

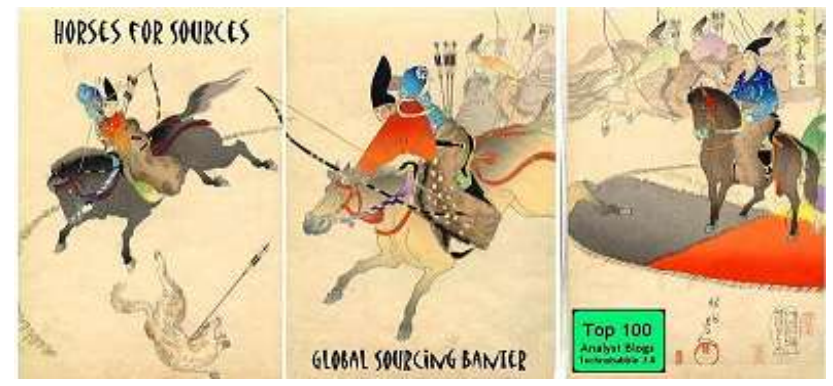
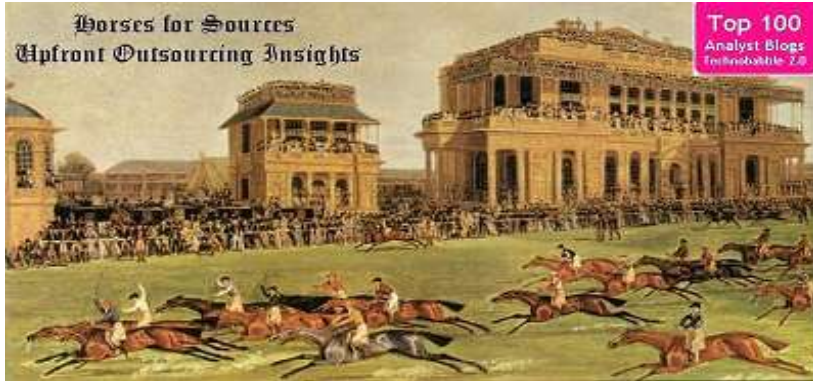
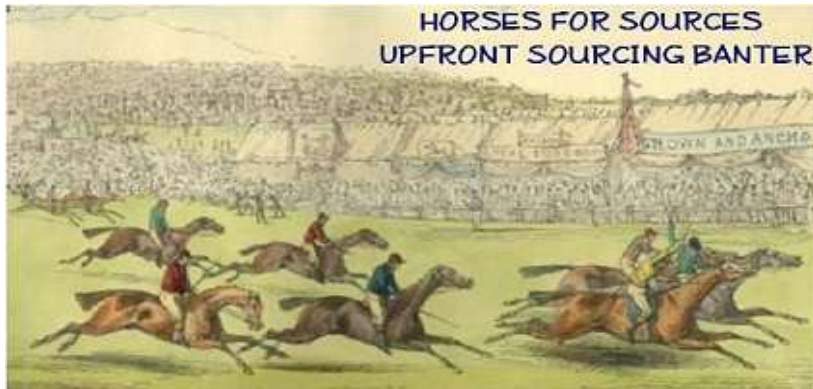
HfS Research
Collaborative Sourcing Intelligence

Insight. Advice. Benchmarking.

The Emergence of the Business Platform

March 14, January 2012
robert.mcneill@hfsresearch.com

It all began five years ago, as a blog...



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Insight, Advice and Benchmarking for the Global Business Services Industry

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Eight top tips to prevent outsourcing providers committing harakiri in the sales process

OCTOBER 13TH, 2011

My word, if I get one more spam from someone claiming to help outsourcing providers “get outsourcing leads” through delivering dodgy webcasts (which are probably only attended by other equally desperate outsourcing providers, with similarly deficient sales capabilities), or get invited to take part in a workshop to improve the “velocity of my sales pipeline”, where a paltry \$10,000 investment can help my firm meet its \$1,000,000,000 target, I think I may throw my Mac out the window and join the Occupy Wall Street demonstration rumbling



