

International Association of Outsourcing Professionals

Chicago Chapter Meeting January 21, 2010



Meeting Agenda

3:30 p.m. - 3:45 p.m. Welcome and Introductions

Neil Hirshman, Chair, Chicago Chapter and Partner, Kirkland & Ellis LLP

3:45 p.m. - 4:30 p.m. Panel - The Role of the Outsourcing Advisor

Faisal S. Yousuf, Principal, Booz & Company

Matt Smith, EquaTerra

Jay Desai, Vice President and Manager, Northern Trust

Jeremy Kloubec, Sr. Client Partner - Private Equity Practice, Infosys

Moderator: Neil S. Hirshman

4:30 p.m. - 5:30 p.m. Case Study: Moving to a New Provider - A Paradigm Shift

Ashwin Devnani, VP Operations

Anurag Bhatia, SVP, WNS Global Service

5:30 p.m. – 5:45 p.m. Meeting Wrap Up; Introduction of Chapter COP Course

Neil Hirshman, Chair, Chicago Chapter and Partner, Kirkland & Ellis LLP

5:45 p.m. - 7:00 p.m. Networking Reception hosted by Booz & Company



Welcome

- Quarterly meeting
- Organized geographically
- Membership
- Businesspersons, consultants and attorneys
- Introduction of attendees



Report on September 22 Meeting

- Held at Marriott Hotel
- Part of Global Human Capital Forum
- Presentation by Jag Dalal and Neil Hirshman –Hard and Soft Sides of Talent Management in Outsourcing



Role of an Outsourcing Advisor during an Outsourcing Transaction

Panel: Faisal S. Yousuf, Principal, Booz & Company

Matt Smith, EquaTerra

Jay Desai, Vice President and Manager, Northern Trust

Jeremy Kloubec, Sr. Client Partner - Private Equity Practice, Infosys

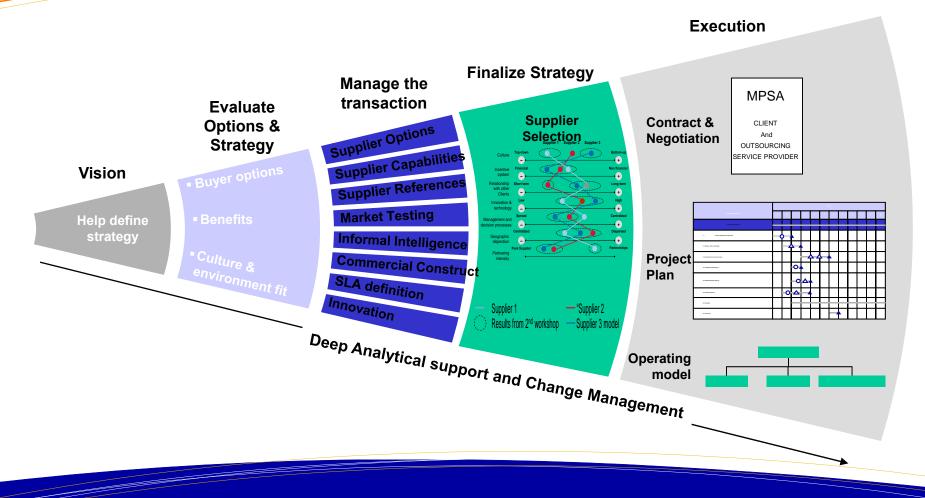
Moderator: Neil S. Hirshman, Kirkland & Ellis LLP

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Advisors view outsourcing as more than services procurement. It is a long term partnership with shared risks and benefits

Role of Advisors

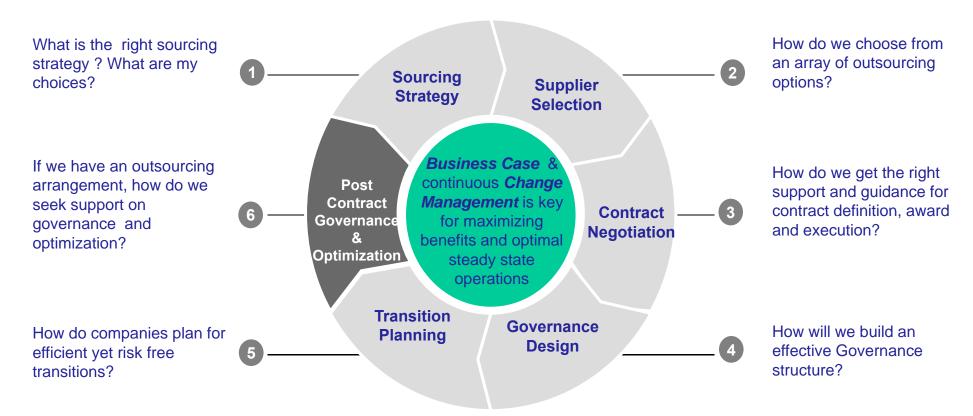




Advisors follow an experience based approach to assist companies execute a sustainable outsourcing program while

