

September 10
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Inside Outsourcing™



INTERVIEWED BY LARRY JANIS

Inside with:

Ritesh Idnani, Chief Operating Officer – Business Process Outsourcing, Infosys

Infosys BPO Ltd. (the Business Process Outsourcing subsidiary of Infosys Technologies, was set up in April 2002. Infosys BPO focuses on integrated end-to-end outsourcing and delivers transformational benefits to its clients through reduced costs, ongoing productivity improvements, and process reengineering. Infosys BPO operates in India, the Czech Republic, China, the Philippines, Poland, Mexico, USA and Brazil and as on June 30, 2010 employed approximately 19,327 people.



LJ: As Chief Operating Officer, Infosys BPO what are your responsibilities?

RI: As Chief Operating Officer of Infosys BPO, I am responsible for helping the unit meet its financial, operational and revenue goals. Infosys BPO finished last fiscal with revenues of USD 352 million and today employs more than 19,000 people globally. I am focused on managing global operations, sales and client relationships, driving best practices, cost efficiency and end-to-end solutions for the business.

LJ: What are the major BPO offerings at Infosys?

RI: Our belief is that the next generation of BPO will focus on the convergence of operations and technology and how the same can drive a force multiplier effect far beyond labor arbitrage and productivity improvements. We have launched 5 new platforms which allow clients the ability to manage their operations, technology and infrastructure with Infosys. This enables them to vary their cost structure and move away from a capital intensive model of operation.

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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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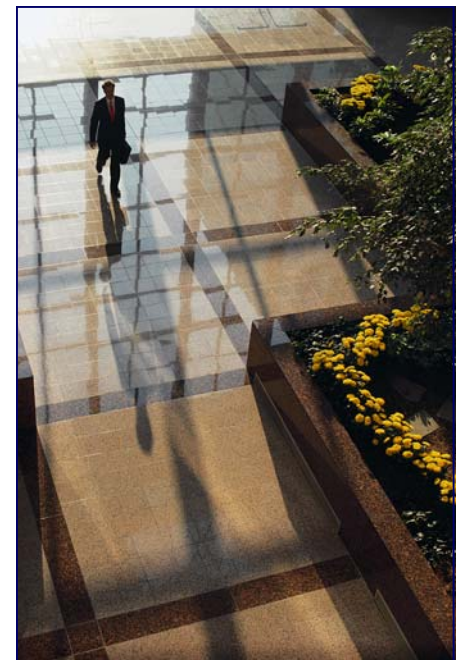
Today, the low hanging fruit in BPO is still offerings on the G & A side of the P & L (whether it be F & A, Procurement or HR). We have also focused on verticalizing our offerings on the G & A side of the P & L (whether it be F & A, Procurement or HR) to make it more relevant to our clients. Our belief is that domain expertise in the verticals we want to operate in will be critical to success. So, if you are talking to a publishing company, you need to talk about royalty accounting and the nuances therein.

However, if you look at the cost of revenue side on the P & L side, more than 60-70% of the total cost structure sits out there. So, we have offerings which address the cost of revenue side since if we can impact that by even 20%, we can add 12-15% to the bottom line of our clients. For instance, we have focused on warranty support in the manufacturing space or sales effectiveness improvement for the consumer packaged goods sector.

“our clients want to know all the sources of value and how a service provider like Infosys can help them in their transformational journey.”

LJ: The buyers of BPO services have changed over the last few years, what changes have you seen?

RI: It is an understatement that buyers of BPO services have become more sophisticated and demanding. Today, our clients want to know all the sources of value and how a service provider like Infosys can help them in their transformational journey. The labor arbitrage and productivity improvements are baked into their budgets. It is about “what else is available” which is also why our focus on bringing operations and technology together to deliver next generation BPO seems to be resonating well with them. Clients are also demanding more skin in the game. The ability to partake in risks is something we are seeing more and more from our clients. Linked to this is also the demand to move to business outcomes which the C-suite in our clients can relate to, whether it is reduction on DSO, release in working capital etc as opposed to operational metrics such as turnaround time, accuracy etc.



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LJ: The F&A BPO market is getting increasingly competitive with the providers vying to carve out unique value propositions to differentiate themselves, what innovations will be occurring at Infosys?

