Growing Portugal Presence in Global Business Services

2nd Business Services Summit

Leveraging India Experience

30th October, 2015

ITSQC Authorized

Portugal & India
Hallmark of Pioneers!

- 1497: Vasco da Gama led 4 Ships; Reached West Coast of India.
- 1498: Portuguese Opened Trade with India
- 1502: Treaty of Friendship Signed to Trade with India

Portugal & India – Partners to Progress!

Presentation Outline

1. **The Accomplishments & Outcome**

2. **The Journey & Experience**

3. **The Opportunity & Leverage**

The Accomplishments & Outcome

IT & BPM Services – Global India

Global India – Two Dimensions

- ❖ **India Off shoring in Overall Global Off shoring**
- ❖ **India Off shoring + India Domestic**

GICs are Global In House Captives i.e. Global SSCs / GBS

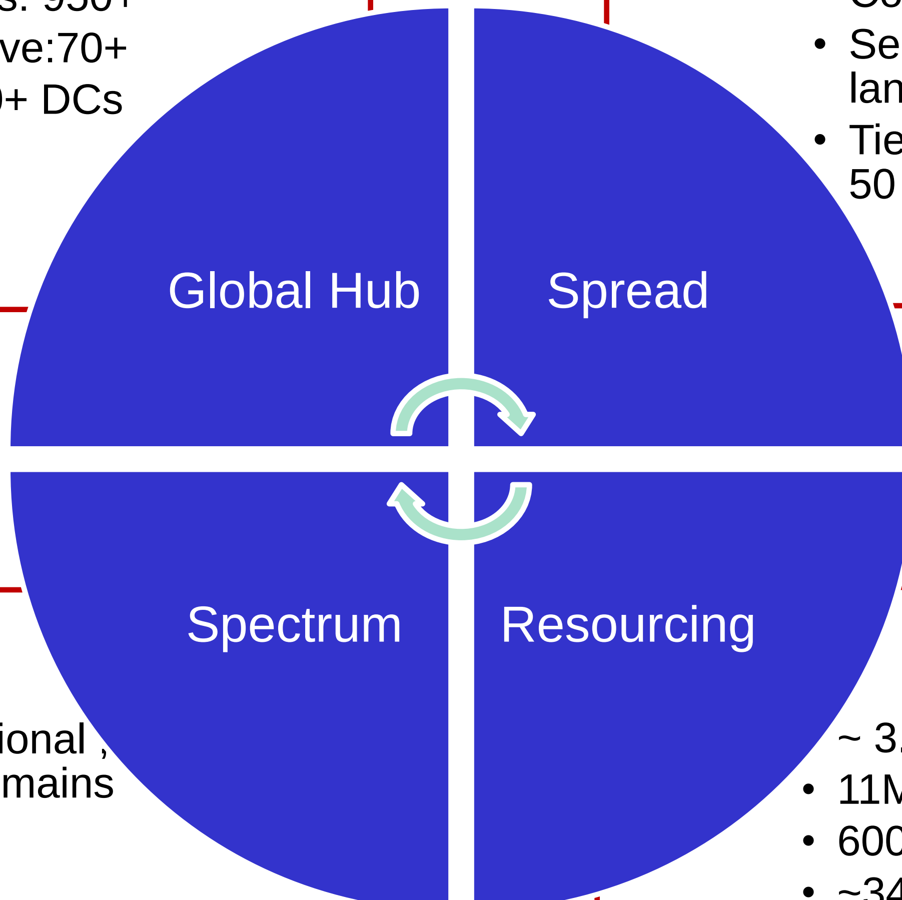
WW Global Services $151Bn
India Share ~52 to 55%

Out of $ 151Bn
GICs 23 - 25%
BPOs 75 - 77%

Global India - Key Highlights

- 9.5% of GDP;
- No. of GICs: 950+
- India Captive:70+
- BPO: 3500+ DCs

- Serving 78 Countries WW
- Serving 40 languages
- Tier 1, 2 , 3 over 50 Cities

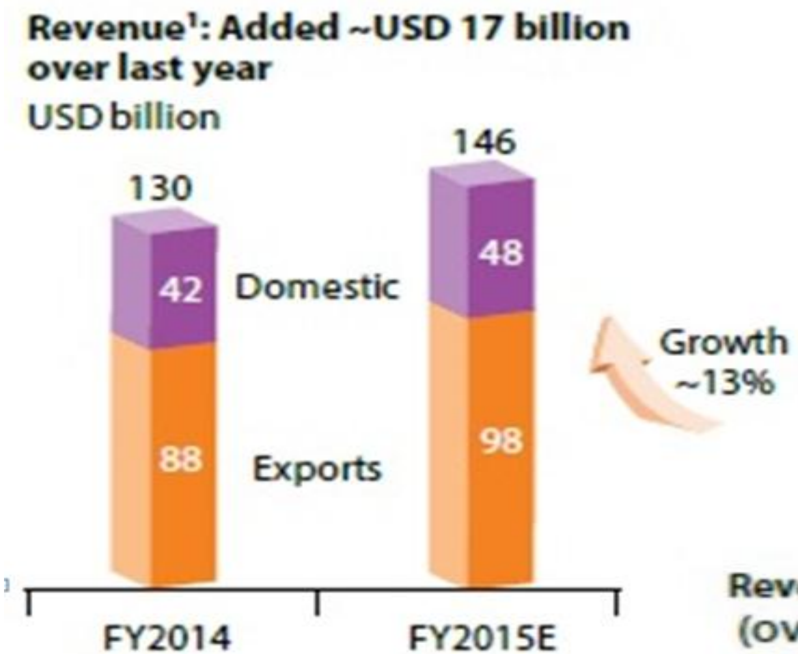


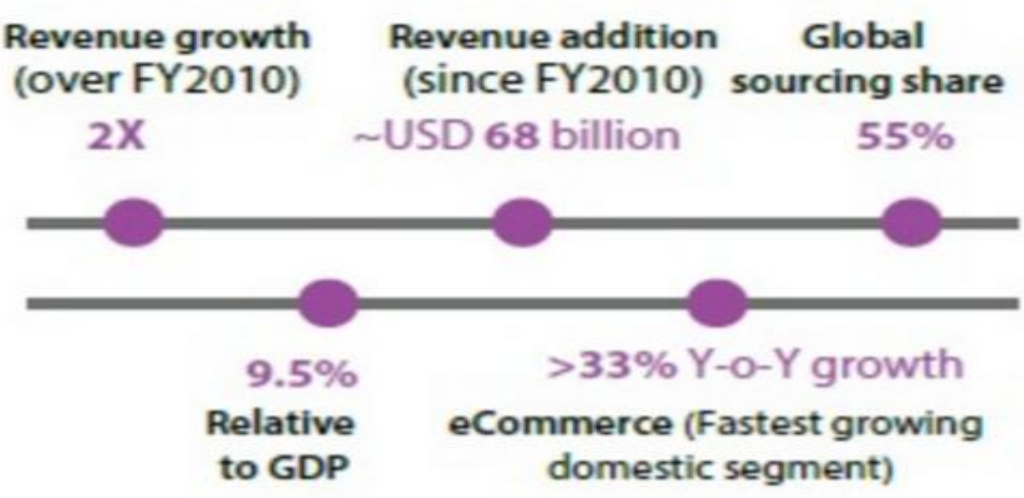
- Multi Functional , Multiple Domains
- Multiple Structuring Models

- ~ 3.5 Mn Direct
- 11Mn Indirect
- 600k in GICs
- ~34% of Women
- 170k Foreign Nationals

Source: The BPM Whitebook 2015, Nasscom

IT & BPM Services – Global India
(India Off shoring + India Domestic)





IT & BPM Services – Global India

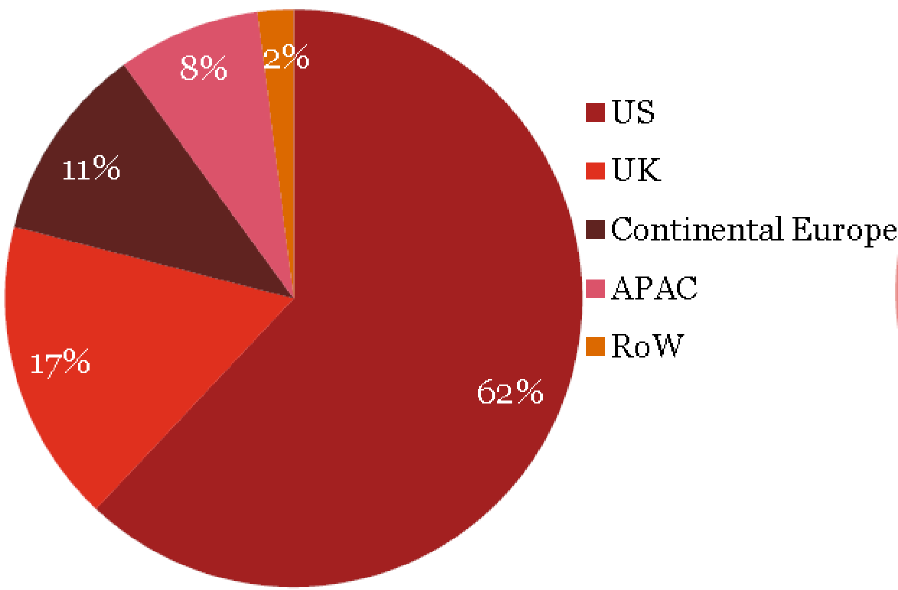
India Off shoring + India Domestic – By Segments

