



**State of the Economy  
&  
Impact on Sourcing**

***IAOP Texas Chapter***

**October 30, 2013**

**Warren Gallant is considered one of the leading authorities on the sourcing industry and one of the founders of the sourcing advisory business. He has been in this field for 35 years – representing both the buyer and seller community. He speaks throughout the world on sourcing.**

- **EDS (seller)** – Warren began his career in the mid-late seventies as a supplier with EDS...at a time when the sourcing industry was in its developing stages. Began in operations in the health care industry, moved on to government services, manufacturing and international...before taking managing the sales support for North American business development.
- **TPI** – In 1989, he founded (along with 2 partners) TPI – the first advisory firm focused on the sourcing industry. With the sourcing industry as its core competency, TPI grew to be the thought leader and the market leader in that field. Often credited with founding the sourcing advisory services industry, TPI grew over the next 15 years into a \$50m practice in 20 countries and completed more than 250 engagements worth more than \$150b in revenue. After 15 years, Warren sold his interest in 2004.
- **Wgallant & Co** – For the next 5 years, Warren worked with the supplier community. Taking the experience gained with 15 years of experience representing clients and leading major efforts, he assisted suppliers in their efforts to develop their processes and tune their business development efforts.
- **Sourcingboard/Avasant** – Amidst growing feelings that the advisory services industry was becoming “stale” and “outdated”, Warren formed Sourcingboard...A new firm dedicated to rebuilding thought leadership and renewing the industry. In 2013, Sourcingboard merged with Avasant - a larger firm with very similar principals. Avasant now stands as the thought leader in a rapidly changing market and Warren sits on the board.

