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# Inside Outsourcing™



**Larry Janis'**  
**interview with:**  
**Mark Hodges**

## Inside with: Mark Hodges

**Chairman of the Board**

**EquaTerra**

EquaTerra sourcing advisors help clients achieve sustainable value in their IT and business processes. Our advisors average more than 20 years of industry experience and have supported over 2000 transformation and outsourcing projects across more than 60 countries. Supporting clients throughout the Americas, Europe, Middle East, Africa and Asia Pacific, we have deep functional knowledge in Finance and Accounting, HR, IT, Procurement and other critical business processes. EquaTerra helps clients achieve significant cost savings and process improvement with internal transformation, shared services and outsourcing solutions

### From the Editor.

Welcome to our current 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.

***LJ: You recently acquired Morgan Chambers. How does that change EquaTerra's business in Europe?***

***MH:*** The combined firm is able to provide an unrivalled breadth and depth of service across all European geographies, as well as unmatched global capabilities. For instance, we can support clients in 19 languages, which no other sourcing advisor firm can match. We are using our scale and knowledge base in Europe to help clients more effectively evaluate, implement and govern their outsourced and internal service delivery strategies. The strengths of each firm have been preserved and service offerings combined, resulting in a "best of both" advisory model that provides clients with a proven process, strong data and analytics, and a flexible but structured approach. But the importance of the acquisition is really in the value it brings to the marketplace and our clients. Companies need advisors who can help them make the most of their sourcing strategies, and we are now in a unique position to support that with worldwide geographic reach, seven European offices and exceptionally deep functional knowledge.

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### ***LJ: What has been the reaction of your client to the news?***

**MH:** Client reaction has been very positive. They recognize the significant access they now have to a much broader range of services, knowledge, capabilities and expertise. They also realize that the synergies between the combined firms extend and complement what they valued in one company or the other prior to us coming together. For example, a legacy Morgan Chambers ITO client can now easily increase its scope of work to include the U.S. with the same level of expertise it was accustomed to. Legacy Morgan Chambers clients have also gained access to significant BPO expertise. Another example: If a legacy EquaTerra Pan-European HR client wants local language support, or localized IT expertise, Morgan Chambers brings credibility and knowledge in this area. European clients of both firms have already purchased services and capabilities from their “non-legacy” advisory firm, much faster than we anticipated.

### ***LJ: Have the expectations of the buyers of outsourcing services changed over the last few years?***

**MH:** Absolutely. Clients are more sophisticated buyers than they were 10 years ago. They have leveraged their ITO buying expertise into the BPO space over the last five years. Buyers’ expectations have been raised relative to service providers’ capabilities – they want more innovation, capability and transformation than ever before. As buyers have become more experienced, they have become more deliberate in pursuing deals and also more skeptical about the viability of some of the loftier goals of process transformation. Buyers are more willing to undertake multi-provider deals across multiple towers and delivered from multiple global resource centers than they were 10 years ago. The ongoing growth of multi-location global service delivery capabilities has led buyers to undertake smaller deals, more incremental deployments, and the use of more and different service providers.



# EQUATERRA

Perhaps most importantly, outsourcing buyers are finally treating governance and outsourcing management with the same level of effort,

planning and resources as they applied to the outsourcing transaction itself. This has profound consequences for the marketplace, most significantly, better and more durable relationships between providers and buyers.

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***LJ :Have the providers adjusted to those changes and what do you think the directions of BPO will be?***

***MH:*** BPO providers have not really adjusted to the changes as fast as one would expect. Many BPO providers are still geared toward the mega-deal, or at least larger BPO transactions than many buyers are willing to purchase today. The level of innovation delivered by BPO providers is still a problem. And the number of BPO deals, particularly HRO contracts, that have missed delivery deadlines and had to be significantly restructured due to poor service delivery by the BPO provider is unacceptable. It damages the overall industry. But areas in which BPO providers have improved significantly over the previous 10 years are talent development and global service delivery. Providers have successfully cross-pollinated shared services, consulting and ITO talent pools. Delivery people are better than ever before. And BPO providers' global service delivery, spanning multiple continents and time zones has experienced real and measurable improvements over the early days of the industry when deals were solely U.S. or U.K.-based.

***LJ: What are the words of wisdom you would give to a perspective buyer of outsourcing services?***

***MH:*** Don't ignore Governance and Change Management. We continue to see that buyers will focus on three main work streams – Solution, Contracting and the Business/Financial Case – but they will ignore, under-invest in or under-resource the Governance and Change Management workstreams. Not only can this have exceptionally negative affects on the relationship between the client and the provider...it can ultimately result in deal value leakage of up to 20 percent. Also, use third party experts selectively...don't depend on them for everything.



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We are a fourteen-year-old retainer based executive search firm that has successfully attracted top talent in the areas of Outsourcing (IT, BPO and BPM), Consulting (Strategy & Technology) and traditional IT functions (CIO, CTO, etc). We have worked effectively with major corporations as well as effectively with venture capitalized start-ups. Executive recruiters typically pride themselves in their ability to recruit top executives, irrespective of the industry. Leaders in Outsourcing, Consulting and Technology tell us a different story; they value what we do because we understand their business.

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**LJ:** *What has enabled your personal success?*

**MH:** Working with great colleagues and great clients. The measure of a great leader is whether great talent will work with him or her again, preferably multiple times. This ensures you are always honest, candid and do the right thing. Heroes don't scale – you have to be able to hire and work with people better than you are – and not feel insecure about it. When the market doesn't have a capability or solution, it has to be invented...it won't develop on its own.



*"Happiness should always remain a bit incomplete. After all, dreams are boundless."*

*Anatoly Karpov*