“Go ahead, just one more slide.” HFS Esteban



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- HfS Research is the leading analyst advisory firm and collaborative peer community, focused on helping enterprises make complex decisions with their global business services and outsourcing strategies
- The largest web and social media presence in the sourcing industry: *66,000 subscribers; 16,000 LinkedIn Group members; leading blog and research portal in the services industry*
- A major following from the buy-side: *40% of readership comes from sourcing buyers*
- We leverage our vast community of sourcing professionals to deliver rapid insights on global sourcing industry trends & developments: *Surveyed over 15,000 organizations in 2010-11 on their sourcing intentions and dynamics*



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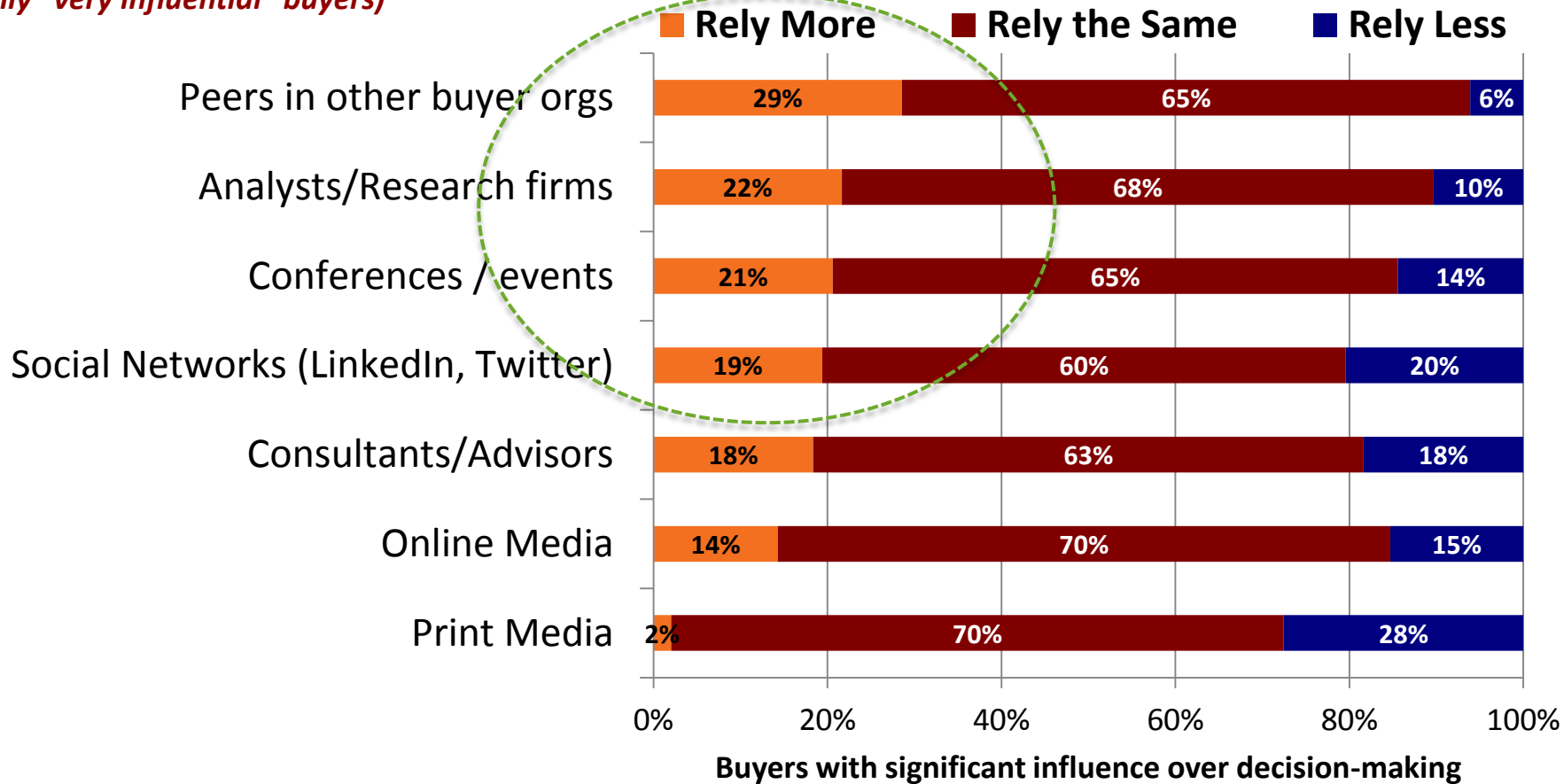
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Buyers relying more on their own research and learnings

Do you rely more, less, or the same on the following information/advice sources, than you did a year ago?

