



The As-A-Service Economy Emerges

The HfS 2015 Research Agenda

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Phil Fersht, President & CEO, HfS Research



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Overview

- 19 years' business experience in the global outsourcing and shared services industry across US, Europe and Asia
- Acknowledged industry analyst, author, speaker, strategist and blogger
- Advised on 100's of global IT services, BPO and shared services engagements

Previous Experience

- Practice Head for IT Services & BPO, Gartner
- BPO Marketplace Leader, Deloitte Consulting
- Vice President, Everest Group, helping establish the research institute
- IDC US, IDC UK, and IDC Singapore

Education

- BS with Honors in European Business & Technology from Coventry University, United Kingdom
- Diplôme Universitaire de Technologie in Business & Technology from the University of Grenoble, France
- School of Hard Knocks

Unbridled Opinion... Simply Calling It How It Is

Horses for Sources
Contemplating the As-a-Service Economy

HOME PUBLISHED HFS RESEARCH MEDIA COVERAGE MEET THE TEAM ABOUT US RESEARCH SERVICES

Time for outsourcing service providers to tone down the sales BS

DECEMBER 13TH, 2014

And back to the reality of a freezing cold buyers' discussion in Chicago last month...

Many enterprise service buyers have made it clear they're happy they outsourced and admit they should give up more high value work to their providers. So what is holding them back? Why don't they trust them enough? Is it because they are simply too insecure to let go, or



out of them? Let's take a closer look at what

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Horses for Sources

SEARCH

What irks you the most about your service provider?

Constant sales attention versus delivery attention	39%
Inability to deliver the promises made during the sales process	35%
Lack of process experts	4%
Lack of interest in risk/share or gain/share	4%
Far too transactional	13%
To be nicked & dimed for every single thing	4%

ANALYST FIRM OF THE YEAR AWARD 2014
INFLUENCERRELATIONS.COM

Highest Influence Gain 2014
Analyst Value Survey
H/S

www.horsesforsources.com

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HfS Named Top Analyst Firm of the Year

Long-time industry leaders Gartner and Forrester Research have been joined by HfS Research as the top firms in the Analyst Firm of the Year 2014 Awards. The awards are launched today to honour 18 IT and telecommunications industry analyst firms that have delivered outstanding value to their users.

[Learn More](#)

www.hfsresearch.com

HfS In the News



[Harley vrooms on 'best of breed' tech strategy, from Indian cos >](#)

What's Hot

How to Repair A Troubled (Outsourcing) Relationship

[Get the slides and replay now! >](#)

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[Services](#)

[Governance](#)



Disrupt or be Disrupted: The Impact of Digital Technologies on Business Services

Digital Technologies are changing the way businesses operate and compete. This report explores recent survey data to highlight how savvy enterprises are taking advantage of advances in analytics, mobility, collaboration and cloud.

[More Digital Transformation >](#)



Catalina On The New Consumer Truths For CPG And Retail

We caught up with Dak Liyaneerachchi, Catalina's SVP - Global Data & Analytics to discuss the new consumer



