



## Inside with: Karen Bowman

President, Convergys Employee Care

### Special points of interest:

Larry Janis' Two Part  
Interview with:  
Karen Bowman

Mark Hodges wins award

### From the Editor.

Welcome to our current  
issue!

Inside Outsourcing's goal  
is to provide you with arti-  
cles of interest and with a  
forum for the exchange of  
information in this rapidly  
evolving industry.

*Convergys Employee Care supports every facet of human resources business process outsourcing (HR BPO) - from design and implementation to day-to-day operations. They deploy effective business solutions that leverage integrated technologies, 20 years of proven HR expertise, and a global services footprint. With access to critical workforce intelligence, Convergys helps drive informed business decisions and competitive advantage.*

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

**KB:** Our competitors, who come from a myriad of industries and backgrounds, cannot leverage the same operational scale and depth of expertise in administrative HR outsourcing and contact center service excellence.

The HR BPO market has begun to take shape with market entrants ranging from consultants to IT outsourcers to HR specialists, who come to market with one of many core competencies:

- \* Financial Service providers: whose depth is largely centered on retirement benefits administration
- \* IT Service Providers: who provide IT outsourcing services, including hosting, application maintenance and technical help desks
- \* HR Management Consulting Firms: partner with clients on HR strategy and change management
- \* Traditional HR Outsourcing Providers: provide 'service bureau' outsourcing of high-volume transaction processing such as payroll and health and welfare
- \* HR BPO Pure Plays: built HR outsourcing services from the ground up
- \* And even Professional Employer Organizations (PEOs), where providers assume risks and responsibilities associated with the labor force, such as payroll liabilities.
- \* Many of these providers have focused their early energies on acquiring foundation clients for both resources and assets.
- \* In addition, as these providers strive to round out their offerings, they have been forced to subcontract many key processes to third parties.
- \* Lastly, larger competitors are filling functionality gaps by acquiring smaller competitors.

## Inside with: Karen Bowman

### President, Convergys Employee Care (continued)

#### Major trends for 2004 and beyond:

The Convergys Employee Care strategy coupled with our functional capabilities positions us as one of only a few providers who have the ability to support a company's multi-lingual workforce residing in multiple countries across the spectrum HR and payroll processes.

Based on reports from IDC and Gartner, 2004 is projected to bring:

More global outsourcing engagements, as the European market begins to grow, including both U.S.-based companies with large international operations and large European-based organizations.

A rise in end-to-end HR deals as organizations strive to realize the greatest return on investment

This includes a move away from service bureau offerings for benefits and payroll toward a more holistic client solution

An increase in implementation of the more strategic HR applications such as learning management and recruiting

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

**KB:** Overriding organizational HR strategy will focus on how to effectively acquire, deploy, optimize and retain key talent - - aligning human talent with strategic corporate initiatives. The major evolution for 2004 and beyond will be in the form of HR strategy execution as corporations strive to rationalize past and future infrastructure investments. Key execution strategy trends will include:

- \* Transformation of business processes prior to transfer of accountability to an outsourcing partner
- \* Client demand for flexible service delivery and technical infrastructure models
- \* Increased implementation of end-to-end and global HR BPO to drive sustainable business improvements and value-add



Karen Bowman  
President, Convergys Employee Care

As reported by IDC, HR imperatives continue to include cost reduction, process optimization, vendor management and technology integration. These factors are having an impact on HR operating strategies as outlined below from the September 2003 IDC report, U.S. HR BPO Competitive Analysis, 2003: *A Rising Tide in a Sea of Changes*:

- \* Weak Profits have led to greater scrutiny of spending within organizations.
- \* Stronger integration of HR systems and processes is sought as a means to reduce costs and provide more meaningful workforce management information.
- \* Decision making on HR services and HR technology investments is occurring at higher levels within organizations.
- \* Organizations are seeking to rationalize the number of vendors they use. As a result, vendor management is of growing interest to HR leadership.
- \* There is a shift in preferences away from the discrete outsourcing of individual HR processed toward more comprehensive HR BPO in order to reduce costs, integrate HR technologies and decrease the number of vendors supporting HR.

