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Inside Outsourcing™



Inside with: Jay Ackerman, President & CEO WNS North America, Inc.

Special points of interest:

Inside with:
Larry Janis' interview with
Jay Ackerman

WNS

Outsourcing grows
globally

From the Editor.

Welcome to our current
issue!

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

WNS Global Services is a leading Business Process Outsourcing (BPO) company. Backed by its world-class infrastructure and best-of breed-technology, the ISO-9001 compliant WNS has an impressive track record of delivering exceptional bottom line impact to its clients. WNS offers complex customer service and data management functions and industry specific back office transaction processing services to Global 500 companies. WNS's infrastructure can support over 7,500 employees at its strategically located global delivery centers. Its offices in New York (USA) and London (UK) support client transition and ongoing client management.

LJ: What is your view of the competitive landscape in the BPO Outsourcing space?

JA: The BPO outsourcing space is becoming increasingly competitive with companies entering or expanding their businesses from a number of angles. The large global IT service firms such as IBM, EDS, and Accenture are expanding their offerings into horizontal markets such as F&A, Procurement and HR. There is an increasing number of niche players that are being launched to take advantage of specific market opportunities such as Equitant in the Order to Cash space. Lastly there are the offshore centric players such as us and EXL.

While each category of supplier offers interesting value propositions, we're likely to see consolidation in the near future as 1) companies realize this is harder than they thought - achieving scale and delighting demanding customers 2) others lack sufficient capital to advance their infrastructure and 3) companies find that their offering is too narrow to compete on its own such as Daksh's acquisition by IBM Global Services

LJ: What are the changes taking place in BPO strategy and how do you see this evolving in the future?

JA: There are a few changes that I see occurring as companies refine their BPO strategies. For one, US centric players are rapidly expanding their offshore footprint. They are doing this by launching, acquiring or partnering with others in geographically attractive markets such as India, Philippines, Russia and China. Second, call center firms are trying to move into the BPO space to better utilize their assets, which often sit idle during non-US call-hours. Third, BPO players are seeking to align with technology providers to invest in proprietary technology specific to that market. Within WNS, we're fortunate enough to have a proprietary platform in the airline sector, for example, to support a complex process called Passenger Revenue Accounting. In addition, we also have two proprietary workflow platforms that support our insurance claims business in health care and auto accident management



Inside with: Jay Ackerman, President & CEO WNS North America, Inc.

LJ: How does having an offshore/global presence benefit your abilities to be competitive in the BPO space?



JA: As a provider with primarily offshore-based operations, we are able to offer:

- unmatched scalability
- High-quality talent
- Most compelling economics as we don't have a costly onshore cost structure that we are trying to recoup.

All of this is evidenced in one of our largest programs with Travelocity. For Travelocity, we're part way through a large migration where we are providing them with a blended voice and data solution, spread across two centers for Business continuity purposes. Since migration, we've been able to rapidly identify staff that has strong voice experience, travel, and finance and accounting backgrounds. This staff has come on-board and has quickly exceeded client expectations for quality, customer service, industry and functional knowledge.

WNS

Extending Your Enterprise

LJ: What are the most common misconceptions regarding BPO?

JA: The most common misconceptions around BPO include:

- You can't get good voice out of India. This couldn't be more off the mark. The companies that experience issues here are those that 1) don't know how to hire appropriate talent or 2) believe that they can hire anyone and just train or neutralize accents. With a good screening program and appropriate training, this can be done and is being done effectively by us and others.
- The large IT providers will win out in this space. Clearly, they'll win their share of deals but I'm also seeing more and more companies that are interested in companies that have deep functional expertise and a focus on their market needs which they don't see in the multi-billion, multi-market players.
- BPO will stall-out do to political pressures. The upcoming elections are putting a great deal of focus on our industry right-now and will may cause some larger higher profile companies to delay but the market forces are too strong to stop this effort. Unfortunately some of the companies or industries that need the talent or economic return the most (government entities and airlines) will bow to the pressure.



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LJ: What are the unique aspects of WNS that will allow it to be successful?

JA: WNS is unique in the offshore marketplace. We were originally started as a captive back-office operation before being spun-out from British Airways. Now, two-years after the spin-off, we offer a compelling model that reflects this origin and the focused growth that can come from the support of a financial backer like Warburg Pincus.

- Global management team with experience at successful companies such as Hays, McKinsey, Exult, Citicorp, and GE
- Focused markets. We've moved beyond airline transaction processing building on our strong rules-based expertise and now support Airline and Travel, Insurance, F&A, HR and Knowledge Service (research and analytics)
- Proven and stress-tested operations. We run operations 24X7, 365 days a year in 3 centers with over 4,000 employees, serving 30+ clients.
- Financial Stability. We're growing rapidly but not at the expense of profit and positive cash flow. In addition, we have a supportive investor that is willing to put capital at work if required to seize a market or opportunity that requires near-term cash.
- With all of the above contributing to us being named the top India-centric third-party BPO/Call Center by Nasscom

LJ: What are the top qualities that you would look for in a potential BPO partner?

JA: WNS looks for a partner that understands the degree of hardwork that is required to make offshoring work and who is willing to commit the necessary resources to make the transition and ongoing relationship successful. We also seek clients that are willing to work collaboratively on building a joint roadmap to steadily improve the quality of services delivered.

LJ: Besides labor arbitrage what are some of the advantages of have a presence in India?

JA: By having an India based operation, we're able to bring unmatched scalability, talented resources not just to perform the work but also to manage, lead and improve process quality. We also have access to a talent pool that is excited to have the opportunity and eager to find new ways daily to better serve our clients.

LJ: What are the most important value adds that the third party advisory firms (TPI, Equaterra) add to the process in your ability to work with buyers?

JA: Third party advisory firms are useful in that they can 1) help clients understand what can and cannot be outsourced, 2) educate clients on how best to structure a relationship - contractual terms and operational governance, 3) help ensure that clients are thinking about how to do they get internal support to ensure that an initiative is understood and gains support, 4) act as an appropriate sounding board when clients may be pushing suppliers to far in their demands.





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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Global outsourcing helped IT services grow by 6 % in 2003

HOUSTON: Accelerated activity in global outsourcing boosted IT services market to \$569 billion last year, up 6.2 per cent from 2002, making India a major beneficiary as it attracted a wide array of companies to its shores.

The worldwide IT services market grew from \$536 billion in 2002 to \$569 billion last year, with US suppliers continuing to lead the pack in terms of revenue and market share, a recent report by the research firm Gartner said. It also said the revenue of vendors-based in India grew 29 per cent, making it 1.4 per cent of the total market. Some US suppliers saw strong growth from offshoring trends, as their international presence allowed them to drive sales abroad.

However, Indian companies were also major beneficiaries. India's high-skill, lower-wage outsourcing market attracted a wide array of companies to its shores and added to the need for IT services. India is gaining mostly on geographic positioning and almost all the work they are doing is offshoring, said Gartner analyst Mr Dean Blackmore. Mr Blackmore said that 92 per cent of India's IT services revenue came from outside of the country. Outsourcing, which can be done within the same country or involve sending work to another nation, is the main engine for IT services right now, said Gartner analyst Ms Kathryn Hale. - PTI