HfS is Driven by the Principles of Research 2.0



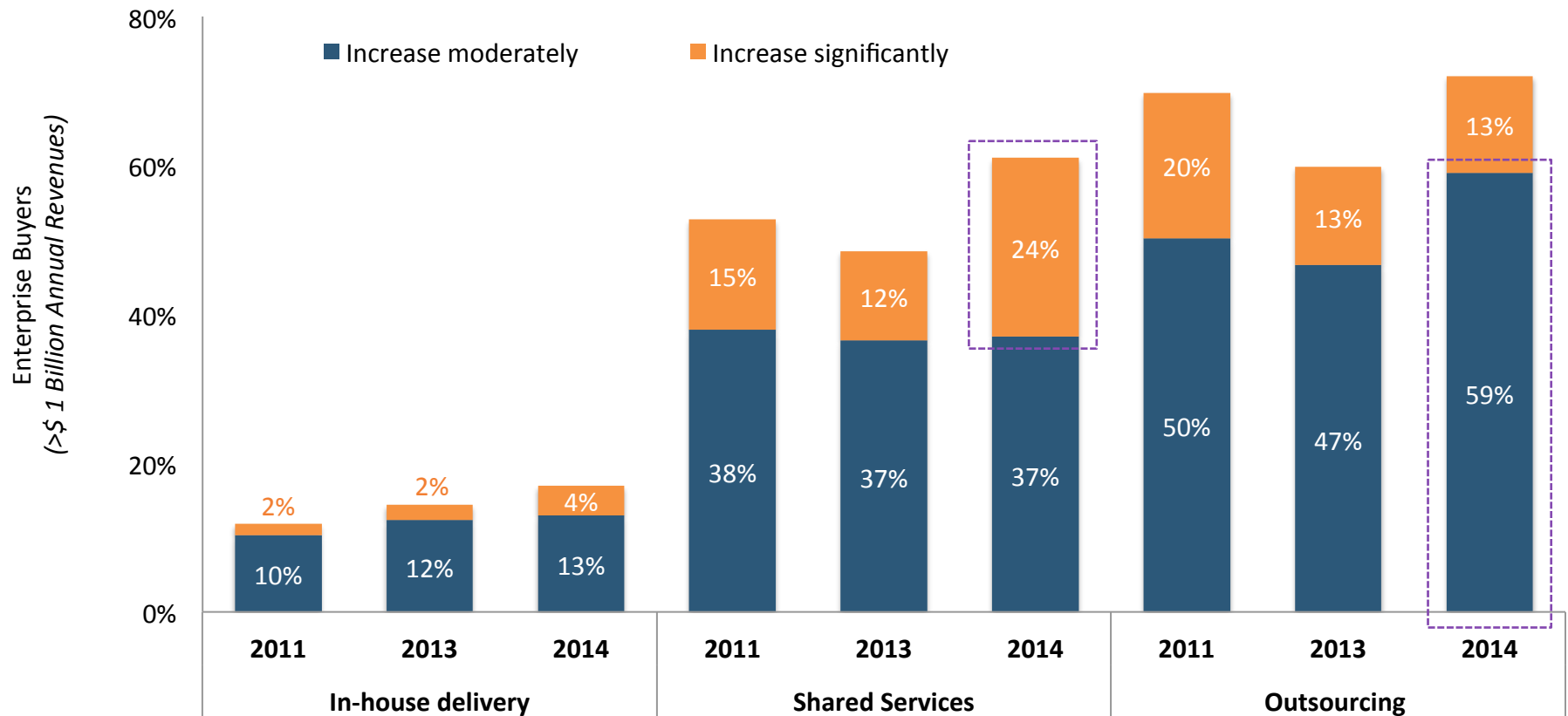
INFLUENCER RELATIONS

WHERE REPUTATIONS MEAN BUSINESS

GARTNER, FORRESTER & HFS RESEARCH TOP ANALYST FIRM OF THE YEAR 2014 AWARDS

Rank	1	2	3	4	5	6	7	8	9	10
Americas	Gartner	Forrester Research	Hfs Research	Digital Clarity Group	IDC	Everest Group	NelsonHall	ISG	451 Group	CEB/TowerGroup
Asia-Pacific	Gartner	Greyhound Research	Hfs Research	NelsonHall	IDC	Forrester Research	Everest Group	ISG	Celent	Aberdeen Group
Business growth	Gartner	Forrester	IDC	Hfs Research	Everest Group	NelsonHall	Frost & Sullivan	Digital Clarity Group	Greyhound Research	ISG
Buyers	Gartner	Hfs Research	Forrester Research	Digital Clarity Group	Everest Group	IDC	NelsonHall	Greyhound Research	CXP Group	Aberdeen Group
EMEA	Gartner	Hfs Research	Forrester Research	NelsonHall	IDC	Everest Group	Digital Clarity Group	CXP Group	Pierre Audoin Consultants	ISG
Global	Gartner	Forrester Research	Hfs Research	IDC	Digital Clarity Group	NelsonHall	Everest Group	ISG	Greyhound Research	451 Group
Services	Gartner	Hfs Research	Forrester Research	NelsonHall	IDC	Everest Group	Digital Clarity Group	ISG	Greyhound Research	451 Group
Software	Gartner	Forrester Research	Digital Clarity Group	Hfs Research	IDC	Everest Group	Greyhound Research	NelsonHall	ISG	451 Group
Telecoms & Networking	Gartner	IDC	Forrester Research	Hfs Research	ISG	CXP Group	Everest Group	Greyhound Research	Ovum	Current Analysis
Vendors	Gartner	Forrester Research	Hfs Research	IDC	NelsonHall	ISG	Everest Group	Digital Clarity Group	Greyhound Research	451 Group

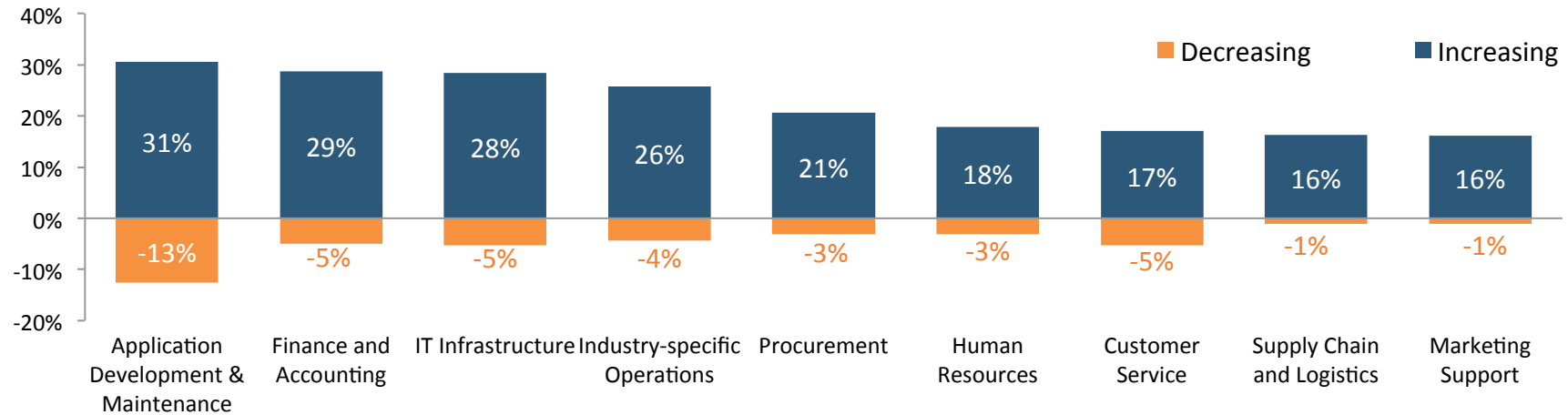
Globalization of Operations in full swing as Investment Intentions in both Shared Services and Outsourcing reach record high



