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Inside Outsourcing™



Inside with: David Clinton President, Accenture HR Services

Special points of interest:

Larry Janis' interview
with:

David Clinton

**President, Accenture
HR Services**

HP gets a new CEO

Accenture is a global management consulting, technology services and outsourcing company. Committed to delivering innovation, Accenture collaborates with its clients to help them become high-performance businesses and governments. With deep industry and business process expertise, broad global resources and a proven track record, Accenture can mobilize the right people, skills and technologies to help clients improve their performance. With more than 100,000 people in 48 countries, the company generated net revenues of US\$13.67 billion for the fiscal year ended Aug. 31, 2004.

LJ: What do you see as the hurdles to success in HR BPO?

DC: I think the hurdles have now been cleared. The HR outsourcing industry has matured significantly in the last 18 months, to the point that the rapid proliferation of HRO providers has turned into a rapid consolidation. It's a very interesting phenomenon, as consolidation is happening because of a rapidly expanding market, not a shrinking market.

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.

Customers are driving HRO industry growth and they're dictating to the marketplace what kind of providers are going to survive and thrive. These providers need strong financial backing, demonstrated success, global capabilities and the ability to use HRO as a lever for strategic change. HRO providers now have to take a hard look in the mirror to determine how they match up and how they can make adjustments – and if they're lacking in any respect, they must buy or build a solution quickly.

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

DC: Human resources has now, finally, escaped the shackles of transaction processing and by so doing, is no longer tied to IT for its livelihood. This is an enormous shift in the perception of HR within the vast majority of global corporations. People managers now have a critical seat at the board room, because they are helping to shape corporate culture, determine global sourcing, define compensation and rewards, and drive productivity growth. (continued on next page)



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This is a new status for HR and one that will have staggering implications for years to come. An HR executive who once looked upon outsourcing as a threat now sees it as his greatest ally – an opportunity to quickly offload all of the burdensome transactional processes to a reliable partner so that he or she can take on that valued strategic role. As this transition continues, we're going to see more and more HR and people management VPs becoming CEOs of major companies.

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

DC: Every day you pick up the *Wall Street Journal* or *Financial Times* and the landscape has shifted again, because the players have changed or formed new partnerships. I don't want to rank our competitors other than to say that there are many strong providers out there with unique strengths.



From Accenture HR Services' point of view, we consistently rank as the thought leader of the industry and the company with the top mindshare among HR outsourcing customers. We're also the most financial stable of all providers in this space – globally profitable and very well supported by our parent company. Because of Accenture's global footprint, we have unmatched global capabilities – and because we've been at this longer than most of our competitors, we have the most mature end-to-end model. In the past year, we've made major strides moving our mindshare leadership into market share leadership and have become the model for our competitors regarding the type of services they need to provide to customers. This imitation is the sincerest form of flattery.



LJ: How does having an offshore/global presence benefit your abilities to be competitive in the BPO space?

DC: It's absolutely essential to growth in HRO. Today, all competitive major firms have a global presence or they are looking for a fast, inexpensive way to take advantage of global sourcing. When BT renewed and expanded its contract with us, earlier this month, one of its requirements is that we have the capability of conducting business in nine major languages. That's the kind of business requirement that not only benefits BT, it strengthens our ability to reach out to companies around the globe.

Today's corporations want the ability to conduct business 24-7. They want the flexibility to alter their people strategies quickly and globally. And most importantly, they want their global workforces to operate off one playbook. HRO is, in most cases, the most cost-efficient means to bring a global team



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

DC: The major difference between buyers in the US and Europe is in their management style. In Europe, it's pretty consensual, whereas in the US, it's more command and control. Accordingly, the decision making process in Europe is more labored and oftentimes lengthier.

Perhaps the greatest advantage Accenture HR Services has in the marketplace is the fact that we grew up as an American and European company – unlike all of our major competitors which are highly focused on and headquartered in the U.S. We understood very early what was necessary to operating in different geographies.

Now that the HRO market has evolved globally, the mixture is paying even greater dividends to us. May I suggest that no one is more effective in working with cross-border clients and selling them on our global vision and capabilities because, to a large extent, they've been a part of us from the start. Together.

LJ: How does Accenture differentiate itself in the HR BPO marketplace?

DC: The first way we do so is through our parent company. Accenture is all about delivering high performance – and we're proud to stand on their shoulders. Accenture customers know the value of our human performance solutions and know the value of a partner that will help them reach their people management goals. Accenture also gives us a global reach that few companies can match.

Beyond our lineage, we differentiate ourselves by taking a strong thought leadership position in the industry – never missing an opportunity to promote HRO through conferences and research.

We differentiate ourselves with end-to-end offerings that have been proven effective in major global companies. And finally, we differentiate ourselves with innovation – never being afraid to change from within when the marketplace shifts.

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H-P names NCR's Hurd as new CEO *By Rex Crum, MarketWatch*

SAN FRANCISCO (MarketWatch) -- Hewlett-Packard named Mark Hurd as its new chief executive Tuesday, choosing the head of automated teller machine maker NCR Corp. to help it find its direction two months after it ousted CEO Carly Fiorina in a boardroom coup.

H-P said Hurd will start on April 1, arriving two months after the Palo Alto-based computer and printer company dumped Fiorina amid concerns about her imperious management style and its share performance during her five-year tenure.

H-P said Chief Financial Officer Bob Wayman, who was interim chief executive, will return to his CFO duties.

H-P shares surged more than 10 percent, or \$1.99, to close at \$21.78 on reports - confirmed after the market closed - that Hurd was the choice of H-P's board. NCR shares, by contrast, fell \$6.50, or more than 17 percent, to \$31.40 on news of Hurd's departure.

Analysts praised Hurd's record at NCR, an automated teller machine maker, and predicted he would make the decisions the company needs to regain its footing, including what to do with its personal computer division.

"He's going to have to take a hard look at all the divisions," said Roger Kay, a computing analyst with IDC. "They have to figure out how to get the software and the enterprise sides growing. And in PCs, they'll probably look at whether they should continue to run or sell (the business)."

"Under promise; over deliver."

Tom Peters
