



CHINA'S RISE ON THE VALUE CHAIN

What Outsourcing to China Means Today

Chapter Meeting
May 22, 2008

Jeff Swartz, Chairman, IAOP D.C. Chapter



China Business Process Outsourcing (BPO) Market

IAOP Meeting

Washington, DC

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About Opus8 - 关于浩博

- Private Investment Firm, established in 2002
- 私有投资公司，成立于2002年
- Based in Washington, DC with Offices in Shanghai
- 位于华盛顿，并在上海有办事处
- Mid-market Buyouts, Venture Capital
- 中级市场收购，风险投资
- Investment Focus - North America and China
- 中国及美国投资方向
 - Business Process Outsourcing (BPO) - 商务流程外包
 - Call Center, CRM - 呼叫中心，客户关系管理
 - Marketing Services (DM, DR, Database) - 市场服务
- Opus8 Differentiators - Value-adds - 我们的优势
 - People, Customer Acquisition & Marketing, Customer Lifecycle Management/CRM, Business Process Engineering - 人，客户及市场
- “Entrepreneurs investing in Entrepreneurs” - 创业人投资创业人
- Q3, 2008 - Raising Opus, L.P. China Fund - \$50 million – 2008 年将融资五千万美金



China BPO Market is Attractive - 诱人的中国BPO市场

- **Excellent Labor Force - 卓越的劳动力市场**
 - Availability - 劳动力充足
 - Education system - 教育系统健全
 - Work Ethic - 工作精神高
 - Value (cost vs. quality) - 价值高-质价比
- **Technical Infrastructure - 技术设施**
- **FDI and MNC Attention - 外商投资及跨国公司的关著**
- **Ambition and Attitude of Entrepreneurs and Managers
创业者雄心及态度**
- **Lots of Runway - 多渠道**
 - Still very early in the game - 仍处于早期
 - Domestic Middle Class exploding - 中国中层阶级扩张



What makes a great BPO Locale?

为什么投资中国BPO?

- Benefits 好处
 - Excellent Government Support 政府支持
 - High-quality Workforce 高质量劳动力
 - Universities - Labor Quantity 大学 - 劳力资源
 - Stable & content workforce 稳定满足的劳力
 - Competitive Labor Costs 劳动力价格低
 - Proven Market 成熟的市场
- Challenges of Second Tier Cities 二级城市的挑战
 - Inertia - Reputationally behind (DL, SZ, BJ, SH) 惯性 - 低于一级城市
 - Proximity to Clients - short-term issue - 靠近客户
 - Front Line Management - training and development, import experienced management 第一线管理 - 培训及发展，及输送有经验管理层
- BPO Cities in China - BJ, SH, SZ, DL, XA, HZ, CD, TJ - 中国BPO城市



BPO Challenges are Universal

全球性BPO市场挑战

- Very Demanding Clients - 客户要求高
- People Issues - quality, efficiency, retention
员工问题 - 质量，效率，留职
- Highly Competitive - external and internal
内/外高竞争性
- Client loyalty issues - 客户忠实性
- Constant price compression - 频繁价格压缩
- Service Level squeeze - 服务级别协议减缩
- Execution Challenges - 执行挑战