(Only "very influential" buyers)



Source: HfS Research and the London School of Economics Outsourcing Unit, 2011
Sample: 167 Buy-side Organizations



The HfS Research Team



23 analysts across US, Europe, India and Australia



HfS Research Coverage

HfS Research's global research programs delves into key sourcing best practices:-

- **IT Outsourcing and Business Process Outsourcing**
- **Global Business Services and Shared Services**
- **Price Benchmarking (BPO & ADM) and Contract Negotiation coaching**
- **Vendor Management and Governance strategies and training**
- **Analytics & Knowledge Processes**
- **Industry-specific Sourcing Strategies and Markets:**
 - *Banking & Insurance*
 - *Energy & Utilities*
 - *Healthcare Payor*
 - *Pharma*
 - *Retail, CPG & Manufacturing*
 - *Legal Process Outsourcing*
- **Finance & Accounting BPO**
- **CRM BPO**
- **Human Resources Services**
- **ITO/BPO convergence, Cloud-enabled and "productized" sourcing platforms**
- **Sourcing Security and Risk Strategies**
- **Procurement & Strategic Sourcing BPO**



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Robert McNeill



Robert McNeill is a Research Vice President focused on cloud business services, IT management and effective sourcing strategies for Buyers and service providers. McNeill's main focus is delivering research, thought-leadership, practical advice, and imparting real-world Cloud services experience to buy-side clients and service providers on what really matters – how to execute Cloud business strategy in a manner that creates real business value. McNeill examines the industry dynamics driving business utility solutions, as the boundaries between Cloud Computing, Business Process Outsourcing and IT infrastructure services continue to blur.

Prior to HfS, Robert was VP Research/Consulting for Saugatuck Technology, VP Strategy/Marketing for SaaS vendor ServiceNow, an outsourcing advisory consultant with Deloitte advising organizations and a Principal Analyst with Forrester Research.

Robert holds a master's degree in European business and a bachelor's degree in business studies from Cass Business School, City University, UK.

Robert can be reached at robert.mcneill@hfsresearch.com and twitter [@robertmcneill](https://twitter.com/robertmcneill)

HfS Presents:

THE EMERGENCE OF THE BUSINESS PLATFORM



Law



Fersht



Riegsecker



McNeill



Roehrig

March 14, 2012
10:00 am ET

The true blending of the Cloud and business process, or more fluffy puff?





Agenda

Our Business Platform Research

- Overview by Robert McNeill, VP Research, HfS Research

Discussion of findings and how Buyers and the industry has to respond.

Contributing executives:

- Bob Law, Technology Platforms, HP BPO
 - Shawn Riegsecker, Founder and CEO, Centro
 - Paul Roehrig, Corporate Strategy, Cognizant
- and
- Phil Fersht, Founder and CEO, HfS Research