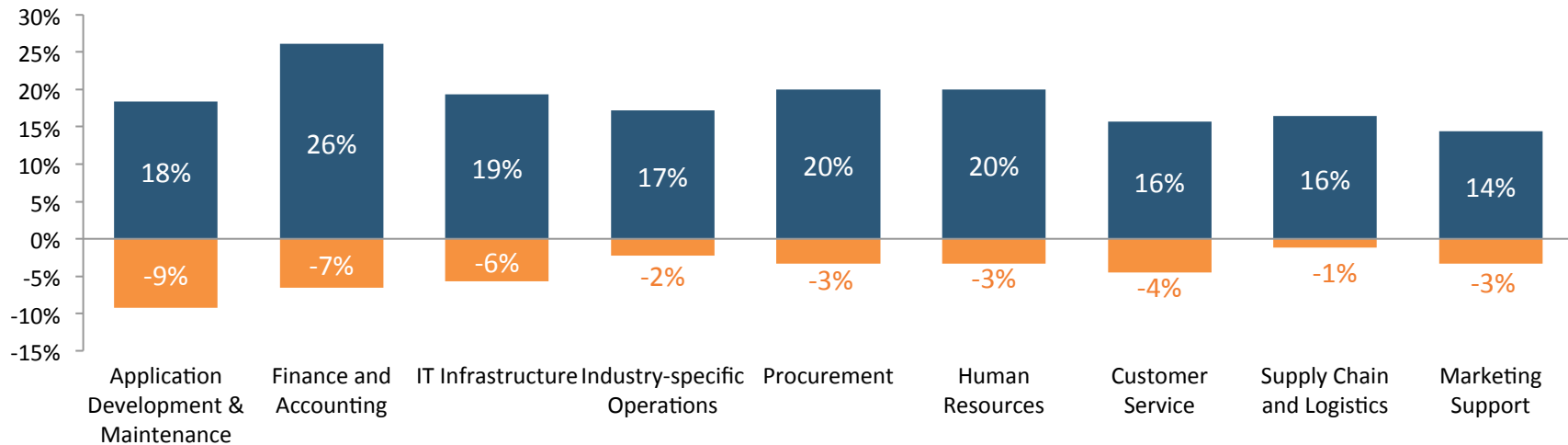
Sources:
 "2014 State of Outsourcing" Study, n = 312 Buy-side Enterprises
 "2013 State of Outsourcing" Study, n = 399 Buy-side Enterprises
 "2011 State of Outsourcing" Study, n = 226 Buy-side Enterprises

Prolific uptake of offshoring continues (seemingly) unabated...

How will this change in the next year? (Outsourcing)



How will this change in the next year? (Shared services)

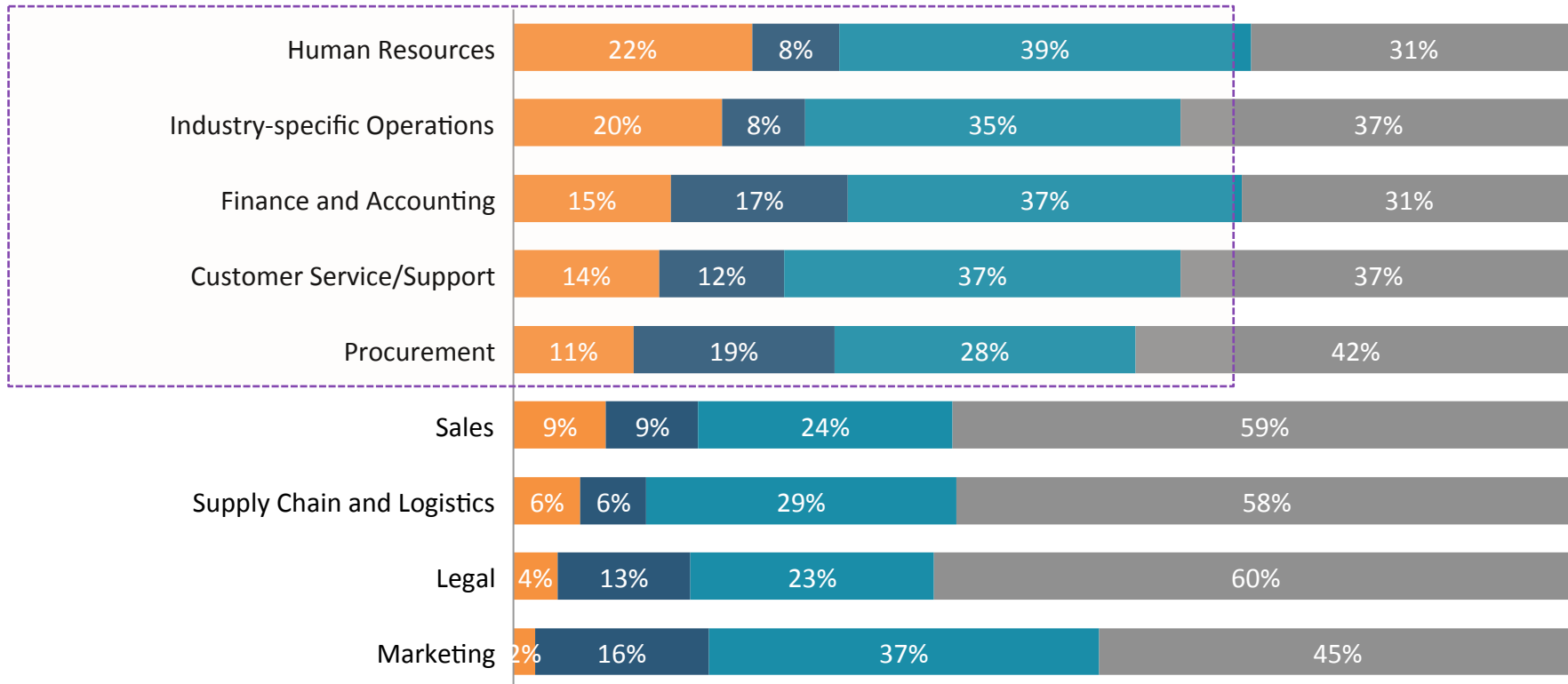


Source: 2014 State of Industry Study, May 2014. HfS Research in Conjunction with KPMG (Sample 312 Enterprises)

However, BPaaS is already replacing legacy outsourcing...

In what areas are you considering cloud / as-a-service options to augment / replace traditional outsourcing?