Sourcing Lifecycle

Primary stages of an outsourcing transaction

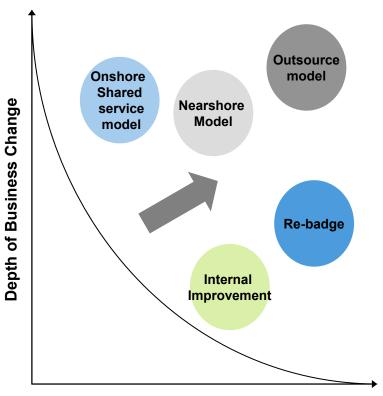




Advisors help companies evaluate various options along the outsourcing continuum leading to the right sourcing strategy







Overall Impact / Benefit for the Company

Advisor Advantage

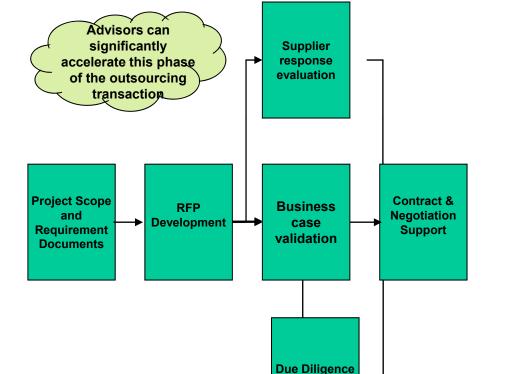
- Assist companies with designing, implementing and delivering 'best-fit' outsourcing strategies
- Leverage outsourcing capabilities aligned to the company strategy and functional domain
- Provide fact based information on relevant third party service providers
- Bring both buy-side and sell-side experience



Advisors manage suppliers, the down select process and leverage market relationships to accelerate the outsourcing transaction

High-level Supplier Selection Process

Advisor role in the down-select process



Preparation



Managing the Outsourcing Transaction

- Manage and document project scope, work requirements, service levels and as-is cost structure
- Leverage proprietary tools, templates and databases to streamline RFP process
- Direct supplier & bid evaluation and facilitate due diligence
- Provide end to end guidance to contract award



Advisors help companies seek success in negotiations by leveraging a tested and preferred set of business terms & conditions

Role of an Advisor

During Negotiations



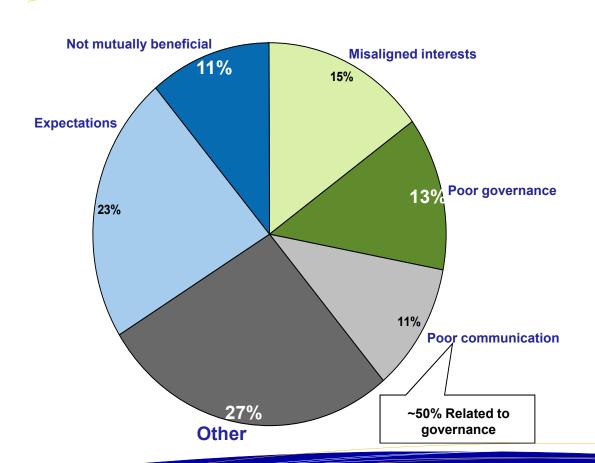
	Success Factors for Effective Negotiations	Advisor Role
•	Prioritize Clients overall deal structure requirements	 Bring knowledge of current marketplace offerings and value levers Identification of prioritization trade-offs
•	Engineer market prevalent concepts to incorporate Client's special needs	 Design and facilitate an approach that captures client needs / requirements
•	Manage risk by ensuring that the solution proposals are comprehensive and feasible in the Client environment	 Focus on transparency to minimize implementation risks and facilitate organizational buy-in
•	Ensure negotiations result in mutually beneficial best and final offers	 Drive an unbiased negotiation process that enables both parties to share risks & responsibilities to sustain a long-term partnership



Advisors understand the importance of governance to the success of an outsourcing transaction

Top Reasons for Outsourcing Agreement Failures





Effective Governance...