Indian IT-BPM (Domestic+Export) Revenues

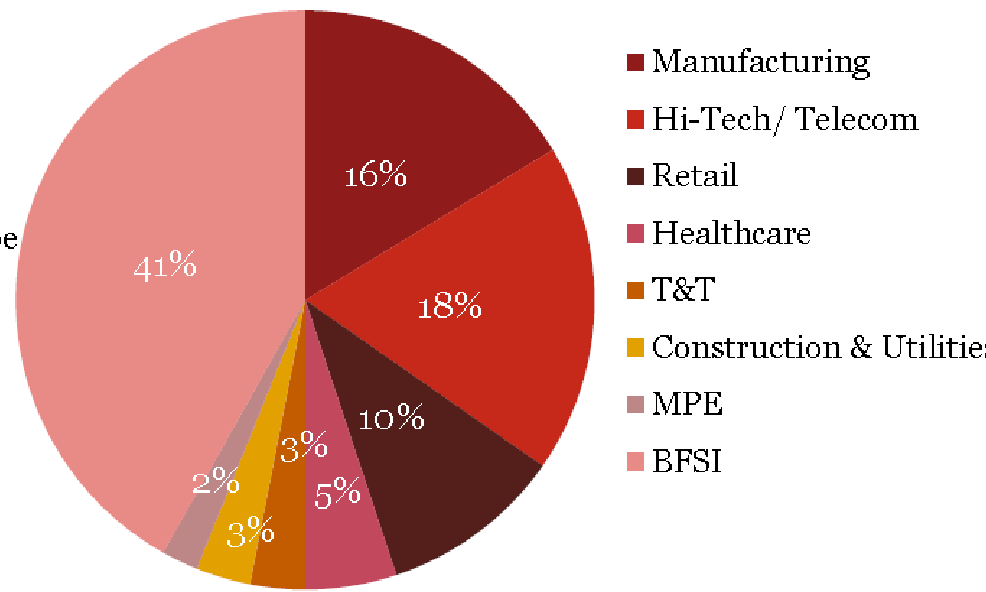
FY2015E (USD billion)	IT services	BPM	Packaged software, ER&D and product develop-ment	Hardware	eCommerce	TOTAL
Exports	55	23	20	0.4	-	98
Domestic	13	4	4	13	14	48
Total	69	26	24	14	14	146