Business Platform: Definition

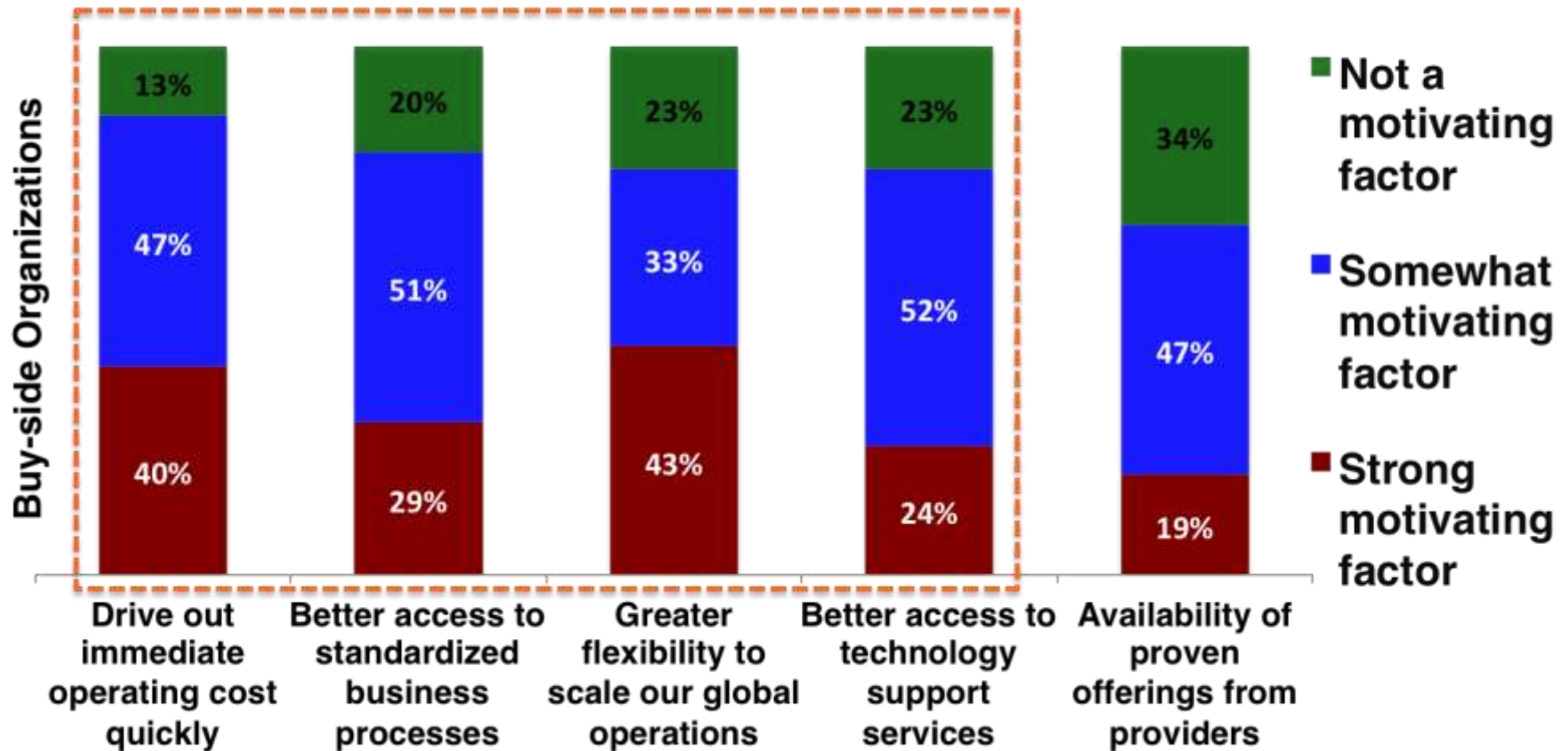
“Business Platforms are the fusion of cloud computing, SaaS and BPO innovations delivered through an integrated singular managed service”.

Business Platforms have four key characteristics:

1. Business Platforms deliver standardized business processes;
2. Business Platform owners (services providers, not buyers) manage the business processes associated with the Business Platform and furnish the complete solution, including the people that operate them, the underlying software platform and the infrastructure;
3. Business Platforms focus on business outputs or outcomes such as improved working capital and higher customer loyalty, not inputs such as labor and physical assets;
4. Business Platforms service more than one client

Drivers for Business Platforms: Cost, Standardization, Global Flexibility and Technology Services

To what extent are the following factors MOTIVATING your organization to outsource in this current unstable economy?



Source: HfS Research, September 2011
Sample: 157 Buy-side Organizations

Business Platform Map™ Research Key Points

In Q4 2011, HfS Research asked 40 services providers to contribute to our research.

We asked services providers for data on their Business Platforms, including:

- **Value Proposition** - *Business Platform name, URL and a description of value proposition*
- **Adoption** - *Number of customers and how many years that business platforms had been in market including those Business Platforms in Beta*
- **Focus** - *any industry, vertical markets and horizontals targeted*
- **Technology and Delivery Model**
- **Pricing Structure**