# U.S. GDP growth trends

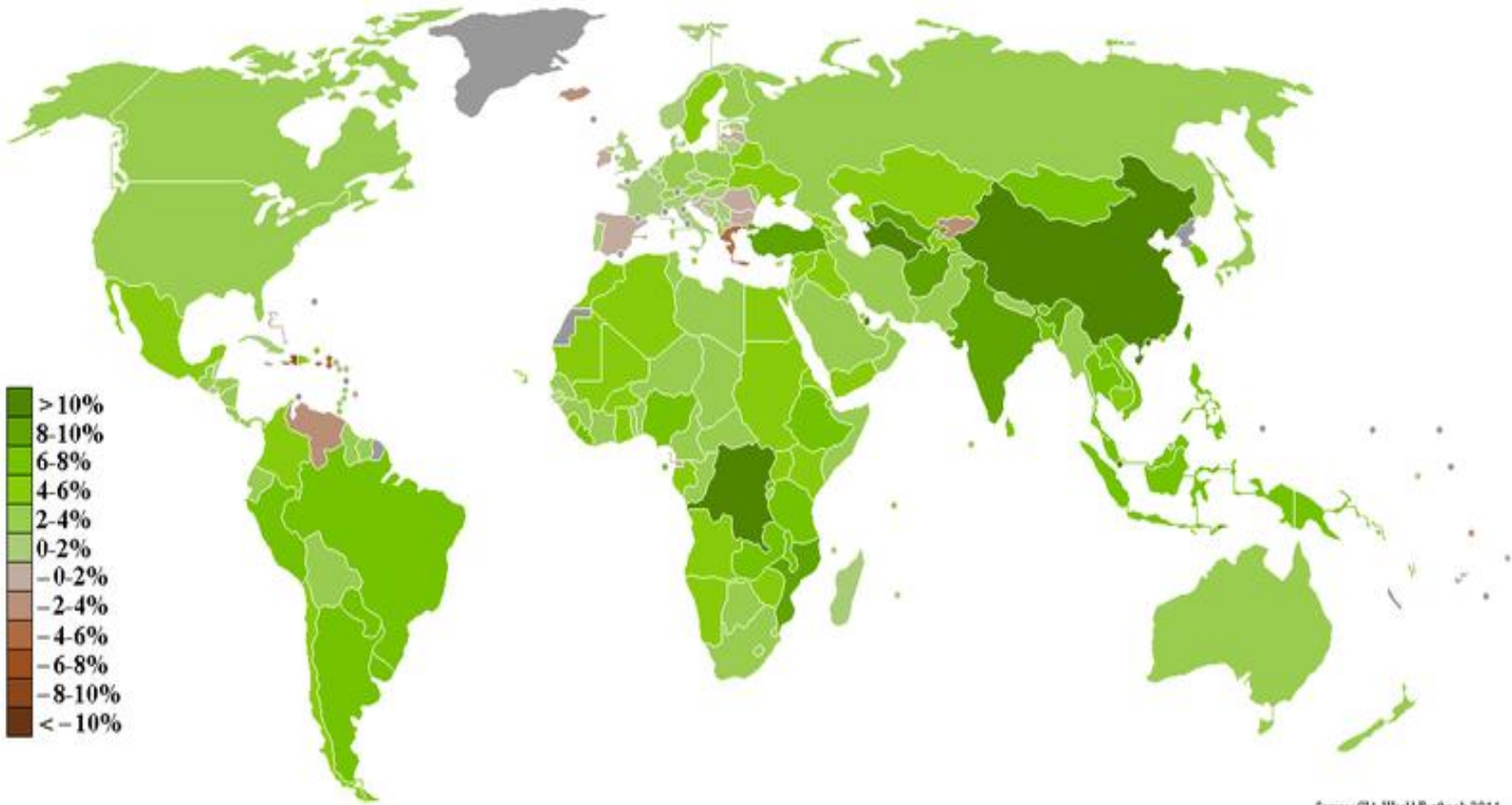


US Gross Domestic Product GDP History

Year	1 yr GDP avg	3yr GDP avg					
1970							
1971	8.52%						
1972	9.86%	10.02%					
1973	11.66%	10.00%					
1974	8.48%	9.79%					
1975	9.22%	9.70%					
1976	11.41%	10.63%					
1977	11.26%	11.89%					
1978	12.99%	11.98%					
1979	11.70%	11.17%					
1980	8.82%	10.89%					
1981	12.15%	8.34%					
1982	4.04%	8.28%					
1983	8.65%	7.97%					
1984	11.21%	9.05%					
1985	7.29%	8.09%					
1986	5.75%	6.41%					
1987	6.19%	6.54%					
1988	7.69%	7.12%					
1989	7.48%	6.99%					
1990	5.81%	5.53%					
1991	3.30%	4.99%					

US Gross Domestic Product GDP History

Year	1 yr GDP avg	3yr GDP avg					
1992	5.84%	4.76%					
1993	5.13%	5.75%					
1994	6.27%	5.35%					
1995	4.65%	5.54%					
1996	5.72%	5.56%					
1997	6.30%	5.85%					
1998	5.53%	6.07%					
1999	6.37%	6.10%					
2000	6.39%	5.37%					
2001	3.36%	4.41%					
2002	3.46%	3.84%					
2003	4.70%	4.85%					
2004	6.38%	5.86%					
2005	6.49%	6.28%					
2006	5.97%	5.78%					
2007	4.87%	4.24%					
2008	1.87%	1.51%					
2009	-2.22%	1.14%					
2010	3.76%	1.84%					
2011	3.98%	3.93%					
2012	4.04%	3.77%					
2013	3.30%						



Source: CIA World Factbook 2011

# Gross National Product History



1948	10%	1968	9%	1988	8%	2008	4%
1949	-1%	1969	8%	1989	7%	2009	-2%
1950	10%	1970	5%	1990	6%	2010	5%
1951	16%	1971	9%	1991	3%	2011	4%
1952	6%	1972	10%	1992	6%	2012	4%
1953	6%	1973	12%	1993	5%		
1954	0%	1974	9%	1994	6%		
1955	9%	1975	9%	1995	5%		
1956	6%	1976	12%	1996	6%		
1957	5%	1977	11%	1997	6%		
1958	1%	1978	13%	1998	5%		
1959	8%	1979	12%	1999	6%		
1960	4%	1980	9%	2000	6%		
1961	4%	1981	12%	2001	3%		
1962	8%	1982	4%	2002	3%		
1963	6%	1983	9%	2003	5%		
1964	7%	1984	11%	2004	7%		
1965	8%	1985	7%	2005	6%		
1966	9%	1986	6%	2006	6%		
1967	6%	1987	6%	2007	5%		

- Global Economy is here to stay
  - 1970s – 90s saw the development
  - 2000s – saw the integration
  - 2010 on is the new world
- U.S. will grow slower
  - GDP (internal growth will be smaller going forward)
  - GNP will be a better – But not like the good old days
- BRICS – U.S. is the 10,000 pound gorilla
  - Number one marketing target for nearly every company
    - Equal to combined EU or Asiapac (China/Japan/India/SK)
    - Much easier to penetrate (openness and 1 set of rules)