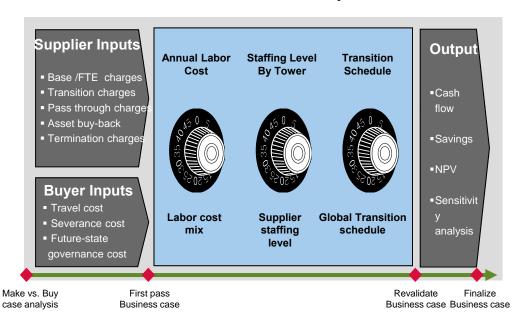
- Understand the link between governance and outsourcing success
 - Clearly define goals and objectives
 - Measurement of results against goals
- Apply best practices from other outsourcing programs
 - Proactive issue/dispute resolution processes
 - Joint committees for decision making
- Value the impact of governance choice and effectiveness



Advisors tailor the business case to address the specific needs of the outsourcing agreement helping manage costs and benefits



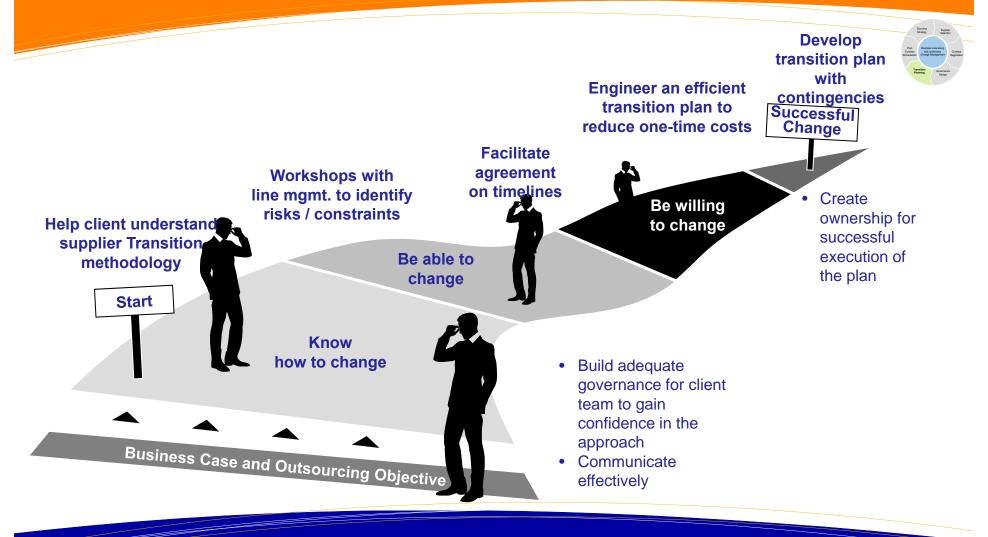
Business Case Development



- Keeping in mind the needs of the business Advisors build the justification for change based on select paradigms:
 - Focus on service excellence & governance
 - Agility to manage a continually changing environment
 - Sustainability to get access to innovation and long-term value
 - Financials that help reduce costs and translate fixed costs into a variable cost structure



Advisors help de-risk transitions and collaborate with line management to drive ownership, share risk and responsibility





Outsourcing advisors play a critical role in the remediation of current, due for renewal, resourcing or termination of contracts

Typical scenarios of Post contract advisory

Contract Remediation

Weak Service levels and poor governance leading to significant leakage in savings

Companies
want to engage
advisors for insourcing,
rebidding

Companies often seek corrective action or renegotiation support from Advisors

Renegotiating contracts based on current market conditions, SLA's and pricing

Contract Renewa

Minimize impact and avoid service disruption in the event of an early termination

Contract Termination

www.IAOP.org



Moving to a New Provider – A Paradigm Shift January 21, 2010





About TransUnion Interactive (TUI)

TUI develops and markets credit-based products and services that deliver value to both consumers and the nation's largest financial institutions.



Capabilities

- Superior credit monitoring and identity theft protection products for consumers
- Private-label, online and offline credit management solutions for the nation's leading financial institutions
- Powerful marketing analytics and response management
- Comprehensive direct marketing agency services, including program planning, creative development, media and production



WNS at a Glance

• Serving over 215 clients today – from single market to global delivery



www.wns.com NYSE: WNS

- Scaling to over 21,000 employees
- Delivering over 600 processes ranging from simple transactions to complex analytical processes
- Delivering services through 22 global centers in India, Romania, Sri Lanka, Philippines, UK and Costa Rica
- Focused on key verticals and horizontals
 - Verticals BFSI, Logistics, Retail and CPG, Manufacturing, Utilities and Communications, Travel and Leisure
 - Horizontals Finance and Accounting, Legal Services, Technology Solutions,
 Contact Center, Procurement, Human Resource Administration,
 Research & Analytics



