

Volume 1 Issue 7

February 21, 2004

Inside Outsourcing™



Inside with: Van Campbell, President & CEO, GeniSys

Special points of interest:

Inside with:

Van Campbell, GeniSys

It's closer than Reuters, Business Week and CNBC think it is. Look for it to happen early March.

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.

GENISYS has established itself as a leading BPO services provider for the life insurance industry. How? By understanding the real issues companies like yours face every day. That understanding is the product of many years of real-world hands-on personal experience in the life insurance industry. In fact, GENISYS was created specifically to address a growing need for BPO services tailored to the unique requirements of life insurance companies. That is how we have been so successful in helping companies manage their pol-

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

VC: We are currently in a global explosion of business restructuring, the likes of which we have never seen. By comparison, the magnitude of change and the societal impact with the move from an agrarian economic base to an industrial economic base was vertically structured by industry and mainly territorial in nature.

With the evolving model of the global, networked, organizational structure for doing business in all industries, we have created the need for specialized providers of goods and services as an integral part of our new structures.

From a competitive perspective, I believe we are still in the awareness building and launch phases of the full scale forward movement of the BPO phenomenon. While there are examples of BPO relationships reaching back many years, the widespread acceptance of BPO services from credible, well established, proven service providers is still in its emerging life cycle.

I believe the life insurance industry is looking and waiting for proof that all the promises of value in BPO are indeed a sustainable reality. As a few BPO competitors gain increasing credibility, this will bode well for the industry and its standards of performance. Competition will continue to intensify with individual competitors seeking to carve out their specialization and value proposition. This will result in a strong and healthy competitive "landscape" over time.

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

VC: There are at least two important aspects to this question – what strategy ? and How will the strategy be fulfilled or delivered ? Rather than tackle the myriad of strategic options and possibilities, I would prefer to work with the basic consumer model of customers needing goods and services that provide real value over time. In the life insurance world this encompasses a huge range of product and service offerings from simple insurance protection and security to highly complex wealth and estate portfolio management .

Inside with: Van Campbell, President & CEO, GeniSys (cont.)

Clearly, the foretelling of a few years ago that consumers would be served by small niche players and large players seems to be unfolding in the marketplace today. The real question for both is “How do I fulfill my chosen strategy in the most effective and efficient manner paying particular attention to the special needs of all my corporate stakeholders?”

As mentioned earlier, the possibilities in a networked organization are virtually endless and a level playing field can be created for small and large companies alike. Let me explain...

Given that a small company has access to the specialized skills and experience of several BPO providers in its network, on a variable low cost basis, it can frequently match the so-called “economies of scale” of larger integrated enterprises. In time, I believe, the larger organizations will embrace the networked structure for the same benefits – lower costs, higher productivity, more profitability, and better competitive positioning. When this happens, the differentiators will primarily be chosen markets, product time to market, and distribution outreach.

LJ: How does being a near shore outsourcer benefit your abilities to be competitive in the BPO space?

VC: Outsourcing, whether at home or abroad carries certain business risk and in the case of offshore, political risk and cultural issues can also be a factor. As a near shore outsourcer based in Toronto, Canada, we share a common border with the United States, our business and cultural practices are similar, the competitive nature of our industry and its relationship to other financial services businesses share much in common.



In addition, we offer similar products and engage similar distribution systems. In short, we understand the business because our associates have extensive life insurance industry knowledge and are committed to continuous education; much of it via programs supplied by the U.S. based LOMA organization.

We measure our enhanced service levels against U.S. company performance benchmarks, and contractually commit to very high standards for service quality and delivery time in all client relationships.



We achieve a minimum of 20%-30% cost reduction based on the currency exchange alone plus additional cost savings through business process efficiency improvement aided by our extensive investment in technologies for continuous improvement in productivity and service. It is not unrealistic to expect expense reduction in the 40% plus range.

We have approximately 1.5 million policies under administration placing us in the group of top 5 life insurance BPO companies in North America, and we have a proven and measurable track record for service level performance and cost reduction with current clients. We believe it is significant and unique to our company that we enter into client relationships as part of their network, and as such, our role extends beyond that of service supplier to a full time partner in our clients strategic agenda.

Inside with: Van Campbell, President & CEO, GeniSys

LJ: . As a near shore outsourcer, what are the barriers to entering the US market?

VC: To our knowledge, there are no significant barriers to entry for a Canadian company. In fact there is a recognized treaty between our countries to encourage and foster free trade via the North American Free Trade Agreement (NAFTA).

There are certain special requirements related to State licensing requirements to offer BPO Services, and some variances in handling compliance and tax matters but these are handled in the normal course of our business operations.

Clearly, our effectiveness in the U.S will be heavily dependent on our ability to attract, retain and develop U.S. based expertise to assist and partner with us in the development of the market for our services.

LJ: What are the most common misconceptions regarding BPO?

VC: The concept of the networked organization is still not fully understood by many who view BPO as a supplier-based service rather than a partner-based service and there is a world of difference. One position says "I am putting my life in your hands," the other says "I am putting my hands in your life" (and vice-versa). The full benefit of BPO can only be realized when the life insurer uses a BPO opportunity to gain a stronger presence in the development of their own core competencies. In that context, BPO correctly becomes a means to an end rather than the end in itself.

There are also concerns about "loss of control" and the "not invented here syndrome." Both of these positions should be viewed as objections requiring more information and education versus an outright "no." There is an effective body of knowledge around successful BPO contracting and working agreements with performance measurement safeguards and effective ongoing management controls. In Canada there are guidelines prescribed by the regulators for BPO relationships which provide a template for effective inter-company working agreements that will minimize any business risk associated with BPO.



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.

Office Locations:

New York
Florida
London
Belgium
Holland

Phone: 516-767-3030

email: janis@issg.net

www.issg.net

Members of: HROA, SBPOA, BPOAdvisory Board

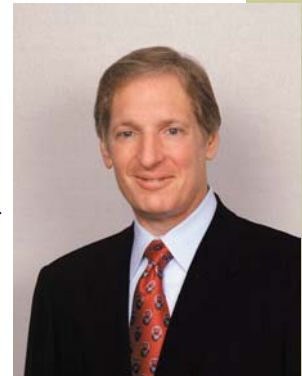
HP close to hiring Deloitte executive - source

SAN FRANCISCO, Feb 12 (Reuters) - Hewlett-Packard Co. (nyse: [HPQ](#) - [news](#) - [people](#)) is close to hiring the director of outsourcing at consulting firm Deloitte Consulting, to head HP's business process outsourcing division, according to a person familiar with the matter.

Palo Alto, California-based HP is poised to hire Marc Schwarz to be general manager of that division, which is in HP's managed services group, the source told Reuters on Thursday.

Business process outsourcing is a market HP has previously said it would target, and includes outsourcing company functions, such as human resources, billing and invoices and other areas that companies often do not consider core to their business. HP, helped by its May 2002 acquisition of Compaq Computer, is aiming to take on International Business Machines Corp.'s (nyse: [IBM](#) - [news](#) - [people](#)) computer services business, which is more than three times as large as HP's as measured by revenue.

HP's efforts in business process outsourcing are focused primarily on taking over the finance and administrative functions of customers, often known as back-office functions. In January, HP quietly started pursuing 15 to 20 business process outsourcing deals, including a \$200 million contract with consumer products company Procter & Gamble Co. (nyse: [PG](#) - [news](#) - [people](#)), BusinessWeek reported, without citing sources, according to BusinessWeek magazine.



“ Always do right. This will gratify some people and astonish the rest ”

Mark Twain