

August 3, 2005

Inside Outsourcing™



Inside with: Christian Oecking

President of Global IT Outsourcing, Siemens Business Services

Special points of interest:

Larry Janis' interview
with:

Christian Oecking

President,
Global ITO
Siemens

Updates on:

HP
EDS

Siemens Business Services is an internationally leading IT service provider. This Siemens Group offers services all along the IT service chain from a single source - from consulting to systems integration, right through to the management of IT infrastructures. Thanks to comprehensive know-how and sector-specific expertise, the company provides measurable added value for its customers. With regard to outsourcing and IT maintenance, Siemens Business Services is among the top ten providers worldwide. Sales in fiscal year 2004 (ending 30 September 2004) came to around EUR 4.7 billion, 76 percent of which was achieved outside the Siemens organization. The company currently has approx. 36,100 employees worldwide.

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

CO: The Outsourcing market is highly attractive. Therefore, competition is very intensive. The three leading players are IBM, EDS, and CSC and according to Gartner/META Group Siemens Business Services is a strong challenger of those leaders. In the US market Siemens Business Services is recognized as a leader for Help Desk and Desktop Services.

LJ: What do you see as the hurdles to success in moving to be a tier one provider?

CO: Generally, a tier one provider can be defined by size; they all play in a range starting with EUR 5bn in sales. A tier one player needs to have a global delivery model including global sourcing capabilities to serve his customers with an adequate quality where needed. Balancing cost reduction and value add according to customers expectations is another topic. A tier one player is able to manage the complexity with all facets in a fast, customer oriented and professional way. Finally a leading player provides flexible contract structures.

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.



Inside with: Christian Oecking

President of Global IT Outsourcing, Siemens Business Services

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

CO: Global sourcing is a proven and established delivery model the optimization of the delivery chain. All Outsourcing providers have to deliver services within a certain cost structure and, therefore, offshoring is becoming industry standard an alternative of how to get there. Via our Global Delivery Backbone, Siemens Business Services has linked all near- and offshore capabilities (e.g. in India, Russia, Slovakia, Ireland, or Canada) providing our entire portfolio.



SIEMENS

LJ: What are the differences in the buyer communities in Europe and the US?

CO: The US market is more mature and open to Outsourcing compared to Europe where we find a very heterogeneous market structure. So some European markets are more dynamic regarding Outsourcing (e.g. UK and Scandinavia) and some are more reluctant to it (e.g. France).

LJ: Does the shared services model or BPO have a role in the Siemens initiatives?

CO: Yes, both play a very strong role in the Siemens initiatives. For example SIEMENS BUSINESS SERVICES is the Provider for all Infrastructure Services within Siemens in a Shared Service environment. Also HR Business of Siemens will be handed over to SIEMENS BUSINESS SERVICES BPO within Germany. This demonstrates the trust that Siemens has in the competence of Siemens Business Services.

LJ: How does Siemens differentiate itself in the Outsourcing marketplace?

OC: We think that we have something very special to offer our customers:

We have developed a set of Outsourcing capabilities aiming at all perspectives of an Outsourcing deal.

The SieQuence solution is an effective approach to increasing the business value of clients IT investments as evidenced by strong client demand and 100% retention. Key benefits include: transformation, progressive gain sharing, continuous improvement plans and road mapping for long term innovation and cost management. Our customers confirm that as we have signed SieQuence deals with a TCV of \$1bn within the last 3 years. For a successful Outsourcing partnership a clear governance model is important, which we have incorporated in the Outsourcing Framework. This Framework leads to seamless and smooth flows through all the phases of a deal lifecycle, taking also the complexity of a deal into account. Last but not least, the Global Delivery Backbone ensures a high level quality of service and global availability of all IT Outsourcing services through a consistent landscape of tools and processes and by linking our delivering entities.



HP Listed in "Leaders" Quadrant in Gartner Outsourcing Report

HP has been listed in the "Leaders" quadrant of industry analyst firm Gartner Inc.'s 2005 evaluation of data center outsourcing service providers in North America.

Gartner's Magic Quadrant report evaluates vendors on their ability to execute - which includes service and support, market share and financial health, among other criteria - as well as their completeness of vision, which includes breadth and functionality of offerings, successful implementations and ability to meet customer requirements now and in the future.

According to Gartner, Leaders for the data center outsourcing quadrant demonstrated significant depth and breadth of experience and an understanding of the dynamics needed to successfully deliver services.

In March, HP was listed in the "Leaders" quadrant in the Gartner Magic Quadrant for data center outsourcing in Western Europe.

"We are very pleased to be positioned in the leader quadrant by Gartner in the data center outsourcing industry," said Steve Smith, senior vice president, HP Services. "As data center outsourcing is often the cornerstone of IT outsourcing deals, and as data privacy, security and compliance issues often determine how comfortable clients are in outsourcing their data centers, we feel this news further reinforces our position as a top-tier outsourcing provider."



HP provides selective and comprehensive capabilities for strategic outsourcing, operations management and support to run and evolve a mission-critical IT infrastructure. HP's capabilities and expertise in managing complex, multi-vendor and heterogeneous global IT environments often include taking on customers' employees as well as IT assets and operations.

HP has also expanded into the area of business process outsourcing and provides an extensive range of services that span all core finance and administration processes. HP optimizes infrastructure, applications and business processes as part of its business process outsourcing capabilities to add value for its clients.

Overall, HP's outsourcing business is the fastest growing segment within HP, with growth up 27 percent in the second quarter of 2005. Outpacing the market by nearly a factor of three, this marks the ninth consecutive quarter of double-digit growth for the division and represents wins across key market industries, including public sector, telecommunications, financial services and manufacturing.



Integrated Search Solutions Group



We are a twelve-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 tell us a different story; outsourcers value what we do because we understand their business. Executive search in outsourcing is what we do.

Office Locations:

New York

Florida

London

Belgium

Phone: 516-767-3030

email: janis@issg.net

www.issg.net

Members of: HROA, SBPOA, BPOAdvisory Board

EDS Selects Cognizant as Alliance Member for Global Application Development and Management Services

PLANO, Texas, Aug. 1 /PRNewswire-FirstCall/ -- EDS (NYSE: EDS - News) today announced that it has selected Cognizant Technology Solutions (Nasdaq: CTSI - News), a market leader in offshore application services, as an alliance member, complementing EDS' world class application delivery organization and enhancing speed to market and flexibility to meet growing client demands.

The alliance supports EDS' transformation plan to become more cost competitive, adopt industry standards and shift to more standardized offerings. In addition, the alliance with Cognizant supports EDS' global delivery model, delivering from the best geographic location based on highest quality and lowest cost.

"Alliances with best-in-class companies, robust enough to meet our client demands, are an integral part of our growth strategy," said Mike Jordan, EDS chairman and CEO. "Cognizant is a premier off-shore application services provider. An alliance with Cognizant will give us additional speed and flexibility to meet growing client demand, while making our cost base flexible."

The alliance is an important aspect in EDS' growth strategy and transformation to a new global delivery model. EDS recently began a realignment of its application delivery function, organizing it into application delivery units specializing in specific software platforms, and application industry units, which specialize in industry-specific solutions.

"Our proven global delivery model is complementary to EDS' capabilities and will allow us to jointly deliver unique value to EDS' clients," said Lakshmi Narayanan, Cognizant President and CEO. "We are pleased that EDS selected us for this alliance, which provides us with a new, incremental opportunity to be part of bundled large-scale IT outsourcing projects, a market segment which we currently do not serve."

"You can observe a lot just by watching." ...

Yogi Berra