Achieving Operational Excellence and Aligning Strategy: Benefits and Impacts of the eSourcing Capability Models

Friday, 16 October 2009 | 15:10 – 16:00

Bill Hefley, Ph.D., CCP, CDP, COP
Associate Teaching Professor, Carnegie Mellon University
Bill Hefley, Ph.D.

- Dr. Bill Hefley was the founding director of Carnegie Mellon's IT Service Management graduate program, where he teaches Sourcing Management. He is associated with the IT Services Qualification Center and the eSCM Models, having led development of the eSourcing Capability Model for Client Organizations (eSCM-CL). He is a professional member of the IAOP, serving in the Career Mapping and Corporate Social Responsibility subcommittees, and as a Global 100 judge for 2009. Dr. Hefley has been awarded the CCP, CDP, and COP certifications.
Achieving Operational Excellence and Aligning Strategy: Benefits and Impacts of the eSourcing Capability Models

Panel Moderated by:
• Bill Hefley, ITSqc, Carnegie Mellon University

Panel Members:
• Sheshadri BC, Global Head – Quality and Risk Management, Infosys BPO
• Marie-Noelle Gibon, Director of Innovation, La Poste
The eSCM-SP and eSCM-CL are designed to be complementary Models, addressing both sides of a sourcing relationship.
eSCM Status

Adoption activities underway globally
- Asia Pacific (Australia, China, India, Philippines, Singapore, South Korea)
- Europe (Belgium, Czech Republic, France, Germany, Ireland, Italy, Netherlands, Portugal, Russia, Spain, Switzerland, U.K.)
- North America (Canada, Mexico, USA) and South America (Argentina, Brazil, Chile, and Costa Rica)

Publications and Community Involvement
- More than 50,000 copies of Models downloaded
- Mapping and measurement technical report downloads exceed 10,000 copies
- Capability Determination Methods and data are made available to business communities and researchers via our website (http://itsqc.cmu.edu)
- Addressing needs for process integration and certification in quality standards community

Provider Certifications
- Accenture BPO, Bangalore, India
- Frontline Outsourcing (Asia) PTE LTD, Singapore
- IBM Global Services, Strategic Outsourcing, Brazil
- IBM Global Services, Strategic Outsourcing, Buenos Aires, Argentina
- IBM Global Services India (IGSI), BTO Operations and IBM-Daksh, a wholly owned subsidiary of IBM, (Bangalore), India
- Infosys BPO, Bangalore, Jaipur, and Pune, India & Brno, Czech Republic
- LG CNS Infrastructure Service Center (ISC), South Korea
- Phoenix Health Systems/Children’s Hospital, Pittsburgh, PA
- Satyam BPO, Hyderabad and Bangalore, India
- SK C&C, OS Infra Business Division, South Korea
## Quality Framework Relationships

### eSourcing Capability Model for Client Organizations (eSCM-CL)

<table>
<thead>
<tr>
<th>eSourcing</th>
</tr>
</thead>
</table>

### eSourcing Capability Model for Service Providers v2 (eSCM-SP)

<table>
<thead>
<tr>
<th>eSourcing</th>
<th>Controls</th>
<th>CMM®s</th>
<th>eSCM</th>
<th>ITIL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ISO 17799 / ISO 27001</td>
<td>CMMF®</td>
<td>eSCM-SP v2</td>
<td>BS 15000 / ISO 20001</td>
</tr>
<tr>
<td></td>
<td>COBIT® / Val IT™</td>
<td>SW-CMM®</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Security &amp; Controls</td>
<td>Systems &amp; Software</td>
<td>Business Process (BPO)</td>
<td>IT Services</td>
<td></td>
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</tbody>
</table>

### Human Capital Management
- People Capability Maturity Model® (People CMM®)

### Quality Management
- ISO 9001

### Social Responsibility
- ISO 26000

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Benefits and Impacts of the eSourcing Capability Models

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Marie-Noëlle Gibon
Director of Innovation, IT & Business Development
DOCAPOST/La Poste Group
Marie-Noëlle Gibon

- CIO experience in different Business Units at La Poste since May, 1996.
- In September, 2006, as the Mail Services BU CIO, she introduced eSCM framework into La Poste.
- She also led the team composed of both Service Providers, IT Managers, and Consultants that founded a French Association in order to make eSCM adoption easier by delivering appropriate toolkits. She is the President of this association named **Ae-SCM**.
Alignment between Corporate and IT Strategies

Getting the right resources at the right time
Sourcing Policy: a four dimension Plan

1. Defining Sourcing Strategy
2. Taking our Sourcing management practices to a higher professional level
3. Service Providers are committed to excellence
4. Sharing Sourcing experience within La Poste organization
Point 1: Setting up a Sourcing Strategy

- **Objective**: Setting up our Sourcing Strategy:
  - To select activities to be externalized
  - To replace existing agreements focusing on means to be supplied by results oriented agreements
  - Define a schedule for deployment

- **Three major activities**:
  1. Mapping IT activities
  2. Sourcing projects to be selected and planned
  3. Implementation of new services

- Sourcing best practices Model in use is eSCM-SP
Point 1: Setting up a Sourcing Strategy

- Does this IT activity have an impact on the alignment of the IT and the corporate strategy?
- Is the control of this IT activity necessary for taking the strategic decisions?
  
