

Welcome

Moving from an internal shared services to an offshore/outsourced model-

Top 5 lessons learnt

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Agenda

Case study: Orange Business Services

- **Birth** of shared services around the globe
- **Rebirth** as offshore, outsourced centers
 - BPO journey timeline
 - Outsourcing project summary
- **Top 5** lessons learnt
- Q&A

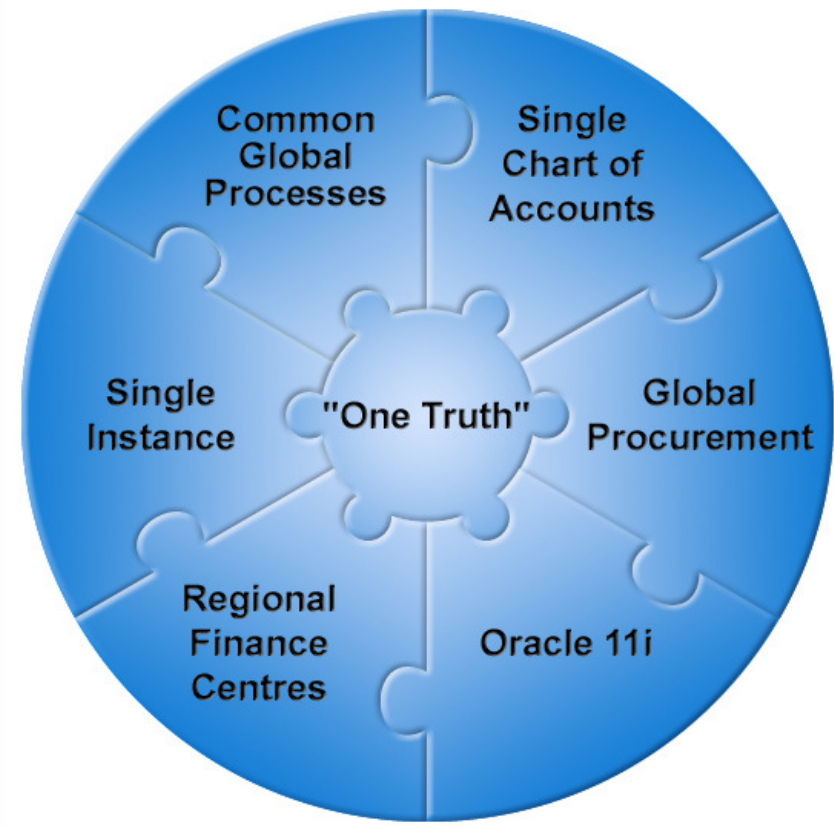
Birth of shared services around the globe

