local Government
Industry standards:
Investors in People, ISO 9001/2:1994 / 9001/2000 listed
NOA Member
NOA Award winner:
Outsourcing Project of the Year Award 2015

Deloitte

T: +44 20 7936 3000
W: www.deloitte.com/view/en_GB/uk/services/consulting/technology/outsourcing-advisory-services/index.htm
Company type:
Advisory
Service types:
Consultancy, other
Vertical sector expertise:
Banking / Financial Services / Insurance, Media/Telco/Publishing, Pharmaceutical, Retail & Consumer, Transport/Travel, Utilities, Central Government / Local Government
Industry standards:
ISO 9001/2:1994 / 9001/2000 listed, BS 11000, BS 13500, Six Sigma
NOA Member

Everest Group

E: rob.hughes@everestgrp.com
T: +44 (0)207 129 1318
W: www.research.everestgrp.com/
Company type:
Advisory
Service types:
Consultancy
Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Media/Telco/Publishing, Pharmaceutical, Retail & Consumer, Transport/Travel, Utilities
NOA Member

Eversheds LLP

E: simongamlin@eversheds.com
T: 020 7919 4500
W: www.eversheds.com/
Company type:
Law Firm
Service types:
Other
Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Media/Telco/Publishing, Pharmaceutical, Retail & Consumer, Transport/Travel, Utilities
Industry standards:
Investors in People, BS 13500, Six Sigma, ISO 9001/2:1994 / 9001/2000 listed
NOA Member
NOA Award Winner:
Outsourcing Advisor of the Year, European Outsourcing Advisory of the Year 2008, 2014

Firstsource Solutions

E: james.eyre@firstsource.com
T: +44 (0)208 237 4500
W: www.firstsource.com
Company type:
Service Provider
Service types:
Contact Centre Provider, Customer Relationship Management Services
Vertical sector expertise:
Banking / Financial Services / Insurance, Media/Telco/Publishing
Industry standards:
Investors in People, Six Sigma, ISO 9001/2:1994 / 9001/2000 listed
NOA Member
NOA Award Winner:
Best Outsourced Customer Service Team and Best Business Process Outsourcing Team 2014

EXL

E: martin.atherton@exlservice.com
T: +44 207 034 1530
W: www.exlservice.com

Company type:
Service Provider

Years in market:
16

Industry standards:
Six Sigma

NOA Member

NOA Award winner:
Finalist: Utilities category Finalist: Innovation in Outsourcing category 2014

EXL (NASDAQ:EXLS) is a leading business process solutions company that looks deeper to drive business impact through integrated services and industry knowledge. EXL provides operations management, decision analytics and technology platforms to organizations in insurance, healthcare, banking and financial services, utilities, travel, and transportation and logistics, among others. We work as a strategic partner to help our clients streamline business operations, improve corporate finance, manage compliance, create new channels for growth and better adapt to change.

Service types:
LPO, Consultancy, Contact Centre Provider, Customer Relationship Management Services, Document Management, Finance and Accounting, HRO, KPO, RPO, Supply Chain Management, Other

Office locations:
India, America – South, America – North, Asia, South West, Europe – Eastern

Vertical sector expertise:
Banking / Financial Services / Insurance, Media/Telco/Publishing, Transport/Travel, Utilities, Retail & Consumer

Future Processing

E: sales@future-processing.com
T: +48 32 461 23 00
W: www.future-processing.com

Company type:
Service Provider

Years in market:
15

NOA Member

Right across the company we are passionate about creating quality bespoke software, which is our main focus and the largest part of what we do.

To help you get what your business needs, we think beyond a simple statement of requirements: we use our experience, technical expertise, innovation and creativity.

