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Inside Outsourcing™



INTERVIEWED BY LARRY JANIS

Inside with:

Scott Gildner, Partner and President, TPI North America

TPI, a unit of Information Services Group, Inc. (ISG) (NASDAQ:III) is the founder and innovator of the sourcing advisory industry, and the largest sourcing advisory firm in the world. We are expert at a broad range of business support functions and related research methodologies. Utilizing deep functional domain expertise and extensive practical experience, TPI's accomplished industry experts collaborate with organizations to help them advance their business operations through the best combination of business process improvement, shared services, outsourcing and offshoring.



LJ: What has been the impact on TPI of the acquisition by Information Services Group, Inc. and how have your clients reacted?

SG: The biggest impact of the acquisition of TPI has been to prompt us to refine the focus of the organization on our industry, our clients, and our role in adding value to both. The acquisition represents the culmination of a ten-year journey of transferring the value created in the building of a US\$170 million consulting firm to the employees who helped create it. With that behind us, we are focusing 100 percent of our attention on expanding and enhancing our client service offerings and helping the industry to move to its next level of maturity.

Our clients have had a tremendously positive reaction – we are currently involved in more projects for more different organizations than at any point of time in the history of TPI – and we are in the final stages of planning for the most widely attended Sourcing Leadership Exchange (our annual client event) we have ever hosted.

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FROM THE EDITOR

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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.

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LJ: Are your clients' expectations on the advantages/ expectations of Outsourcing/BPO changing?

SG: Absolutely. We work with the entire spectrum of organizations around the world that utilize outsourcing in some aspect of their delivery strategy – from the most sophisticated and experienced users, to the novice organizations seeking to test outsourcing for the first time. Almost universally, our clients have ever higher expectations for both us and what they hope to achieve from their outsourcing initiatives – whether it be lower costs, higher productivity, more innovative agreements, better levels of client satisfaction, improved access to new technology – you name it. That is what makes our industry fun and challenging – and what drives TPI to be the most advanced, experienced source of current and emerging best practices in sourcing.

LJ: What are the top five responsibilities in initiating/managing an outsourced relationship?

SG: To some extent, the absolute top five responsibilities depend upon the objectives of any particular relationship. But here are five responsibilities that are sure to figure prominently in the success of any outsourcing relationship.

Executive sponsorship – There needs to be a commitment to the success of the relationship at an executive level from both the provider and the buyer

Alignment with corporate and functional strategies – The sourcing strategy under which the outsourcing initiative is undertaken must align with key high level strategies

Clear objectives – The objectives for the outsourcing initiative during and after the transaction must be clearly defined and the actual results must be measured against those objectives throughout the term of the agreement.

Outsourcing governance - Understanding, preparing for, and performing the right level of outsourcing governance to ensure the maintenance of a productive relationship is essential to the success of the outsourcing relationship



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Sustained commitment – Outsourcing relationships are complex and require a sustained commitment to the success of the relationship.

LJ: When working with various providers in the selection process, what are the most difficult issues that arise in the process?

SG: Each selection process is different, but some common issues frequently emerge as challenges during the process.

The first would be documenting a positive business case and gaining consensus on the case. As surprising as it may sound, there are very few organizations of size that can accurately tell you how much they spend on a particular business function, how many people perform that function, and what volume of output is achieved for the enterprise. This lack of insight can be frustrating to senior executives who are trying to drive change. And, in our industry, change is a strategy, it's not an artifact. Change is the reason that TPI exists and the outsourcing industry exists.

Outsourcing is often inherently a disruptive process, especially for the initial sourcing of services. It requires unbundling processes, people, and technology from a current internal environment, transferring some of those responsibilities externally, and then reattaching those responsibilities to a reorganized internal capability. Modeling such extensive change, and creating the infrastructure to ensure that the change can be accomplished to avoid value leakage during the transition, is one of the key skills TPI provides for our clients.

Another challenge that often arises is to accept and acknowledge that the same work can be done differently than it has historically and yet accomplish the same business objectives, ideally better, cheaper, and faster. Our clients who are considering outsourcing begin by developing a deeper understanding of what they currently do today and how and why it works for their organization. TPI assists our clients in bridging the gap in understanding between the current state processes and procedures and the “art of the possible” working with an experienced external provider who may have access to different technology, labor, or scale of operations allowing them to perform the work in a different way which ultimately helps our clients achieve their strategic objectives.



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LJ: What are the differentiators in how TPI approaches an outsourcing deal?

SG: It's the knowledge and fact-based information that TPI offers and the relationships we build that sustain our advantage in general and specifically when advising on an outsourcing engagement. As part of this approach, clients tell us that one of the biggest differentiators for TPI is our pragmatic approach. Fundamentally, we are comprised of experts whose tuition has been paid. One of the benefits of being the firm that has by far the most experience (remember that TPI is the advisor 50-60 percent of all clients choose globally to assist them with their outsourcing transactions) is that we have basically "seen it all." This depth of experience allows our TPI advisors to help our clients focus on what really matters, and allows us to move quickly and efficiently to codify agreement on items that are non-differentiating among the providers.

For example, while many clients hire a third-party advisor to help them identify, select, and contract with a provider, the success of that relationship may hinge upon ensuring that the correct change management occurs and that the right governance organization is implemented. TPI is recognized as a leader at developing consistent methodology to ensure an effective agreement is established, allowing our organization to invest in the development of specialized competencies around financial modeling, change management and governance, which ensures our clients have access to best practice capabilities for the overall success of their sourcing strategies, not just the selection of specific providers.

"At the end of the day, people sell to people and we all want to be engaged, invigorated and challenged on an intellectual and emotional level when we buy options."

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LJ: What has made you successful?

SG: Very simply – our core values. TPI has always been intensely focused on the success of our clients. Our founders instilled a set of values within the company that lives today: 100 percent attention to the client, on-site, full time as required to fulfill our responsibilities. While our company continues to evolve in response to the ever changing demands of our clients, we have not forgotten our core values regarding putting the needs and interests of our clients first in all aspects of the management of our company. Today, more 80 percent of our revenue comes from previous clients of TPI and their referrals. We recognize that we must continue to earn that trust each and every day.



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