Diversification of Services

Geographic Diversification



Industry Diversification

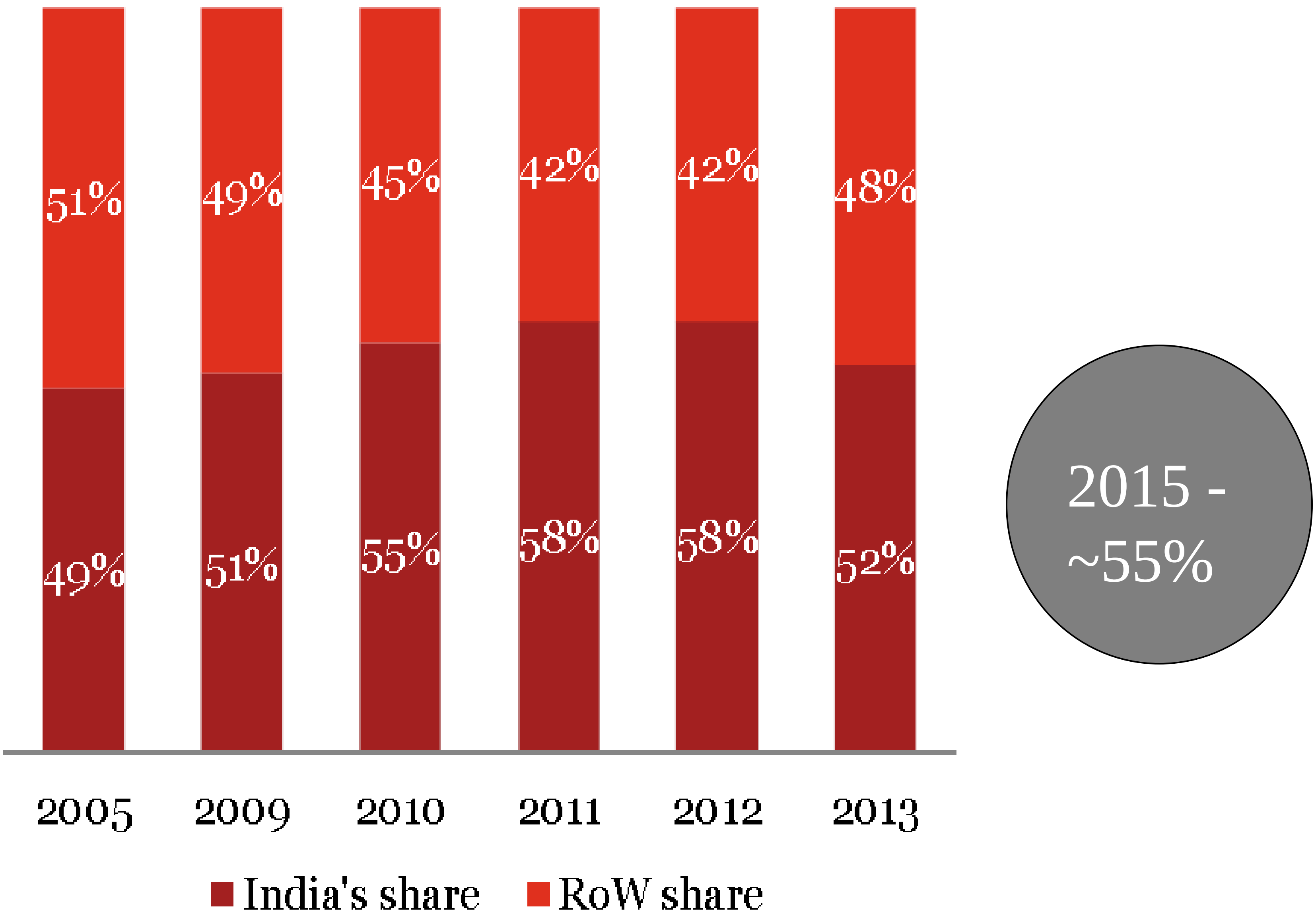


Source: Nasscom, 2014

The Journey & Experience

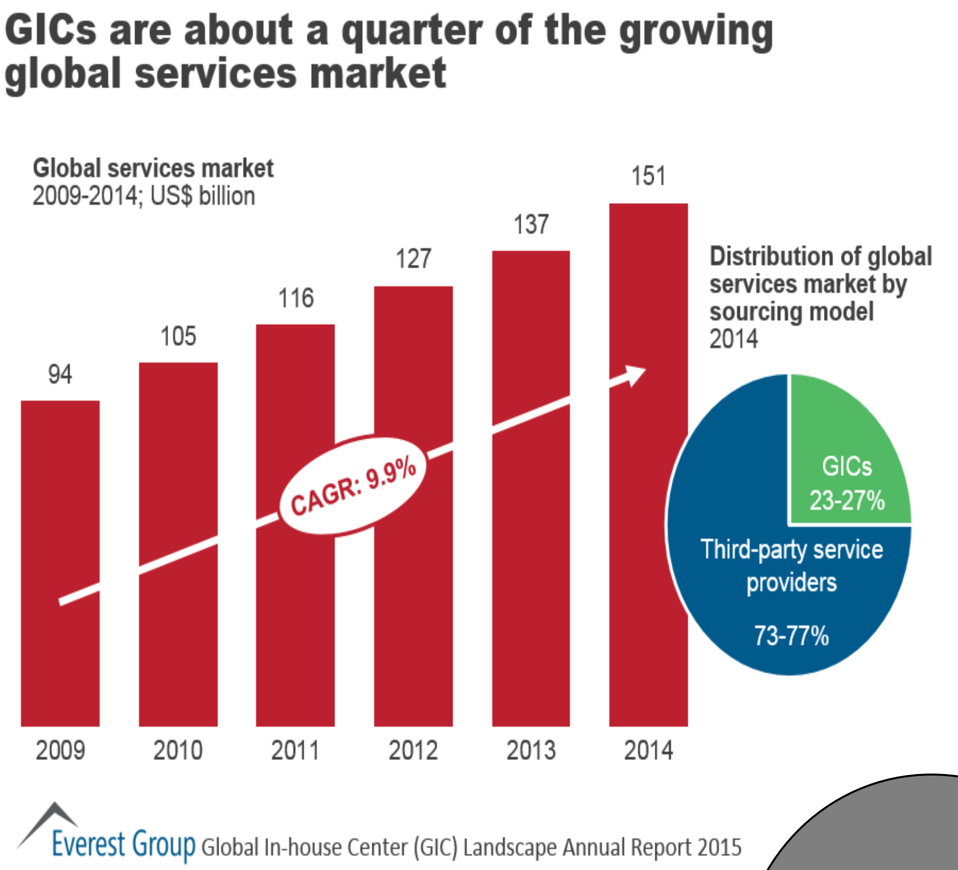
IT & BPM Services – Global India

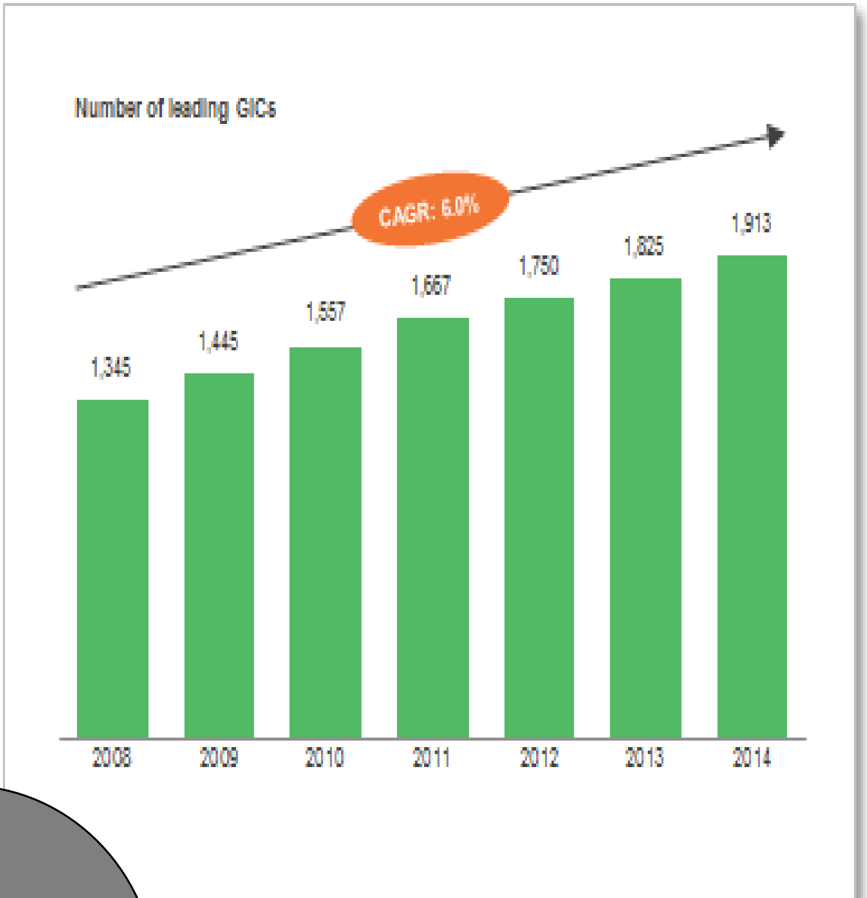
India Off shoring in Overall Offshoring Services



*Source: Nasscom 2014

Global Services – Global In-house Captives





India – 950+

American Express started it all…

The Start

- Pioneered post Boston Tea Party in 1992. India chosen despite many challenges
- 46 Locations – 3 Global Centers, Then 2 – Phoenix and Delhi
- Delhi started as Regional JAPC and expanded to all Regions as Global Center
- 11 Languages Supported for the Globe
- Started with Finance, and the Success Story brought other functions within 5 yrs
- Over-invested in Leadership, that blossomed to become Talent Pool for GIC Growth
- Named after Harry M Robertson, the Pioneering Leader

Over the Years…

- Global Business Services and close to Business and Functions
- Proprietary, Strategic Partnership & Outsourcing
- Global COE for Multiple Global Processes
- Moving Up the Value Chain – Treasury, Risk Management, with Top/ Bottom Line Saves
- Seat for Global High Value Projects – Y2K, Sox Compliance (2003), Global Oracle Implementation, Demand Management, etc.,
- Travel Business Services spun off
- Presently 15 to 18% of Global Workforce of Amex in India – Next Only to NY

Realizing Business Value

And, GE Made it Bigger & Popular!

The Start

- Leaders from Amex Set up GECIS Global, leveraging Amex, as Proof of Concept
- Size & Scale rapidly grew – 15000 in 5 years
- Leader for Multi Functions, Globalization, Voice & Data
- Pioneered Six Sigma as a GIC
- Demonstrated GICs are Valuable Strategic Asset, and Fashionable too!
- Growing Leadership Pool
- Like Amex, Leaders enabled more GICs to grow in India
- GECIS to Genpact Entrepreneurial Spin off

Over the Years…

- Grown to 60000+ in 10 years
- GE continues as Global Business Services with a specific focus as the Promoter Parent
- GE Business at > 40%, achieved through growth – nurturing a Hybrid Model
- Combining Technology & Expertise across functions/ domains
- Centers across Globe and multi languages, and Near Shoring options
- Strong focus on Leadership Development
- CEO Transition planned and smooth
- Recognized as Leaders in many domains

RvaluE
Realizing Business Value

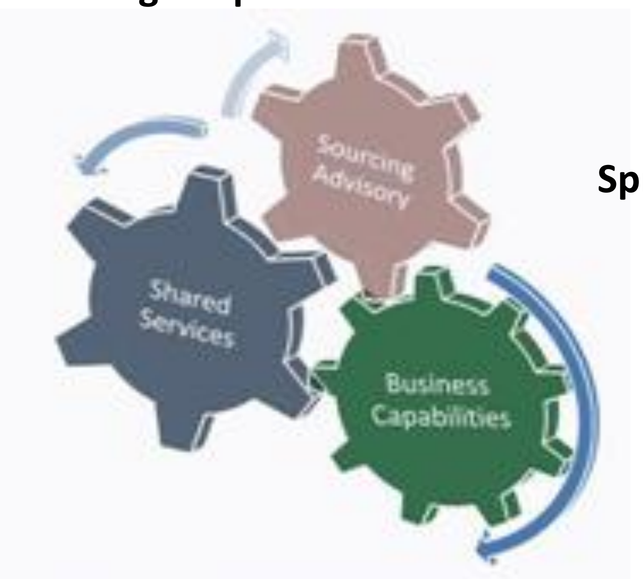
RvaluE Added its Contribution…

RvaluE signifies ‘Realizing Business Value’

Over the last 18+ years, have focused on the niche area of Business Process Management with a mission to ‘Realize Business Value’ and established ‘RvaluE Consulting’ for Business Transformation and Business Services since 2005 and ‘RvaluE Leraning Systems’ for Capability Consulting and Leadership Development since 2006. In 2011, founded Shared Services Forum as an Industry Forum for BPM

Business Process Consulting

Business Transformation through expertise in Business Processes



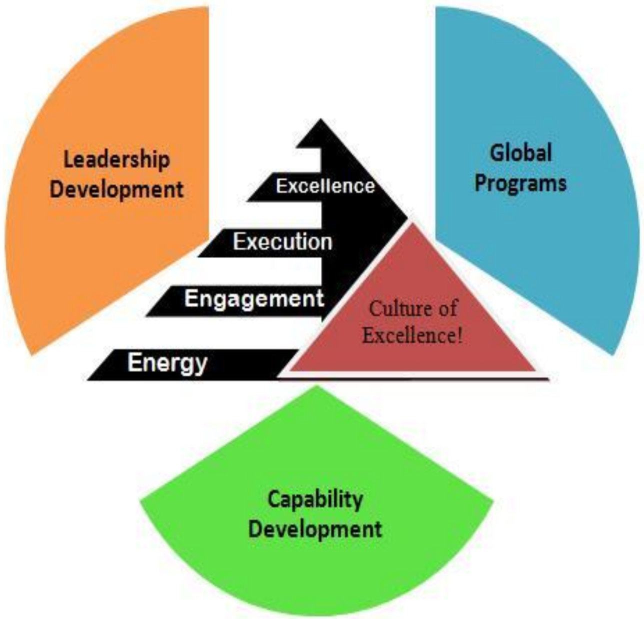
Industry Forum for BPM

Spreading Awareness, Adoption Recognition & Knowledge

Shared Services Forum
Enabling Process Edge and Competitive Advantage

Leadership & Capability Development

Enhancing Capabilities to Achieve Performance through E^4



Delivering Value through Global India - a UNIQUE Contribution to Industry

RvaluE Business Services…Expertise

Domains

Banking & Financial Services

Insurance

Card & Travel

Auto, Manufacturing & Diversified

Telecom, Retail & Apparel

Pharma & FMCG

Team

(with Business/ SSC/ BPO/ Global Leadership Experience)