HfS Research collected detailed data from 21 services providers

142 business platform submissions, but only 112 met our definition



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.TOPS for Business Outcomes



Mahindra Satyam



SYNTEL
Consider IT Done®



TATA
TATA CONSULTANCY SERVICES



UNISYS



WIPRO
Applying Thought



WNS
Extending Your Enterprise



Xchanging
Inspiring Innovation





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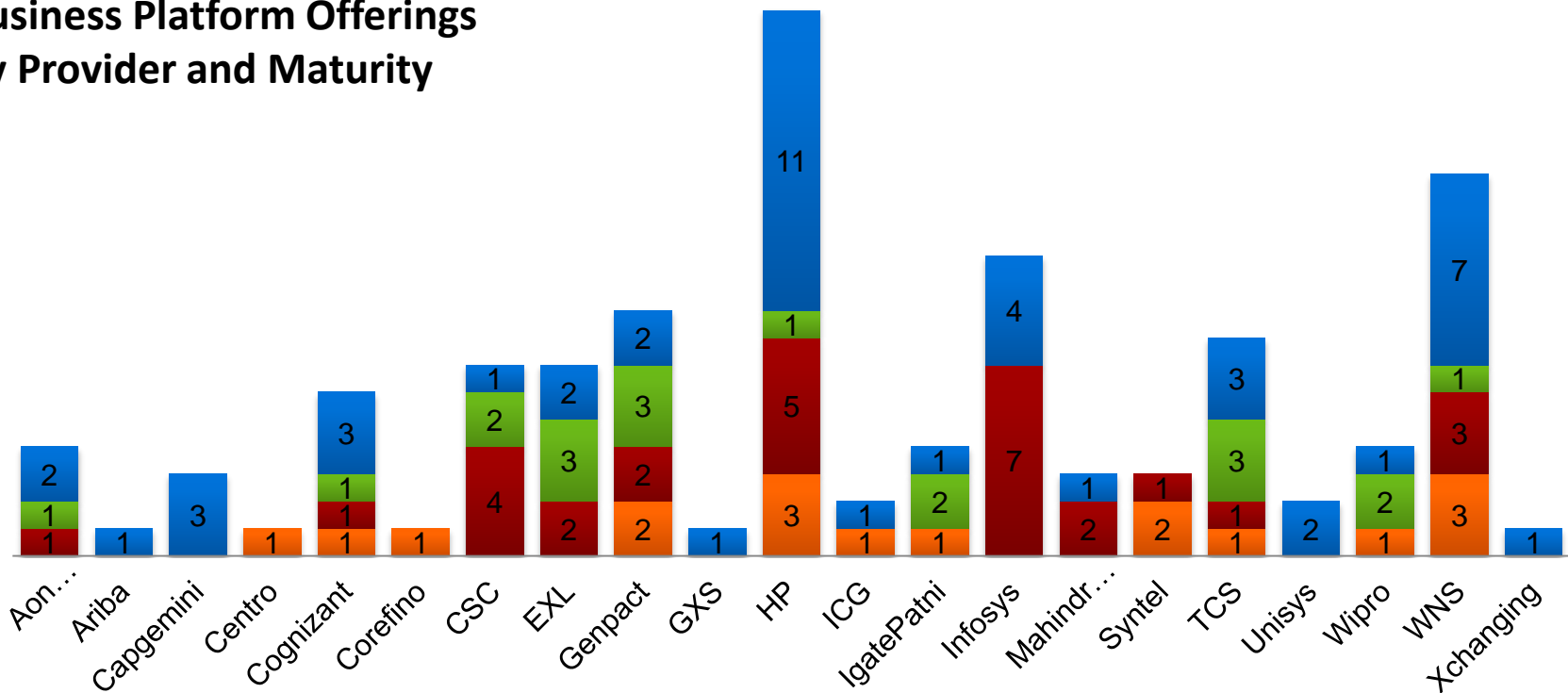
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Findings

Services Providers Invested in Business Platforms

- Most service providers are in the business platform game, but the majority do not market around this term (or any similar term) yet.
- Larger services providers have difficulty identifying Business Platforms. They haven't clearly defined them as products, which greatly lessens their visibility.
- Smaller services providers seek differentiation through productization and focus

Business Platform Offerings By Provider and Maturity



Beta - not publically available; Low - publically available < year;