Presenter Bios



Ashwin Devnani - TUI

- Ashwin, is based in Chicago and brings over 13 years of diverse business experience in Operations, Engagement Management and Relationship Development. As a certified Project Management Professional he is well versed in the areas of Offshore and Outsourcing, Consulting, and Project Management
- In his last assignment at Accenture, Ashwin led the various multi tower Outsourcing initiatives and has setup operations in India, Philippines and the US for various corporations
- Ashwin received his MBA from Loyola University Chicago and Bachelor from University of Bombay



Anurag Bhatia – WNS

- Anurag, based in New York, possesses more than 13 years of experience in the IT services and BPO industries, specifically in cross-border outsourcing. Anurag manages WNS' North American Banking and Financial Services business.
- Before joining WNS, Anurag led the transformation and BPO sales effort s for IBM's Banking, Financial Services and Insurance group in the Americas.
- Anurag received his M.B.A. and Bachelor of Arts degree in Economics from Delhi University.



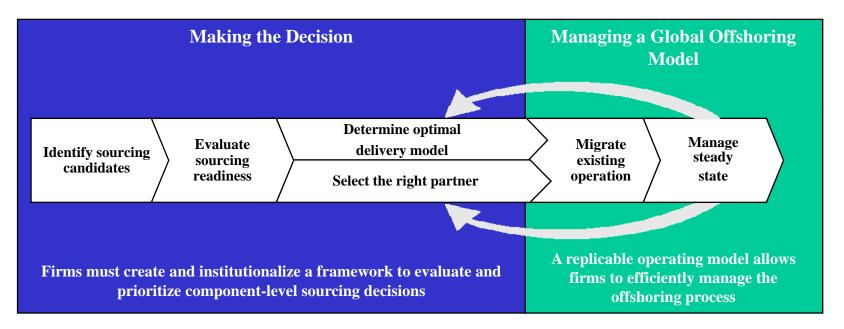
Agenda

- Why the Change
 - The challenges within the current contact center operating environment
 - Areas of opportunity identified for better service delivery and business growth
- The Provider Selection Process
 - Framework and evaluation criteria
- Understanding TUI's Requirements
 - Approach
 - Execution
- Managing the Change
 - Governance
- Measuring the Change
 - Framework and frequency
- The Road Ahead



Offshoring Critical Success Factors

Implementation Model for Successful Offshore Outsourcing





"The only thing more powerful than a great idea is a great idea powerfully executed"

-- William Blake



Why the Provider Change

- Performance stagnation with current provider
- Need to provide a superior customer service experience in a competitive marketplace
- Need to align with a provider that shares TUI's innovation-focused customer service objectives
- Need to reduce costs without compromising service delivery quality
- New product launch scheduled for 2010 requires differentiated experience to drive retention
- Need contract structure which better align with new business and service delivery objectives



The Challenges within the Current Contact Center Operating Environment

- Service Consistency: Create a consistent, best-in-class, customer service experience for all customers; this is particularly challenging for non-standard call flows
- New Customer Call Rate: Reduce the new customer call rate
- Retention: Understand customer cancellation drivers and increase retention rates
- Call Driver ID & Resolution: Proactively identify and resolve issues negatively impacting customers at the time of contact
- Consumer Education: Provide customers with the knowledge necessary to effectively manage their credit portfolio
- Collaborative Knowledge Base: Ensure that knowledge is retained and effectively communicated across the service organization
- Provider-Driven Process Evaluation/Analysis: Leverage direct customer connect position to validate/improve existing processes and identify additional opportunities for improvement
- Technology Innovation:
 - Self-service IVR: Enable customer to leverage efficient self-service options to resolve standard service needs
 - Speech Analytics: Understand true VoC and CSAT data
 - Alternate Communication Channels: Leverage alternate communication channels, such as online chat or email, to reduce live agent service
 - CSAT: Understand and correlate CSAT metrics to the bottom line



Areas of Opportunity Identified for Better Service Delivery and Business Growth

- Engage in a relationship with a service provider which is mutually invested in the health of TUI's business and efficiently provides consistent quality service
 - Measure: Reduce new customer call rate
 - Measure: Maintain agent occupancy rates between 75% and 85%
- Incorporate customer service best practices to enable effective customer account management
 - Measure: First call resolution
- Empower CS agents to deliver superior service via data-based insights and tools
 - Measure: Positive CSAT feedback over target
- Utilize direct customer interaction to reinforce the value of the service to the customer
 - Measure: Reduce customer cancellation rate
- Accurately capture the voice/experience of the customer in real time
 - Measure: Same day customer issue identification
- Facilitate customer growth through effective customer retention
 - Measure: Achieve target customer retention rate
- Cultivate a continuous improvement-oriented service environment to enhance the customer service experience
 - Measure: AHT optimization
 - Measure: % moved to self-help/self-service environment



