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## Inside with: Rick Roscitt

### Chairman, Sapien

**Larry Janis'
interview with:**

**Rick Roscitt**

**Chairman, Sapien**

Sapien is a market leader in HRMS (Human Resource Management Systems) and HCM (Human Capital Management) software services, serving organizations with 100 -100,000 employees. All Sapien services are 100% web native and offer integrated or modular functionality with cross platform reporting, query/search, workflow, setup/administration, and security/roles.  Sapien offers all services as a pure Subscription/ASP Software As A Service model.

**LJ:** *How has outsourcing evolved since you started AT&T's network outsourcing practice in 1995?*

**RR:** Outsourcing has evolved into the software application space.  At AT&T, we saw strong growth in major organizational willingness to outsource their networks and technical infrastructure.

Since about 2001, Software As A Service has taken root and the willingness is there to outsource entire applications (ASP) like Sapien outsourced HCM and HRMS offerings.  Other software niches have been very successful such as CRM (Customer Relationship Management) most notably with SalesForce.Com who has a market cap beyond 15 times revenue.  In addition to bringing the 'on-demand' model to HRMS and HCM, we will be introducing 'E-Provisioning' technology that allows sub-200 employee customers to self engage the tools via a toolset off our web site and their credit card; we expect to release that this summer.  We see the future of sub-500 employee HRMS Outsourcing market as becoming very commoditized and want to be the first one there leading the pack.

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**LJ:** *Having been a provider and a buyer of outsourcing, what insights have you gained about outsourcing?*

**RR:** What we have learned at Sapien in the HRMS and HCM application outsourcing business, is that the contractual and financial model needs to be compelling, clear, and exude simplicity. Sapien offers a no up-front capital expenditure cost and a Per Employee Per Month price which truly covers all costs - nothing is hidden. Our experience is that if someone is going to adopt a pure subscription or outsourced approach, they don't want any capital expenditure and/or hidden costs. The model has to be true -that's the lesson in the application outsourcing space we occupy.

Some good examples are customers for HCM including Trammel Crow, Verizon Wireless, and Capital One. These customers adopted our solution not only for the functional capabilities, but the no capital expenditure made it easier for them to push the solution through a traditionally painful procurement and legal process. Verizon Wireless was closed in five weeks from first demonstration to contract which is unheard of in this industry.

**LJ:** *What is your view on the emergence of BPO as a service offering?*

**RR:** It is a huge opportunity. We have seen firms like Hewitt and ACS do well in the Human Resources BPO space and there are about a dozen major players all profiting when there were few than ten years ago. Sapien plans to (and already has) expand into the traditional BPO space especially in the mid-market which is vast and underserved; our platform for HRMS and HCM is a terrific foundation and we're looking to wrap services like Payroll, Benefits Administration, Call Centers, etc. around it.

Currently, we're adopting partners for various 'services' like resume parsing for example but in the future will like look to add on those capabilities ourselves and possibly make some acquisitions. The key is the strength of the software platform that is scalable and the shift from 'custom' to 'configure'. We have a strong enough engine to wrap an entire HR BPO offering around it.

We also feel that we have a strong VAR model that we want to expand on. We have one up and running currently and its been very successful. With that said, we intend to seek a VAR strategy for mid-market HRMS initially in every major city and market.

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**LJ:** *What is Sapiens' competitive advantage in the HRO sector?*

**RR:** We believe we offer four key differentiators in this space.

1. We offer a fully integrated HRMS and HCM platform and either one separated out offers more integrated functionality then our competitors; our HCM platform, for example, integrates competencies, succession, performance, compensation planning, 360, org charts, survey, training administration, and recruitment.

2. Sapien offers a truly configurable platform with rapid deployment and quick ROI.

3. We have refined and pioneered the financial and contractual model.

4. We have built E-Provisioning tools that vastly reduce our labor cost and manages our entire data center operations allowing us to scale very quickly and offer customers terrific pricing.

**LJ**: *Who would benefit from your offerings?*

**RR:** Quite simply, any company with more than 100 employees.  Currently, our focus is on integrated HCM for Fortune 1,000 and HRMS with integrated HCM for mid-market or 250-5,000 employees.  The reality and excitement for us however is there are many more markets we can address given the strength and breadth of our platform.

Currently, there are about 400 customers worldwide ranging from 100 employee companies using our HRMS tools to many Fortune 1,000 companies, with tens of thousands of users, engaging our HCM services like Succession Planning.

# Integrated Search Solutions Group

We are a thirteen-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.

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## Telecom Operators Moving Towards Network Outsourcing – Mercer

According to a study by Mercer, telecom operators are increasingly outsourcing their network operations and maintenance to third-party vendors. The move is attributed to the operators' needs to streamline their cost structures, improve their service levels, and manage an array of technologies. Mercer interviewed about 100 senior telecom executives and industry observers for the study.

The present size of the managed and advisory services market is USD 26 billion and is expected to double by 2010. The managed and advisory services market contributes about one-fifth to the overall telecom infrastructure solutions market. Advisory services contribute about USD 18 billion to the market, with the rest being contributed by managed services. Operators have stated their willingness to consider outsourcing core maintenance and operations functions to managed services providers, as compared to only installation tasks that they outsourced initially.

The company expects about 60 percent of the wireless operators over the globe to use some type of managed services by 2010. The strongest growth is expected amongst second-and third-tier operators, especially in developing markets. By 2010, about 80 percent of these types of operators are expected to hold some type of managed service contracts and about 20 percent of them are expected to completely outsource their networks.

Based on the study, the company presented some implications for vendors and operators. Implications for vendors include developing new capabilities, crafting replicable services and solutions, creating scalable delivery facilities, and supporting processes. The implications for telecom operators include developing a better understanding of shifting customer priorities. The study forecasts accelerated consolidation amongst telecom vendors. Collaborations between traditional telecom vendors and IT service providers, such as IBM and EDS, are expected as telecom vendors will need to acquire outsourcing skills.

*"Success is getting what you want.  Happiness is wanting what you get. "*

Dale Carnegie