Service types:
Software Development, Systems Integration, Other, Customer Relationship Management Services, Document Management, Finance and Accounting, Other, R & D Services, Consultancy, Application Management, Technical Support/Help Desk, Web Development/Hosting

Office locations:
Europe - Central

Vertical sector expertise:
Banking / Financial Services / Insurance, Healthcare, Media/Telco/Publishing, Transport/Travel, Utilities, Retail & Consumer, Central Government / Local Government

Directory

Freeths LLP
E: postmaster@freeths.co.uk
T: 0845 634 2540
W: www.freeths.co.uk
Company type:
Law Firm
Service types:
Other
Vertical sector expertise:
Central Government / Local Government, Retail & Consumer, Banking / Financial Services / Insurance
Industry standards:
Investors in People
NOA Member

Gartner
E: ian.puddy@gartner.com
T: +44 1784 431 000
W: www.gartner.com
Company type:
Advisory
Service types:
Consultancy
Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Media/Telco/Publishing, Pharmaceutical, Retail & Consumer, Transport/Travel, Utilities
Industry standards:
Investors in People
NOA Member

Genfour Limited
E: info@genfour.net
T: +44(0)203 693 3911
W: www.genfour.net
Company type:
Service Provider
Service types:
Consultancy
NOA Member

Genpact
E: catherine.mcerlane@genpact.com
T: +44 207 227 5200
W: www.genpact.com/
Company type:
Service Provider
Service types:
Consultancy, R & D Services, Technical Support/Help Desk, Contact Centre Provider, Customer Relationship Management Services, Document Management, Finance and Accounting, HRO, KPO, Marketing Outsourcing, Procurement Outsourcing, RPO, Supply Chain Management, Other
Vertical sector expertise:
Pharmaceutical, Retail & Consumer, Banking / Financial Services / Insurance, Healthcare, Media/Telco/Publishing, Transport/Travel, Utilities
Industry standards:
Six Sigma, Investors in People
NOA Member

Herbert Smith Freehills LLP
E: Nick.Pantlin@hsf.com
T: +44 20 7466 2570
W: www.herbertsmithfreehills.com
Company type:
Law Firm
Service types:
Other
NOA Member
NOA Award winner:
Financial Services Outsourcing Project of the Year (2014) & Advisory Team of the Year (2011) 2014 & 2011

IBM United Kingdom Limited
T: 0800 206 1195
W: www.ibm.com/uk
Company type:
Service Provider
Service types:
Consultancy, Data Centre Management, Infrastructure Management, Systems Integration, Technical Support/Help Desk
Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Healthcare, Media/Telco/Publishing, Pharmaceutical, Retail & Consumer, Transport/Travel, Utilities
Industry standards:
Investors in People
NOA Member

ICB (Interconsult Bulgaria)
E: sales@icb.bg
T: +359 2 812 92 16
W: www.icb.bg
Company type:
Service Provider
Service types:
Application Management, Software Development, Systems Integration, Web Development/Hosting, Consultancy
Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Utilities
Industry standards:
ISO 9001/2:1994 / 9001/2000 listed
NOA Member

Information Technology Industry Development Agency - ITIDA
E: investment@itida.gov.eg
T: +202 3534 5230
W: www.itida.gov.eg
Company type:
Advisory
Service types:
Other
Vertical sector expertise:
Central Government / Local Government
NOA Member
NOA Award winner:
Offshore destination of the year 2011

Infinity CCS

E: info@infinityccs.com
T: 0121 450 7830
W: www.infinityccs.com

Company type:
Service Provider

Years in market:
15

Industry standards:
Investors in People

NOA Member

Infinity provides technology and services that deliver excellence, efficiency and commercial advantage for outsourced customer management service providers. At the heart of our offer is the Infinity Platform, a highly configurable workflow engine with a unified agent desktop that empowers outsourcers to design and deliver exceptional and efficient customer experiences and capture the data they need to manage and transform operational performance. Designed for the outsourced environment Infinity has a commercial model to match. It requires minimal upfront investment and has a usage based pricing model with the flexibility to scale capability up and down, across multiple sites.

Service types:
Application Management, Consultancy, Data Centre Management, Software Development, Systems Integration, Telecommunications, Web Development/Hosting, Other

Office locations:
UK - Midlands

Vertical sector expertise:
Banking / Financial Services / Insurance, Media/Telco/Publishing, Retail & Consumer, Utilities

Intetics

E: odt@intetics.com
T: +13126255669
W: www.intetics.com

Company type:
Service Provider

Years in market:
21

Industry standards:
ISO 9001/2:1994 / 9001/2000 listed

NOA Member

NOA Award winner:
EOA BPO Contract of the Year 2015

Intetics creates distributed technology teams focused on software product development, IT support, quality assurance and data processing.

We enable organizations capitalize on available global talent, using Remote In-Sourcing®, advanced quality management, measurable SLAs, and extensive engineering expertise. Our core skill is software product design in conditions of incomplete specifications.