The Provider Selection Process

Provider Selection Process Goal: Identify a provider with the expertise, capabilities, flexibility and best practices to meet TUI's needs and objectives, and bring innovative solutions to its contact center service environment, rather than simply execute TUI-defined processes

The Process Steps:

- Leverage industry reviews and contacts to develop initial provider inquiry list: 8 12 providers
- Issue an RFI to determine initial fit. Areas of focus included:
 - Service transformation
 - Process development, execution and evolution
 - Cost management
 - Technological innovation
 - Management approach Risk, BCP, Security and HR
- Issue the RFP to those most closely aligned with service objectives: 6 8 providers
- Clarify any pending RFP questions
- Identify the finalists and engage in initial contractual formulation as well as 18-24 month transformation roadmap: 3-4 providers
- Schedule site visits, and obtain final proposals: 2 4 providers
- Make final selection



Provider Selection Framework and Evaluation Criteria

Vendor Name			Vendor 2 Name			
Capability Criteria	Description	Rating	Capability Criteria	Description	Rating	
	Services			Services		
Customer Service:			Customer Service:			
Metric Reporting:			Metric Reporting:			
ales / Retention:		Facilities / Technology			Facilities / Technolo	av
rocess Management:	Facilities Management:		#DIV/0!	Facilities Management:		#D
Process Execution:	Site Infrastructure:		- "-	Site Infrastructure:	-	
COPC:	DR Plan:			DR Plan:		
rocess Improvement	BCP:	i		BCP:		
Six Sigma:	Technology Resources:			Technology Resources:		
ean Value Stream Mgt:	Technology Solutions:		#DIV/0!	Technology Solutions:		#D
other: esource Management:	Self-service IVR:			Self-service IVR:		
ovider Maturity:	Cross-vendor ICM:			Cross-vendor ICM:		
Company pressence	Speech Analytics:			Speech Analytics:		
Sovernance documentat	Process Anaytics:			Process Anaytics:		
/alue Proposition:	Other:			Other:	1	
R Practices:	Information Security:		#DIV/0!	Information Security:		#D
Employee Satisfaction	ISO 27002			ISO 27002		
Employee Development	ISO 9001: 2000			ISO 9001: 2000		
Compensation	SAS #70 Type I/II:			SAS #70 Type I/II:		
Benefits	PCI:			PCI:		
mployee Feedback	Other:			Other:		
Other:	Domestic Volatility:			Domestic Volatility:		
		Financial			Financial	
eadiness:	Production Rate:			Production Rate:		
raining Resources:	Training Rate:			Training Rate:		
nowledge Mgt Sys(KMS)	Additional Costs:			Additional Costs:		
calability:		Rating			Rating	
	Category	Weight	Score	Category	Weight	Score
	Services: 30%	30%	#DIV/0!	Services: 30%	30%	#D
	Transition: 10%	10%	#DIV/0!	Transition: 10%	10%	#D
	Facilities / Technology: 25%	25%	#DIV/0!	Facilities / Technology: 25%	25%	#D
	Financial:35%	35%	#DIV/0!	Financial:35%	35%	#D
	Provider Rating	100%	#DIV/0!	Provider Rating	100%	#D



Understanding TUI's Requirements

- WNS' solution team engaged with different parts of the TUI customer service organization to obtain a thorough understanding of its current operating environment and its service delivery and business growth end goals
- Throughout the process, we listened to what TUI wanted and they had good ideas on the future state of the servicing organization. WNS applied it due-diligence and transition framework to the engagement that allowed us to capture the requirements and provide an in-depth solution
- The challenge was multifold. Not only did we have to move the operations from the current provider with aggressive timeline but also tie in with new product launch and set the foundation for transformation
- The most important element of the engagement phase was the solution workshop that helped understand the challenges in greater detail and help craft a detail transformation plan over 18 months of implementation



A Four-Pronged Approach to Drive Holistic Improvement and a Transformation Program for TUI

Customer Satisfaction

- Proactive view of customer issues/challenges
- Welcome call, educational tool to the customer on accessing report
- Enhancements (SMS, email alerts, web crawler, etc.)