RI: The last year was a remarkable year for Infosys BPO's F&A practice, not just because of the way we have grown the practice, but also for the awards and acknowledgements we received from analysts. Recently Infosys has been positioned in the Leader's Quadrant of the Comprehensive Finance and Accounting BPO Magic Quadrant by Gartner.

We consider this to be a significant achievement, especially given the fact that Infosys' F&A journey started in 2005 with ~100 FTE and today provides services to more than 40 F&A clients across the globe with about 7500 resources dedicated to this domain. Our portfolio of services, span the spectrum of F&A, they range from transactional processes like AP, AR to high end financial processes like General Ledger, Financial Planning & Analysis, Tax, Treasury, SOX Compliance and Business Controllershship. Today, growth of the F&A segment is highest in Infosys BPO, in terms of volume as well as speed – a solid contributor to **over 23.7% of the company's annual revenues**. The following are some of the key focus areas at Infosys:

- ◇ We are focused extensively in moving beyond the traditional operating metrics to business outcomes. For instance, we recently did a study for a telecom retail client, based out of the UK, to determine the total business impact of Infosys BPO on the client's Finance & Accounting processes. Our initial "business value added" analysis indicated that outsourcing of key Finance & Accounting processes (AP, AR, GL and FP&A services) could result in over \$2mn of annual labor cost savings for this client. An additional P&L annual savings of about \$4mn was possible for the client, if it effectively captured invoice payment discounts and eliminated all duplicate payments. Further, we could favorably impact the client's various business metrics, like reducing the 'Cost per invoice' in AP process by as much as 50-60%.
- ◇ It is our constant endeavor that all our engagements are contextualized to the respective vertical while drawing upon best practices from other industries. In the Media and Entertainment vertical for instance, we have in-depth understanding of the complexities of advertisement accounting and circulation accounting which is a niche challenge of this industry.

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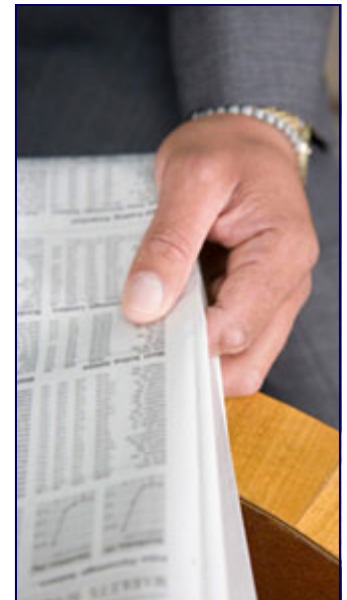


- ◇ One of our key differentiators is the focus on investing in technology solutions across the spectrum of Finance & Accounting service offerings. Apart from best-in-class tools that we have developed internally, our alliances with key product companies ensure that we address improving business metrics for all supporting functions of a CFO's office. We have developed point solutions for multiple process categories ranging from end-to-end Accounts Payable processes (Infosys Modular Accounts Payable Solution - IMAP), a proprietary service oriented architecture solution for General Ledger and Fixed Asset processes and a comprehensive partnered solution for the Accounts Receivable function. Apart from this, Infosys has invested in platform based solutions to help clients achieve faster process efficiency and effectiveness.
- ◇ Another area we have spent a lot of time, effort and resources on is the continuous focus on risk and compliance as viewed by our clients.

“One of our key differentiators is the focus on investing in technology solutions across the spectrum of Finance & Accounting service offerings.”

LJ: Many firms are still utilizing Third Party Advisory firms like TPI, EquaTerra and Alsbridge to help with the decision making process around outsourcing, what value do you see them adding to the process for the buyers?

RI: Third party advisors help draw on their experiences with other engagements in the same vertical/ domain and also assist buyers in completing the process within defined timelines. As a service provider, I know that if a third party advisor is involved, the likelihood of there being a decision from the buyer is much higher. Third party advisors today can also assist in other areas such as governance, operating model definition etc which help bring structure to the process.



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LJ: What has enabled you to be successful?

RI: 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. They have taught me how to develop strong teams, how to stay laser-focused on managing and 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. I have also focused extensively on learning opportunities and every career move has given me the opportunity to do something different. For instance, when I joined Infosys in 1999, it was a USD 100 million company in terms of revenue and I was betting that global delivery as a way of doing business would become mainstream. Finally, my family has been most supportive of me especially given that I travel extensively and am on the road at least 15 days in a month.

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