

Win in the flat world

Noiseless Transition

Infosys enables T-Mobile UK to faster realise the benefits of outsourcing its Finance Directorate Functions

Abstract

Noiseless and on- time transition is essential to ensure that firms are able to maximize the value gain and succeed in their outsourcing initiatives. This case study details how T-Mobile UK and Infosys BPO worked as trusted partners to leverage on Infosys' proven 'transition methodology' to successfully transition the transactional processes in the Finance Directorate function of T-Mobile UK, despite the presence of a number of factors which made the transitioning process complex and challenging.



CLIENT OVERVIEW

T-Mobile UK is a part of the Deutsche Telekom group that operates Fixed, GSM and UMTS networks in Europe and the United States. T-Mobile UK has more than 17 million subscribers and 6000 employees making it one of the largest operations in the Deutsche Telekom group.

Background and Business Drivers for outsourcing

T-Mobile UK was looking at means of structurally reducing the cost of its business processes while focusing on those activities that are core to its brand and growth. As part of this strategy, T-Mobile UK carried out an assessment of transactional activities in its Finance Directorate with a view to partner with a service provider to deliver these activities.

Scope of the outsourcing initiative included various processes within the Finance Directorate such as Accounts Payable (AP), Accounts Receivable (AR), Procurement, Reporting, Credit Referral, Fraud, Billing and Commissions, Data Management Office, Interconnect and Roaming Settlement, Fixed Assets and Revenue Accounting.



T-Mobile UK was keen that the relationship with the chosen service provider should extend beyond mere cost arbitrage. With this view, three key business objectives were outlined as part of the outsourcing strategy:

1. To drive operational efficiency to gain competitive advantage
2. To improve quality of service by allowing greater focus on value-add processes
3. To take decisive action to deliver cost savings and quality within the first year of partnership

T-Mobile UK was clear that establishing a partnership relationship with the chosen service provider (rather than a client-provider relationship) was key to achieving these objectives. Hence, they set in place a very rigorous approach towards selecting the right partner which consisted of multiple vendor site visits and stringent capability analysis. Infosys was selected as the outsourcing partner to T-Mobile UK, post the rigorous vendor capability assessment.

The Transition Approach

T-Mobile UK had three key objectives from transitioning the processes adopted by Infosys:

- Realise the benefits and any synergies available through outsourcing of the in-scope services
- Accept the handover of the current services without experiencing undue operational issues and
- Maintain existing service levels during transition

Following were some of the challenges anticipated at the start of the transition:

Change management: The retained organisation would be expected to learn a new way of doing things - from managing processes to managing relationships and acquiring new skills.

Complexity of the transition: The transition was expected to be complex given that there were 4 departments, 21 processes, 130 sub processes, about 70 FTEs at risk, 35 Infosys staff to be trained onsite at T-Mobile UK offices in

Hatfield, UK and multiple transition waves with multiple processes in each wave.

Cultural differences: The challenge here was to integrate two different organizational cultures but also to ensure that any negative feelings on the part of T-Mobile UK employees were diffused. Cross cultural differences between UK and India also needed to be accounted for.

Need for accelerated Transition: The transition timelines were challenging with all in-scope processes required to go-live within 5 months of the start of the first onsite training. Tight timelines also meant that there was very little or no scope for slippages and need for faster decision making.

Lack of Prior Exposure to Outsourcing on the part of the T-Mobile UK Finance Directorate: Since T-Mobile UK finance directorate was outsourcing for the first time, Infosys was expected to provide their transition expertise and deploy a proven methodology. It was also critical for T-Mobile UK to have internal and group stakeholders support the initiative.

Risk of loss of T-Mobile UK resources during transition: A critical risk identified at the start of the transition was potential loss of T-Mobile UK staff during the transition phase. Loss of key resources would mean loss of process information which could render the knowledge transfer to Infosys ineffective.

Maintaining Service Levels: It was critical to the success of the transition that existing metrics were not adversely impacted. The T-Mobile UK staff was expected to dedicate significant amount of time to transfer knowledge to Infosys teams leading to a potential drop in service levels.