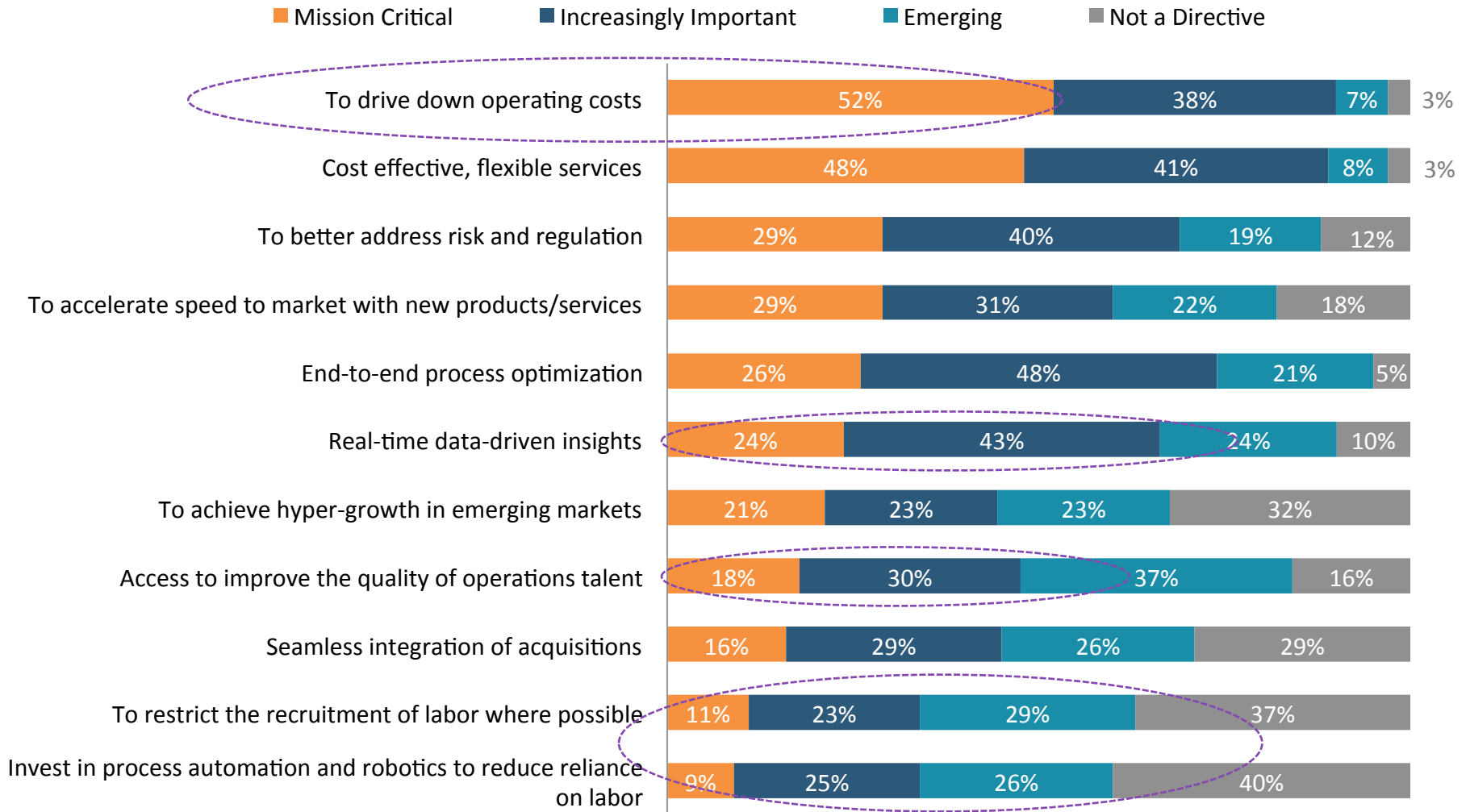
- We have at least one cloud-based service for this function
- Starting to evaluate / test solutions
- We are interested but yet to find anything suitable
- Nothing in place & see no value



Source: HfS Research State of Industry Study June 2014, conducted in conjunction with KPMG (Sample 312 Enterprises)

C-Suite Priorities: Cost is the *New Black*

How critical are the following C-Suite priorities/directives, in terms of shifting from a Cost Focus to a Value Focus with your operating model?