Service types:
Application Management, Consultancy, Data Centre Management, Infrastructure Management, Management Security Services, R & D Services, Software Development, Systems Integration, Other, Contact Centre Provider, Document Management, Finance and Accounting, KPO, Other, HRO

Office locations:
Europe - Western, Europe - Eastern, America - North, Asia

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

Integris Applied

E: nick.james@integrisapplied.com
T: 07802 471191
W: www.integrisappied.com
Company type:
Advisory
Service types:
Consultancy
Vertical sector expertise:
Central Government / Local Government
NOA Member

ITC Infotech

E: contact.us@itcinfotech.com
T: +44 196 830 4902
W: www.itcinfotech.com
Company type:
Service Provider
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
Vertical sector expertise:
Banking / Financial Services / Insurance, Media/Telco/Publishing, Pharmaceutical, Retail & Consumer, Transport/Travel, Utilities
Industry standards:
Investors in People, ISO 9001/2:1994 / 9001/2000 listed, BS 11000
NOA Member

Kimco Ltd

E: eleanor.small@kimcoafrica.com
T: 01202 888549
W: www.kimcoafrica.com
Company type:
Service Provider
NOA Member

KPMG LLP

E: James.Wilson@KPMG.co.uk
T: +44 20 78964216
W: www.kpmg-institutes.com/shared-services-outsourcing-institute/
Company type:
Advisory
Service types:
Consultancy
Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Media/Telco/Publishing, Pharmaceutical, Retail & Consumer, Transport/Travel, Utilities
Industry standards:
ISO 9001/2:1994 / 9001/2000 listed
NOA Member
NOA Award winner:
NOA Outsourcing Advisory of the Year 2015

Mayer Brown International LLP

E: pdickinson@mayerbrown.com
T: +44 20 3130 3747
W: www.mayerbrown.com/

Company type:
Law Firm

Years in market:
20

NOA Member

For over 20 years, we have helped customers negotiate and govern complex, high-value relationships with providers of critical services and technology and are now helping clients to adopt Digital Age innovations.

We have over 50 lawyers in America, Europe and Asia. We have achieved the highest ratings from legal directories such as Chambers, The Legal 500 and the International Association of Outsourcing Professionals. We are ranked band 1 in Chambers Global for Outsourcing.
We have advised clients on more than 300 significant ITO/BPO transactions, with an aggregate contract value of more than $100 billion.

Service types:
Consultancy, other

Vertical sector expertise:
Banking / Financial Services / Insurance, Media/Telco/Publishing, Retail & Consumer, Healthcare, Pharmaceutical, Transport/Travel

Linklaters

E: tanguy.van_overstraeten@linklaters.com
T: +32 25019411
W: www.linklaters.com
Company type:
Law firm
Service types:
Other
NOA Member

MIDAS

E: info@midas.org.uk
T: +44 (0) 161 875 2239
W: www.investinmanchester.com/
Company type:
Service Provider
NOA Member

MidlandHR

E: info@midlandhr.com
T: 0115 945 6000
W: www.midlandhr.com
Company type:
Service Provider
Service types:
HRO
Vertical sector expertise:
Media/Telco/Publishing, Retail & Consumer, Pharmaceutical, Central Government / Local Government, Banking / Financial Services / Insurance, Transport/Travel, Utilities
Industry standards:
Investors in People
NOA Member

Mindpearl

E: askus@mindpearl.com
T: +272 1440 6707
W: www.mindpearl.com
Company type:
Service Provider
Service types:
Contact Centre Provider
Vertical sector expertise:
Banking / Financial Services / Insurance, Media/Telco/Publishing, Retail & Consumer, Transport/Travel
NOA Member
NOA Award winner:
Outsourcing Contact Centre of the Year, Contribution to Outsourcing 2013

Miratech

E: info@miratechgroup.com
T: +44 208 123 1165
W: www.miratechgroup.com

Company type:
Service Provider

Years in market:
26

Industry standards:
ISO 9001/2:1994 / 9001/2000 listed

NOA Member

NOA Award winner:
European IT Outsourcing Project of the Year / 2014 NOA Best IT Outsourcing Team 2015

miratech

Miratech is an IT services and outsourcing company that provides managed IT services to large and midsize multinational organizations. Founded in 1989, Miratech has its headquarters in Stockholm and Washington, D.C.; and R&D centers in Poland, Slovakia, and Ukraine. Miratech serves its customers internationally, covering 560 locations. Miratech has been ranked highly in major industrial ratings, including the Global Services 100; the Software 500®; EOA/NOA's Awards; The Global Outsourcing 100® and Best Five Companies in Eastern Europe, by IAOP®.