The Infosys Approach towards Noiseless and Accelerated Transition

In order to overcome the above anticipated challenges during the transition, Infosys implemented its rigorous Transition Methodology consisting of 5 stages (Preparation, Planning, Execution, Parallel run and Steady state) across 5 tracks (Knowledge management, Contract

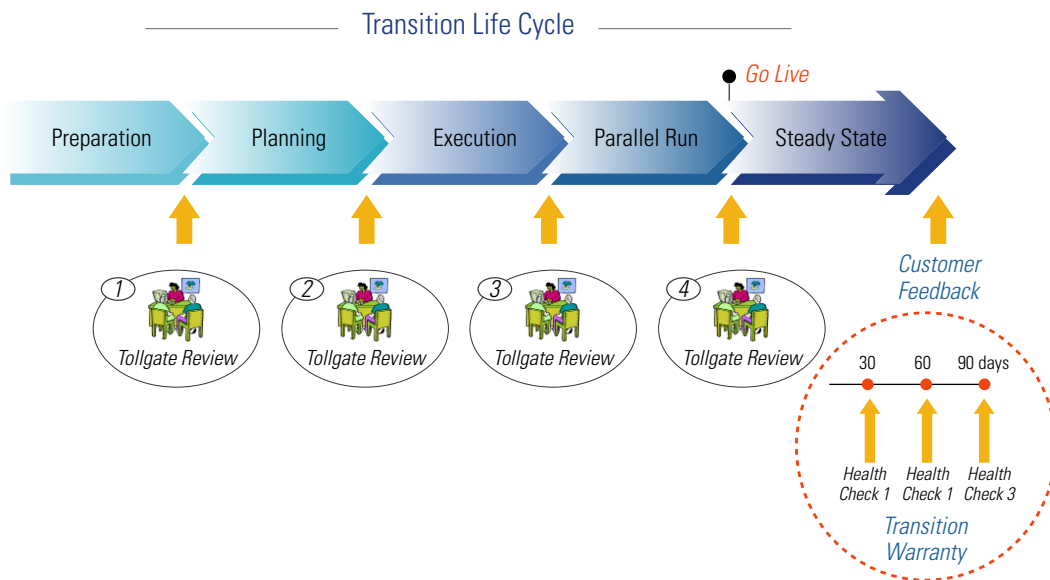
management, Program Management, Operations and Technology management). Rigorous tollgate methodology was used to ensure movement of the project from one stage to another.

Specific customer acceptance criterion was agreed upon during the contract discussions to agree on specific performance parameters that Infosys should deliver to move processes from Transition to Steady state/Business as usual.

The transition of 21 processes (with over 130 sub processes) in scope was done in 3 waves to ensure minimal impact on existing operations. Careful planning of onsite

training timelines ensured that service levels were not impacted due to T-Mobile UK SMEs spending time training Infosys staff. Detailed documentation of processes through training manuals ensured completeness of knowledge transfer. The offshore parallel run was supported by T-Mobile UK SMEs travelling offshore to Infosys location in India for a period ranging for 1 to 4 weeks.

The Infosys Telecom Centre of Excellence also put together a two day training program comprising of an 'Overview of the Wireless industry from a UK perspective' and a foundation module on 'telecom billing' to give the Infosys employees an exposure to the client business environment.



Contracts Management	Define and agree on SLAs and other contractual elements
Operations Management	Hire and train process executives; ensure operating process procedures & physical infrastructure
Technology Management	Design & Implement Technology Infrastructure
Knowledge Management	Understand, Capture & Transfer Knowledge
Program Management	Plan, monitor and communicate progress across tracks

Critical factors that led to a successful Transition

Commitment from T-Mobile UK and Infosys BPO top management: The project enjoyed continued support from the senior management teams from both sides which provided a clear direction to the project at all stages. The Finance Leadership Team (FLT) from T-Mobile UK and Infosys BPO senior management met regularly during the course of the transition to review progress and provide support for issues that needed immediate resolution. Senior leadership from T-Mobile UK also visited the Infosys BPO operations floor to engage with the Infosys resources.

