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# Inside Outsourcing™



**Inside with: William Bangert, Senior Vice President  
Enterprise Business Development and Bell ICT Solutions**

**Larry Janis’  
interview with:**

**William Bangert,  
Bell Canada**

Bell Enterprise Group is focused on delivering the integrated communications solutions enterprises need today to increase productivity, sustain profitable growth, maximize service differentiation and minimize risk.

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***LJ: You have been in outsourcing since 1991, what changes have occurred on the provider side?***

***WB:*** Larry - in 1991 this industry was in its infancy: IBM had barely started ISSC which was the predecessor of Global Services and many of today’s players did not exist. EDS was around, so was CSC. I think in general the industry was dominated by the facilities management ethos – it was all about running controlled environments, data centers, rooms full of equipment, changing tape drives and maintaining machines, that sort of thing - the kind of activity that today is at the bottom of the outsourcing food stack. BPO was unknown, or at least by that name – payroll processing for example was still a new high growth industry. The financial models were unsophisticated, and the like-for-like, or your-mess-for-less models predominated.

I think the first really big development was the emergence of tools. Management tools really created the platform from which process and methodologies could be run across large operations.

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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.



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### Enterprise Business Development and Bell ICT Solutions

This allowed for real leverage between providers and clients – outsourcing models that allowed the concentration of operations into centralized facilities, and the control of operations across dispersed campuses – and this got a big boost with the next two profound developments - the emergence of new packet based network technologies and the standardization of the world on Windows front ends. Packet made network affordable, and windows allowed for interoperability and integration of tools. By the time the internet arrived we were ready with very flexible models, which then allowed the BPO to emerge, where automation is really enabled by being able to move up the stack into the application and manage that in an outsourced environment too.

I think the next big step will be the management of convergence, multimedia, multi-access, always on, flexible and user controlled computing.

What's fascinating to see is how the leaders in '91 lost ground. IBM became the big leader in infrastructure, and the Indian firms and new players like ACS and Accenture have emerged in the application and BPO arena.



**LJ: Have the buyers of outsourcing services evolved too?**

**WB:** Absolutely! The typical customer in 1991 was a tough technology raised CIO. Typically they saw outsourcing as a threat, and used it sparingly for the things which were uninteresting and non-core. Sexy technology, mission critical work, and most applications were kept in house. There has been a big change: clients today are willing to outsource - they look for business solutions, and if it makes sense – they will consider outsourcing a very broad range of things

Another changes is that today the buyer is as likely to be a C-level line executive as he or she is to be a CIO – and the CIO's come as frequently from the business side as they do from the tech side. I remember when I worked at AT&T Solutions and we outsourced Merrill Lynch – their CIO was Howard Shalcross – a new type of CIO – he had started as a trader!



**LJ: Your outsourcing experience has been predominately in the telecommunications sector; have there been advisory firms involved in the deals you have sold and what would you say are the positives and negatives in the participation?**

**WB:** That is true of my experience on the service provider side, but at Gartner I literally saw every sector, angle and geography. I've certainly seen advisers in telecommunications – by the way I prefer the term network, telecommunications as a distinct sector is disappearing – in network as in infrastructure they started out by providing intelligence about standard costs and pricing and helping the clients figure out how to get a good deal. *(Continues on next page)*



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Over time they abused their position - lot of deals in the late nineties squeezed the service provider side so hard that deals began to unravel – it wasn't good for service provider profits, and it wasn't good for clients and their reputations. At Gartner we did a lot to draw attention to the failures of outsourcing, and the root cause behaviors. I think sanity is returning. I think that buyers are more informed, in the early days there was a lot of naiveté. CEO's no longer see outsourcing as a panacea - and advisors are being more balanced, looking at value delivery as well as cost. Having said that, I think that advisors were an important catalyst, without them the industry would not have advanced as far as it has, and they bridged an important gap between the experience and competence of the service providers and their customers. I also think that they are now a very positive influence on the adoption of standards like ITIL.

#### ***LJ: Are there differences in the Canadian versus the US telecommunications marketplace?***

**WB:** Yes some quite significant differences. The Canadian market was never carved up into LD and local, in the way that Judge Green broke up the US in 1984 – so in Canada they weren't preoccupied with the split – and so it allowed a longer and livelier tradition of integrating services with Telecom, and I think a greater appetite to experiment and take risks. Take Emergis for example – today an independent company, the largest BPO provider to retail pharmacies and the big processor of prescription benefits for the insurance providers across Canada – they were created and spun out of Bell Canada.

On the other hand the Canadian regulator has become more restrictive than the FCC, and unless they loosen up, it's going to inhibit the next phase of wireline to wireless, and IP convergence.

#### ***LJ: What do you see as the next generation product and services development in the telecommunications sector?***

In consumer it's the extension of IP based services – we're going to have datawarehouses for our family photo album and our other digital valuables, like the lock box at the bank; we're already seeing IP TV; and PTP protocol video will be embraced by the big media companies and become respectable and mainstream.

In business it's all around the convergence of IT and network, what's now being called ICT. Two really big developments will push this – firstly applications are going to talk to the operating systems embedded in the network and exploit the intelligence resident there (technologies such as SOA and SONA), and secondly broadband wireless will take off. Customers are going to want it all to be secure and managed which means that telco service providers are going to be right up in the application space. *(continues on next page)*



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#### **LJ:** *What has made you successful?*

**WB:** Thanks, I'll take that as a compliment! Personally, I think Andy Grove had it right. A healthy degree of paranoia keeps me on my toes. Apart from that listening to the people around you, developing a vision and a charisma, and then pushing hard when you feel it's time to push.

When I first arrived in the States many years ago to set up Equant, I learned very quickly how important it is to tap into the people around you, especially in an unfamiliar environment. I think that's why big companies value overseas assignments.

It also helps to have a lucky breaks, mentors, and friends to be thankful for :

– I was chosen to lead Equant's outsourcing – and that success got me hired by Rick Roscitt at AT&T Solutions – he was very charismatic and very supportive – I think at the time I was the youngest executive in the company and he took some pretty big risks, giving me some of the biggest projects and deals to lead – and my network of friends is also very special to me, I keep in touch with a small group of confidantes who go way back with me, and they keep me grounded with honest advice.

And finally, when things get tough or don't go well, as Churchill said, "never give up".



***“ Is there another word for synonym? ”***

**George Carlin**