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Inside Outsourcing™



Larry Janis'
interview with:
Michael Salvino

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.

Inside with: Michael J. Salvino

**Global Managing Director—Business Process Outsourcing
Accenture**

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 approximately 170,000 people in 49 countries, the company generated net revenues of US\$19.70 billion for the fiscal year ended Aug. 31, 2007

LJ: You were recently given broader responsibilities when F&A, Procurement and Customer Contact we combined, how is this being viewed by customers and the advisors? Do you envision new product offerings?

MS: Accenture's strategy to combine these areas was to better meet clients' needs in terms of bundled outsourcing. Bundled outsourcing relates to clients outsourcing more than one functional area to a single service provider, for example, finance and procurement or finance, procurement and application management.

At Accenture, we have seen strong growth in clients choosing bundled outsourcing and therefore looking for a provider who can provide proven, high-quality services in multiple functional areas. The benefits of bundling processes with one provider include:

- All the benefits a client would receive from outsourcing a single process, as well as reduced risk and reduced governance costs.

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- A simplified governance process. Rather than having to deal with multiple providers and invest in each relationship, bundled clients have just one relationship, reducing time investment and contract governance and administration activity.
- We also believe better business outcomes are achieved from bundling because the traditional barriers across processes are eliminated—sometimes as many as 150 touch points can occur. With bundled outsourcing the service provider is responsible for the ‘walls’ around individual processes and for integrating the many touch points.
- Process integration benefits that reduce complexity and make ‘shared services’ easier to do business with one, consistent service delivery face to the client or customer
- We think there’s probably a ten to fifteen percent improvement in the value proposition and improvement in the speed to achieving the value proposition when you use bundled BPO versus single function BPO.

We are also looking to better leverage synergies across F&A, Procurement and Customer Contact. An example is using Accenture’s deep customer contact expertise to provide superior customer interactions within our finance outsourcing business—in particular in order-to-cash and sales order processing services.

LJ: What are the biggest challenges in growing an F&A practice on a Global basis?

MS: As a global company we don’t face major challenges growing our F&A practice as we have established regional teams in North America, Europe and Asia-Pacific serving clients from multiple countries.



Accenture’s global delivery network has also been operational in key continents for many years and scales effectively to meet client demands. For example, new delivery centers were opened in Bucharest, Romania and Warsaw, Poland in 2006 which are now each serving multiple F&A BPO clients. This year the network has also opened two new centers in Brno, Czech Republic and Delhi, India to meet increasing demand.

An ongoing challenge with any significant growth is, however, to continue to industrialize processes across multiple client environments while retaining the customization needed for different legislative and geographic regions. In order to deliver an industrialized, continuously improving solution we utilize what we term operational excellence to deliver ongoing process improvements to our clients.

LJ: How different is the business model in Europe than the US?

MS: Europe is different to the United States in a number of ways. First, pan-European outsourcing arrangements usually demand service delivery in multiple European languages and need to take into account cultural diversity across the region. Service delivery is usually from Eastern Europe, where costs are lower than Western Europe but skilled employees with multiple language capabilities are available. Second, it can be challenging to determine clear baseline measures for pan-European clients as they are usually fragmented on a country-by-country basis. *(continues on next page)*



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LJ: What innovations do you foresee in the F&A BPO sectors?

MS: Key innovations in the F&A BPO sector include a focus on business outcomes: After clients realize the initial cost reduction benefits they look for subsequent waves of value, for example, days sales outstanding (DSO) reduction, or a commitment to specific accounts payable payment terms.

Service providers will also increase capabilities. For example, Accenture made two acquisitions last year to purchase a sophisticated profit recovery and analytics capability. This new capability enables clients to detect and recover “lost profits” through analysis of procurement and payables data and processes. It also prevents them from happening in the future through the use of proprietary technology that is part of Accenture’s F&A BPO offering.

New technology will also increasingly be used in the future to improve a range of finance processes. For example, an Accenture tool used to improve reconciliation tracking, the control environment, and period close speed for clients reduced reconciliation time by 75 percent.

LJ: Are the buyers of F&A becoming more sophisticated? Would you give me some examples?

MS: Yes, F&A buyers are becoming more sophisticated. An example of this is British Telecom (BT) who has recently outsourced higher-value finance processes including the monthly close, and associated reporting, planning and analysis plus budgeting and forecasting. As the F&A market matures clients generally feel more comfortable with including higher value processes to in-scope activities, and feel more comfortable that service providers can deliver increasingly complex arrangements. Another client, Microsoft, has recently outsourced a range of finance and procurement processes globally. These services will be provided to 90+ countries in 36 languages from four delivery centers around the globe.



Clients who have opted for the bundled outsourcing route (in effect outsourcing multiple processes such as finance, application management and procurement) in one step are also taking a bold and innovative move to multiply the benefits outsourcing can deliver across their back office simultaneously—as opposed to a series of incremental steps which other organizations adopt.

This ‘big-bang’ approach enables processes to be refined and scoped end-to-end regardless of whether a sub-process falls within Finance or Procurement. This approach also enables the IT and infrastructure to be optimally designed to deliver the end-to-end processes effectively. *(continues on next page)*





We are a fourteen-year-old retainer based executive search firm that has successfully attracted top talent in the areas of Outsourcing (IT, BPO and BPM), Consulting (Strategy & Technology) and traditional IT functions (CIO, CTO, etc). We have worked effectively with major corporations as well as effectively with venture capitalized start-ups. Executive recruiters typically pride themselves in their ability to recruit top executives, irrespective of the industry. Leaders in Outsourcing, Consulting and Technology tell us a different story; they value what we do because we understand their business.

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LJ: What has made you successful?

MS: I have been very fortunate to have had a number of good mentors throughout my career and a balance between my professional life and family life that has worked for me.

My mentors, which include not only my current leader but also my father who ran his own business for 25 years, have always given me great advice over the years. They have taught me how to develop strong teams, how to stay laser-focused on managing a P/L while growing a business, given me a global perspective, and made sure that I stay focused and disciplined on the objectives of whatever business I have run. Also, these folks have been an invaluable sounding board for my ideas, which is critical in thinking through complex business issues. Having mentors or a team with whom you can discuss ideas and who you know will provide unemotional input is key. You do not always need to follow the advice but it is a big mistake if you do not ask for help.

Family is the great leveller and allows me to keep perspective. My spare time is 100 percent focused on my family—whatever they're doing, I'm doing. I have three children and my wife and I are very involved in their activities. For example, I've been the commissioner of the youth basketball leagues in South Charlotte, North Carolina for the last three years, coaching kids between the ages of five to ten years old. Seeing my kids participate in these activities and other children gaining confidence in their abilities is fantastic. Sports and being part of a team have such a positive impact on children's' lives in the following ways:

1. They learn how to play a role.
2. They learn not everyone can be a star but that all team members are important;
3. sports shows them how to give their best effort no matter what the outcome;
4. Finally, sports teaches them how to be a good team mate and give/get help when needed.

These are great ground rules for living.

***"Some see the glass as half-empty, some see the glass as half-full. I see the glass as too big."
---George Carlin***