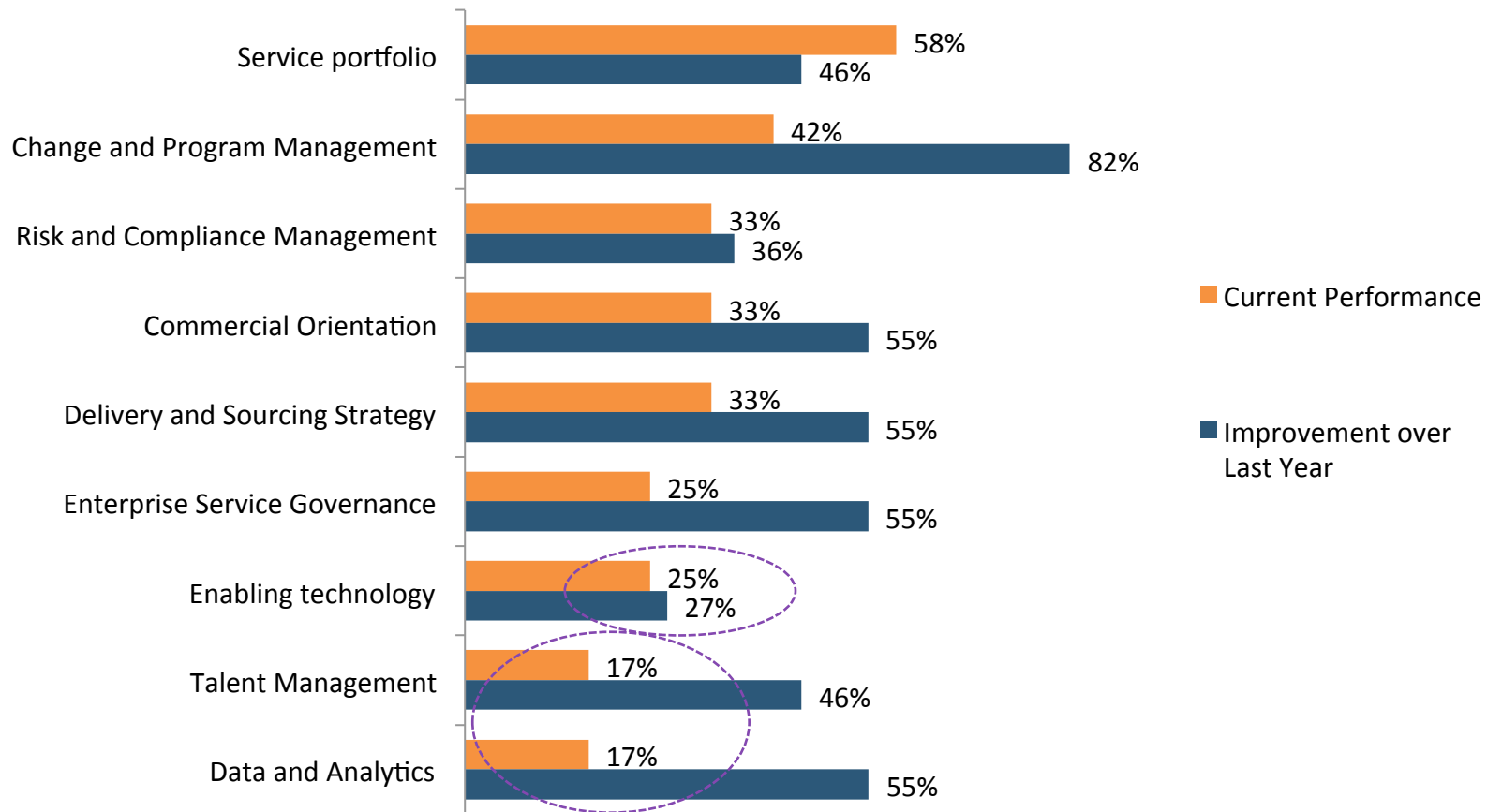
Source: HfS Research, Base: 168

Enterprises Really Struggling with Talent, Analytics, Change Management and Technology Enablement

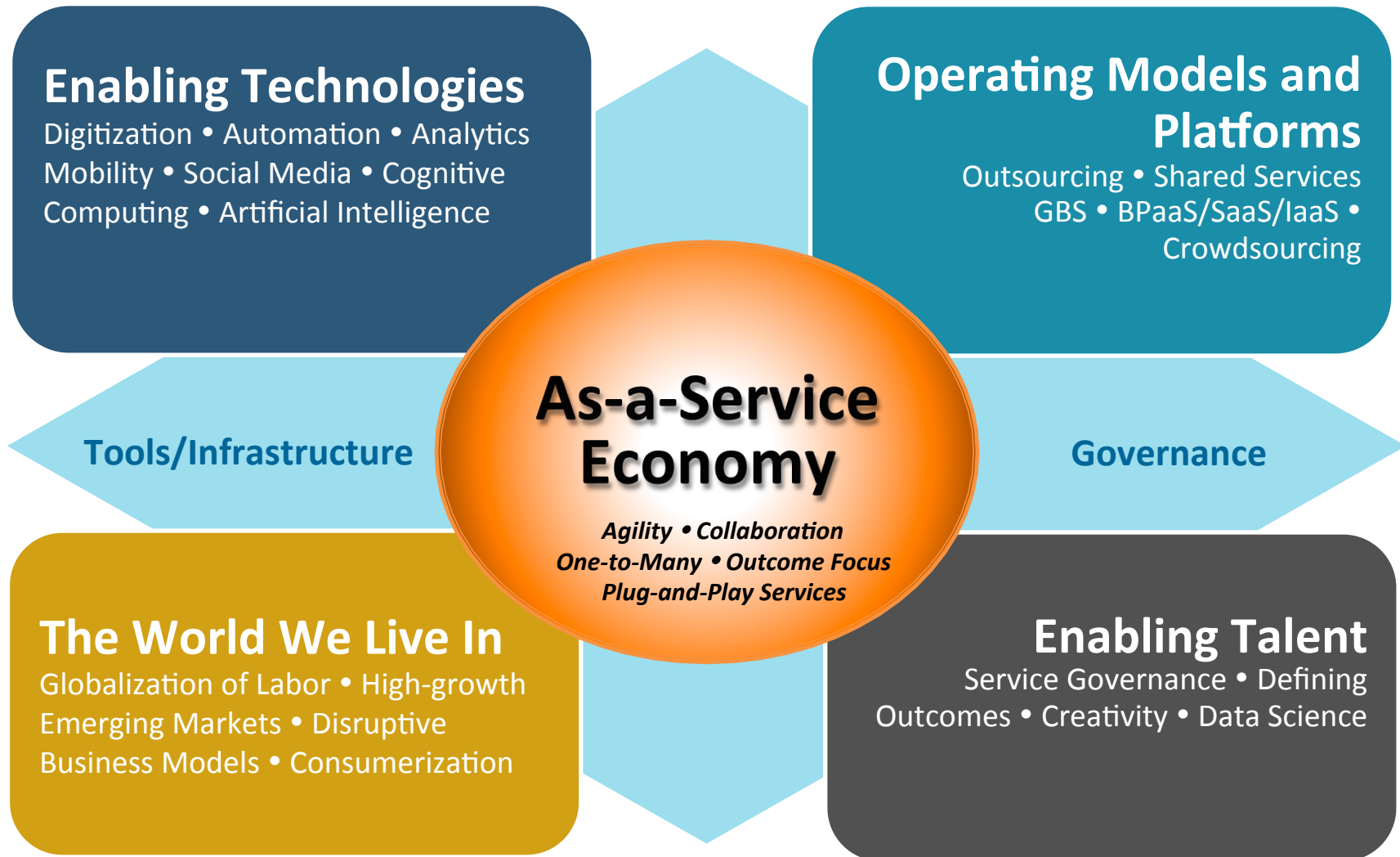
How well is your current operating model performing against the following measures?
 Has this performance level been improving, staying the same, or deteriorating over the last year?

