

March 10.....

Inside Outsourcing™



INTERVIEWED BY LARRY JANIS

Inside with:

David Poole, CEO, BPO Americas and Head of Business Process Services , Capgemini

Capgemini, one of the world's foremost providers of consulting, technology and outsourcing services, enables its clients to transform and perform through technologies. Capgemini provides its clients with insights and capabilities that boost their freedom to achieve superior results through a unique way of working, the Collaborative Business Experience. The Group relies on its global delivery model called Rightshore®, which aims to get the right balance of the best talent from multiple locations, working as one team to create and deliver the optimum solution for clients. Present in more than 30 countries, Capgemini reported 2009 global revenues of EUR 8.4 billion (approximately USD \$11.6 billion) and employs 90,000 people worldwide.



LJ: What are your responsibilities at Capgemini?

DP: I am Vice President and head of both BPO for Global Business Process Services which is our non F&A services and also head of BPO Americas at Capgemini. I am responsible for driving, building and growing BPO opportunities in existing and new North American markets with the goal of making Capgemini a market leader in this region

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FROM THE EDITOR

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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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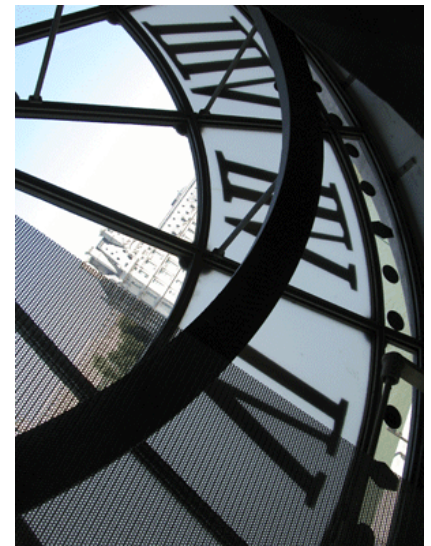
When I joined Capgemini from PwC, where I was a partner in their BPO practice, I was asked to develop the growth strategy and manage operations. We decided initially to focus on Europe and F&A only which, either through great foresight or fortune, turned out to be a great decision. Within two years we went from nowhere to market leaders in that sector. I was then asked to repeat the same success in North America where we had little market presence. I needed to recruit a team from scratch (although I had a pretty good network) and we rapidly took a market leadership position in North & Latin America with some iconic wins with clients like Coca Cola Enterprises, Unilever, Avon, and Warner Brothers amongst others. Along the way we had picked up some quite substantial capabilities outside of the F&A BPO market, and early last year we felt it was time to start to build out a broader range of services and to establish a firm position in alternative markets. Our BPO procurement services are a classic example of where we have made an assessment of the market, decided that we can be a dominant player, and we are investing in doing just that by developing market disrupting service offers and acquisitions such as the recent IBX acquisition.

“The real test of outsourcing is the value delivered.”

LJ: Do you see companies approaching outsourcing any differently? And which areas of outsourcing do you see developing in the near/long term?

DP: The real test of outsourcing is the value delivered. Today, many (maybe most) companies are thinking only of reducing expenditures. But a few are actually looking for ways to innovate, and they’re the ones likely to come out of these doldrums with a real, meaningful advantage.

The true benefits of outsourcing are achieved by taking a strategic look at the business structure and functions, determining which functions are better kept in-house and defining areas where outsourcing can increase productivity and invigorate local economies. In most cases, outsourcing back-office functions helps companies manage costs, streamline business operations and stimulate revenue. Since most businesses do not gain an advantage with administrative activities, why waste time and money trying to make them unique?



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Questions we are starting to hear from companies approaching outsourcing include: What can be done with the savings that come from outsourcing? How should savings be invested back into the business to support growth? Where are opportunities for continuous improvement? When an outsourcer provides business intelligence to answer questions like those, it becomes a true, collaborative partnership. A good outsourcing partner has ambition to explore, special knowledge to apply, a technological edge to exploit, and unbending ethics to guide its behavior in relationships and in the world.