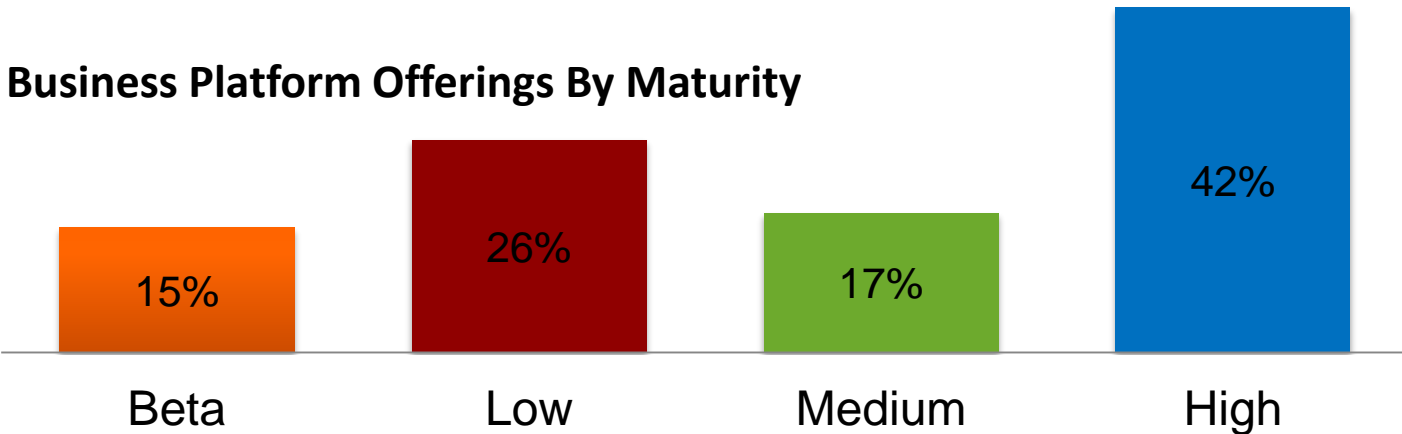
Medium - publically available for between 1 and 3 years; High - publically available > 3 years

Business Platforms Are Not New

- Mature business platforms exist – 42 percent of Business Platforms are more than 3 years old with some Platforms serving scores of clients
- 43 percent of Business Platforms focus on just one vertical, the rest are more generic (target multiple verticals)
- Legacy software providers and niche specialists have retained their stickiness. Those software partners that were most often highlighted as key enablers by services providers included Ariba, SAP, SmartStream, Oracle PeopleSoft, Oracle Argus, VWA’s Webcollect and Trintech.
- The creation of highly efficient and stable environments built on software where the services provider has years of experience seems to be enough for now to deter replacement by alternative pure play SaaS providers.

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Business Platform Offerings By Maturity



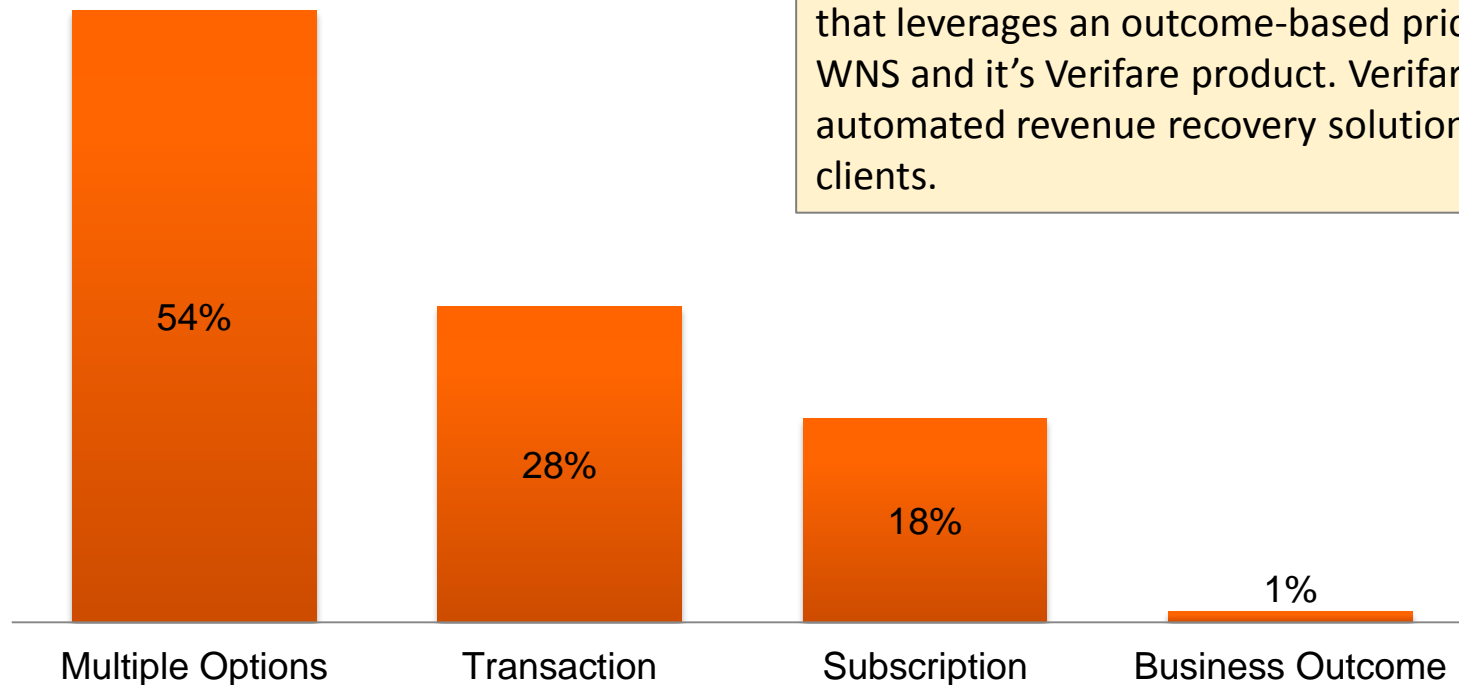
Beta - not publically available; Low - publically available < year;
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New Pricing Only Inches the Industry Along