Robust Governance Model: Governance approach/model was agreed upfront and diligently operationalised throughout the duration of transition. Governance included weekly steering committee calls, technology and transition review calls. The Governance was managed through an agreed set of meetings at senior management (Heads of departments), operational (Process Managers) and project level (Transition and Project Managers). Senior management meetings were fortnightly to begin with and then monthly as the project progressed. Operational meetings were weekly and in some instances daily while the Project level meetings were weekly with representation from Operations, Technology, senior management and Project managers.

Partnership Approach: All stakeholders from both sides ensured that all issues were seen as project issues rather than Infosys or T-Mobile UK issues. This ensured speedy resolution of issues. The relationships formed at all levels with both retained and non retained resource were outstanding and a significant benefit to the project.

Proactive Project Management: Risks and Issues were highlighted by both sides proactively which ensured that issues did not become risks and risks were mitigated to stay on track. Risks and issues were addressed quickly and many were resolved without having to be raised at a project level. A rigorous risk tracking method was followed with risks tracked on a weekly basis at the project level. Risks that required senior management attention were highlighted in the fortnightly Finance leadership team

meetings. A dedicated central project management office was set-up which ensured consistency of approach (in regards to training and documentation) across 130 processes.

Speed of Response: Dedicated project management team from both sides ensured speed of response. The project management team consisted of program managers, technology, operations and training leads from both sides. Faster decision making was ensured by agreeing on the process to be followed for making decisions, specifically those requiring exceptional approvals and close involvement of senior management from both sides. Continuity of project teams from both sides ensured that the ball didn't drop due to hand-offs. This was true of teams from T-Mobile UK and Infosys side with same teams working right from Due Diligence to the Project closure.

Robust Organisational Change Management: T-Mobile UK management was committed to managing change not through monetary incentives but through continuous communication in an open, fair and proactive manner which ensured that resources at risk always felt trusted, respected and involved in the change process. The T-Mobile UK senior leadership was committed to continuously communicating to the staff about the progress of the project. Continuous dialogue with consulting/ people managers ensured involvement of teams throughout the duration of the project. Significant amount of time was invested in communicating to the retained resources as well as the staff at risk. An outplacement cell to support staff at risk was also set-up to help staff at risk find right opportunities in the market.

Selection of Right Resources: Right set of resources were involved in training from both sides. Infosys resources were sensitive to the situation that the staff at risk was involved and the T-Mobile UK trainers were extremely professional throughout the training duration. Infosys ensured that all 35 staff to be trained onsite was prepared through a pre-training boot camp to effectively handle the sensitivities of staff at risk. This also ensured that the two teams integrated well ensuring a smooth transfer of knowledge.

Key Learnings

Infosys has successfully transitioned over 1000 processes over time, and has evolved a robust methodology to ensure successful transition of processes without business interruption. However, each transition process presents its own learning opportunities. Presented below are Infosys' and T-Mobile UK 's joint learnings from the transition process.

- **Technology related:** Technology which has a major external dependency (either an external vendor or an internal company group) e.g network connectivity deployment by an external service provider, scanning solution provided by a third party - needs to be managed closely and tightly. Seemingly simple tasks like granting application accesses need to be planned in advance to ensure that accesses are made available to all on time. This can be done through a detailed analysis of the application inventory. Similarly any technology deployments e.g workflow solution aimed at improving operational efficiencies need to be planned as a separate project with dedicated resources with specific skills to ensure that deployment timelines match the overall project timeframes.
- **Cultural integration:** The cultural integration exercise needs to start in the early stages of the implementation - this is especially critical when the outsourcing company/ client is offshoring for the first time. Significant number of issues can be avoided through better understanding of differences in culture and ways of working. This exercise needs to involve all of the retained organization and focus on dimensions of cultures - power distance, individualism vs collectivism, uncertainty avoidance, long-term versus short-term orientation etc
- **Timelines for Transfer of Learning:** Judgmental processes need higher training duration - process involving higher levels of judgment and local market context need to have higher training and stabilization durations. E.g processes like credit underwriting and fraud management may need

extensive training and stabilization durations than other transactional processes like AP or AR.