Pioneering Off shoring Experience

Blend of Strategic & Operational Experience

Global Captive/ BPO Majors Exposure

BPM for All Service Functions – F&A, HR, IT, SCM, CLM

Team with 300+ yrs of Experience

RvaluE

Accomplishments

SSCs: 10+ Set up / 30+ Assignments

Leadership & Capability Development Workshops

RFP Management & Service Partner Selection

Structuring Models - Captive, BPO, JV, BOT, BOM

India to India Expertise & Industry Publications

Cross Industry Knowledge Sharing through Shared Services Forum

Capabilities

Business & Finance Leadership

E2E Ops - Off shoring, Captive & Outsourcing

Process Value Chain/Business Insights

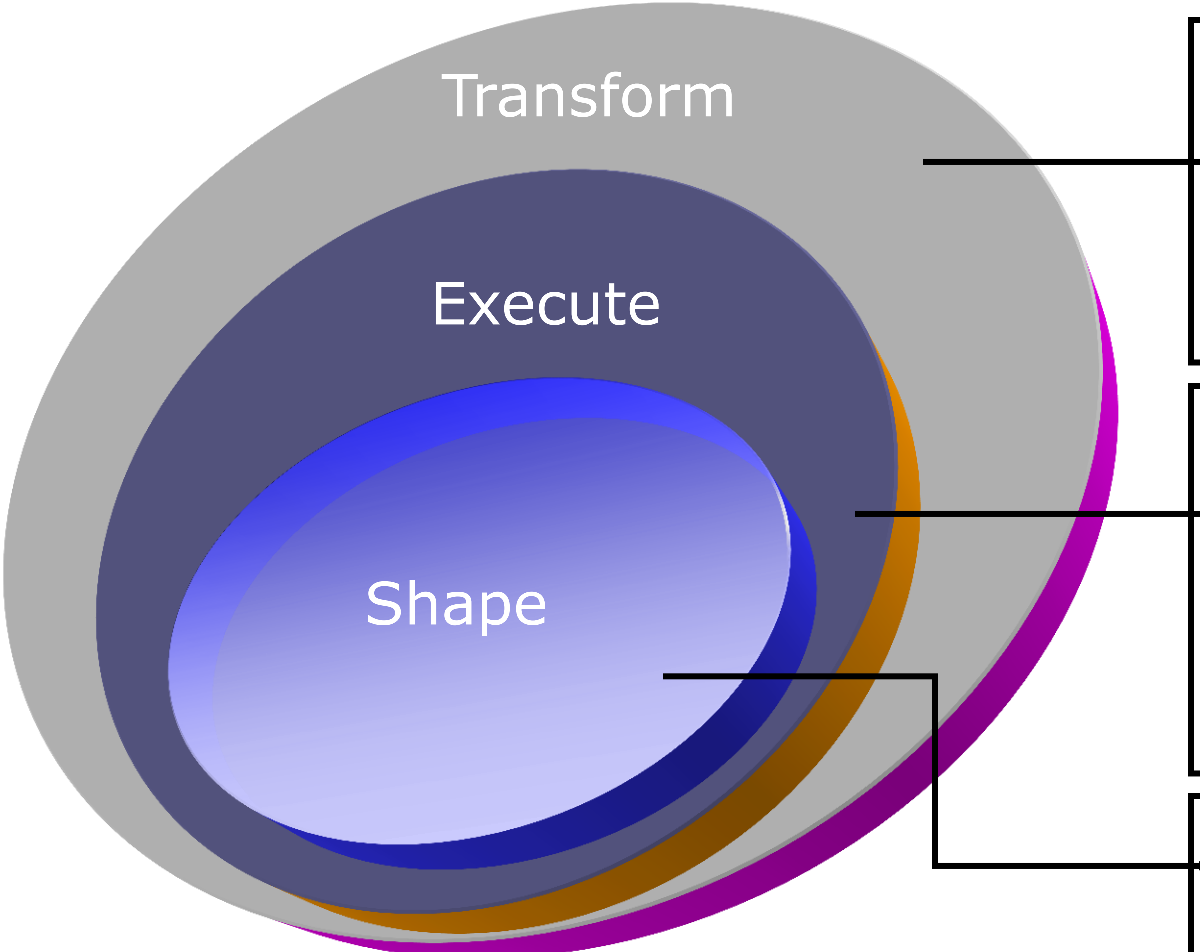
Combine Functional, Process, Domain & Leadership Development

eSCM – Model by Carnegie Mellon, US

Program & Change Management

…Complementing with Outside-In Perspectives to Achieve Client Objectives

'SET' - Transformation Framework



Operate & Excel
Program Management, Effective Operations, Training Service Base-lining, SLA Metrics & Review, Customer Interactions, Automation, Process Improvements & Optimization

Consolidate & Set Up
Program Management, Design (Work Distribution, Headcount & Process Closure, Site Fit Out Technology Alignment, Resourcing & Documentation), Change Communication, Training, Go Live, Stabilize Transition

Blueprint & Business Case
Feasibility Review, Directional Alignment, Consolidation Potential, Business Case , Servicing Model, Approval

Holistic focus to Deliver Business and Process Value!

RvaluE Differentiators

Pioneering & Off-shoring / E2E Expertise	▪ Finance, Commercial & Business Leadership Experience ▪ Strategy, Set Up, Operate & Transform Off shoring Operations ▪ Working Experience with large global, local and multi cultural Teams ▪ Exposure to Multiple Domains/ Processes & Captives/ BPO Majors ▪ Proprietary Techniques – BPPQ, PAM, PCP, TP Readiness etc.,
Capability Orientation	▪ Blending Business & Leadership Development – Global/ Customized ▪ Connect Workshops to Organizational Competencies across Levels ▪ 4P Approach – Profile, Purpose, Process and Performance ▪ Practice Based Learning Experience, Pre work/ Post Workshop Actions ▪ Certified by Carnegie Mellon University for eSCM Adoption
Global India BPM Exposure	▪ Combined Focus on BPM: Consolidation, BPM Tools, Transformation ▪ Global In-house Captives, India Shared Services & BPO Majors Linkages ▪ India to India Expertise: MNCs, Business Houses, Large/ Medium Cos. ▪ Strategic Reviews, Insourcing & Outsourcing, Phased Implementation ▪ E2E RFP Management for Domestic & Global Operations
Realizing Business Value	▪ Delivering Value to Clients with 'Value for Money' Rates / Cost Saves ▪ Structuring Models: Captive/ 3rd Party, BOT, BOM, JV, Spin Off, Transfers ▪ 3 x 3 Focus: People, Process, Technology & Customer, Business, Control ▪ Shared Services Forum: Knowledge Sharing & Best Practices Exchange ▪ SSF Conclave Events, Excellence Awards & Industry Publications

Strategic Leadership & Operational Experience in Off shoring to Partner and Execute with Overseas Corporations

Founded Shared Services Forum in India…

Shared Services Forum

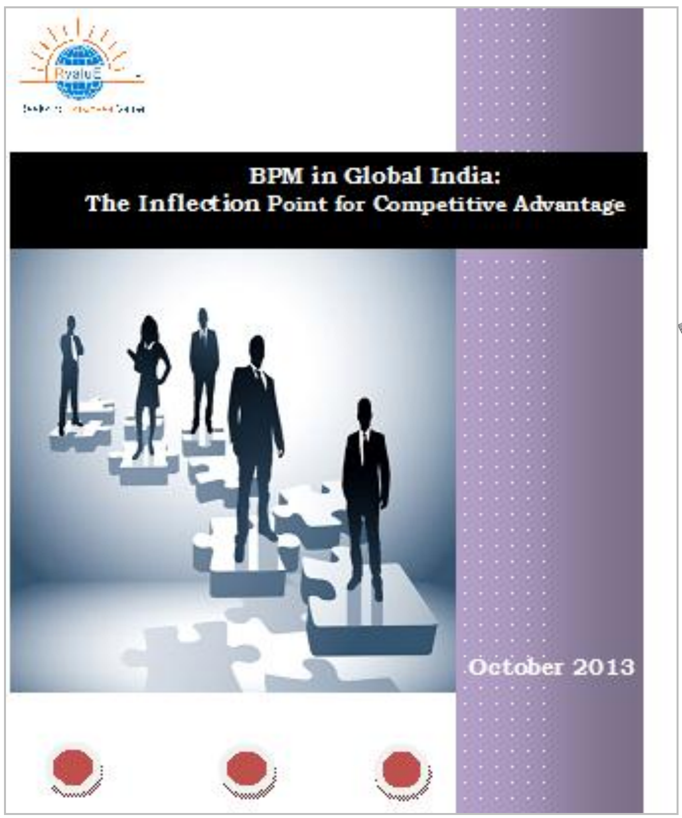
Enabling Process Edge and Competitive Advantage