Buyers = Senior Level Enterprise Buyers (> \$10B Revenues and VP+)

Current Performance: % Performing Excellently / Quite Well
 Improvement over Last Year: % Significant / Some Improvement



Which is conspiring to drive the As-a-Service Economy...



Charles Sutherland, EVP Research



charles.sutherland@hfsresearch.com

Overview

- Over 19 years' business experience in strategy development and delivery in the global outsourcing industry across US, Europe and Asia
- An industry advisor, strategist, author, speaker, practitioner and blogger

Previous Experience

- Managing Director, Growth & Strategy, Accenture BPO
- Managing Director, Strategy, Accenture Infrastructure Outsourcing
- Strategy Partner, Accenture Media & Entertainment Practice
- Marketing Director, Olivetti

Education

- MBA, INSEAD, Fontainebleau France
- Honors BA, Political Science and Economics, University of Toronto

HfS has Established a Broad Set of Research Practices

- IT Services Strategies
- BPO Services Strategies
- Governance Strategies
- Global Business Services Strategies
- Human Resources & Talent Services and Technology
- Finance & Accounting Services and Technology
- Procurement, Supply Chain and Engineering Services and Technology
- Industry views: Banking and Insurance, Healthcare, Life Sciences, Manufacturing, Retail, Telecom
- Enterprise Analytics
- Mobility Services
- Cloud and SaaS Services across Workday, Salesforce, SuccessFactors and others
- Application Testing, Development and Maintenance Services
- Process Automation

We Cover Practices Through POVs, Reports and Blueprints

Market Commentary



Disrupt or be Disrupted: The Impact of Digital Technologies on Business Services

Digital Technologies are changing the way businesses operate and compete. This report explores recent survey data to highlight how savvy enterprises are taking advantage of advances in analytics, mobility, collaboration and the cloud.

Buy-Side Trends



Cost-Obsessed CEOs will Fail if they Ignore the Shortcomings of their Supplier Management Capabilities

Many cost-obsessed CEOs will fail if they ignore the shortcomings of their supplier management capabilities.

Strategic Capability Evolution



The Ten Key Tenets of the Emerging As-A-Service Economy

The “as-a-service economy” is quickly taking over as the new source of value creation in business services. This report identifies the 10 tenets that HfS believes are shaping the foundation of this model.

Market Activity



Strategic Analysis of Outsourcing Deals

This POV analyzes the 22 deals announced this month for key lessons and for their alignment to recent HfS research.

Service Provider Interviews



Catalina on The New Consumer Truths For CPG and Retail

We caught up with Dak Liyanearachchi, Catalina’s SVP – Global Data Analytics to discuss the new consumer truths that CPG brands and retailers face with the explosion of digital and its implications for service providers.

Offering Assessments



The Workday Services Value Chain

Many enterprises are turning to Workday to improve business efficiency and effectiveness, but they must consider all activities involved in planning, implementing, managing, operating and optimizing the solution to be successful.

Acquisition Summaries



EXL Underwrites Its Insurance Success With Overland Acquisition

EXL recently announced its acquisition of US-based Overland Solutions, Inc, a service provider of underwriting support capabilities to P&C insurers. We believe this fits well within EXL’s strategy of insurance investment.

Service Provider Assessments



Luxoft: A Next-Gen Services Provider for a Next-Gen Market

In the face of a changing market, Luxoft provides us with a model for how to operate a next generation IT services provider. In doing so, it sheds light on how the provider and enterprise buyer relationship will need to change.

Why the HfS Blueprint is Unique

HfS Blueprints are based on the following five beliefs:

- 1. Meaningful innovation drives vision.** On one side, HfS Blueprints differentiate service providers' ability to innovate because the success of buyers is based on the ability of service providers to add more value than labor arbitrage through cloud technology, standardized services, quality management, and analytics.
- 2. Execution means more than market share.** On the other side, HfS Blueprints evaluate how services deliver value to clients in the real world based on the scale and scope of services actually delivered.
- 3. Relationship management drives success.** Our research findings have determined relationship management is a crucial and therefore a significant factor of the HfS Blueprint methodology is the strategic engagement of service providers.
- 4. The community determines how it is evaluated.** True to our social business roots, the experienced outsourcing buyer community will largely determine the importance of the HfS Blueprint evaluation criteria through a formal, proven process.
- 5. One size does not fit all.** Our approach also reflects our namesake belief that few horses run well on every course by allowing our clients the flexibility to adapt HfS Blueprints to meet their specific business needs. HfS Blueprints also evaluate the ability of service providers to tailor solutions to meet specific service and industry needs, instead of suggesting that comprehensive, standardized solutions are what every client needs.