- Global players
  - Greater opportunity – greater competition
    - Cost pressures
      - ➔ Low CODB is a constant moving target
      - ➔ India – Philipinnes – China - Africa
    - Local competitors –
      - ➔ Not an even playing field (regulatory / nationalistic)
- Domestic market – slower growth
- All players
  - Cost pressures – competing in global environment with low cost producers
  - Speed – alternative to cost competition is first to market
    - Markets are a faster / product life cycles shorter
  - Security
    - Corporate theft
    - Terrorist threat

- Cost Perspective – major factor and getting larger
  - India experience
    - 1990s got it right -Low cost and good service
    - Quality declines
    - Distance issues
    - Cultural issues
  - Greater focus on offshore strategy
    - Right-shoring
    - Language / customs / time zone issues (where appl.)
  - Low Cost Geography is short-lived
    - Keep commitments flexible

- Alternative to low cost is “First to Market”
  - Products / Services / Geographies
  - Requires agile back office support
    - Vanilla service - corporate meaning of Cloud
    - More discreet packages – collaborative systems
    - Smaller units – can be segmented
  - Requires more tech-savy workforce
    - Give me the vanilla package and analytical tools
  - BPO & IT Convergence
    - Source discreet services with technology
    - Small enough to recover / change direction

- No solutions (international or domestic) can be considered today without evaluating security –
  - Terrorist
  - Corporate
  - Privacy
- Can't be ignored in today's world.... Doing business in less developed environments both enhances the possibilities and possible likelihood
- National policies vary greatly. India has tougher IP laws than U.S., China the opposite
- Privacy - Shift in hacking from "MIT/Stanford" geek to stealing information for profit

- Sourcing will continue
  - Will be smaller – more discreet
  - Will be more of a tool / less strategic
    - Not to confuse with a sourcing strategy
  - Will need to be nimble / replaceable
  - Less about technology – more service
  - More Value – less just about pure cost
  
- Questions

# AGENDA

3:00 PM On-Site Registration & Pre-Networking

3:30 PM Kick-Off & IAOP Texas Chapter Update

- Anupam Govil, Chapter Chair – Avasant, LLC
- Dr. Beena George, Meeting Host, Co-Chair & Dean of Cameron School of Business, Univ. of St. Thomas

3:40 PM Keynote – State of the Economy and Impact on Outsourcing  
Warren Gallant, Advisor, Avasant

**4:10 PM Aligning Outsourcing Talent to Industry needs – Dr. Beena George, Dean of Cameron School of Business, Univ. of St. Thomas**

4:30 PM Sourcing Challenges and Opportunities by Industry Sectors:

Panel Moderator: Joe Hogan, HCL

- Energy/Oil & Gas: Mike O'Brien, Head of Vendor Management, British Petroleum
- Financial Services/Banking: Michael Nacarato, Sr. VP, Union Bank
- Retail/Consumer Goods: Manoj Chopra, VP, Michaels
- Logistics: Paras Rawal, Sr Director – Shared Services, CEVA Logistics
- Energy/Oil & Gas – Joe Summa, Chairman, Techcorr

5:30 PM Chapter Meeting Wrap-Up & Next Meeting Topic Discussion

5:40 PM Sponsored Networking Session (Co-Sponsored by HCL & Syntel)