Top Client Concerns When Outsourcing

客户外包关系的问题

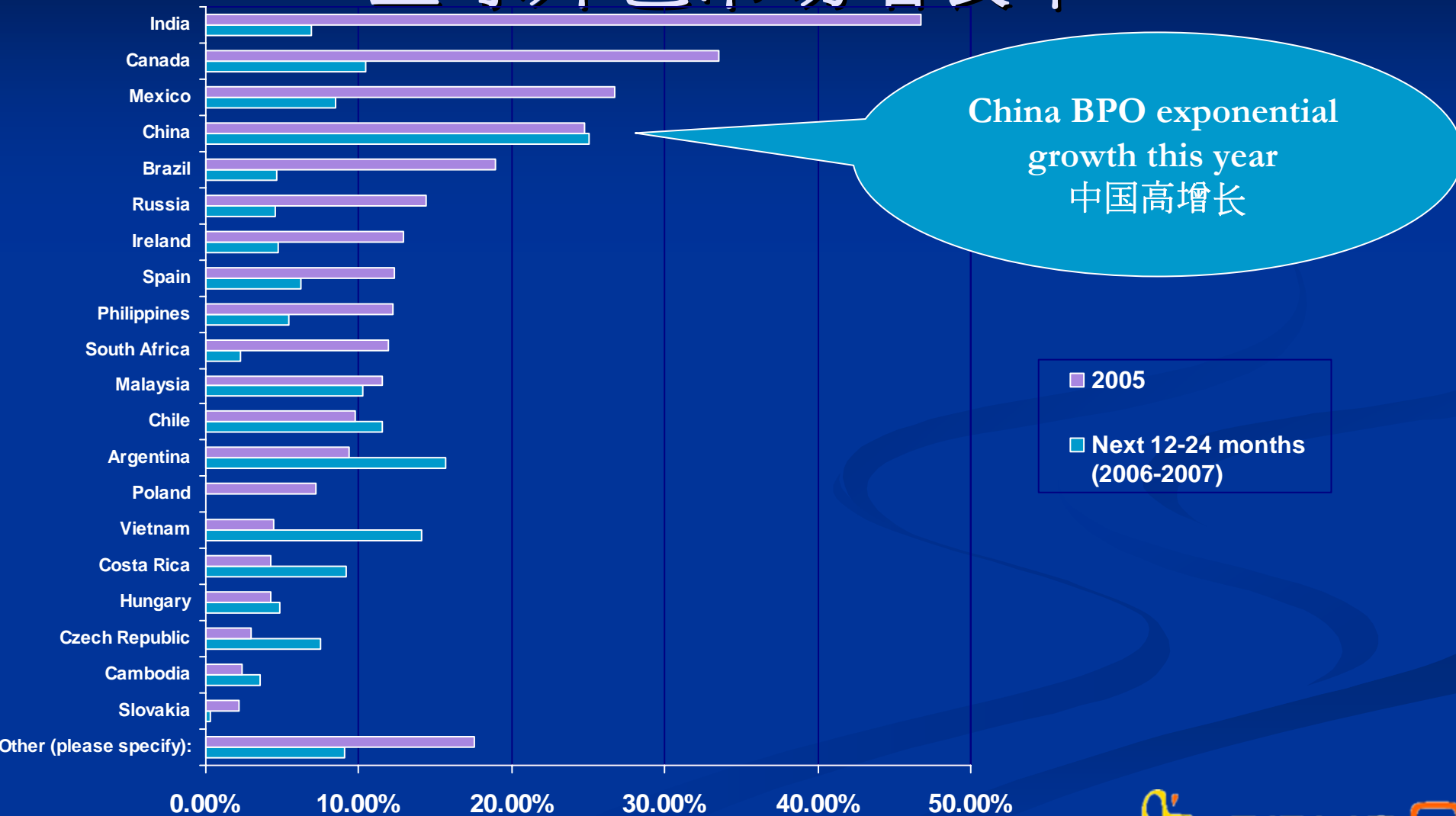
- Employee Turnover - 员工跳槽
- Operational Efficiency - 实施效率
- Wage Inflation - 工资上涨
- Service Quality - 服务质量
- Data Security - 数据保险
- Intellectual Property Loss - 科技产权丧失
- Acceptance by Customer - 客户接受律
- Language (#2 for China) - 语言能力

Source – Duke/Booz Allen Survey, 2007



Global BPO Percentage Growth

全球外包市场增长率



BPO Usages - BPO用途



- Customer Care:
 - Customer Order fulfillment services
 - Business intelligence services
- F&A:
 - General accounting
 - Operational support services
- Procurement:
 - Sourcing
 - Category management
- HR:
 - Records management
 - Payroll and compensation planning