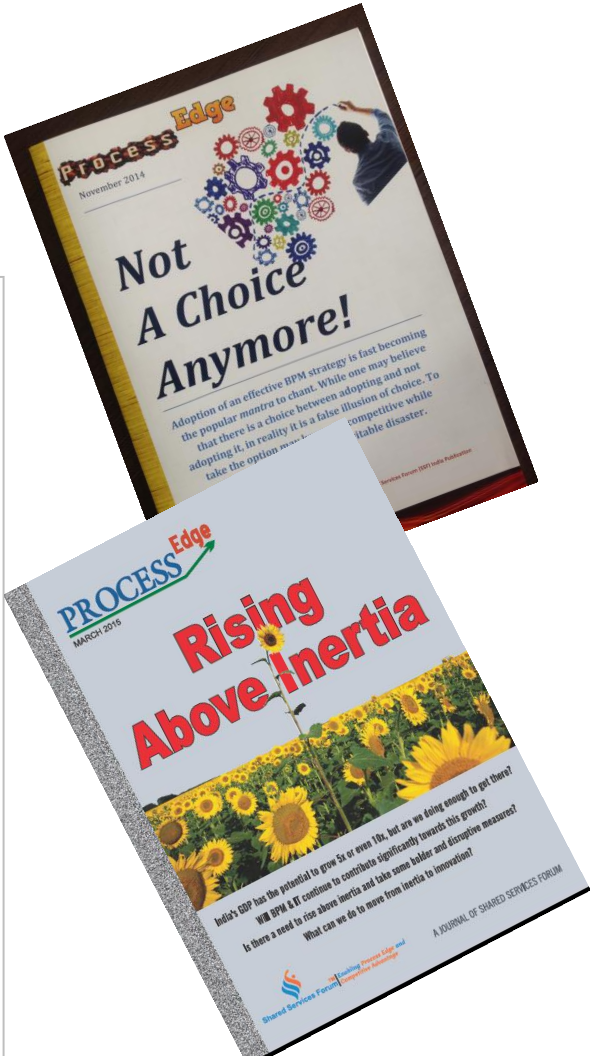
Initiated Shared Services Forum in 2011 for Global India

Process Edge Journal

First Ever Survey for India

First ever Book on BPM

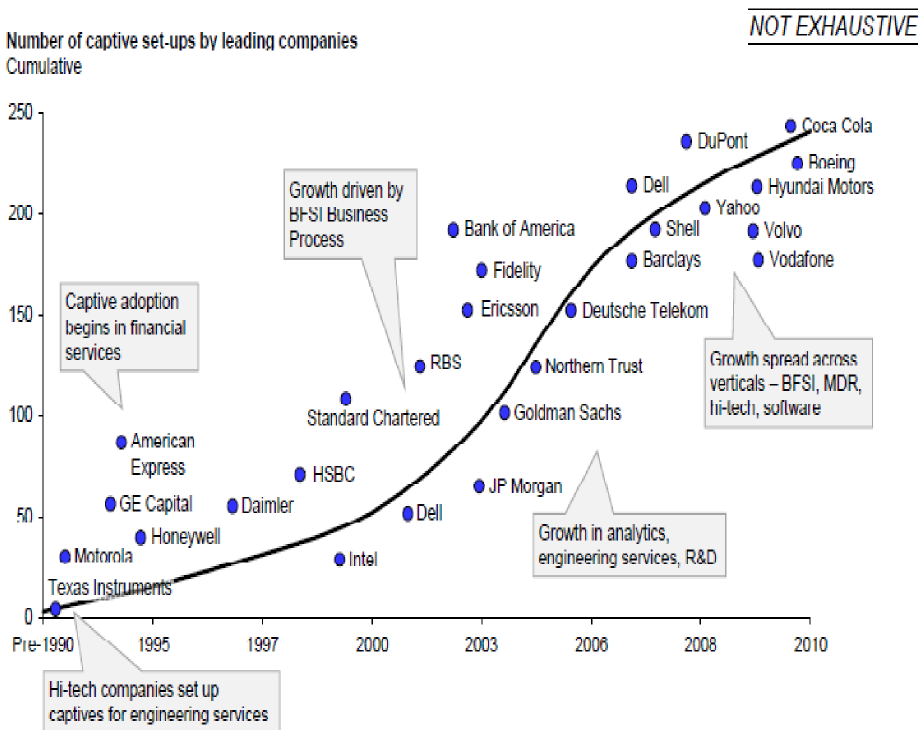




Global India Shared Services

Evolution of Global In- house Captives (SSCs)

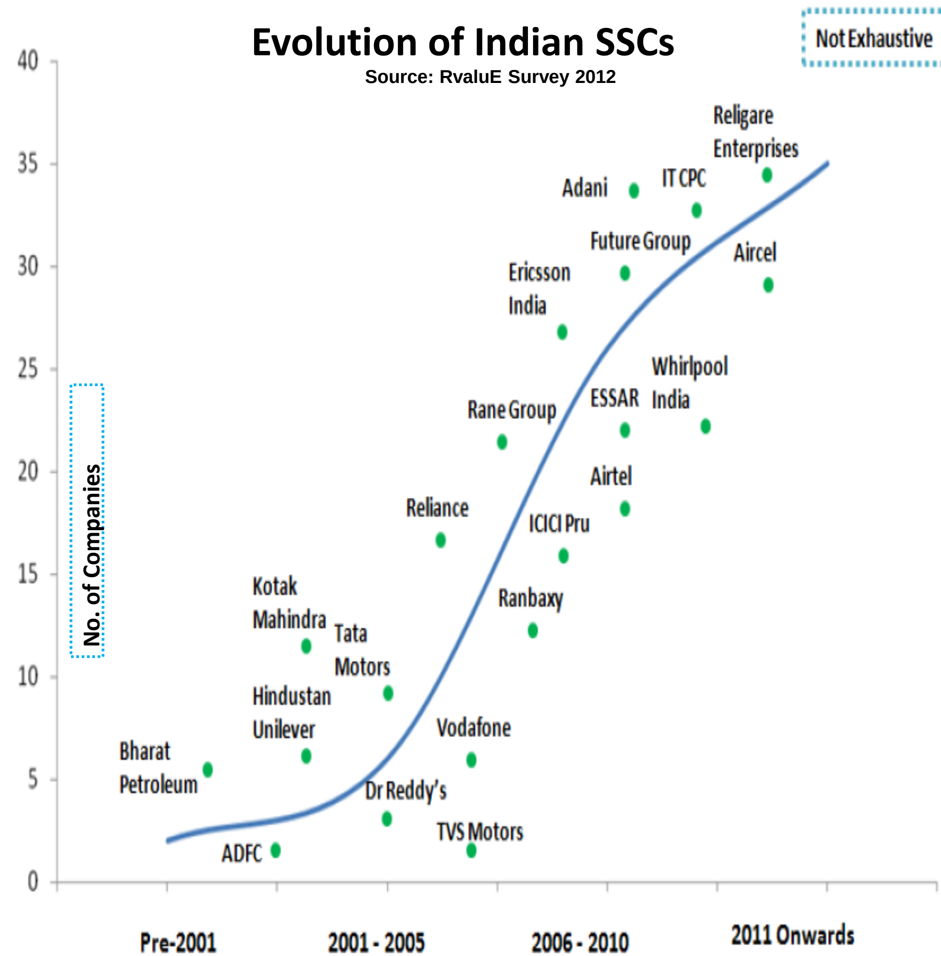
The Indian captive market evolved with many large companies setting up their captive units



Note: The chart shows examples of companies that have set up captives and is not an exhaustive list
Source: Everest Research Institute (2010)

Evolution of Indian SSCs

Source: RvalueE Survey 2012



Note: List is indicative and shows some companies that have set up an SSC

Leveraging Global for India to India (I2I)!

Shared Services Forum

•4 National Conclave Events, where more than 500 Delegates participated

•14 Shared Service Operations of Indian Organizations awarded/ recognized for Excellence in BPM

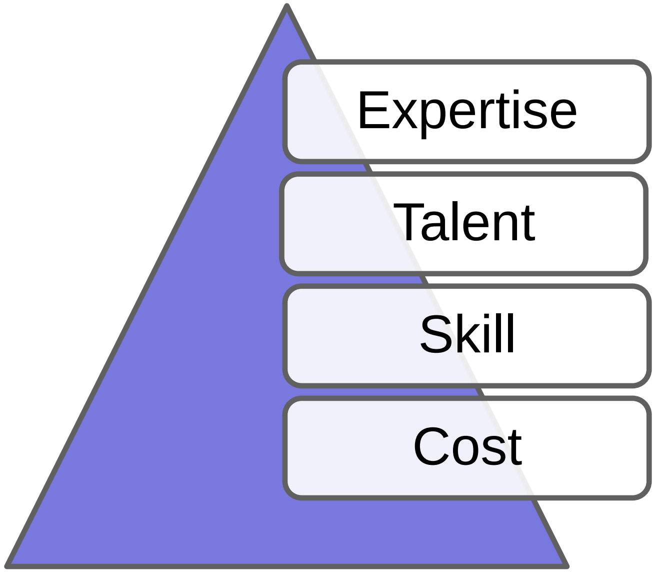
•More than 50+ Leaders presenting Industry Insights and 30+ case studies

•Research Papers Published including first of its kind SSC Survey & BPM in Global India

• Process Edge Journal launched

Pioneering Forum to bring Global and India BPM practices to the same platform

India Experience – Key Highlights!