2015 HfS Research Blueprint Publication Schedule

Q4 2014 (2)	Q1 2015 (7)	Q2 2015 (6)	Q3 2015 (5)	Q4 2014 (5)
<ul style="list-style-type: none"> Marketing Operations and Digital CEM Telecom Operations 	<ul style="list-style-type: none"> Analytics Services Application Testing Enterprise Mobility Population Health Procurement As A Service Progressive F&A Workday Services 	<ul style="list-style-type: none"> IoT Engineering Services Global Business Services Health Payer Services Insurance As A Service SAP SuccessFactors Services 	<ul style="list-style-type: none"> Capital Markets As A Service Customer Experience Management Cloud Service Brokers Salesforce Services SAP Services 	<ul style="list-style-type: none"> Learning Life Sciences As A Service Marketing Operations Meter to Cash Supply Chain Management Services

Meet the HfS Research Practice Leaders



Charles Sutherland
EVP, Research

Tech-Enablement of
Services, Procurement,
Supply Chain,
Robotic Automation



Ned May
SVP, Research

Mobility, Digital,
Cloud, IT Services



Dr. Thomas Mendel
SVP, IT Services

IT Infrastructure
Services



Mike Beals
VP, Governance

Governance and
strategy for sourcing
across service
providers, buyers and
advisors



Christa Manning
SVP, Research

Talent Management
and Workforce
Strategies



Reetika Joshi
Research Director

Consumer-Centric
Operations Services
and Analytics



Khalda de Souza
Principal Analyst

European Services
Strategies, SaaS Services



**Barbra
Sheridan-McGann**
SVP, Services

BPO and Operations,
Healthcare,
Life Sciences and
Public Services



Pareekh Jain
Principal Analyst

Engineering Services,
Telecom Operations,
Pricing Strategies and
Supply Chain

Charles Sutherland, EVP Research



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Areas of Research

- Process Automation and Cognitive Insight
- Tech Enablement of Services
- Procurement
- Supply Chain
- Vertical Market Offerings

Linkage to the “As-A-Service Economy”

- Enabling Technologies: Automation, Cognitive Computing and AI
- Operating Models and Platforms: New BPaaS models and the arrival of specialist providers
- World We Live In: Disruptive Business Models
- Enabling Talent: “Design Thinking” intersecting with Process Excellence

Key Trends and Themes for 2015

- The evolving maturity of process automation
- The pending arrival of cognitive insights
- Procurement and supply chain moving to “As-A-Service” models
- Automation driven consolidation amongst service providers

Christa Degnan Manning, SVP Research



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Areas of Research

- Workforce Support Services
 - Acquire: strategy, source, and engage
 - Enable: knowledge management, development, and assessment
 - Reward: Payroll, benefits, and other recognition approaches
 - Connect: Collaboration, mobility, and travel management

Linkage to the “As-A-Service Economy”

- Enabling Technologies: Workforce and task analytics, self-service, and social
- Operating Models and Platforms: HR shared services/GBS, SaaS, crowd labor
- Enabling Talent: Management, motivation, and measurement
- World We Live In: Globalization of labor, ethics, and sustainability

Key Trends and Themes for 2015

- Service Orientations – Identifying the Individuals and Initiatives for Service
- SaaS Service Delivery Capabilities & Differentiators
 - Workday and SuccessFactors Ecosystems
 - HCM SaaS provider service capability evaluations: ADP, Ceridian, Kronos, NetSuite, SuccessFactors, Ultimate, Workday
- Enablement & Productivity – Learning and Collaboration Strategies & Services
- Building Culture, Collaboration, and Trust across the Extended Enterprise
- Workforce Transformation Case Studies

Ned May, SVP Research



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Areas of Research

- Mobility
- Digital
- Cloud
- IT Services

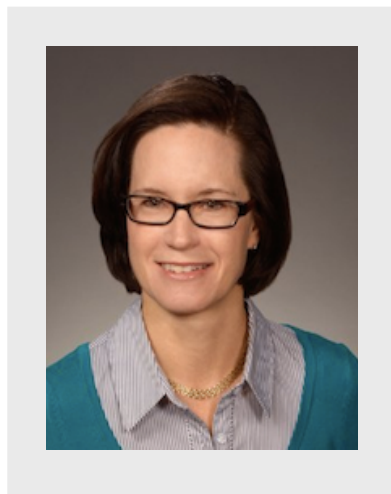
Linkage to the “As-A-Service Economy”

Core focus is on how enterprises are adopting the enabling technologies of the “as-a-service economy” and how service providers are adapting their offerings to assist in this change.

Key Trends and Themes for 2015

- Digital Transformation Services
- User Experience Design
- Internet-of-Things (and the convergence with Mobility)
- The Three A’s: Agility, As-a-Service, and APIs

Barbra Sheridan McGann, SVP Research



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Areas of Research

- Healthcare (payer, provider, patient)
- Life Sciences
- Public Service

Linkage to the “As-A-Service Economy”

- World We Live In: Consumerism.... Compliance... Cost
- Enabling Talent:
 - Ability to identify and address the problems and opportunities to address the ‘world we live in’
 - Collaboration, trust, and respect
- Operating Models and Platforms: Shared Services + Outsourcing + As-A-Service between organizations & agencies
- Enabling Technologies:
 - Near term: Automation & Analytics
 - And then: Social Media and Mobility
 - More of a Stretch into Time: Cognitive Computing and Artificial Intelligence

Key Trends and Themes for 2015

- “Slivers” of services addressed by BPaaS
- “Loops” of analysis and insight in existing processes
- Focus on “The Talent” for governance, enabling technologies, analytics

Dr. Thomas Mendel, SVP Research



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Areas of Research

- Application Testing And Application Management Services
- SAP Services
- Enterprise Service Management
- Cloud Infrastructure Services

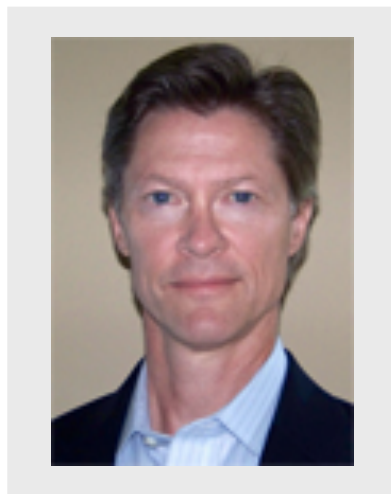
Linkage to the “As-A-Service Economy”

