



Inside with: Dan Henderson, President- EDS Business Process Services

Special points of interest:

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Dan Henderson

EquaTerra launches

John Hancock and IBM

From the Editor.

Welcome to our third issue!

Inside Outsourcing's goal is to provide you with articles of interest and with a forum for the exchange of information in this rapidly evolving industry.

Future issues will have "Inside With", a Q&A with different outsourcing leaders.

BPS is part of the Operations Solutions line of business and includes three service lines: Customer Relationship Management, Enterprise Shared Services and Financial Process Management. These service lines provide global process transformation and operating solutions to reduce costs and improve performance for clients worldwide. Henderson's team also ensures the BPO service lines benefit from the strong infrastructures of Operations Solutions' geographic regions and global delivery functions. He also is a member of EDS' Operations Council.

LJ: How do you see the competitive landscape in BPO?

DH: Key IT and professional services players have recognized the opportunity in BPO leadership and are investing heavily and aggressively to build and fortify their competitive positions. Clearly there is a mix in this emerging industry and its variously emerging segments of types of players; for example:

- * Large global established IT and professional service companies like EDS, IBM, Accenture and CSC.
- * In addition to transitional consulting firms like Cap Gemini, Ernst & Young, Bearing Point, etc.
- * BPO pure plays which are typically new entrants into the IT services space exploiting the opportunity of slower moving IT leaders, for example Exult and ACS.
- * Traditional transactional outsourcing leaders seeking to move up the value chain toward transformational business processes; for example, ADP and FDC.

We believe competitive activities will continue to intensify and we will see substantial new investment in BPO by universe of players; therefore, not investing in BPO equals not competing in BPO.

At EDS, we believe that the key success factors for BPO leadership are:

- 1) Transformational capability strength, (e.g., business process re-engineering consulting) and,
- 2) Outsourcing operations excellence.

The list of companies who can demonstrate both with appropriate depth and breadth to effectively serve the global 1000 is very, very short. We believe EDS and IBM are the only two companies today with such capabilities.

LJ: How does the industry view the recent announcements at EDS?

DH: Clearly, financial stability is critical for BPO providers seeking to outsource critical, albeit non-core business operations for clients. EDS' balance sheet remains strong as we navigate through industry and company specific financial market turbulence. During numerous meetings and interactions with senior global 1000 leadership over the last several months, the consistent theme is that leaders understand the narrow scope of the SEC investigation and fully expect EDS to weather the financial storm and, frankly, many have moved beyond those issues.

Inside with: Dan Henderson, President BPS-EDS (cont.)

LJ: How does offshore outsourcing emerge as part of your service offerings?

DH: One of the key success factors for BPO market leadership is outsourcing operations excellence. This presumes very robust best shore capabilities. No BPO provider without such offshore capabilities can address the full spectrum of BPO value for its clients. Therefore, BPO providers without the financial capability and global program management and outsourcing operations capability to deliver offshore value, will be unable to effectively compete.



Throughout its 40 years of outsourcing leadership, EDS has deployed outsourcing operations in most countries around the globe. EDS is particularly well positioned with over 250 BPO operations centers around the world, including in key best shore locations in Asia Pacific, eastern Europe, Africa and Latin America, to provide best in industry offshore solutions.

LJ: Does the shared services model have a role in EDS's initiatives?

DH: BPO is a natural extension of corporate shared services operations as shared services practitioners seek to achieve the next level of value from historical investments which centralized and standardized administrative operations. The BPO provider's ability to offer multi-functional, multi-client, best shore services delivery equates to a significant value opportunity for the universe of companies which have evolved toward shared services.

Specifically, EDS' enterprise shared services business, which includes Human Resources, Finance and Accounting and Procurement, is targeted at the heart of those operations typically first on the list in corporate shared services initiatives.

EDS uniquely understands the corporate shared services environment. The BPO leadership team includes a broad mix of domain and outsourcing experience, including former leaders of some of the world's most recognized shared services operations, e.g., Honeywell.



LJ: Would you share with us the reasons for the recent change in the name of your service line from Business Process Outsourcing to Business Process Services?

DH: BPO has become an important topic of conversation among executives in today's globally competitive marketplace. There are a number of drivers promoting this interest:

Corporations face a growing need to focus on their core business, along with increasing pressure to accelerate growth. Costs associated with non-core business processes continue to rise; as a result, many companies can't afford to make adequate investments in people and technology in order to improve the efficiency and effectiveness of those processes.