  *Ex: Definition of IT plan, actions plan prioritization*

- Does this IT activity require confidentiality?
  
  *Ex: internal or external communication, budget and costs allocation*

- Is it compulsory to keep internal competencies and knowledge for operational reasons (dialog with the business, reactivity / anticipation as far as the business needs are concerned...)?
  
  *Ex: emerging needs, design of new solutions*

Alignment with corporate strategy

Alignment with IT strategy

Market maturity level and SP offerings

Constraints (confidentiality, security, statutory compliance, etc.)

Operational requirements

Number and appropriate competencies

Guidelines for Building up the sourcing strategy
Point 2: Taking our sourcing practices to a higher professional level

- **Objective**: To improve internal sourcing practices and to make them more professional

- **Four major activities**:

  1. Diagnosis of existing practices
  2. Practices selection and prioritization
  3. Customization to fit well within our organization
  4. Best practices implementation

- Sourcing best practices Model in use is eSCM-CL
Point 3: To get service providers committed to excellence

- **Objective**: To work together with our service providers in order to get them committed to excellence as far as their sourcing practices are concerned.

- **Two major activities**:
  
  1. Our requirements are taken into account and their implementation under control (basics).
  2. Continuous improvement on a yearly basis.

- Sourcing best practices Model in use is **eSCM-SP**.
Appendix 1

Benefits from using the eSCM-CL Framework

• The only best practices model covering all the sourcing processes across the sourcing lifecycle including
  - Sourcing Policy,
  - Agreement phase,
  - Implementation and day-to-day sourced services Management,
  - Completion

• Common language for better mutual understanding (both for client organization as well as service providers)

• Clear roles and responsibilities assignment for better efficiency

• using the eSCM-CL framework as a roadmap or guide to improve continuously our sourcing processes

• compatible with and complementary to other “best practices models” implemented or being implemented within La Poste (CobiT, ITIL, CMMI, ISO 27001)
eSCM and People Management Benefits

- Help to ensure cultural change management
- Roles and Responsibilities are well defined for both client and service provider personnel in order to avoid rework and redundancies
- Fostering trust and transparency relationship
- Knowledge Management is taken into account
- Handling culture differences and taking into account necessary adjustments to be carried out
- Support the implementation of processes helping to manage issues, disputes and their resolutions before turning into conflicts
Major obstacles to eSCM-CL implementation

- Documents in English exclusively and typically « anglo-american » oriented

- Lack of toolkit to facilitate eSCM deployment within the organization (examples: diagnosis tools, implementation guides)

- Lack of skills of the French consultancy firms to support your organization in eSCM-CL roll out

- Few (none) Service Providers have started eSCM-SP model implementation (whatever the service is: IT services Management, or Application Development and Management…)
Ensuring the eSCM Model promotion through AE-SCM

SP/CL Assessment

Maturity Graph

Scorecard "eSourcing"

Ae-SCM has published a pocket guide (in French) to the eSCM-CL. Ae-SCM is French Association for the Promotion of the Good Practices of Sourcing. This pocket guide was written as a practical reference book to provide rapid access to the eSCM-CL framework and philosophy.
eSCM – Infosys way of Building a Scalable and Mature Organization

Friday, October 16, 2009

Sheshadri BC
Global Head – Quality and Risk Management, Infosys BPO Limited
Sheshadri BC

Sheshadri has been involved in Infosys BPO business from its inception and has been involved in different facets of its outsourcing engagements. Currently he heads Quality and Risk Management functions for Infosys BPO at global level and is responsible for implementation of global standards in BPO Operations. Sheshadri has over 23 years of industry experience. He has developed an expertise in creating winning solutions (both Business and Technology) for leading companies across the globe.
About Infosys BPO
# About Infosys BPO