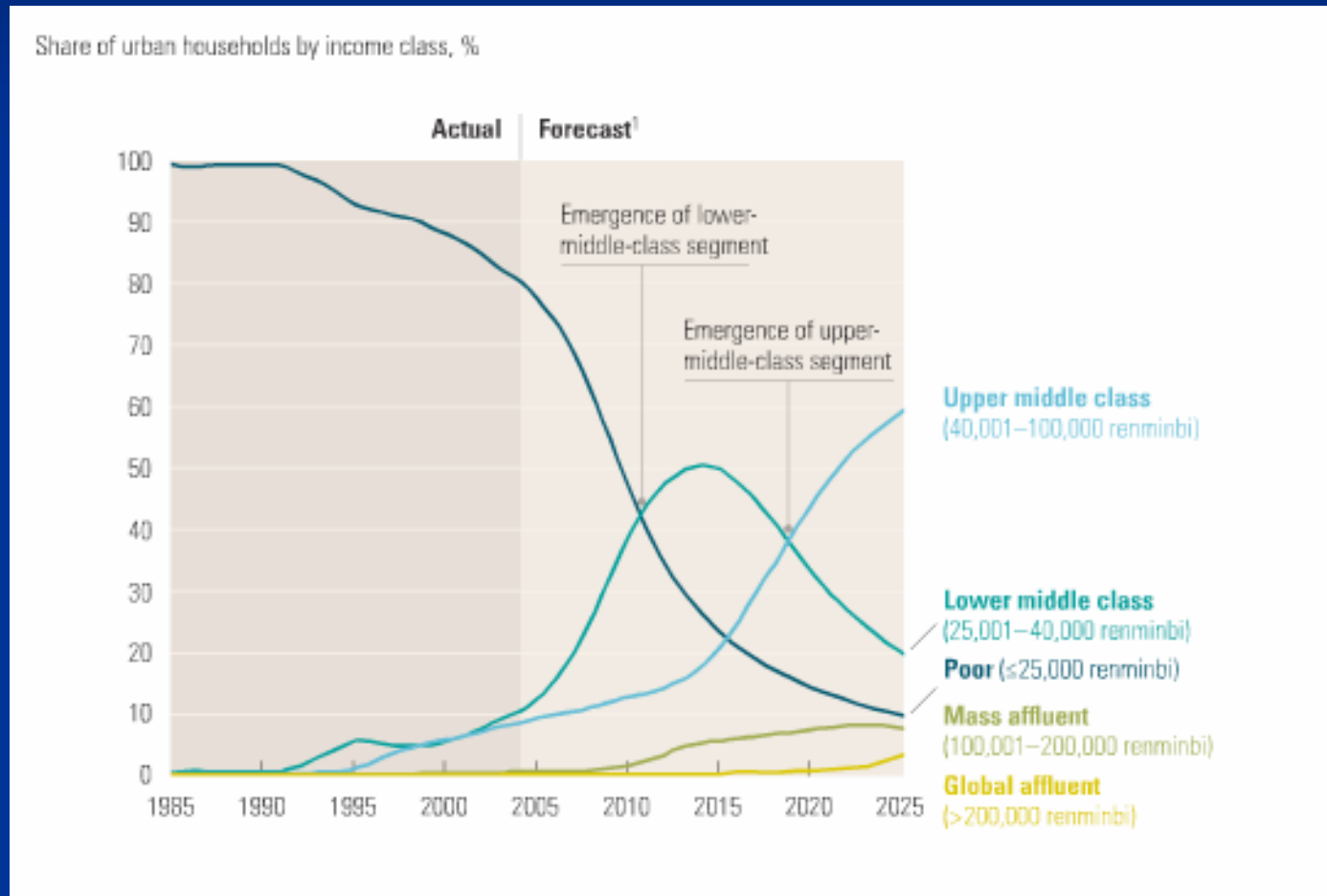
Top BPO Industries

典型的BPO企业

- Telecommunications - 电信
- Travel 旅游
- Banking & consumer finance (credit cards, etc.) - 银行及消费者融资
- E-commerce - 电子商务
- Information Technology -
- Consumer Products - 消费者产品
- Life insurance - 人身保险
- Automotive - 汽车
- Government - 政府项目
- Healthcare - 医疗保健