Contact Center Reengineering

- Training time and content optimization
- Call diversion and VoC
- ICSAT and CSAT processes
- Voice with GUI recording
- Superior service and AHT optimization

Revenue Growth & Retention

- Specialized resources for retention
- Initiatives for retention rate improvements
- Retention, CSAT process and measurements

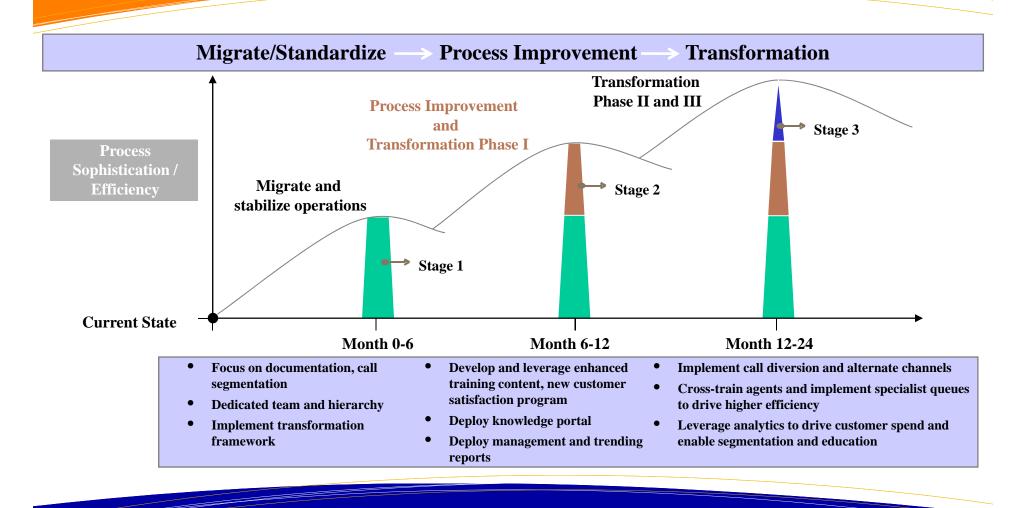
Retooling & Analytcis

- Gaps in CRM (disposition, FCR, etc.)
- FCR process and measurements
- Portal deployment, knowledge management and issue management
- Drill down on retention variables

Contact Center Transformation



Implementation, Improvement and Transformation



Managing the Change – Governance

Solution Design Phase

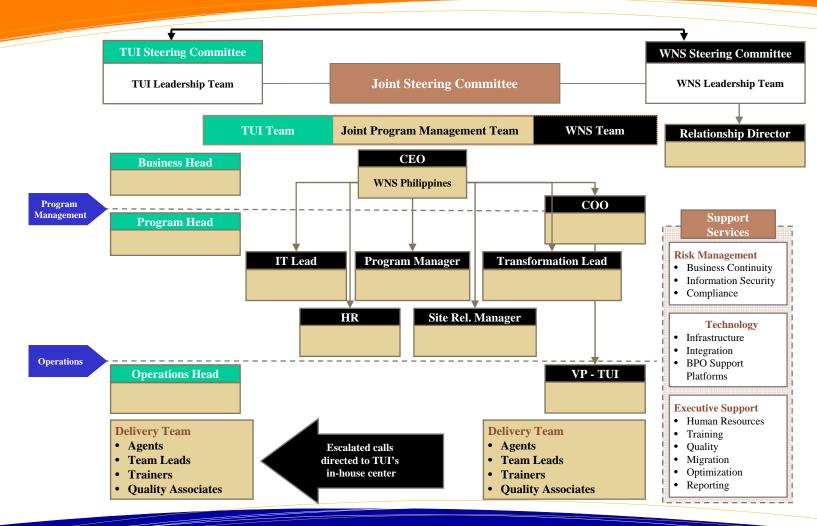
- A three-tier governance framework was established, with clear articulation of roles, responsibilities and escalation across both organizations
- Strong program governance from both companies was created, with an onshore TUI and offshore WNS project manager (pitcher and catcher model)

Design and Implementation Phase

- Robust controls, toll gates and communications plans were established
- Hands-on leadership is being actively engaged
- Customized online TUI portal is being leveraged as the single window for all program-related updates
- TUI is extending its core resources for training, quality, audit, IT for an extended period of time to support implementation and stabilization



Ongoing Governance Framework that Delivers on Relationship Objectives and Operational Performance





Measuring the Change Through Customized Reporting

- The teams institutionalized a 360-degree measurement framework which is outcome-driven across business, financial and operational metrics
- Existing performance thresholds were established as the minimum benchmark for operations within a continuous improvement framework
- Rigorous reporting, from both a service performance level and a trend perspective, was institutionalized

Client Portals

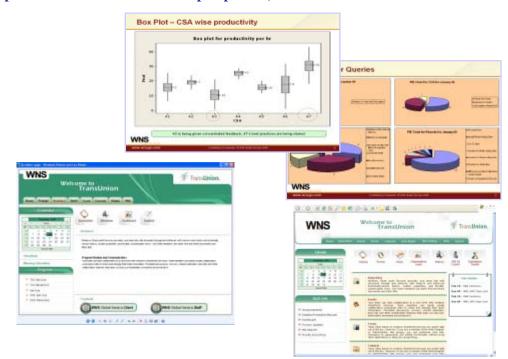
- Transition
- Operations & IT
- Innovation