- Systems and shared services transformation first

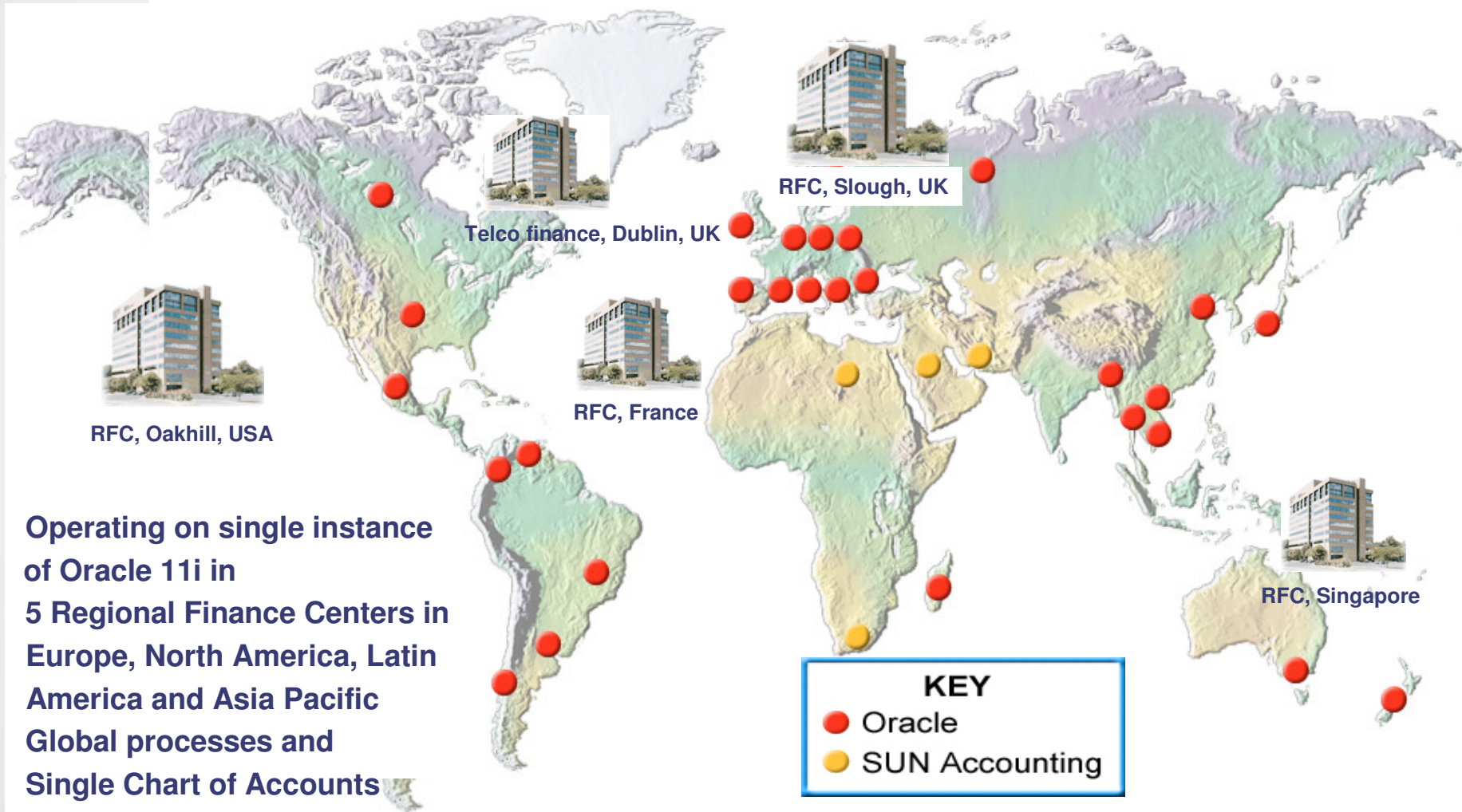
Project Delphi (Oracle and SSC implementation)

Results achieved in 2 years from Q1 2002 to Q1 2004:

- “one truth”
- delivered **on time**
- with **additional functionality**
- coming in **under budget**
- with **greater cost savings**