Emergence of China's Middle Class

中国中层阶级的崛起



1. Base Case forecast :Q1 2006

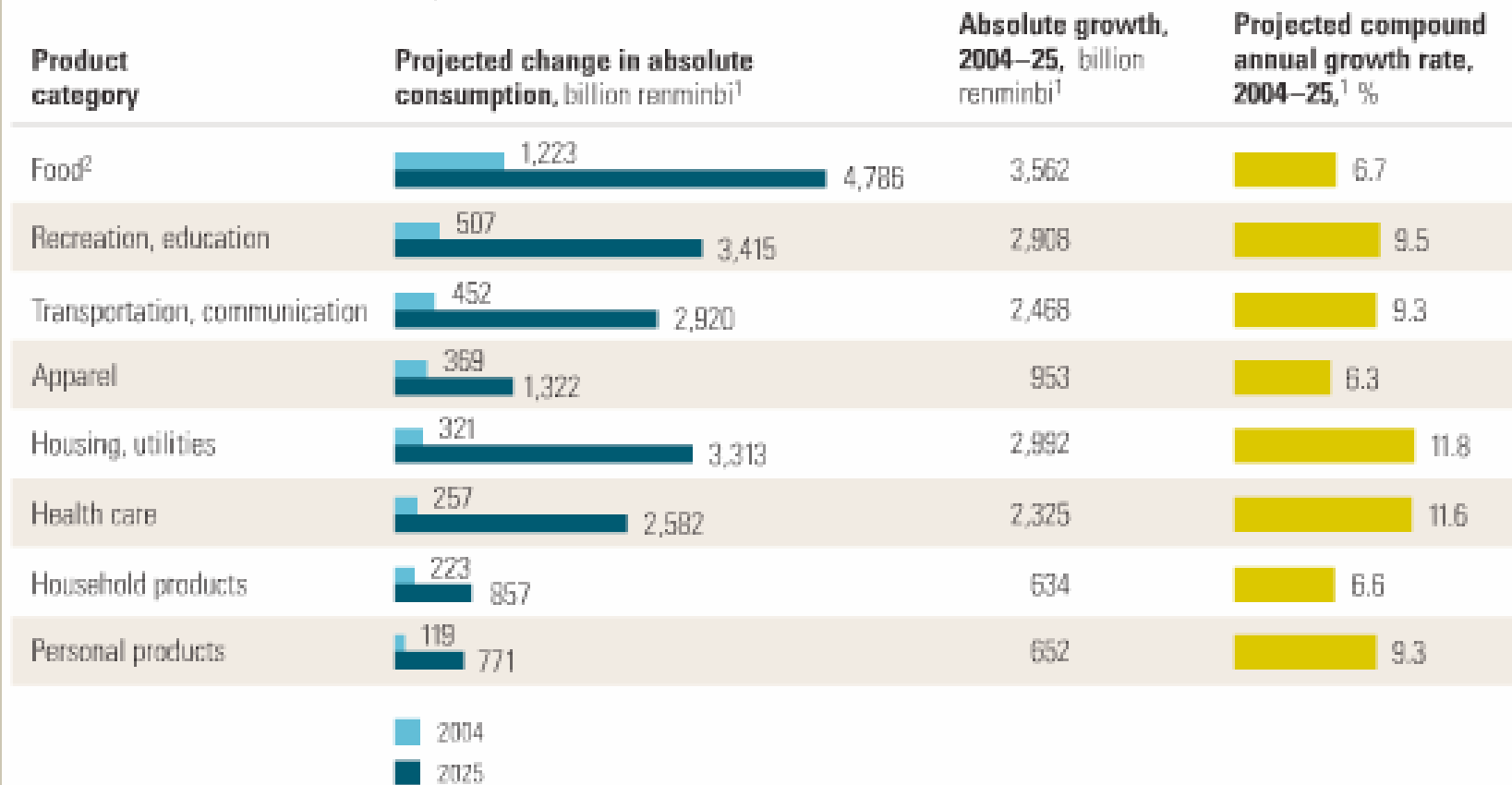
Source: McKinsey Quarterly 2006 Special Edition



Middle Class Chinese Consumer Behavior

中国中层阶级的销售行为

For urban China (real renminbi, base year = 2000)



1. Base case forecast : Q1 2006

2. Some Figures do not sum to 100% due to rounding

Source: McKinsey Quarterly 2006 Special Edition



Key Areas of Investor Influence

投资人注重的主要领域

- Operational and Financial Discipline
- 运营及财务的纪律性
 - Profitability, Cost control, Reporting, Business Acceptance
- Focus on Customers
- 注重客户
 - Service levels, Customer satisfaction, More value
- Focus on People
- 注重人才
 - Wage inflation, retention, training
- Growth Markets
- 成长市场
 - Non-English initially, domestic Chinese market

Thank You & Good Luck !
谢谢, 祝您好运!

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