- Enabling Technologies: Testing as a Service from e.g. Wipro or Infosys
- Operating Models and Platforms: Amazon's SAP Services
- Enabling Talent: Companies like ServiceNow
- World We Live In: Everything's going Cloud obviously

Key Trends and Themes for 2015

- Process automation
- Templates and self-service
- Transparency and business value

Mike Beals, VP Governance Research and Strategy



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Areas of Research

- Governance and Service Management Tools and Strategies
- Impact of Cloud & Compliance on Governance
- Best Practices in GBS adoption or business service maturity

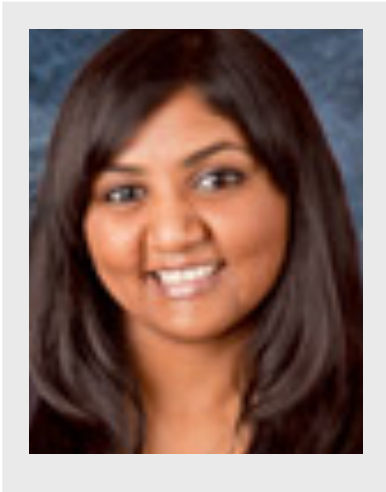
Linkage to the “As-A-Service Economy”

- Enabling Technologies: Governance Solutions & SMS tools moving into non-IT environments
- Operating Models and Platforms: Plug & Play providers
- Enabling Talent: Change & Relationship Management, Analytics
- World We Live In: Disruptive Business Models

Key Trends and Themes for 2015

- The adoption of BPaaS changing governance requirements
- The further evolution of GBS
- Uptake of Enterprise Service Management
- The ever increasing regulatory requirements

Reetika Joshi, Research Director



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Areas of Research

- Enterprise Analytics Services
- Marketing and Customer Experience Management
- Retail and CPG Operations
- Insurance Operations

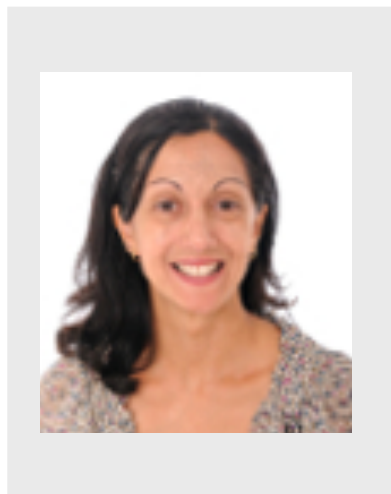
Linkage to the “As-A-Service Economy”

- Enabling Technologies: Analytics, Digital enablement in CEM and vertical processes
- Operating Models and Platforms: Platform BPO growth in insurance, evolving operating models for new service areas
- Enabling Talent: Talent development for specialized, high-value services
- World We Live In: Consumerization, Disruptive Business Models, Globalization of Labor

Key Trends and Themes for 2015

- Redefinition of the omni-channel customer experience
- Democratization of decision making between IT and business in analytics
- Continued evolution of core vertical offerings and BPaaS operating models for retail and insurance

Khalda De Souza, Principal Analyst



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Areas of Research

- Services Surrounding SaaS Platforms (Workday, Salesforce...)
- Macro Trends in IT and BPO Services in Europe

Linkage to the “As-A-Service Economy”

- Enabling Technologies: SMAC, Security
- Operating Models and Platforms: SaaS, Business Model Transformation
- Enabling Talent: Governance, Defining Business Outcomes
- World We Live In: Growth Markets

Key Trends and Themes for 2015

- Enterprises need to access IT services skills to get the maximum technical and business benefits from a SaaS deployment. This includes consulting, change management and optimization services.
- Europe continues to provide opportunities for IT service providers that are able to understand the different business cultures in the countries in this region
- Many 2nd and 3rd generation outsourcing deals are demanding value, transformation and innovation elements from IT service providers
- Increased interest in digital and cloud services has highlighted the importance of security services

Pareekh Jain, Principal Analyst



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Areas of Research

- Telecom Operations
- Engineering Services
- Supply Chain Services
- Pricing – New Deals
- Location Strategies

Linkage to the “As-A-Service Economy”

- Enabling Technologies: SMACA, IoT
- Operating Models and Platforms: Business Model Transformation, Specialist Providers, Innovation at the intersection of functional areas
- Enabling Talent: Creativity will be a catalyst through “design thinking”
- World We Live In: Emerging market demand

Key Trends and Themes for 2015

- Telcos need to digitally transform to meet new competitors and the demands of the new investment cycles of LTE/4G & FTTx
- Engineering and Supply Chain are moving from the niche to mainstream as new capabilities in analytics drive opportunities for outsourcing
- As A Service pricing models become part of publicly disclosed contracts even in traditional areas

About HfS Research

- HfS Research is the leading analyst authority and knowledge community for business services strategies
- Dedicated analyst team across US, Europe and Asia/Pac, headquartered in Cambridge, MA.
- Unique focus on business services and global operations with technology as an *enabler of the “As-A-Service Economy*:
- Facilitates the HfS Sourcing Executive Council, the highest quality network of enterprise buy-side executives leading sourcing initiatives
- Industry-leading Governance Proficiency Certification Program (GPCP) is designed to help today’s sourcing executives approach service provider relationships and governance strategy with a sophisticated and pragmatic approach
- Acclaimed research focus on demand-side trends, market landscapes, service provide evaluations (“Blueprints”), pricing dynamics, market sizing and forecasting.
- Leverages the vast HfS community of sourcing professionals to deliver rapid insights on global sourcing industry trends & developments, surveying the opinions and dynamics of 20,000 organizations in 2011-14.
- The largest web and social media presence in the sourcing industry with 142,000 research subscribers and the leading blog in the industry (horsesforsources.com).
- A well-regarded *new generation media outlet* qualified as a Google news source and regularly quoted on services trends in *Wall St Journal*, *The Economist*, *CIO Magazine* and *BusinessWeek*.