



# The 2002 Outsourcing World Summit

*Conference & Exposition*

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## Taking HR from Cost Center to Revenue Generator at Bank of America

Monday, February 18, 2002

Round 1 - 3:00 pm – 3:50 pm

### Session C

**KEVIN M. CAMPBELL**

*Chief Operating Officer, Executive Vice President*

EXULT, INC.

**MARY LOU CAGLE**

*Business Transformation Executive, Benefits*

BANK OF AMERICA

Learn:

How to take an internal shared service, like HR, and transform it into a business that generates value for employees and shareholders.

As Rebecca Scholl, Senior Analyst with Gartner Dataquest stated, “Today, complex, global organizations are discovering that it is not enough to simply Web-enable business functions such as HR. To capture the efficiency gains promised by the latest advances in information technology, you must re-design and integrate the underlying processes, people and infrastructure as well.”

The new trend in HR outsourcing -- Business Process Outsourcing (BPO) -- is best represented by Exult, the company pioneering this practice of taking over many of a client’s HR processes (not just the HRMS). In November, 2000 Bank of America entered into a 10 year, \$1.1 billion dollar strategic relationship with Exult, Inc. This sophisticated relationship goes well beyond the traditional “vendor/buyer” arrangement. In addition to enhancing employee services through Web-enabled technology, Exult has committed to saving the bank more than 10 percent of the costs of the covered functions.

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## Session C

Key topics they will cover are:

- Using BPO strategically
- Learn how BPO's benefits extend beyond cost savings
- Corporate drivers for Bank of America's outsourcing decision
- The keys to success in the Exult/Bank of America relationship



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**KEVIN M. CAMPBELL**

*Chief Operating Officer, Executive Vice President*  
EXULT, INC.

In his role as Chief Operating Officer, Kevin is responsible for all aspects of Outsourcing, Technology, Sales, Client Management, Consulting, and Third Party Operations for the company. Kevin joined the company in the spring of 2000 as Operations President. As Operations President, Kevin led the company's global sales, transition, client P/L and service center operations.

Prior to joining Exult, Kevin was responsible for driving Ernst & Young's rapidly growing \$400 million Global Operate practice within the firm's Consulting Services business unit. Before joining Ernst & Young, Kevin spent nearly two decades at Andersen Consulting, the last nine years as a partner. There, he was responsible for business process management for the Resources Market unit, was the America's managing partner for business process management within the manufacturing industry, and the northeast region's partner responsible for the high tech and electronic market segments.

Notable achievements include serving as a worldwide engagement partner for a global F&A outsourcing contract for three businesses being divested by a major chemicals company, growing a P/L from \$175 million to \$450 million, and leading the creation of six global business process outsourcing centers. Kevin earned a B.S. from the School of Management at Boston College, and was a finalist in the 1999 Outsourcing World Achievement Awards.



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**MARY LOU CAGLE**

*Business Transformation Executive, Benefits*

BANK OF AMERICA

Mary Lou Cagle is the Business Transformation Executive in Personnel. She is responsible for building the Bank of America and Exult strategic partnership team and for providing leadership and direction around web-enablement, portal implementation, and business processes. In addition, she is responsible for Benefits design and strategy including 401k and Pension plans, Health and Welfare and Work/Life programs.

Prior to her current position, Cagle was a Personnel executive supporting various units within the company. She was responsible for Recruiting, Relocation, Personnel Services and Benefit Design and Delivery.

Cagle joined the company in 1979 in North Carolina as an analyst in the Finance Group. She joined the Personnel group in 1985 and was responsible for Payroll. In 1993 she was named Personnel Executive for Legal, Finance, Corporate Affairs and Corporate Strategy. Cagle assumed her current position in June 2000.

A native of Lawton, OK, Cagle is a graduate of Furman University in Greenville, South Carolina where she received a Bachelor of Science in Mathematics.

3:15 - 4:30 PM

## Taking HR from Cost Center to Revenue Generator at Bank of America



**Mary Lou Cagle**

Bank of America, SVP of Business Transformation and Benefits

**Kevin Campbell**

Exult, Inc., Chief Operating Officer

February 18, 2002

### Outline

- ▶ Using BPO to Create Value
- ▶ The Bank of America Story
  - Providing Focus
  - The Deal
  - Keys to Success
  - Results
- ▶ Moving Forward



## Using BPO to Create Value

**“BPO is not a new phenomenon. Companies have been outsourcing payroll and check processing services for many years. What is new is the use of BPO as a way to generate business value.”**

*The Rise of BPO in 2000, Market Trends - Gartner Group, Inc.*



## The Question of Strategy

### Breakthrough

*"Differentiation Lasting Two or More Years"*

### Competitive Advantage

*"Capabilities Competitors Do Not Have Yet"*

### Competitive Parity

*"Capabilities Our Competitors Have"*

### Operational Necessity

*Run The Business*



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## Key Enablers

### Needs

- ▶ Efficient use of capital
- ▶ Learning organization
- ▶ Managing risk
- ▶ Continuous innovation
- ▶ Global delivery capabilities
- ▶ Effectiveness and excellence
- ▶ Resources for change
- ▶ Results

