

Business Platforms



Business Platforms-Cascading into the next Horizon of Outsourcing!

Hariprasad B. K.

The Business Imperative

In a business environment increasingly driven by disruptive shifts in the global economy, organizations are locked in an ongoing struggle to cut costs, streamline processes and innovate operations. Hitherto, the business case for Business Process Outsourcing (BPO) was typically built on the twin benefits of labor cost arbitrage (lift and shift) and economies of scale (consolidation of distributed activities). However, customers today are increasingly looking beyond this to BPO providers who will deliver not only best practice processes but also technology enablers for seamless global business processing in a cost-effective manner.

Key Challenges

Achieving seamless global delivery is often hampered by a complex, heterogeneous systems landscape unable to communicate with each other. Due to inorganic growth strategies or through tactical de-centralized IT investments, many organizations find themselves operating fragmented, heterogeneous enterprise resource planning (ERP) systems and home-grown custom applications. This presents a significant challenge for an organization seeking to maximize benefits from consolidation and standardization. Obtaining timely and meaningful information is difficult, if not impossible, often hampering decision making and in many cases the cost of obtaining information is prohibitive. Organizations faced with this situation must decide their enterprise applications strategy, as a part of their overall outsourcing strategy.

Hitherto, the common approach was to consolidate their enterprise applications landscape and migrate to an in-house single instance implementation. However, global implementations can cost millions of dollars and take years to implement. Savings that could be achieved through process harmonization and processing consolidation through BPO, are often not realized due to delayed implementations. Any disruptive activity such as a merger or acquisition during the consolidation negatively impacts the implementation schedule and costs. Executives have also been challenged by changing market realities, increasing global competition and pressures on bottom lines, leading to capital starvation, expectations on delivering higher shareholder value by increasing ROI (Return on Investment), better Risk and Compliance, and alignment with overall strategic objectives.

Organizations have realized the need for an alternative service delivery model, given that investments in systems consolidation produces limited results at an unacceptable cost. Traditional BPO model, where the process and people are managed by a BPO service provider where as the technology is still owned and managed by the customer has limited effectiveness, as the fundamental bottlenecks are not addressed. This has led to customer expectations of technology led process transformation.

Business Platforms - The Way Forward

To address the challenges mentioned above, Platform BPO has emerged as an innovative service delivery model, wherein end-to-end processes are offered as “Managed Services”, on a standardized “Business Platform” based on a best-of-breed ERP solution, hosted, managed and maintained by the BPO Provider. This involves implementing, and managing an end-to-end process that converges the ownership of the outsourced process, people and technology to the BPO provider and is aligned to the business and strategic objectives of the customer. This bundling of technology, consulting and BPO helps synergistic value creation, delivers transformational value and additional cost-savings using strategies such as global sourcing, technology innovation, process optimization, scale, and centralization.

A Business Platform enables customers rapidly move to a best-in-class state in managing end-to-end processes based on agreed SLAs with minimum of change management effort, at a business value based variable pricing. A hosted model, based on Best-in-Class process templates coupled with innovative technology enables multi-tenanted service delivery, leading to cost savings through economies of scale, scope and access to low cost global labor. Additional value generation is also delivered through a value-added envelope of enabling technology such as scanning solution, business process management and workflow layer, and document management capabilities, built to work with the ERP. This can lead to immediate productivity gains and process effectiveness, with minimal investment from customers.

This transfer of responsibility for managing specified processes, application and technology enables customers to shift focus from transaction management to strategic, transformational initiatives.

