

October 10.....

# Inside Outsourcing™



INTERVIEWED BY LARRY JANIS

Inside with:

## Steve Rudderham, VP - Client Engagement Capgemini, Business Process Outsourcing

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 and employs 100,000 people worldwide.



**LJ: In your role as VP - Client Engagement for Capgemini, what are your current responsibilities?**

**SR:** I look after maintaining and developing the BPO Client relationships for major accounts across the Americas, including the USA and Latin America, with a focus on Finance & Accounting.

**LJ: Capgemini has been increasing its market share in BPO. Recently the firm acquired a controlling stake in CPM Braxis, please share with us why the acquisition and how does it impact the firm your customers and potential customers?**

**SR:** Capgemini is acquiring a 55% stake in CPM Braxis, a company with a leading position, as the largest local player, in what is the largest country within the fast growing Latin American IT services market. This acquisition helps boost Capgemini's presence in Brazil and is hot on the heels of the Sonda Procwork facility acquisition in Gaspar earlier in the year, which strengthened Capgemini's F&A and HRO BPO services in the country.

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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CPM Braxis has over 5,000 employees in Brazil and a terrific customer base for Capgemini to expand its service offerings to, both within IT and BPO. This is positive for our existing, and future clients in that it allows us to extend our presence in a fast-growing country, support our global clients in the regions where they focus their investment, and also to strengthen our organization with the addition of an experienced management team, and more than 5,500 dynamic employees.

**LJ: You have been in Outsourcing for several years now. What changes have you seen on the buy side?**

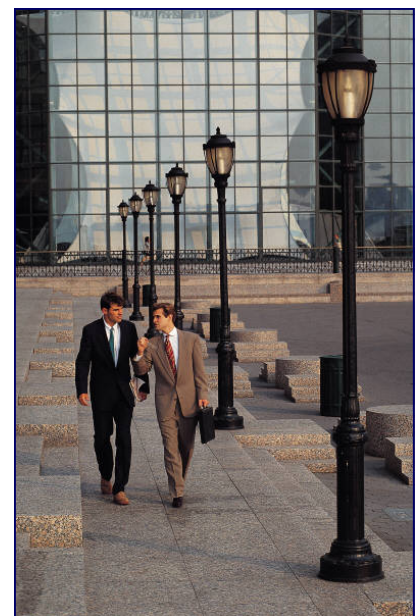
**SR:** We're seeing quite a few more new clients wanting to consider transformation up front and a gradual move towards "out of the box" solutions. With the current economic challenges, clients are also looking for more flexibility as they divest or acquire or scale their operations accordingly. Clients are becoming more educated and looking beyond the labor arbitrage piece to understand how outsourcing companies can help with their processes up- and down-stream. Companies are looking for differentiators in their providers, but they are getting harder to find as outsourcing becomes more commoditized. Process excellence is becoming more of an entry ticket, but overall, value-adds like efficiency, control and effectiveness - the standard measures and tools and benchmarks are becoming the differentiators. This is particularly noticeable in Latin America, Middle East, Asia and Russia/Ukraine where the labor arbitrage is minimal so clients want to see the value-add in outsourcing and focus on control and transparency. A stronger (integrated) toolset is becoming more important to buyers who are looking to reduce the upfront cost associated with large IT transformation projects, so especially tools that can be part of the solution with minimal setup. Greater partnership – less of a procurement transaction, more of a business partnership – an extension of your organization.

**LJ: How is Capgemini addressing those requests?**

**SR:** Over the last 3 years, Capgemini has been re-thinking the way it delivers outsourcing services, and two main points:

We have now standardized our transaction based processes, developing the GPM to support these. This includes end-to-end process design across our service offerings, as well as pre-defined and tested controls and KPIs, and an enablement platform (BPOpen) to support this. Our implementation methodology allows us to customize this for specific client and regulatory requirements without compromising the integrity of the model and allowing our clients to take advantage of accelerated efficiencies.

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We are moving to be more of a business partner with our clients, looking at measures outside the traditional process scope (e.g. Working Capital) and supporting our clients in defining and executing on the required actions, so moving up the value chain.