Sustainable Arbitrage

- **Come for Cost, Stay for Quality and Grow on Value – This is the Mantra as we reached First Stage of Growth**

- **Now, Cost Save is given! On top of this, Quality, Value and Relationship is key to the next Stage of Growth!**

India Experience – Key Highlights!

- Amex & GE led the way for a huge opportunity, unraveled the nuances of off shoring and saves!
- Timing Perfect with Liberalization & Globalization happening in India, with Government & Nasscom as TWO key stakeholders for Export Incentives
- GICs led the way, Start Ups seized the opportunity and BPO Majors followed
- Huge off shoring in Voice & Contact Center Operations
- BPO became equal to Call Centers – though growth happened across processes!
- Focus on Leadership, Skill and Talent is demanding always, than what is available!
- Domestic corporations joining the bandwagon with global delivery centers

- India lost the leadership in Voice Ops to Philippines
- GIC had low attrition, while this is a huge challenge for BPOs!
- With Expertise Available, Analytics & High end Processes need to be better positioned/ exploited!
- Need to Focus on Domestic & Under $ 5BN Segments overseas

The Opportunity & Leverage

RvaluE™
Realizing Business Value

Global Spend and Market Potential

Global IT-BPM industry spend

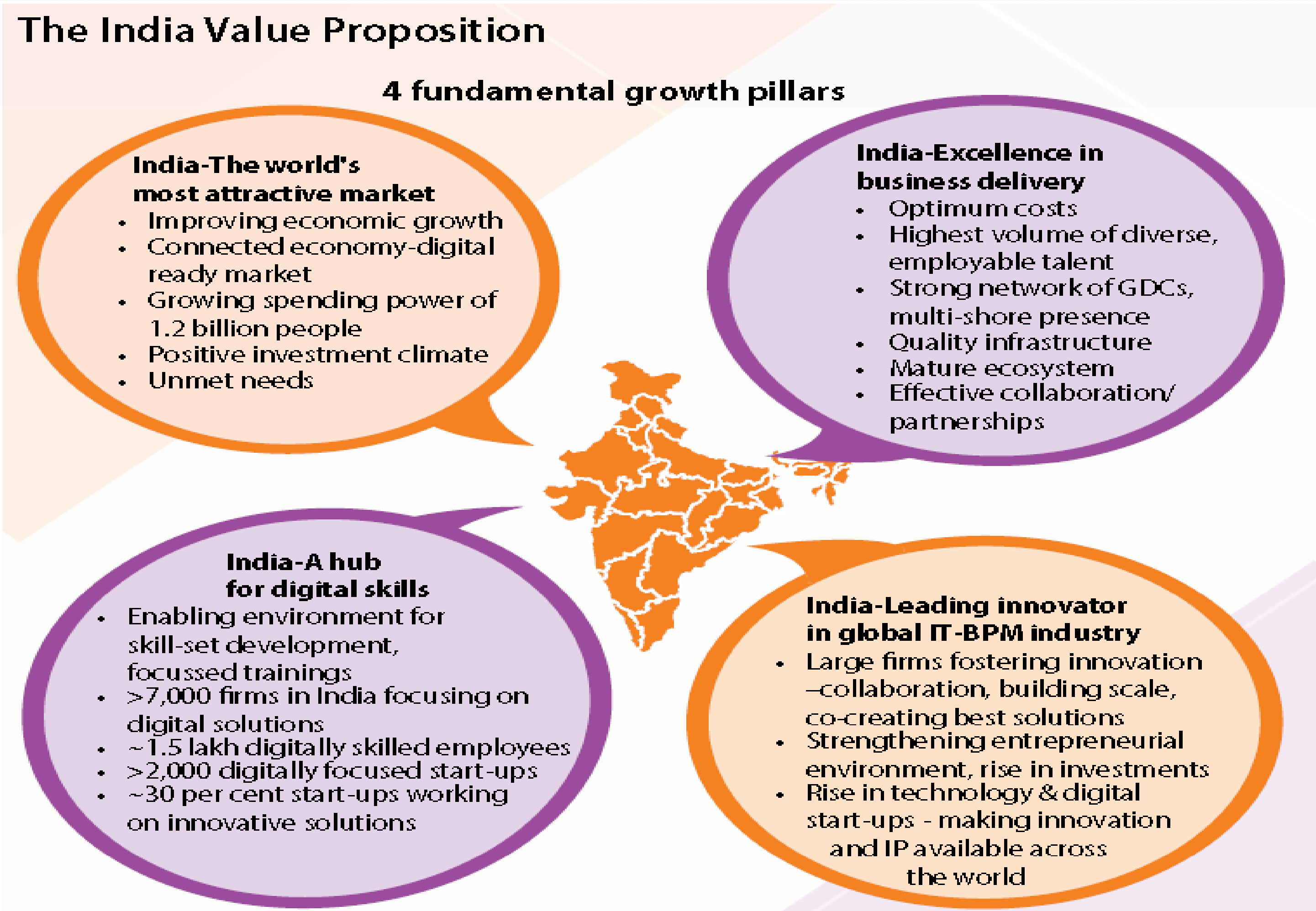
USD billion	2013	2014
Worldwide Services	635	657
Worldwide BPM	167	177
Worldwide Software	395	420
Worldwide Hardware	979	1022
Total	2,176	2,275

Global Spend $ 2.3 Trillion. Current off shoring global services just 151Bn!

Compared to the Global Spend, the potential to grow is quite huge!

Countries Need to carve out their Value Proposition to nurture and grow their share!

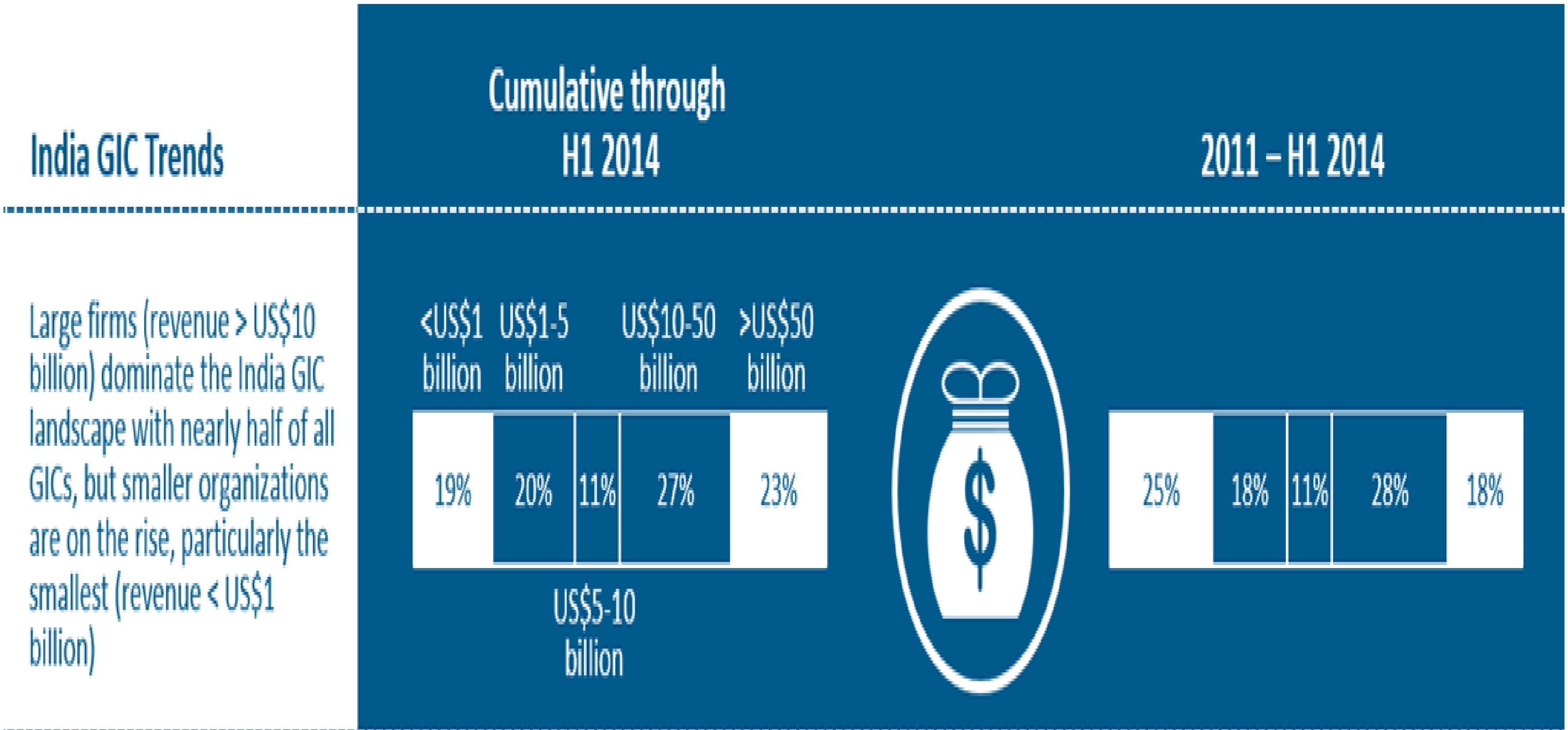
India Value Proposition!