- Multiple options are provided to buyers because service providers need to be flexible to different buyer commercial interests, but this limits the ability to truly reach a mass audience.
- Business outcome only offerings are few and far between because services providers and clients do not like to share risks, though they say they do.
- Transaction and subscription models move the industry forward to a more usage-based model and one that reflects SaaS pricing.

Business Platform Pricing Options



HfS Comment: One example of a Business Platform that leverages an outcome-based pricing model is WNS and its Verifare product. Verifare is a highly automated revenue recovery solution for airline clients.

HfS View Of The Future



- Business Platforms will drive fragmentation in the services market.
- Niche Business Platforms will grow that provide unique, focused and differentiated value to clients.
- The “One-to-Many” delivery model will change the economics of services delivery and make the mid-market look like an increasingly profitable market.
- Business Platforms will further drive a nail in the coffin of multi-process, 6-10 year outsourcing offerings of yesteryear
- Business Platforms will require significant provider investment and some outsourcers just won't be able to make the transition or possess the capabilities to do so.
- New skills both from a buyer and provider perspective will have to be developed to manage Business Platforms effectively
 - Providers must learn how to build, provision, upgrade and sell these solutions increasingly within an app store/marketplace.
 - Buyers must develop suitable change management, process re-engineering and vendor management capabilities.
- A new financial discipline will have to be learnt for buyers and providers.

Four Business Platform Entry Strategies

1. Organic development. Develop and patent your own cloud-based workflows to go after a particular vertical software or business process expertise (e.g., Wipro and BPM Base))), Cognizant and EXL).

2. Partner with a software firm and then wrap people and accountability for services through a Business Platform (SaaS, Master-Brand SW providers (SAP, Oracle), Niche software providers (SmartStream, Trintech, eBuilders, Newgen and IBM Lombardi).

Business Platforms

3. Acquisition of niche software solutions that enable Business Platforms (e.g., Cap Gemini and VWA, Infosys and McCamish) or acquisition of IP from a client that can serve as the fuel for Business Platform development (e.g., TCS's Diligenta and Friend's Life insurance outsourcing).

4. Co-creation with traditional businesses that provide domain based expertise and are looking for new revenue sources (e.g., Infosys has partnered with a world leader in advertising and marketing services to co-create a marketing Business Platform)

Services Providers – Build A Strategy To Win



1. Get in the Race



2. Operationalize



3. Differentiate

Buyers – Business Platforms Are Real and Provide Alternatives to “Mess For Less” Alternatives

Decide To Change

Review Business
Platforms

Understand
Delivery Models

Understand
Partnerships

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