Miratech is ISO 9001, CMM Level 3, and ISO 27001 certified.

Service types:
Application Management, Infrastructure Management, R & D Services, Software Development, Technical Support/Help Desk, Other

Office locations:
Europe – Eastern, Europe – Northern, Europe – Southern, UK – South East, America – North

Vertical sector expertise:
Banking / Financial Services / Insurance, Healthcare, Media/Telco/Publishing

E: info@objectivity.co.uk
T: +44 (0)2476 420000
W: www.objectivity.co.uk

Company type:
Service Provider

Years in market:
25

NOA Member

NOA Award winner:
Finalist in 2 categories:
1. Best IT Outsourcing Team
2. Best Offshored Team 2014

Objectivity Ltd

At Objectivity, we are passionate about helping organisations utilise technology to deliver better, faster, simpler & more cost effective services. We build, support and maintain business critical IT systems by providing you with teams of dedicated IT professionals.

The combination of flexible engagements and our nearshoring model represents real value for money. We are experts in the management of complex bespoke developments, support and maintenance of existing applications and the provision of mobile solutions. We have provided these services across many different sectors and blue chip organisations utilising our strong project and service management expertise. We are also an approved supplier on several public sector frameworks including G-Cloud, Digital Services Framework and the BBC Aurora programme.

Why not get in touch and find out more?

Service types:
Software Development, Systems Integration, Web Development/Hosting, Application Management, Technical Support/Help Desk, Other
Office locations:
UK - Midland, Europe - Eastern
Vertical sector expertise:
Banking / Financial Services / Insurance, Media/Telco/Publishing, Pharmaceutical, Retail & Consumer, Central Government / Local Government, Healthcare, Utilities
Industry standards:
ISO 9001/2:1994 / 9001/2000 listed, Investors in People
Clients:
Primark, SSE Energy, Morrisons, IPC Media, Hospira, Edrington, iCareHealth, PayU, Ascentric, Scout24

"Being values driven isn't always easy, but we believe it's the best philosophy for successful, long term relationships." Peter Brookes-Smith, Group Managing Director
"Our strategy to build great place to work is very simple - we are common sense enthusiasts." Paulina Roszczak-Åšliwa, HR Guild Master
"We have an open invite for prospective clients to come and spend time with us, to meet the people and see how we work." Piotr Szatkowski, Operations Director
Euan Fraser, Director of Business Technology, Edrington: *"Objectivity is, however, one of the best I have worked with. They are professional, agile, collaborative and offer excellent value for money."*
Jon Finn-IT Director, Ascentric: "*It was during the site visit to Wroclaw that Objectivity really started to stand out. We had complete access to wander around and talk to anyone. They were all proud to work there and obviously passionate about delivering IT projects."*

Objectivity in numbers: - 450 employees (as of December 2015) - 100% technical staff with a master's degree or higher. - Over 55% of new staff as a result of employee referrals. - Established for 25 years. - Zero junior employees - minimum 3 years of commercial experience for all technical staff.

Objectivity is a values driven organisation, built on the foundation of our win-win philosophy. We believe it is possible to achieve an equilibrium between the interests of our clients, suppliers, employees and their families. We've been working this way for 25 years. Our core values are People, Integrity, Excellence and Agility. We have no gold-plated words to prove this. It's deeply rooted in the way we work and live every day.