India Continues to Reinvent Value Opportunities and Reposition!

Like BPaaS, Analytics, Skill Development, Collaboration with other Countries

GIC Trend of Services by Revenue Size

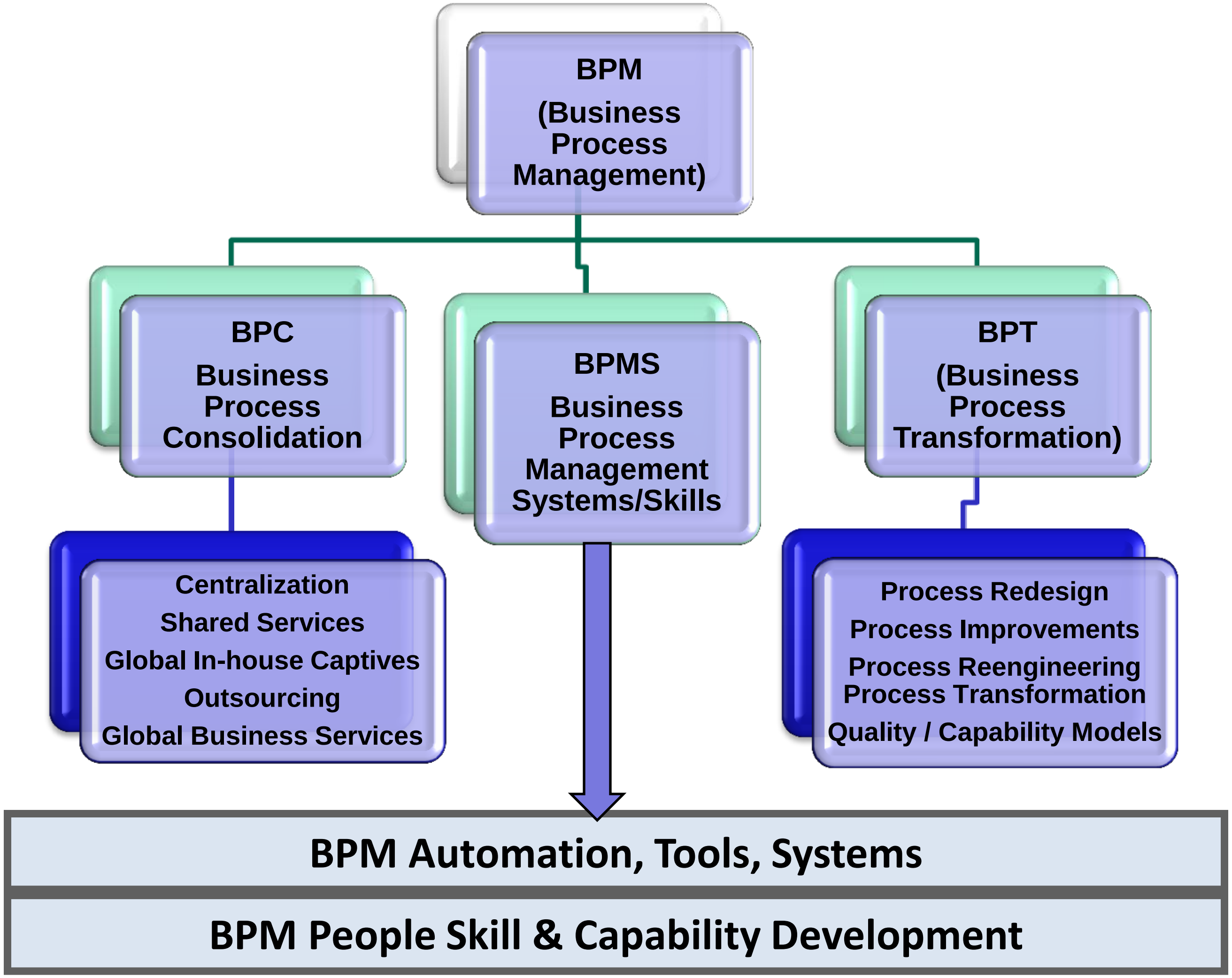


Source: Everest Group

Not Just Large Companies, even Companies with under $5Bn are a great opportunity for All Countries Including Portugal & India

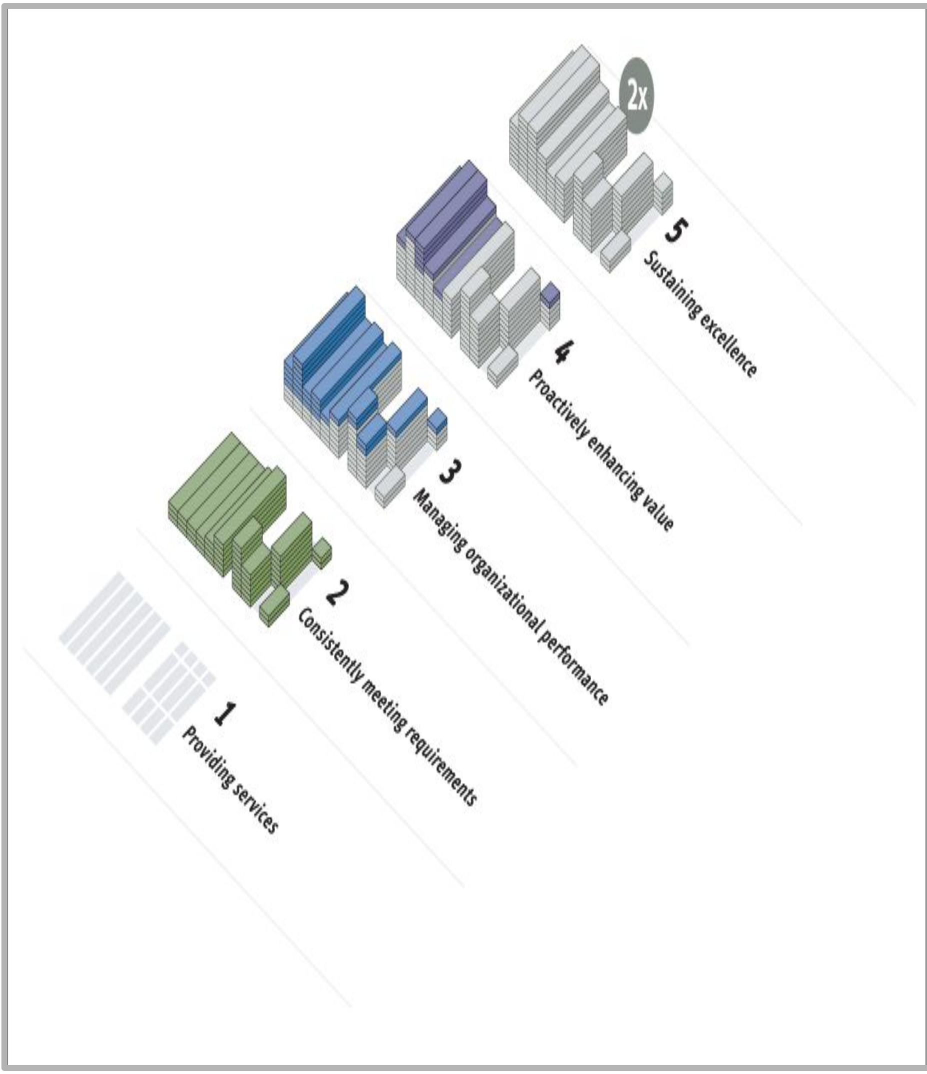
Holistic View to BPM

Source: RvaluE BPM Publication *



*Source: BPM in Global India:The Inflection Point for Competitive Advantage by RvaluE

eSourcing Capability Model (eSCM) –
A Global Standard referred for Capability Building while Setting up SSC



Note: Level 5 is Level 4 sustained over 2 years

5 Levels. 10 Capabilities. 84 Best Practices.

Phase	*Capability Area*	*Capability Level*			*Totals*
		2	*3*	*4*	
51 Ongoing	Knowledge Management	3	4	1	8
	People Management	3	7	1	11
	Performance Management	3	3	5	11
	Relationship Management	3	4	1	8
	Technology Management	4	1	1	6
	Threat Management	6	1		7
21 Initiation	Contracting	9	2		11
	Service Design and Deployment	6	2		8
	Service Transfer (in)	2			2
8 Delivery	Service Delivery	7	1		8
4 Completion	Service Transfer (out)	2	1	1	4
	TOTALS	48	26	10	84

- **eSCM (eSourcing Capability Model), developed by ITsqc - IT service qualification centre, a spin off of Carnegie Mellon University.**
- **RvaluE an ITsqc Authorized Organization for eSCM implementation capabilities the emerging global standard for ITO/Business Services**
- **Review Single or Multiple Centers in term of consistency in Capabilities**

Poland Proposition!