- Presence in 11 cities across 7 countries
- Employee Strength 17500+

<table>
<thead>
<tr>
<th>Service</th>
<th>Banking &amp; Capital Markets</th>
<th>Media &amp; Entertainment</th>
<th>Energy, Utilities &amp; Services</th>
<th>Insurance, Healthcare &amp; Life Sciences</th>
<th>Manufacturing &amp; Resources</th>
<th>Retail, CPG &amp; Logistics</th>
<th>Communication Services Provider</th>
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<tr>
<td>Customer Service</td>
<td>Contact Centers for Sales, Service &amp; Helpdesk, Customer Service for Telecom, Manufacturing, Distribution, Financial &amp; Service industries</td>
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<td>Human Resources</td>
<td>Recruitment &amp; Staffing Support, Workforce Deployment, HR Administration, Benefits Administration, HR Helpdesk</td>
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<tr>
<td>Knowledge Services</td>
<td>Economics Research, Industry Research, Company Research, Analytics, Learning Services, LPO</td>
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<tr>
<td>Sourcing &amp; Procurement</td>
<td>e-Business Solutions, Tactical Procurement, Strategic Procurement, Compliance &amp; Performance Management, Spend Analytics</td>
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<td><strong>Procure-to-Pay</strong> Procurement Data Management, Purchase Requisition and PO Processing, Document Management, Spend Aggregation and Reporting, Contract Compliance, Invoice Processing</td>
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<td><strong>Cash-to-Credit</strong> Order enquiry, Order Administration, Order Fulfillment &amp; Accounts Receivable</td>
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Objectives of adopting eSCM framework
Leverage eSCM-SP v2 model for strengthening practices across the business life cycle as existing frameworks do not comprehensively address best practices needed for BPO services

- Some of the key capability areas targeted
  - Relationship Management
  - People Management
  - Threat Management
  - Service Delivery

Create, imbibe and institutionalize a process culture across the organization

Manage and sustain rapid organizational growth through enhanced and robust practices

Providing assurance to clients on Infosys BPO Process Capabilities
Implementation Journey
The 2009 European Outsourcing Summit
15-16 October, 2009 • Copenhagen Business School • Copenhagen, Denmark

GAP Evaluation
- Awareness training on eSCM-SP v2 requirements
- Evaluate existing practices and eSCM-SP v2 model requirements

Quality Management System Process Documentation
- Formation of core team
- Review and update document to address the gaps

Pre-deployment Activities
- Mass communication through web portal, mailers
- Development of eSCM-SP v2 implementation check lists

Certification Evaluation
- Mock assessment by Infosys BPO team
- Capability determination and final assessment by Underwriters Laboratories

Sustenance & Improvements
- Sustenance of model through periodic Self / Independent assessments
- Improving the process and deployment as per self assessment findings
Benefits Derived
**Relationship Management:** Enhanced process related to managing client relationships, proactively providing value addition and transitions / service transfer resulting in process improvements (transformation savings), improved client satisfaction and seamless transfer of work.

**Transformation Savings**

<table>
<thead>
<tr>
<th>Year/Quarters</th>
<th>Client</th>
<th>IBPO</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 08</td>
<td>3.7%</td>
<td>0.8%</td>
<td>4.5%</td>
</tr>
<tr>
<td>FY 09 (Q1-Q3)</td>
<td>6.5%</td>
<td>2.2%</td>
<td>8.6%</td>
</tr>
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</table>

**Customer Satisfaction**

- **Satisfaction Index**
  - FY 06: 25.9
  - FY 07: 30.5
  - FY 08: 25.7
  - FY 09: 40.3

- **Experience Index**
  - FY 06: 4.52
  - FY 07: 4.69
  - FY 08: 4.83
  - FY 09: 5.02

- **478 projects closed in last three quarters against 262 projects closed in previous financial year**
- **Performance on transformation has enabled Infosys BPO to differentiate at the market place and win deals**
Relationship Management: Seamless Transfer of work

Transition Methodology

Service Transfer - in

- Captive shared services arm of European Electronics manufacturing, 1500 employees across three locations
- Transferring people resources for asset and insurance management services company of USA from India facility

Service Transfer - out

- Well established methodology followed to seamlessly transfer out the processes of a mortgage company

Practice of Tollgate reviews was instituted as part of the Transition Methodology. This practice has shown improvements in adherence to methodology and is enabling effective transitions. Also transition out has been institutionalized.
**People Management**: Strengthened practices related to right skilling and career development resulting in improved employee satisfaction (work environment)

**Threat Management**: Institutionalized risk assessment practices at engagement and enterprise level resulting in reduction in % of revenue from critical risk engagements

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### Employee Satisfaction

**Employee Satisfaction - Work Environment**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Employee Satisfaction</th>
</tr>
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<tbody>
<tr>
<td>FY 06</td>
<td>56%</td>
</tr>
<tr>
<td>FY 07</td>
<td>80%</td>
</tr>
<tr>
<td>FY 08</td>
<td>88%</td>
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</tbody>
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### De-risking the business

**% of Revenue from Critical Risk Engagements**

<table>
<thead>
<tr>
<th>Fiscal Period</th>
<th>% of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 09 (Q1+Q2)</td>
<td>0.90%</td>
</tr>
<tr>
<td>FY 09 (Oct-Nov)</td>
<td>0.10%</td>
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</table>
Service Delivery: Enhanced the “Operations Methodology” (Infosys BPO way of delivering services) resulting in improving process capability and reduction in customer complaints.

Meeting client and organizational commitments*

Reduction of client complaints

* Process Capability assessment includes commitments - process metrics & organizational requirements like people (attrition) and financial (revenue, margins) metrics.
Thank You