### Sourcing Advantages

- ▶ Cost → Profit Center
- ▶ Staff → Revenue Producing
- ▶ Variability > 80%
- ▶ New Skills
- ▶ Everything bought as a service
- ▶ Industry skill, thought leadership
- ▶ Back Office and IT → Capability
- ▶ Predictable Results



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## The Value of Outsourcing for HR

**“The outsourcer becomes the HR implementation and operations arm for the client, freeing up the HR department to focus on its high value-added activities.”**



Source: IDC



## Benefits Broader Than Cost

DIRECT SAVINGS	ENHANCED VALUE FROM HR	FOCUS ON SERVICE
<ul style="list-style-type: none"><li>▶ Reduced operational costs and HR spend</li><li>▶ Ongoing capital investment</li><li>▶ Benchmarked cost and service information</li><li>▶ Technology refreshment and continuous improvement</li><li>▶ Variable versus fixed costs</li></ul>	<ul style="list-style-type: none"><li>▶ Released capacity for added value contribution</li><li>▶ Better process / control / consistency / efficiency</li><li>▶ Standardisation and alignment of policies and processes</li><li>▶ World class information and decision support</li></ul>	<ul style="list-style-type: none"><li>▶ Information and tools</li><li>▶ Self-Service</li><li>▶ Dedicated Support</li><li>▶ Measured performance and contracted SLAs</li><li>▶ Continuing service adaptation and improvement</li><li>▶ Increased manager/employee productivity</li></ul>





# The Bank of America Story

## Summary of Relationship

### Largest HR Outsourcing Deal in History

- ▶ Ten-year contract
- ▶ 160,000+ employees supported
- ▶ Substantial HR scope and selected F&A processes
- ▶ >700 employees
- ▶ Enhanced employee services; committed cost reduction
- ▶ Preferred portal relationship for financial products and services
- ▶ Acquired shared service center in North Carolina



**\$1.1 billion over 10 years**



## Vision and Strategy

### Growth Strategy

- ▶ Become a growth company (12-15%)
- ▶ Engage in creative alliances to allow Bank of America to share in growth of smaller high potential companies



### Case for Change

- ▶ Continue to improve service delivery to our Associates
- ▶ Focus role of Associates on advice/counsel/strategy
- ▶ Minimize future investment in infrastructure
- ▶ Achieve predictable cost



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## Our Decision

### Why Exult?

- ▶ Smart and innovative team
- ▶ Bank benefits from Exult's future growth
- ▶ Accelerate our move to e-delivery
- ▶ Create new revenue stream
- ▶ Good opportunity for Associates



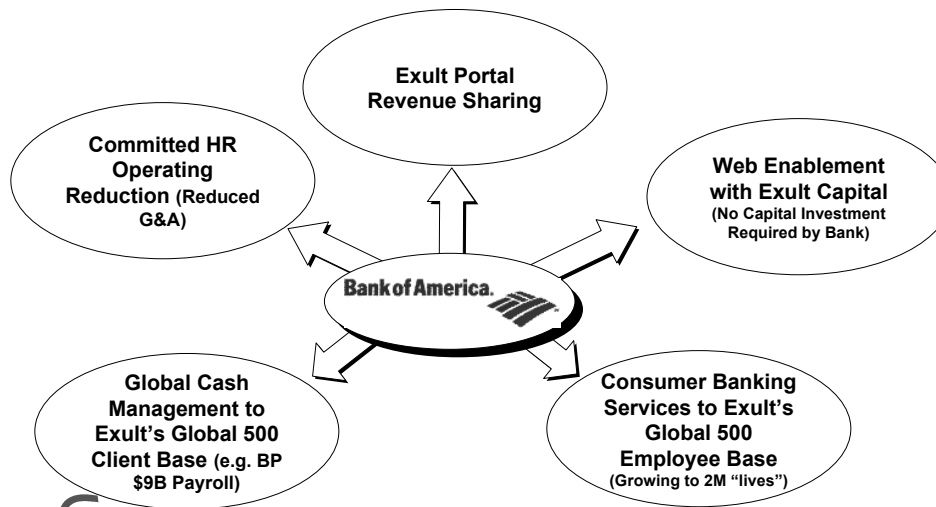
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## Keys to Success

- ▶ Executive Leadership Commitment
- ▶ Alliance = New Business
- ▶ Internal Partnerships are Key
  - Contracts
  - Finance
  - Real Estate
- ▶ Partnership Mindset built on a foundation of Trust
- ▶ Alliance -Developed change process and operating model driven from Alliance Strategic Vision.



## Key Components of the Deal



## Results

- ▶ Transition complete
- ▶ Operating metrics same or better than before transition
- ▶ Web-enablement underway
- ▶ Improve service delivery
- ▶ Financial win-win



**Moving Forward**

**Why Wouldn't You  
Consider Outsourcing  
Your Administrative  
Functions?**



**Questions & Answers**