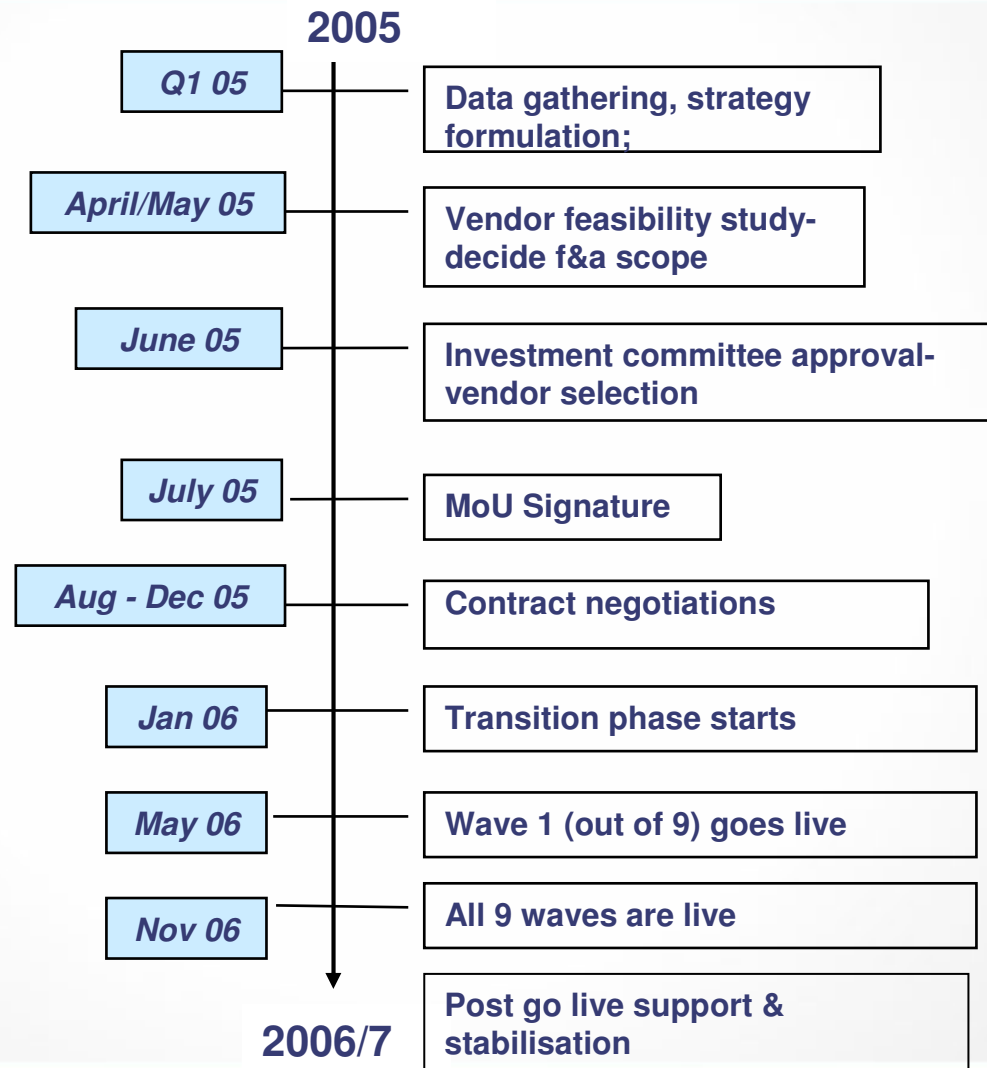
Beginning 2006



- Operating on single instance of Oracle 11i in
- 5 Regional Finance Centers in
- Europe, North America, Latin
- America and Asia Pacific
- Global processes and
- Single Chart of Accounts

- **Rebirth** as offshore/ outsourced centers

BPO journey - timeline



Outsourcing project summary

Project

- 8 year Finance & accounting contract with a Tier 1 service provider
- Part of the activity from the FSS centres in UK, US Singapore and Dublin transferred to Warsaw (Poland) & Chennai (India) Delivery Centres
- Out-of-scope of the contract: in-country roles, Eastern Europe, Middle East, Africa, (EEMEA) and France

Solution

- Scope: Accounts Payable, Expense, Fixed Assets, Accounts Receivable, General Ledger, Clearing House, Cash management, Telco finance
- FTE location mix: 33% in Warsaw , 67% in Chennai taking into account language requirements
- Systems and processes retained '**as-is**' and operated remotely- 'lift and shift'

Timing

- Transition approach by location and 'Waves' by process within each location
- First Wave transfer date : May, 2006
- Last Wave transfer date : Nov., 2006

- **Top 5** lessons learnt

Lesson 1- contract phase

- Donald Rumsfeld, ex-US secretary of Defense: ‘There are known knowns. These are things we know that we know. There are known unknowns. That is to say, there are things we know we don’t know. But, there are also unknown unknowns. These are things that we don’t know we don’t know’.
- Importance of a good contract- the foundation of a long lasting good relationship
- Recommendations:
 - 1) for the uninitiated, the contract area can be a veritable minefield- **get outside expertise.**
 - 2) reflect all important contract clauses in a detailed RFP, so that you are in a position to assess vendor positions on **key commercial principles** before making your vendor choice.

Lesson 2- Service Level Agreements (SLA's)

- **Why are SLA's so important?**
 - mechanism to drive service provider behaviour
 - web based tool
 - build into their employee's objectives
 - visual management
 - leading metrics- measure every single day
- **Implementation challenges**
 - 1) how to measure' definitions
 - challenge is to measure what the provider is responsible for
 - defining precisely what the measure is
 - developing systems reports
 - 2) baselining- i.e. collecting pre-transition SLA metrics
 - measure your pre-transition performance
 - as a basis to negotiate minimum service levels

Best practice recommendation- build a dedicated Service Management team, as part of your project team structure.

Lesson 3- in the HR arena

- Anticipate staff turnover; as part of your backfill strategy, consider service provider bringing staff on-shore earlier/ consider an interim HR firm
- Build a pool of extra temp resources, since KT does take it toll and also for backlog clearance
- Service provider to seed existing experienced staff
- Service provider to recruit staff well in time- build cushions in case of unanticipated delays

Lesson 4- knowledge transfer phase

- Appropriate %age of on-shore successors
- Wave 1 takes the brunt of the transition effort- staff accordingly
- Build appropriate monitoring controls, particularly for SoX
- Objectives and resources to clear backlogs/ balance sheet cleansing
- Sufficient pre transfer and post transfer travel trips

Lesson 5- governance organisation & staffing

- Distinction between retained and governance organisation
- Global Process Owners-
 - GL/ FA/ Invty
 - AP/ T&E
 - CM/ Payroll
 - AR
 - Telco a/cg
- GPO organisation mirrored in service provider's organisation
- Controllership teams (region and sub-region controllers)
- Contract manager / Finance Manager (part time)

QUESTIONS ?