7:00 PM End of Meeting



# **Aligning Outsourcing Talent to Industry needs**

**Beena George, Ph.D.**

October 30, 2013

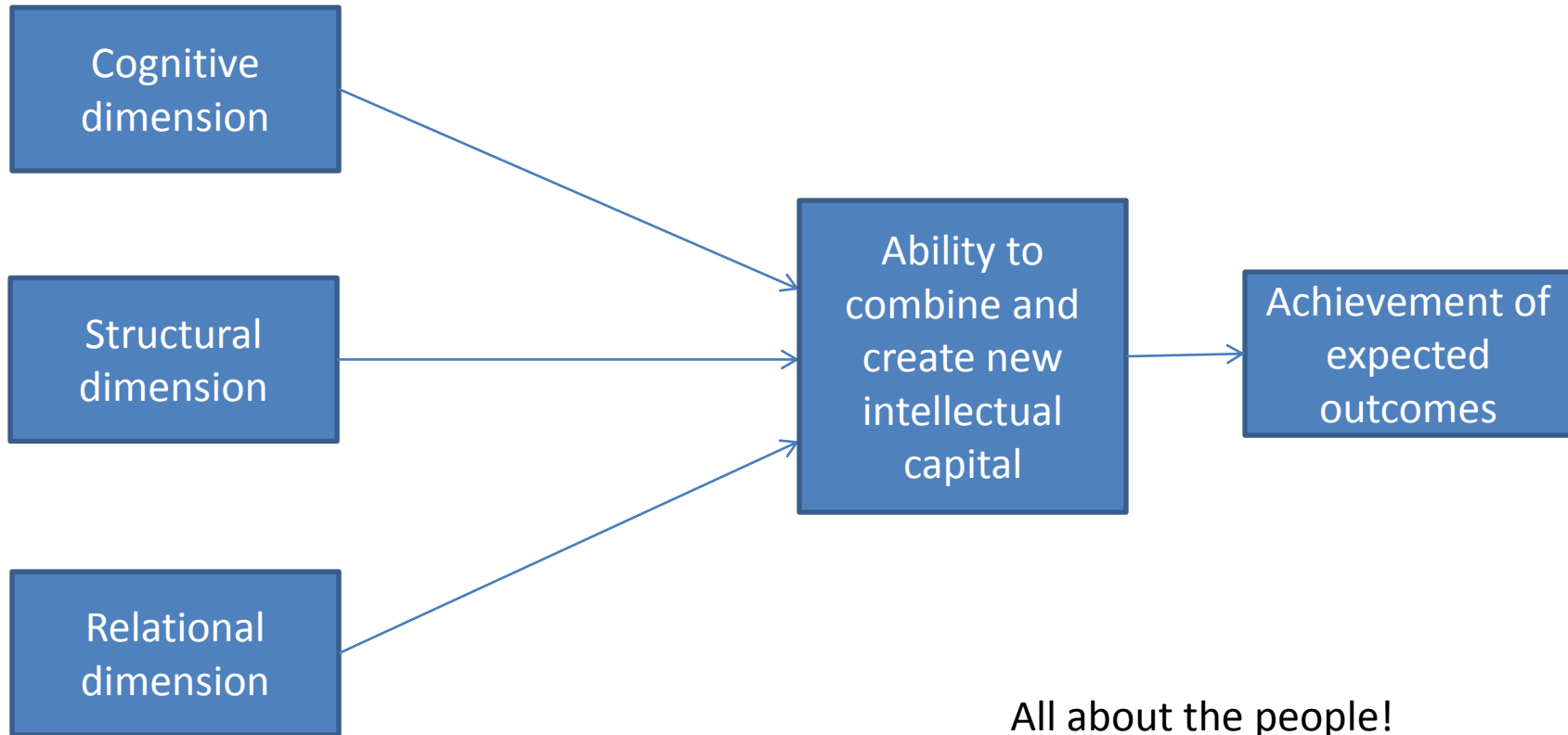
# Outsourcing Industry

- Multiple services now provided through outsourcing contracts
- Outsourcing ACV continues to increase
- 'Outsourcing' as a business practice has matured
- Recognition of 'outsourcing' as a profession

*Aligning Outsourcing Talent to Industry needs:*  
**Questions to Consider**

- What contributes to outsourcing success?
- What talent is needed to realize these contributions?
- What is the current industry situation?
- What are educational institutions doing to address this need?
- What are professional organizations doing to address this need?

# Outsourcing Success



# Current industry situation

- Skills necessary for success recognized as strategic, but...
  - Disappointing outcomes
- There is not enough talent to go around
  - Clients and service providers in the same quandary
- Impact on professionals
  - Dissatisfaction with career opportunities
  - Recruitment becomes difficult
  - Awareness of training programs low

# Programs at universities

- Cameron School of Business, University of St. Thomas
- Carey School of Business, Arizona State University
- College of Business, University of Missouri - St. Louis
- Università Ca' Foscari
- Department of Management, Washington University

# Certification and training programs

- IAOP programs
  - Certified Outsourcing Specialist (COS) Family of Certifications
    - Foundation Principles
    - Human Resources
    - Finance & Accounting
  - Professional Certifications
    - Certified Outsourcing Professional™ (COP)
    - Associate Certified Outsourcing Professional™ (aCOP)
    - Advanced Certifications
      - Governance
      - Business Development
- IAOP Certifications Enabled (ICE)



Train with



# Discussion

- Are your needs met?
- What needs to be done by educational institutions?
- What needs to be done by professional organizations?
- What should be done by the industry?

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**Thank you**  
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**for sponsoring the Networking Event**