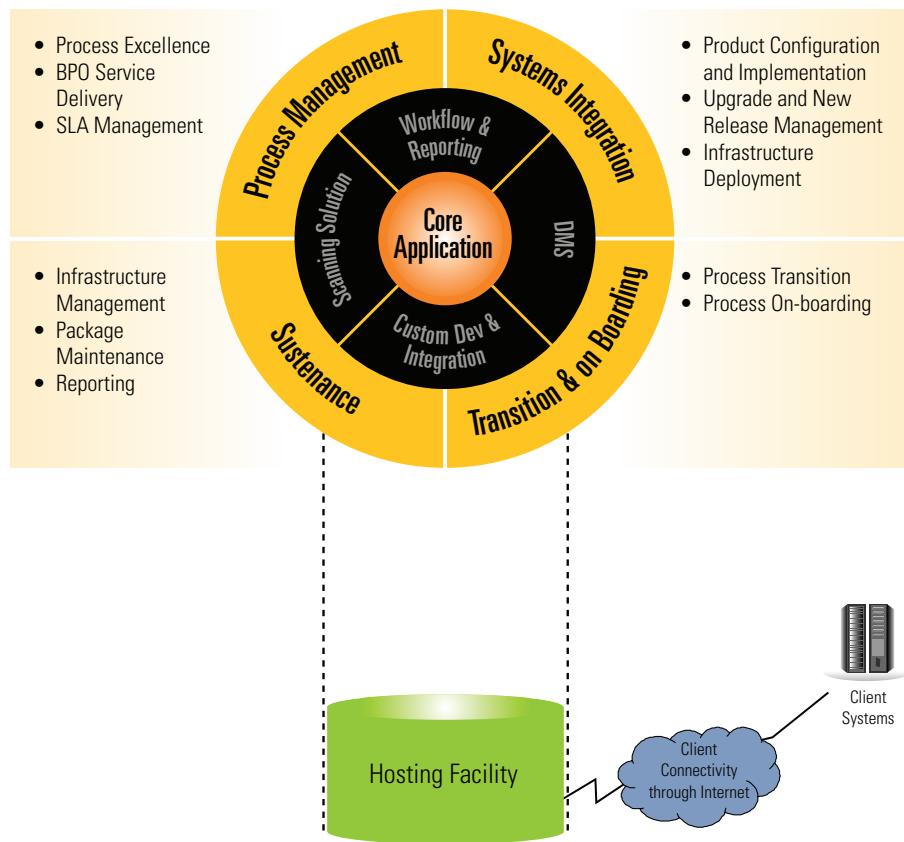


Figure 1: Platform provides a blended service for process execution for multiple clients

This model lends itself very well to end-to-end processes that can be de-coupled and completely outsourced. Early examples of such processes are Source-to-Pay and Hire-to-Retire, offered on a non-effort transaction or Value pricing such as percentage of spend, Price per PO, Price per Invoice line and price per HR and Payroll function per employee.

Technology Led Process Transformation

The advent of Service Oriented Architecture (SOA) has enabled the Platform BPO approach. It enables the BPO Provider to act as an extended enterprise of the customer and deliver services while being loosely coupled to the customer's applications instead of being tightly integrated to customer's IT landscape. The notion of business services (PO processing, Invoice and Payment processing, et al) creates a virtual application by connecting multiple services, often from disparate applications, to present users with a unified process view. The newly combined services become an end-to-end process that can be easily re-used and configured to meet customers' business needs. The business benefit of this is an end to end process view, cutting across functional silos to create true optimization of TCO at process level rather than function level.

In effect, this service delivery model is a paradigm shift to a process-centric model from an application-centric model. The provider can use the same process regardless of the underlying ERP system, and can thus act as an aggregator and provide economies of scale and scope, using a multi-tenanted model. This is a unique service delivery model, and a significant step in transformational outsourcing.

Essential Success Criteria

The Focus of traditional BPO is Cost Reduction and Process Improvement, not IT. These BPO goals are enabled by IT, but IT considerations get lost in the maze. The Platform BPO model, an answer to this paradox, is a bundling of ITO and BPO. This bundling typically prompts wider executive participation in decision making. This calls for a cross-functional decision process and needs a holistic mindset from customers, in giving away control of their applications landscape and technology to BPO providers, allowing a more seamless service. Moreover, The Platform provider can act as an aggregator through a Multi-tenancy model to provide economies of scale and scope, and hence provide benefits. This requires customers to be

mature to adopt standardized platforms provided by the provider, and discontinue usage of customized platforms currently deployed.

Conclusion

Platform BPO model is a fundamental shift in service delivery from a transaction-centric model to a process-centric model, and creates advanced services and integrates them deeply into companies' value chains, in part, by combining internal capabilities with specialized processes and tools from providers. Depending on where an organization is in terms of process, people and technology maturity, savings of 20 to 35 percent on current TCO is possible by embracing the Platform paradigm, while quickly having a springboard to "Win in the Turns" of economic business cycles.

About the Author

Hariprasad B. K. is Head – Strategic Platforms, Infosys BPO. He has over 13 years experience in Enterprise Applications, Technology consulting and Presales. Hariprasad has worked with number of Fortune 500 clients, mainly in North America to help them implement extended enterprise strategies and achieve business transformation through process and technology innovation. Prior to his current stint at Infosys, Hariprasad has spent many years in Oracle Corporation in U.S and India, playing roles in Consulting, Presales and Product Management. He has an MBA in Finance and Systems and a B.E (Hons) from University of Mumbai.

Questions? Opinions?

Please visit <http://www.infosys.com/bpo>

For more information, contact bpo_marketing@infosys.com

Infosys BPO Ltd. (www.infosys.com/bpo), the business process outsourcing subsidiary of Infosys Limited, focuses on integrated end-to-end outsourcing and delivers transformational benefits to its clients through reduced costs, ongoing productivity improvements, and process reengineering. It has been recognized as one of the leading BPO providers in the world by The International Association of Outsourcing Professionals, NASSCOM, Dataquest, Red Herring, FAO Today, NelsonHall and others. Infosys BPO. Infosys BPO operates in India, Czech Republic, China, Philippines, Poland, Thailand and Mexico



For more information, contact askus@infosys.com

About Infosys

Many of the world's most successful organizations rely on Infosys to deliver measurable business value. Infosys provides business consulting, technology, engineering and outsourcing services to help clients in over 30 countries build tomorrow's enterprise.

For more information about Infosys (NASDAQ:INFY), visit www.infosys.com.