NashTech
E: sarah.mcalister@nashtechglobal.com
T: 0207 3338778
W: www.nashtechglobal.com
Company type:
Service Provider
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
Vertical sector expertise:
Banking / Financial Services / Insurance, Media/Telco/Publishing, Pharmaceutical, Retail & Consumer, Transport/Travel
Industry standards:
ISO 9001/2:1994 / 9001/2000 listed
NOA Member
NOA Award Winner:
NOA Professional Outsourcing Award - Best Offshore Team 2014

NP Group RPO
E: rpoinfo@groupnp.com
T: 0207 953 0000
W: www.groupnp.com
Company type:
Service Provider
Service types:
Consultancy, RPO
Vertical sector expertise:
Banking / Financial Services / Insurance, Media/Telco/Publishing, Retail & Consumer
NOA Member

Ofsure
E: info@ofsure.com
T: 01926 49362
W: www.ofsure.com
Company type:
Advisory
Service types:
Consultancy, Infrastructure Management, Software Development, Systems Integration, Finance and Accounting, HRO, Procurement Outsourcing, Supply Chain Management
Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Media/Telco/Publishing, Utilities
NOA Member

Olswang LLP
E: dominic.dryden@olswang.com
T: +44 20 7067 3381
W: www.olswang.com
Company type:
Law Firm
Service types:
Consultancy
Vertical sector expertise:
Central Government / Local Government, Media/Telco/Publishing, Pharmaceutical, Retail & Consumer, Transport/Travel, Utilities, Banking / Financial Services / Insurance
NOA Member
NOA Award winner:
NOA Outsourcing Advisory of the Year & EOA Outsourcing Advisory of the Year 2010 and 2013

Parseq
E: info@parseq.com
T: 01709 448000
W: www.parseq.com
Company type:
Service Provider
Service types:
Data Centre Management, Web Development/Hosting, Contact Centre Provider, Document Management, Finance and Accounting
Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Media/Telco/Publishing, Retail & Consumer, Transport/Travel, Utilities
Industry standards:
ISO 9001/2:1994 / 9001/2000 listed
NOA Member

Pillsbury Winthrop Shaw Pittman LLP
T: +44 20 7847 9500
W: www.pillsburylaw.com/global-sourcing
Company type:
Law Firm
Service types:
Other
Vertical sector expertise:
Banking / Financial Services / Insurance, Media/Telco/Publishing, Pharmaceutical, Retail & Consumer, Transport/Travel, Utilities
NOA Member
NOA Award winner:
2010

Pinsent Masons
T: +44 (0) 20 7418 7000
W: www.pinsentmasons.com
Company type:
Law Firm
Service types:
Other
Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Media/Telco/Publishing, Pharmaceutical, Retail & Consumer, Transport/Travel, Utilities
Industry standards:
Investors in People, BS 11000, ISO 9001/2:1994 / 9001/2000 listed
NOA Member

Prescience Outsourcing Limited
E: philip@prescienceoutsourcing.com
T: 07860 514943
W: www.prescienceoutsourcing.com
Company type:
Advisory
Service types:
Consultancy, Other
Vertical sector expertise:
Banking / Financial Services / Insurance, Retail & Consumer
NOA Member
NOA Award Winner:
Academic achievement in promoting awareness of exit management 2014
NOA qualifications:
1 - 10

ProcessFlows UK Ltd
E: marketing@processflows.co.uk
T: 01962 835000
W: www.processflows.co.uk/outsourcing/
Company type:
Service Provider
Service types:
Technical Support/Help Desk, Contact Centre Provider, Document Management, Marketing Outsourcing
NOA Member

E: daniel.hosking@questers.com
T: +44 207 030 3762
M: +44 7824 447 876
W: www.questers.com

Company type:
Service Provider

Years in market:
9

Industry standards:
Investors in People

Questers

Questers

Questers are expert providers of European-based IT teams.

Questers has a depth of knowledge, understanding and expertise in multi-location management and an outstanding reputation for accessing and employing world class IT talent for a wide range of tech specialist companies. Questers can help control costs and reduce risks within your business by providing right-sized services to support your business' scale-up ambitions.
Questers are world pioneers in providing dedicated IT teams. We enable clients to directly collaborate with their remote team within a modern high performance environment.
This winning combination offers an alternative to traditional outsourcing through transparency of costs, direct management, high productivity, lower risk, greater scalability and ultimately great results.

Service types:
Software Development, Finance and Accounting, HRO, LPO, RPO, Procurement Outsourcing, Technical Support/Help Desk, Infrastructure Management

Office locations:
UK, US, Bulgaria, Romania, Serbia

Vertical sector expertise:
Banking / Financial Services / Insurance, Media/Telco/Publishing, Retail & Consumer, Transport/Travel

Executive viewpoint:
At Questers, we recruit and build dedicated IT teams for our clients from all sectors. Our excellent reputation is built on our ability to recruit and retain world class IT talent. We have a carefully established team of recuitment and HR specialists who have a deep understanding of the local markets combined with strong technical knowledge to ensure our clients recruit right-sized teams for their scale-up plans. Our clients are in direct control of their development and have a full understanding of all the costs throughout the process. Contact us to discuss how we can help with your scale up ambitions.

