Business Process Outsourcing: the set up of a market leader

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BPO market - key Trends

- A fast growing market
  - BPO seen growing at **5-6% in 2011** (Nasscom, Nelson Hall) & Nelson Hall sees a **2011-2015 CAGR of 6.5%**, total market reaching **$416Bn**
  - **Our markets are far more dynamic** (Finance & Accounting (FAO), Procure2Pay) **10/15%**
  - TPI saw a 2011 BPO yoy increase in bookings of 32% ($29Bn total). Q4 at +60%

- Potential is both green field and existing clients
  - Per HfS/LSE Study, **17% of enterprises** intend to start outsourcing one or more BPO Processes
  - Of large enterprise buyers ($3Bn+ in revenues) **22% intend to start** outsourcing Procurement/Sourcing, 17% FAO, 14% Analytics
  - Entertainment/Media, Software & Hi-Tech, Energy/Chemicals & BFSI should increase outsourcing the most
BPO: A Brief History

1st Generation: Lift & Shift
- Labor Arbitrage
- Transaction Processing
- Economies of Scale

2nd Generation: Continuous Improvement
- Continuous Improvement
- Multi-process, Multilingual

3rd Generation: Business Insight
- Value Add
- World-Class Processes
- Innovation

4th Generation: Client Outcomes
- Platform-based BPO
- End-to-end Processes
- Transformation
Rapid Expansion to a Market Leader

- Roll-out of Global Process Model®
- Launch of Command Center Solution
- Release of BPOpen™ 2.0
- Acquisition of IBX

2010

- Creation of BPO Americas
- Global BPO in Europe/Asia - Guangzhou/DF

2008

- Acquisition of UL Asia SSC in India (INDIGO)
- Launch of BPOpen™ 1.0 platform

2004

- Creation of a BPO BU
- Acquisition of IP’s SSC in Krakow

528 FTEs

2007

- Acquisition of UL Latam in Chile and Brazil

2009

- Acquisition of VWA OTC North America Onshore Gurgaon
- Launch of IBX Procurement Cloud
- Launch of Social Media Management
- Launch of Sustainability

2011

- 3 new logos
- SAP: BPO Provider of the year

2012

- 13,000+ FTEs
- 23 Delivery Centers
- 100+ Clients
Serving Clients across various Industry Sectors

Manufacturing
- SKF
- BOMBARDIER
- STORAENSO
- syngenta
- CARGOTEC
- SUNPOWER
- Dracoff
- Heli-One
- NMP
- BLUESCOPE STEEL
- INTERNATIONAL PAPER

Finance
- SIX
- TELEKURS
- ZURICH
- BLACKHAWK
- SEB

Energy, Telco, Media Services
- hydro One
- ERICSSON
- TXU Energy
- ONTARIO POWER
- INDUS
- WINDS OF KILOWATT
- Sprint
- VOA
- NTV

Consumer Package Goods, Retail, Distribution
- kraftfoods
- DHL
- Agro Tech Foods Limited
- Daito Farm
- Coca-Cola Enterprises
- Tetra Pak
- Unilever
- Calt
- AVON
- Jardines
- Lufthansa
- General Mills
- xpedx
- IKEA
Capgemini BPO Services

**Finance & Accounting**
- Procure to Pay
- Order to Cash
- Record to Analyze
- Management Assurance Svcs
- Master Data Management

**Supply Chain**
- Quote to Deliver
- Logistics Management
- Sustainability Services

**Procurement**
- Strategic Sourcing & Category Management
- Procurement Operations
- IBX Procurement Platform

**Customer Operations Management**
- Customer Interaction Management
- Content Lifecycle Management
- Social Media Management

**Financial Services**
- Insurance Processing
- Claims Processing
- Securities Data Management

**Human Resources**
- Recruitment Services
- HR Services
- Payroll
- HR Administration

**People * Process * Technology**

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Rightshore® Global Delivery Network

13,000+ Full Time Employees
23 Delivery Centers
100+ clients in 75 countries
36 languages
Platform for Delivering True Client Outcomes

- Scalable and repeatable
- Standardize and multi-client
- Outcome-based pricing
- Bundled with other services
- By industry or line of business
- Can leverage a key partner
Order to Cash platform

- 2,400 employees
- €90m Revenue
- $48bn cash collected per year
The Global Enterprise Model (GEM)