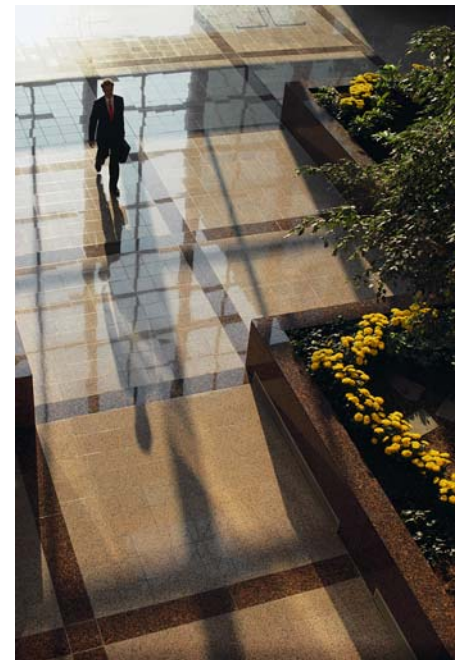
LJ: Are the markets different outside the United States? Please explain

DP: Yes the U.S. market is far more mature than any other market. Outsourcing has been embraced much more in general across multiple process areas. In Europe, we see much greater intervention and control by individual member states, and inconsistency in the way that European employment legislation has been implemented. Also, in general, global organizations outside of the U.S. are much more fragmented and of a much smaller scale than the typical U.S. domestic business units. When I moved to the U.S. I was expecting to find very strong and dominant competitors. Instead, there was a fair amount of fatigue with the established vendor landscape and solutions. We found the opportunities to be large with good business cases for using attractive “nearshore” locations like Guatemala, and standardized process models that we had already developed as we grew fast in the more fragmented European market. Interestingly, we also embarked on a huge opportunity to dominate the Latam market through our acquisition of Unilever’s Latam accounting centers. We have since more than doubled our presence there.

LJ: What is your opinion of the emerging locations, such as the Latin countries as near shore hubs for US-driven ITO/BPO engagements?

DP: I think clients like to have more visibility to their outsourced work, so facilities within a three-hour flight from the USA, like Guatemala, allow them this luxury. They are able to fly in, work for 1-2 days and fly back to their offices and still be able to go back into their own facilities.

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Time zone is also another important factor, as client visits to offshore destinations like India, usually can take at least a week, and are very costly. Capgemini's operations are basically an extension of our clients' operations, so it is important that they are visible as much as possible.

Capgemini currently services clients from Guatemala, Brazil, Argentina and Chile, and that allows us to cover English, Spanish and Portuguese language requirements. As a business, we will continue to assess where the right place is to be against the clients' needs in terms of language and product services. With the emergence of talent in new countries, it is important that we keep abreast of these developments. We have seen considerable growth in our current LATAM centers in the last year, and will be transitioning further processes there in the upcoming months.

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LJ: How does Capgemini differentiate itself in the BPO marketplace?

DP: Our clients expect more today from BPO than traditional low-cost transaction processing. Capgemini responds to this demand with what we call BPO with Business Insight – BPO solutions that apply unique Business Insight processes, business intelligence tools and deep domain knowledge to unlock the hidden value in BPO workflow. By providing value-added business insight, our clients benefit from the simultaneous improvement in operational performance together with positive impact to their top line.

We recognize that all clients are different, and one size does not fit all, so we're flexible in our approach to delivering BPO with Business Insight. We take a close look at our clients' business objectives and apply a tailored approach that provide the benefits of economies of scale, process standardization, technical innovation and labor arbitrage, in order to reduce risk and speed time to value.



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LJ: You have held a lot of different roles with Price Waterhouse and now Capgemini, what has made you successful?

DP: Well Larry, as you know, first and foremost, I have always surrounded myself with the best possible team – most of them are smarter and more experienced than me. I keep my eyes and ears open constantly, some call it intuition, but actually it's just observation. It helps me understand what my clients or potential clients really need and also how we at Capgemini can uniquely meet those needs. Also, I know everything about my competitors, and I'm still humble enough to learn from them constantly. I guess most importantly I'm prepared to enthusiastically pit my team against the biggest challenges or competitors in the market, sometimes against all odds, in the total belief and knowledge that they have what it takes to conquer any challenge both in sales and delivery. We don't succeed in selling every deal but I've never yet been disappointed by their commitment and drive to win when a deal makes great sense both for Capgemini and the client and they have never yet failed in delivery despite sometimes insurmountable challenges.

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