Clients include:
Our clients range from ambitious scale up businesses to large established global brands.

“Nearly 4 years into our partnership with Questers, we have a stable team of over 30, including multiple disciplines, and we continue to grow our headcount. This is reflected in our business as we have successfully secured a further £6m of investment in 2014 with the Sofia team being a vital part of Miracle.”
Brian Spector CEO, Miracle

“Questers have proved to be an excellent partner for us in Bulgaria, they have made the process of recruiting high quality staff in Sofia a pleasure. Now our team is established and growing we find the direct relationship we enjoy with them to be far superior to any other approach. At the same time we know we can rely on Questers for those things that can be harder to do at distance, for example payroll, HR law, and providing a great office environment for our team.
We now regard team in Sofia as an integral part of our business.”
Dan Sands Managing Partner, Agent3

E: outsourcing@qcom.co.uk
T: 01905 827 650
W: www.qcom.co.uk

Company type:
Service Provider

Years in market:
31

Industry standards:
BS 11000

NOA Member

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

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

Office locations:
UK - Midlands

Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Retail & Consumer, Transport/Travel, Healthcare

RPC

E: mark.crichard@rpc.co.uk
T: +44 (0)20 3060 6000
W: www.rpc.co.uk
Company type:
Law Firm
Service types:
Other
Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Media/Telco/Publishing, Retail & Consumer, Transport/Travel, Utilities
NOA Member

RR Donnelley

E: marketinguk@rrd.com
T: +44 (0) 20 3047 4500
W: www.rrdonnelley.com/gds
Company type:
Service Provider
Service types:
Other
Vertical sector expertise:
Banking / Financial Services / Insurance, Media/Telco/Publishing, Retail & Consumer, Transport/Travel, Utilities
Industry standards:
ISO 9001/2:1994 / 9001/2000 listed
NOA Member

RSM

E: Harry.Capewell@rsmuk.com
T: 07791 609540
W: www.rsmuk.com
Company type:
Service Provider
Service types:
Finance and Accounting, HRO
Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Healthcare, Media/Telco/Publishing, Retail & Consumer, Transport/Travel
NOA Member

Redwood Software UK Ltd

E: Michael.cable@redwood.com
T: 01628 60 1500
W: www.redwood.com

Company type:
Service Provider

Years in market:
22

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

NOA Member

We founded Redwood Software in 1993 with a single minded mission - to help organizations eliminate the costs, risks and wasted time associated with manual tasks. We robotise all processes within R2R, O2C, P2P and all processes within the supply chain. Today, more than 3,000 customers worldwide use Redwood's solutions to automate their business processes. Give us a call to find out what we can do for you.

Service types:
Software Development

Office locations:
UK, USA, The Netherlands, Germany

Vertical sector expertise:
Banking/ Financial Services/ Insurance, Central Government/ Local Government, Healthcare, Media/Telco/Publishing, Pharmaceutical, Retail & Consumer, Transport/Travel, Utilities

SoftServe Inc

T: +44 207 544 8414
W: www.softserveinc.com/

Company type:
Service Provider

Years in market:
22

Industry standards:
ISO 9001/2:1994 / 9001/2000 listed

NOA Member

SoftServe is a leading technology solutions company specializing in software product and application development and services. Since 1993 we've been partnering with organizations from start-ups to large enterprises to help them accelerate growth and innovation, transform operational efficiency, and deliver new products to market. Our experience stretches from Big Data/Analytics, Cloud, Security and UX Design to the Internet of Things, Digital Health and Digital Transformation. With offices across the globe and development centers across Eastern Europe, we measure our success by our clients' success.