Leveraging our Rightshore® delivery model, which takes advantage of global delivery centers, including seven centers in Latin America, to place processes, services and/or functions in the best locations around the world, tailored and coordinated to meet clients' specific business goals as well as the Capgemini [Collaborative Business Experience®](#), I believe we have positioned ourselves to exceed customer expectations. We have also developed world-class methodologies for transitioning and transforming Finance and Accounting operations into value-adding business functions. These include our single benchmarked product, the Global Process Model (GPM). Launched some 5 years ago, the GPM lays out an end-to-end process map with the client, and comprises a group of processes that represent global and industry best practices. GPM is designed to be implemented as a global standard, but it can be adapted to regional regulatory requirements. We've standardized our KPI model so that we can more easily benchmark clients, and make governance and process improvement easier to manage. We continue to develop our BPOpen toolset to be complementary to client IT investments. We are flexible in our commercial models to allow for client flexibility, and have a very strong engagement model to ensure balances focus on account management and delivery.

**LJ: Your roles have taken you to many different geographies including: India, Latin America and obviously the US, how different is the approach in managing service delivery in these locations?**

**SR:** Offshore outsourcing arrangements have many challenges, from culture differences to Regulatory or Tax concerns, but if handled properly, the rewards are immense. By far, the most difficult element in managing offshore outsourcing arrangements is the culture challenge. Due to the cross-cultural differences in mindset, values and approach to business interactions, issues are certain to exist that is why Effective Communication must be primary and at the forefront of any offshore deal. Effective Communication is critical. It will not eliminate the cultural challenges but it will minimize the negative impact it may have on the final result or outcome. The basics are the same in that you've got to get onto the operations floor and listen to the associates and their concerns. I spend a lot of time walking the floor and understanding the issues and concerns, and the barriers to providing better service. It's then my job to act on this feedback and make a difference to the processes. India is a lot more open to this and floor walks are very open and interactive, but in Latin America they're a lot more forced by the leadership – usually because the local teams aren't used to it but once they realize you're there as a friend and not the enemy, it becomes very constructive.



***“Effective Communication must be primary and at the forefront of any off-shore deal”***



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It's important to understand what makes people tick too, for example – in the United States our emphasis is on results - they are results oriented. In India the emphasis is on taking the time to get it right. In the US, they report the problem on identification; in India or China they report the problem only when it cannot be resolved. In other words, there is less transparency or no visibility until final delivery. In the US, the preference is for clear, detailed agreements. In China, contracts are viewed as intentions/guidelines for future action. In Brazil, personal relationships are what matters. The face-to-face interaction goes beyond the agreement on paper.

In the US it is the listeners responsibility to understand otherwise you ask questions. In China, it is the speakers responsibility to be understood. In the US the communication style is more direct. In India, China, and even Brazil the communication style is indirect where conflict is avoided. In the US, management style is proactive where in China the style is reactive – they wait for orders and do what is told. These culture differences can create a significant barrier to innovation in offshore outsourcing arrangements. In order to mitigate some of the “softer skills” risks involved in offshore deals, I believe culture awareness sessions are a must. Formal training on the do's and don'ts helps but many times colleagues from the US pair off with colleagues from abroad to get hands on experience. As stated, if offshore outsourcing arrangements are handled properly, the benefits are tremendous. Not only are your costs reduced by at least 35% if not more, product development is faster, global regulatory issues are reduced, manufacturing efficiencies are improved, excess production capacity is reduced by divesting facilities, investments in capital-intensive facilities is minimized, net earnings and cash flow are improved, resources are diverted to focus on core competencies, and ultimately you're adding value to the shareholder.

**LJ: While at GE you were certified Six-Sigma Black Belt and a Master Black Belt. How have these tools added to your abilities?**

**SR:** I believe that anyone that has been through LEAN or six sigma training and practical application, just thinks differently! I look for many of my operating leaders to have this process mindset... it makes the operations so much easier as they just think differently... with the customer in mind and an end-to-end process mindset that delights the customer. For me, personally, it's about the metrics - let the data drive the conclusions on how to change and improve the process. When processes have been through data analysis, it's tough for anyone to argue with the conclusions and the resulting changes required. It's also easy to walk the customer through the benefits and how it impacts their business, and ultimately their bottom line.

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



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**LJ: What has made you successful?**

**SR:** I've loved living and working in different continents and I've learnt so much from so many different people and the teams I've worked with. I think the ability to listen, and learn is a key differentiator with great leaders. Your mind is like a parachute, only useful when it's open, and when you have to interact across many geographies, and with so much great talent across the globe, one of the best traits to have is to listen and learn. I've also always encouraged my teams to take the risks and ensure we learn from the mistakes made, and take those items I have learned into the next project.



## Integrated Search Solutions Group

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

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