LEVER

1. Grade Mix
2. Location Mix
3. Competency Model
4. Global Process Model
5. Technology Blueprints
6. Pricing
7. Governance
Competency Model

- Right structure for each skills set (job family)
- Adequate management and leadership within job family
- Promotion and development policies
- Remuneration policies

Global Process Model

- Level 0 & 1: Process Group
- Level 2 & 3: Process flow
- Level 4 & 5: Process Flow & Narrative
- Level 6: Desktop Procedures
A Proven Approach for Transforming Global Business Processes

**Analyze**
- End-to-End Processes
- People
- Technology

**Benchmark**
- Best Practice processes
- Identify Gaps relative to Global Process Model (GPM)

**Design**
- Client Processes
- Workflow
- Automation
- Rightshore Delivery

**Implement**
- Training
- Change Management
- Transfer and Run

**Optimize**
- Measurement
- Continuous Improvement
- Business Insights

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Transforming the client model:

Best Practice Global Process Model

Client "As Is" Process

GPM Alignment

Transformed Global Client Model
Case Study
Syngenta Transformation

Client Concerns

Source-to-Pay (S2P)
- Over $20 billion annually on transactions
- Lack of common platforms across business units
- 90 different accounts payable processes

Order-to-Cash (O2C)
- Unable to send one invoice to customers

Record-to-Report (R2R)
- 71% of employees say there is duplication of effort
- $5m spent annually making ad hoc, non-scalable changes to SAP

Human Resources (HRO)
- No consistent on-boarding process for new employees

Project Scope

4 Regions
- EAME
- NAFTA
- APAC
- LATAM

45 Countries

Key Business Processes
- Marketing & Sales
- Purchasing
- Customer Service
- Finance
- Supply Chain

70-80% of all business processes

Client Benefits

Sustainable global footprint
- Global Finance Services organization
- Technology platforms in place / stable
- New delivery centres in Guatemala, India and Brazil

Standard processes across business
- Krakow and Nanhai transformed: language rich activities (Service Desk, Query Resolution, Procurement Desks)
- GSM in place for 80% of processes

Efficient, effective delivery
- 10k invoices and 120k T&E claims processed
- Strong performance, all KPIs above expectations
- Successful year end in collaboration

Solutions and Innovation
- IM improvements
- Customer satisfaction monitored & reported
Client Outcomes

NSN enhanced productivity by 40% & reduced inventory holding by 92% in first year of service

Solution implemented
- Order Management including delivery preparation, customer order management, distribution, customer invoicing
- 750 FTEs in 14 countries
- Support in 9 languages

Assets employed

Outcomes achieved
- Average complaint handling reduced from 122 days to 12 days in Mid East and Africa
- Stock take for US and Canada reduced from 70% (Approx in Nov’11) to 0.63% and 1.6% respectively
- Harmonization of order management function globally

“Capgemini’s excellent reputation and proven track record of maximizing efficiency in business processes, along with its global delivery model, were major factors in our decision to select them as our partner and future employer of our logistics experts.”

Johannes Giloth Global head of Supply Chain, Nokia Siemens Networks
## Client Outcomes

STORA ENSO decreased finance & accounting processing costs by 30-70%

### Solution implemented

- Full Scope Finance & Accounting: Procure-to-Pay, Order-to-Cash, Record-to-Analyze
- 250 FTE's (India and Poland) - Master Data, Cash Application, Credit
- Unified SAP platform & electronic workflow wrapper

### Assets employed

![Assets Employed Diagram](image)

### Outcomes achieved

- Productivity improvements allowed finance processing costs to be reduced by 30% to 70% (depending on sub-process)
- Improved business intelligence
- Extended capabilities & improved processes

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“Transferring our accounting activities to Capgemini enabled us to streamline our administration in line with its more focused business. Capgemini has a proven track record in accounting BPO services”.

Markus Rauramo, Chief Financial Officer, Stora Enso
A BPO market Leader

Challengers

Leaders

Niche players

Visionaries

Source: Gartner (June 2011)
Magic Quadrant - F&A Suppliers
Continuing on our Growth Trajectory

Capitalize on expanding portfolio and IP-based solutions to deliver true client outcomes

- Geographic expansion
- Acquisitions with deep expertise & assets
- Service line extensions
- Cloud Platform Services
- Increased Sector Focus
- Leverage Capgemini Group
- Ongoing Intellectual Property Development

BPO Portfolio