Service types:
Application Management, Consultancy, R & D Services, Software Development

Office locations:
UK - London, Europe - Western, Europe - Eastern, America - North, Europe - Northern

Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Media/Telco/Publishing, Pharmaceutical, Retail & Consumer, Transport/Travel, Healthcare, Utilities

ScaleFocus
E: sales@scalefocus.com
T: +44 776 027 9370
W: www.scalefocus.com
Company type:
Service Provider
Service types:
Software Development, Systems Integration, Consultancy
Vertical sector expertise:
Retail & Consumer, Media/Telco/Publishing, Central Government / Local Government, Banking / Financial Services / Insurance, Transport/Travel, Utilities
Industry standards:
ISO 9001/2:1994 / 9001/2000 listed
NOA Member
NOA Award Winner:
NOA Outsourcing Service Provider of the Year 2015

Scottish Development International
T: 0300 013 3385
W: www.sdi.co.uk
Company type:
Advisory
Service types:
Consultancy
Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Pharmaceutical
NOA Member

Serco
E: generalenquiries@serco.com
T: +44 (0)1256 745900
W: www.serco.com
Company type:
Service Provider
Service types:
Infrastructure Management, Contact Centre Provider, Finance and Accounting, HRO, Other
Vertical sector expertise:
Central Government / Local Government, Healthcare, Retail & Consumer, Transport/Travel
Industry standards:
Investors in People, Six Sigma, ISO 9001/2:1994 / 9001/2000 listed
NOA Member
NOA Award Winner:
BPO Contract of the Year Serco and De Vere 2014

Sigma Financial Group
E: gary.gilburd@sigfin.co.uk
T: 07715 351136
W: www.sigfin.co.uk
Company type:
Service Provider
Service types:
Contact Centre Provider
Vertical sector expertise:
Retail & Consumer, Utilities, Banking / Financial Services / Insurance
Industry standards:
ISO 9001/2:1994 / 9001/2000 listed
NOA Member

Silverskills Private Limited
E: atul.grover@silverskills.com
T: +91 124 239 8392
W: www.silverskills.com
Company type:
Service Provider
Service types:
Finance and Accounting, KPO
Vertical sector expertise:
Banking / Financial Services / Insurance, Healthcare
NOA Member

SLASSCOM (Sri Lanka Association of Software and Services Companies)
E: corpoffice@slasscom.lk
T: +94 117 884460
W: www.slasscom.lk
Company type:
Advisory
Service types:
Consultancy
Vertical sector expertise:
Central Government / Local Government, Utilities, Banking / Financial Services / Insurance, Media/Telco/Publishing, Retail & Consumer, Transport/Travel, Pharmaceutical
NOA Member
NOA Award Winner:
Offshoring Destination of the Year 2013

Slaughter and May
T: +44 (0)20 7600 1200
W: www.slaughterandmay.com/
Company type:
Advisory
Service types:
Other
Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Media/Telco/Publishing, Pharmaceutical, Retail & Consumer, Transport/Travel, Utilities, Healthcare
NOA Member
NOA Award winner:
Outsourcing Advisers of the Year 2007; 2014

SMT Software UK Ltd
E: jacek.ratajczak@smtsoftware.com
T: +44 (0) 2079526105
W: www.smtsoftware.com
Company type:
Service Provider
Service types:
Software Development, Technical Support/Help Desk, Systems Integration, Consultancy, R & D Services, Web Development/Hosting
Vertical sector expertise:
Media/Telco/Publishing, Banking / Financial Services / Insurance, Utilities, Retail & Consumer
NOA Member

Soitron
E: info@soitron.co.uk
T: 01189 657990
W: www.soitron.co.uk/
Company type:
Service Provider
Service types:
Application Management, Consultancy, Infrastructure Management, Systems Integration, Other, Contact Centre Provider, Procurement Outsourcing, Management Security Services, Data Centre Management
Vertical sector expertise:
Banking / Financial Services / Insurance, Retail & Consumer, Utilities
NOA Member

Directory

Sopra Steria

E: info.uk@soprasteria.com
T: + 44 (0) 370 600 4466
W: www.soprasteria.co.uk
Company type:
Service Provider
Service types:
Application Management, Consultancy, Infrastructure Management, Management Security Services, Software Development, Systems Integration, Technical Support/Help Desk, Document Management, Finance and Accounting, HRO, Procurement Outsourcing, RPO
Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Media/Telco/Publishing, Retail & Consumer, Transport/Travel, Utilities
Industry standards:
ISO 9001/2:1994 / 9001/2000 listed
NOA Member
NOA Award Winner:
Shared Service Centre of the Year with NHS SBS, JV with the Department of Health 2014