## Inside with: Karen Bowman

### President, Convergys Employee Care (continued)

#### HR Strategy trends

Overriding organizational HR strategy will focus on how to effectively acquire, deploy, optimize and retain key talent - - aligning human talent with strategic corporate initiatives

- \* This re-positions HR from a corporate “cost center” to a strategic business partner

The major evolution for the coming years will be in the execution of HR strategic initiatives

- \* For years HR has strived to effectively three major business components: program and policy management, service delivery, and infrastructure within specific HR verticals and across the HR function
- \* Investments in ERPs, ASPs, niche applications and services and discrete outsourcing engagements (i.e., service bureau payroll and benefits) has siloed HR functions further

Created challenges in data and process integration, self service delivery and vendor management

- \* HR operations will evolve to incorporate holistic HR execution strategies that protect client investments, improve business processing, and drive sustainable efficiencies and value-add
- \* In our view service delivery and infrastructure are optimized when they are integrated and managed by an outsourcing partner such as Convergys
  - This enables technological integration, maximized operating efficiencies through streamlined processing and shared service delivery models, and the ability to turn disparate data into true workforce intelligence
- \* Workforce intelligence is the key to adding value and turning HR into a strategic business partner to the organization via:
  - Reporting and benchmarking of HR trends and patterns for planning
  - Increased insight into program cost, overall effectiveness, and ROI

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

**KB:** HR BPO relationships are unique partnerships (this differs from “out-of-the-box” service relationships).

HR BPO partnerships must reap measurable value.

The following are key to ensuring the success of any outsourcing relationship:

- \* Executive sponsorship
- \* Clearly defined roles and responsibilities
- \* Clear governance structure and decision process, particularly during the implementation phase
- \* Redesign of processes and tasks to ensure efficiencies at a very specific level
- \* Benchmarking of key metrics to understand current state versus desired state

For example, in recruiting, assessing how long it takes to fill a new position and what the expected improvement will through streamlined processes and automation

- \* Leverage of integrated technology platforms
- \* Continuous improvement programs
- \* Partnership between the public or private institution and the provider, including ongoing communications and collaboration
- \* Change management programs and ongoing training for both the project team and recipients of the service





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## 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 eight years. Our experience includes Information Technology, Business Process (Human Resources, Finance & Accounting, and Marketing), and Telecommunications.

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### EQUATERRA'S MARK HODGES NAMED HRO SOURCING CONSULTANT OF THE YEAR

**HOUSTON** (April 29, 2004) — EquaTerra, the world's first advisory and management services firm to deliver complete *Sourcing Lifecycle Management (SLM)*™ services to outsourcing buyers, today announced Mark Hodges, its Chairman and Co-founder, was named HRO Sourcing Consultant and Advisor of the Year 2004. He was awarded this title by a panel of independent judges at last week's HRO World conference in New York City. The experts on the selection committee included: Karen Beaman, Editor-in-Chief of the IHRIM Journal; Hal Burlingame, Senior Executive Advisor, HR, AT&T Wireless; Larry Janis, Managing Partner of Integrated Search Solutions Group (an executive search firm dedicated to the outsourcing industry); and Andrew Kris, Chairman of the Shared Services and Business Process Outsourcing Association (SBPOA.)

Hodges' competition included William Bierce of Bierce & Kenerson, J. Ross Docksey from Sonnenschein, John Halvey of Milbank Tweed Hadley & McCloy; Michel Janssen from Everest Group; and Dennis McGuire from TPI.

Said Harry Feinberg, CEO and Chairman of Outsourcing Today LLC, the company that publishes HRO Today Magazine and organizes the HRO World conference and expo, "Although Mark faced formidable competition for the title of HRO Sourcing Consultant and Advisor of the Year 2004, our panel of judges felt he had made the strongest contribution to helping corporations with their outsourcing initiatives throughout the course of his career."

Hodges' credentials in the HRO/BPO space include: the profitable sale of his BPO research firm, G2R, to Gartner Group in 1999; significant contribution to growing Exult during its early years; helping TPI build its BPO advisory business; and the reinvention of sourcing consulting by changing the business model from a focus on the transaction to a more collaborative, long-term relationship which he calls the *Sourcing Lifecycle*. Said Hodges, "I'm extremely honored to have won this award, and I appreciate the judges' and industry's recognition." Winners in the other categories at the HRO World awards ceremony included:

- \* HRO Relationship of the Year 2004: Government Sector – City of Copenhagen/Accenture HR Services
- \* HRO Relationship of the Year 2004: Retail & Manufacturing Sector – Circuit City/Exult
- \* HRO Relationship of the Year 2004: Financial & Business Services Sector – AT&T/Aon HR Outsourcing
- \* HRO Relationship of the Year 2004: Mid-Market – ComUnity lending/Gevity HR
- \* HRO Relationship of the Year 2004: Multinational – Procter & Gamble/IBM BTO
- \* HRO Provider Brand of the Year 2004 -- ADP
- \* HRO Buyer Executive of the Year 2004 – Sharon Taylor/Prudential Financial
- \* HRO Provider Executive of the Year 2004 – Bo Ewald/Ceridian Corporation

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***Go confidently in the direction of your dreams. Live the life you have imagined.***

***Henry David Thoreau***

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