- **Clear definition of scope:** A rigorous approach needs to be adopted to clearly define the in-scope and out of scope activities. This needs to be supported by detailed documentation.

Benefits of successful and noiseless transition delivered:

The success of the transition is highlighted by the following key achievements

1. Project delivered GBP 16,000 under budget (savings delivered to T-Mobile UK as against the originally estimated transition cost)
2. 100% on-time recruitment
3. 95% on-time completion of onsite knowledge transfer/ training
4. Zero escalations
5. 90% on-time delivery of the project
6. Business case being delivered

Laying the Base for Process Optimization

Clients are increasingly looking beyond mere cost arbitrage when it comes to outsourcing. Fast and noise free transition coupled with a deep understanding of client business drivers has enabled Infosys to add value to the T-Mobile UK processes through process standardization and harmonization initiatives right from the start of business operations. Process improvement initiatives implemented in the first quarter of operations include:

- Automation and creations of tools for streamlining AP and AR processes
- Improvement in recovery of aged debt
- Improvement in fraud analysis to detect potential fraud, reduction in ID Fraud loss amounts
- All priority Key Performance Indicators (KPI) met
- Improvement of Days Commissions Outstanding KPI by 6 days

CONCLUSION

A partnership approach based on mutual trust and transparency is essential to successfully transition business processes noiselessly as this enables both sides to develop a long term view of the relationship without compromising on mutual short term benefits. Partnering with an outsourcing firm which has the capability to quickly imbibe client business value drivers will enable clients to not only ensure non-interruption to regular operations but also to start gaining business value at the onset of relationship itself.

Lars Nordmark – Finance Director

The top Finance leadership team committed a lot of time and energy to our outsourcing journey. From the onset, we were very clear that we were looking for a long term relationship and had set out some pretty stringent criteria for choosing our outsourcing partner. Our expectation from our partner was not limited to just achieving KPIs, we also wanted them to optimize our processes long term. At the end of the transition and 4 months into steady state, I am happy to say that we have developed a true partnership. Not only are the KPIs in the green, we are also seeing process improvements as well. That's not to say that we have not had challenges to overcome, but that's what you would expect in a transformation programme. Overall I am very happy with what we have achieved.

Tim Spence – Head of Customer Finance

Infosys was selected based on consistency of performance across the 4 stages of assessment (pre-visit, site visit, RFP, presentation) as well as key cultural, compatibility and commercial differentiators that best aligned to T-Mobile UK's goals. The decision to award the contract was a unanimous one. I must say that the way Infosys managed the transition process convinced us that we were not wrong in our decision. Not only has the business case been delivered and all top priority KPI's been met, but we have seen some initial success in terms of process improvements. Infosys team in India is now working as an extension of our finance directorate here in Hatfield.

P-O Ahlstrom – Head of Compliance Change & Service Relationship Management

We always knew that the success of the relationship was dependant on the two teams working as one and it's great to be in a position of true partnership within just a few months into the steady state. The true test of an outsourcing 'partnership' occurs when the employees of both organizations interact with each other. The moment of truth in this relationship occurred when the Infosys resources walked into our Hatfield office for onsite training. There certainly was some uncertainty among our employees and I must say that I was impressed by the way that the Infosys employees were able to handle the situation and diffuse any negative emotions. They have been able to integrate themselves into the T-Mobile UK organization within a short span of time and create a winning partnership with their UK counterparts.

Client Speak

Client Speak

Infosys Technologies Ltd. (NASDAQ: INFY) defines, designs and delivers IT-enabled business solutions that help Global 2000 companies win in a flat world. These solutions focus on providing strategic differentiation and operational superiority to clients. Infosys creates these solutions for its clients by leveraging its domain and business expertise along with a complete range of services.

With Infosys, clients are assured of a transparent business partner, world-class processes, speed of execution and the power to stretch their IT budget by leveraging the Global Delivery Model that Infosys pioneered.

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