Reports

- TUI-defined
- Quality
- Productivity
- Trend Analysis
- Cycle Times
- Month-end Dashboards
 - Statistical Analysis
 - Trends

Frequency

- Daily, Weekly, Monthly, Quarterly
- Ad hoc, as requested by TUI





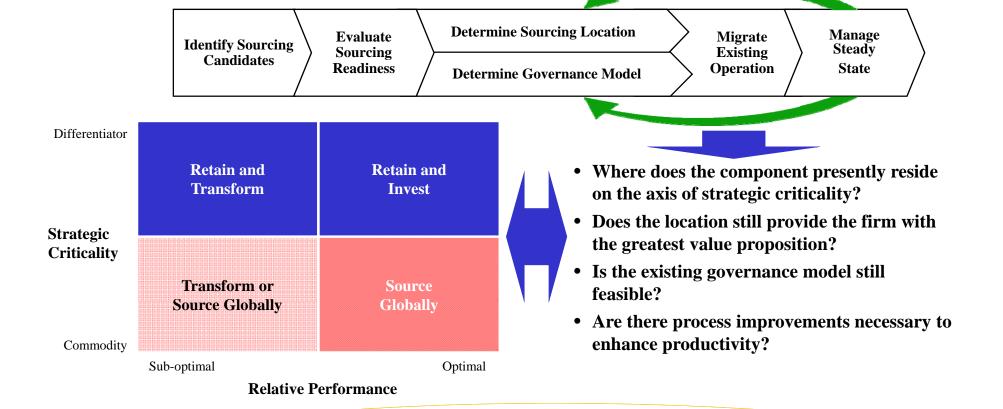
The Road Ahead

- Implement a single view environment across delivery locations
- Measure performance via standard dashboard sets
- Move from project state mode to steady state mode with a focus on process improvement and transformation
- Drive process excellence via a newly-established joint and constant feedback mechanism for the successfully launched new product
- Align the operational, analytics and marketing teams to drive service efficiency and product improvement initiatives
- Establish the transformation team and foundation for the initial set of improvements



Truly, Never an End State

Successful Sourcing Requires Periodic Reassessment of the Sourcing Directives and Objectives





The International Association of Outsourcing Professionals® (IAOP®)

Global Standard-Setting Organization and Advocate for the Outsourcing Profession

Addressing the challenges that come with greater levels of outsourcing is going to take a new breed of outsourcing professional.











- Global Membership-Based Organization for Customers, Providers and Advisors
- Only Professional Quality Standard for the Field of Outsourcing
- Proven Track Record of Delivering Value 85% of Customer Members Credit IAOP for Improved Outsourcing Outcomes
- IAOP® is the largest and fastest growing network of outsourcing professionals in the world



Most of the World's Top Organizations are Leveraging IAOP's Programs and Services

100+ Founding & Corporate Members, including:

Abbott Laboratories, Accenture, Aegis, Affiliated Computer Services (ACS), Ajuba International, Allstate Insurance, American Express, Anthem BCBS (Wellpoint), Apple Inc, Applied Materials, Assurant, Atlantic Canada Atlantique, AT&T, Avasant Global Sourcing, Belcan Corporation, Best Buy Company, BeyondCore, BIPORIS, Bleum, Blue Cross/Blue Shield of Florida, Blue Shield of California, Bomgar, Booz & Company, Business Catalyst International, Capgemini, Capital One, Carnegie Mellon University, CB Richard Ellis, ChinaSoft International, Chris Disher & Associates, Cinteger LLC, Computer Associates, Convergys, Copenhagen Business School, CORFO (Chile), Colliers International, CPA Global, DataPipe, Delve Group, Dextrys, Discover Financial, DNL Global, Duke Energy, Duke University, Emerio Globesoft, Enlighta, EquaSiis/EquaTerra, Expense Management Solutions, Fasken Martineau DuMoulin LLP, First American Global, Firstsource, Foley & Lardner, GASSCOM/E.Services Africa, General Motors, Gorrissen Federspiel, GSOS, Hinduja Global Solutions (HTMT), hiSoft Technology International Limited, Hospira, HOV Services, IDA Singapore, Infosys, Innodata Isogen, Insigma Hengtian Software, Intetics, Janus Associates, J & J Consumer Group, John Hancock Financial Services, Kelly OCG (BPO), Kenobi SRL, Kirkland & Ellis LLP, Kraft Foods, Liberty Mutual, LifeMasters, Loeb & Loeb, Marsh & McLennan Co, Mayer Brown LLP, Microsoft, Multimedia Development Corp. (MdeC), NetSol Technologies, NCS, Neusoft Corporation, Newmark Knight Frank, Nike, North Dakota Dept. of Commerce, Océ Business Services, Orange Business Systems, Ordina, Ortho-McNeil Janssen, PepsiCo, Pfizer Inc, Pratt & Whitney/UTC, Pretium Partners, PricewaterhouseCoopers, Procter & Gamble, Procurisource, ProNicaragua, Qantas Airlines, Quint Wellington Redwood, RTM Consulting LLC, Salmat, Singtel Optus (Australia), Sitel, SPi Technologies, State Farm Insurance, Sun Microsystems, Symantec, Syracuse University, TeleTech, Thomson Legal & Regulatory, TransUnion Interactive, Trellis, VanceInfo, Vantage Partners, Vertex Business Services, WaMu, Whirlpool, Wipro Technologies, WNS Global Services and Xceed.