SPi Global

E: content@spi-global.com;
T: +632 884 6222
W: www.spi-global.com
Company type:
Service Provider
Service types:
Technical Support/Help Desk, Contact Centre Provider, Customer Relationship Management Services, Document Management, Finance and Accounting, KPO, Marketing Outsourcing
Vertical sector expertise:
Media/Telco/Publishing, Retail & Consumer, Transport/Travel, Utilities
Industry standards:
Six Sigma, ISO 9001/2:1994 / 9001/2000 listed
NOA Member
NOA Award Winner:
Best Business Process Outsourcing Team 2013

Teleperformance

E: william.carson@teleperformance.com
T: 0117 916 8000
W: www.teleperformance.com
Company type:
Service Provider
Service types:
Technical Support/Help Desk, Contact Centre Provider, Customer Relationship Management Services
Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Media/Telco/Publishing, Retail & Consumer, Transport/Travel, Utilities
Industry standards:
ISO 9001/2:1994 / 9001/2000 listed
NOA Member
NOA Award winner:
EOA - Corporate Social Responsibility
NOA - Shared Service Centre of the Year 2013/2014

Teletech

T: + 44 20 7065 2200
W: www.teletech.com
Company type:
Law Firm
Service types:
Application Management, Consultancy, Technical Support/Help Desk, Contact Centre Provider, Customer Relationship Management Services, Finance and Accounting, HRO, Procurement, Other
Vertical sector expertise:
Banking/ Financial Services/ Insurance
Central Government/ Local Government
Healthcare, Media/Telco/Publishing, Pharmaceutical, Retail & Consumer, Transport/Travel, Utilities
Industry standards:
ISO 9001/2:1994 / 9001/2000 Listed
NOA Member

TLT

E: perran.jervis@TLTsolicitors.com
T: 0333 006 0000
W: www.TLTsolicitors.com
Company type:
Law Firm
Service types:
Other
Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Media/Telco/Publishing, Retail & Consumer, Transport/Travel, Utilities
Industry standards:
Investors in People, ISO 9001/2:1994 / 9001/2000 listed
NOA Member

Travers Smith LLP

E: joanne.evans@traverssmith.com
T: 0207 295 3300
W: www.traverssmith.com
Company type:
Law firm
Service types:
Other
Vertical sector expertise:
Banking / Financial Services / Insurance, Media/Telco/Publishing, Pharmaceutical, Retail & Consumer, Transport/Travel, Utilities
NOA Member

Turnstone

E: Heidi@turnstoneservices.com
T: 0207 936 4373
W: www.turnstoneservices.com
Company type:
Advisory
Service types:
Consultancy
Vertical sector expertise:
Media/Telco/Publishing, Banking / Financial Services / Insurance, Retail & Consumer, Utilities
NOA Member

UiPath

E: sales@uipath.com
T: +44 20 7193 4756
W: www.uipath.com
Company type:
Service Provider
Service types:
Software Development
NOA Member

UST Global
E: Prakash.Raman@ust-global.com
T: +44 (20) 7487 4818
W: www.ust-global.com
Company type:
Service Provider
NOA Member

WNS Global Services (UK) Limited
E: marketing@wns.com
T: +44 207 440 0800
W: www.wns.com/
Company type:
Service Provider
Service types:
Management Security Services, Contact Centre Provider, Customer Relationship Management Services, Finance and Accounting
Vertical sector expertise:
Banking / Financial Services / Insurance, Retail & Consumer, Transport/Travel
Industry standards:
ISO 9001/2:1994 / 9001/2000 listed
NOA Member

Xchanging
T: +44 20 3604 6999
W: www.xchanging.com
Company type:
Service Provider
Service types:
Consultancy, Document Management, Finance and Accounting
Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Transport/Travel
NOA Member
NOA Award winner:
Offshoring Project of the Year 2013

Xoomworks
E: to@xoomworks.com
T: +44 20 7400 6120
W: www.xoomworks.com/us/technology-outsourcing
Company type:
Service Provider
Service types:
Software Development, Technical Support/Help Desk, Procurement Outsourcing
Vertical sector expertise:
Banking / Financial Services / Insurance, Central Government / Local Government, Retail & Consumer, Transport/Travel
Industry standards:
ISO 9001/2:1994 / 9001/2000 listed
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