"The change in the EDS Business Process Services organizational name was conceived by the leadership team to better represent the full scope of EDS services we bring to this market space. EDS Business Process Services. "EDS is one of the few providers of services spanning the entire client needs spectrum from consulting, process re-engineering, to implementation, transaction processing, integration and outsourcing. Our goal is to provide EDS clients with efficient services allowing them to become more agile enterprises."

EquaTerra, a Sourcing Lifecycle Management Company

When we say Inside Outsourcing, we really mean IN-SIDE.

Next Tuesday, EquaTerra, will be formally announced. We are pleased to share the news with you first.

EquaTerra means “all four corners of the earth,” where global corporations will move their transactional and administrative processes over the next decade.

EquaTerra, the first *Sourcing Lifecycle Management™ (SLM™)* company, helps outsourcing services buyers achieve maximum value from their sourced relationships during each critical phase of a transaction. EquaTerra was founded in 2003 by three Outsourcing and Relationship Management industry experts – Mark Hodges, Mark Toon and David Karabinos. EquaTerra offers four distinct service lines that align with each client’s unique requirements - **KNOWLEDGE, PLAN, SOURCE AND MANAGE.**

EQUATERRA PROVIDES:

Leading edge best practices, processes and tools to design and implement Relationship Management and Governance operating models, critical yet often overlooked components of an outsourcing relationship.

Solutions, services, tools and hands-on, real-world expertise that enable cost-effective business processes anywhere in the world, i.e. “best shore” locations for each client’s specific needs.

An integrated service delivery model consisting of education, design, build and operate components.

Focus on ITO & BPO, Relationship Management, offshore and technology-enabled business processes.

THE EQUATERRA DIFFERENCE:

The only sourcing lifecycle management company - accountability, consistency and continuity throughout the entire sourcing lifecycle.

Dedicated services for Relationship Management and Governance.

Pricing and risk sharing techniques linked to achieving business value, not merely level of effort – assured via performance-based fees.

Thorough understanding and management of risk.

Highly scalable and leverageable capabilities for onshore, near-shore and offshore services.

Utilization of an innovative and expedited sourcing process – with better service provider and geographic diversity.

Single, executive-level point of contact.



Integrated Search Solutions Group



We are a retainer-based executive search firm that has a global presence with specific expertise in outsourcing. We have been involved in outsourcing as a discipline for over seven years. Our experience includes Information Technology, Business Process (Human Resources, Finance & Accounting, and Marketing), and Telecommunications.

We have a proven track record with established Fortune 500 companies as well as venture capitalized start-ups.

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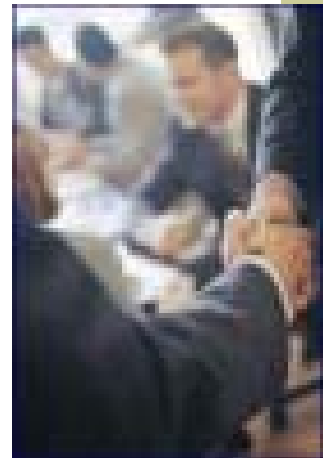
Members of: HROA, SBPOA, BPOAdvisory Board

John Hancock enters into Outsourcing Agreement

BOSTON, April 23 /PRNewswire-FirstCall/ -- John Hancock Financial Services, Inc. today announced its intention to outsource some of its information technology work to IBM. Under the proposed, multi-year agreement, John Hancock will adopt IBM's on demand technology services to create a new, flexible IT infrastructure that responds quickly to fluctuations in computing demand, allowing the company to save money.

IBM plans to assume responsibility for several services currently being performed by the company's Infrastructure Support Services department, which is part of Hancock's Information Technology Services Sector. Infrastructure Support Services (ISS) currently maintains the company's mainframes, servers, networks, desktops, Help Desk, and 24 X 7 operations.

By providing computing applications on a pay-as-you-go basis, John Hancock will be free to focus on its core financial business, become more adaptive to changing market conditions, and better able to drive greater efficiency and value from its business processes. John Hancock will continue to directly manage all of its other information technology work, including development and maintenance of the company's application systems.



“ A person who never made a mistake never tried anything new.”

Albert Einstein