1000+ Professional Members ● 100,000+ Affiliate Members 40+ Chapters Around the Globe



IAOP Structure and Programs

- Strategic Advisory Board & Outsourcing Standards Board
- Research, Training, Services, Advocacy & Outreach Committees
- Geographic, Industry, Topical Chapters
- Online Member Directory, IAOPNetwork & Customer-only IAOPNetwork
- The Outsourcing World Summit®
- Regional Summits part of the Outsourcing World Summit Conference Series
- Topical Forums as part of the Outsourcing Leadership Series
- IAOP Member of the Year Awards
- Outsourcing Hall of Fame Awards
- IAOP Knowledge Center (Firmbuilder.com®)
- Certified Outsourcing Professional® (COP) Program
- COP Master Class
- The Global Outsourcing 100 ® Program (The Global Outsourcing 100 list and sub lists, World's Best Outsourcing Advisors list and The Global Outsourcing 100 Plus Report)
- Outsourcing Professional Code of Ethics



Other IAOP Upcoming Dates of Interest

■ 2010 Outsourcing World Summit

February 15-17, 2010 - Lake Buena Vista, Florida



New Member Services from IAOP

At IAOP, we are always looking for programs & services that will add value to your membership and we have three new offerings for you!

- Value Health Check Survey An exciting new diagnostic tool that will enhance the value of your outsourcing contracts & relationships! Each IAOP Corporate Member receives two complimentary survey's as part of their annual corporate membership Call us today to learn more!
- **BestOutsourcingJobs.com** Companies seeking the best talent for outsourcing jobs, as well as professional looking for employment opportunities, can benefit from our new online portal for outsourcing jobs!
- OperatorEvaluator An exciting new solution available as part of our suite of outsourcing skills and professional development offerings. Call us today to find out more about this dynamic service!

Contact Michael Forbes at <u>mike.forbes@outsourcingprofessional.org</u> for more detailed information on any of these new service offerings!



With more than 100,000 members and affiliates worldwide, IAOP® is leading the effort to transform the world of business through outsourcing.

If you are not already a member, you can begin taking immediate advantage of IAOP's programs and services by going to www.iaop.org.



IAOP Chapters Optional COP Master Class & Governance Class Offerings



IAOP Chapter COP Program

Purpose:

Bring the IAOP's Education and Certification Programs to more IAOP
 Members and Non-Members through IAOP's Chapters

Objectives:

- Accelerate the development of outsourcing knowledge, skills, experience I and certified outsourcing professionals in the local Chapter community
- Provide access to IAOP's courses/certifications in a more affordable way

What Courses: (Must have 10 paid enrollments of either class for confirmation)

- Certified Outsourcing Professional (COP) Master Class 4 Days Case Study
- Governance Class 1 Day Typically follows the Master Class



IAOP Chapter COP Program Chicago

When:

- Q2 or Q3 2010 for One Week (enroll in either or both classes)
- COP Master Class = Monday thru Thursday
- Governance Class = Friday

Location:

Potentially Kirkland & Ellis Office in Downtown Chicago

Key Next Steps: (Must have 10 paid enrollments each class to confirm the class)

- Review the Master Class & Governance Class Materials & Advise Kirkland & Ellis of # of interested candidates for the class
- Identify which class (i.e. Master Class or Governance Class or Both)
- Identify most attractive Month (1st & 2nd Choice, May, June, July or August)
- If sufficient interest by the Chapter Community, we'll advise those who responded and provide enrollment information/process



Future Meetings

- Quarterly -- Generally Jan., Apr., Jul., Oct.
- Upcoming Meeting
 - TBA
- Planning and Hosting Future Meetings
 - Reception sponsor
 - Assistance in organizing welcome
 - Topics?
- Evaluation Forms



Contact

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Networking Reception Sponsored by Booz & Company