Poland: Offshore service centers

400 Offshore centers

110K FTEs employed

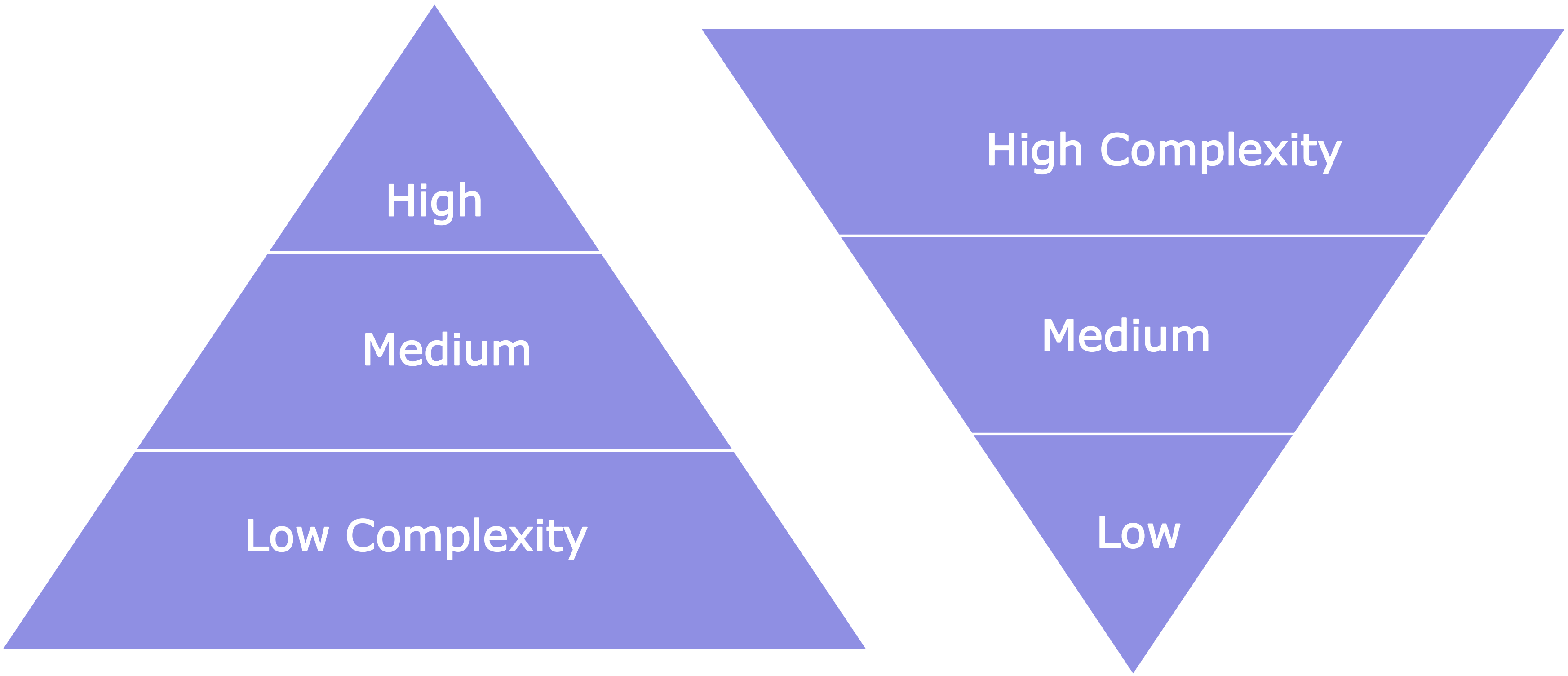
40% FTEs employed in large operations (>1K employees)

20% Anticipated growth by leading players (by end of 2014)

Source: Everest Group report *Global Locations Compass – Poland* 2013

Poland has leveraged its near shore and language quite well to establish its Value Proposition

Inverting the Pyramid



India - Process Value Chain

Portugal - Process Value Chain

90: 10 Inversion
Transaction to Transformation

Sustainable Advantage?

Arbitrage is generally sustainable for most locations and functions, but timing varies

TCO savings sustainability with U.S. locations
2014; Number of years

Current arbitrage sustainability (base case)
>10 years | 5-10 years | <5 years

	IT – ADM (base skills)	IT – ADM (niche skills)	Contact Center (English)	BP (transactional processes)	BP (judgment processes)	KP/Analytics	ES – R&D
India	12-15	13-16	14-17	15-18	12-15	12-15	12-15
Philippines	10-13	12-15	13-16	13-16	9-12	9-12	9-12
China	7-10	7-10	9-12	9-12	6-9	5-8	7-10
Poland	7-10	7-10	10-13	10-13	8-11	4-7	7-10
Mexico	7-10	7-10	8-11	8-11	<5	4-7	4-7
Brazil	<5	<5	<5	<5	<5	<5	<5

Everest Group
NASSCOM®

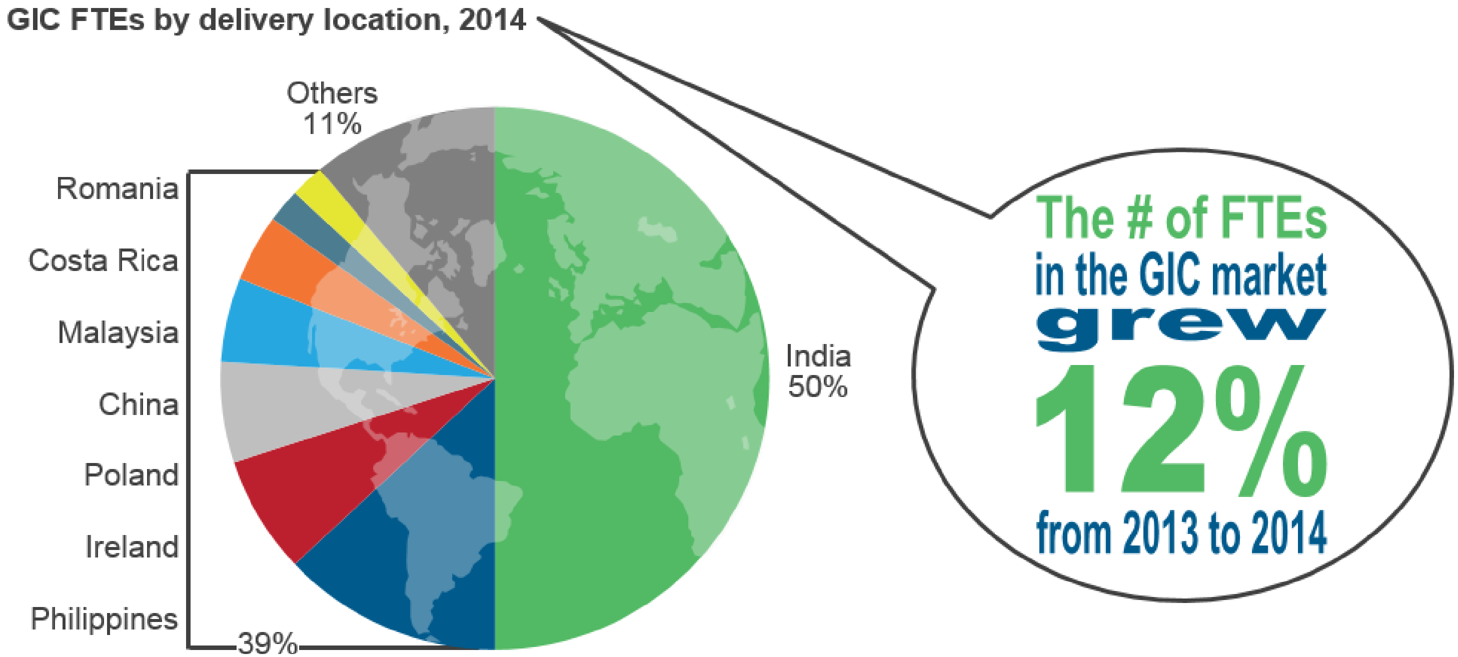
Everest Group – NASSCOM Study on Substantiating Business Impact by Global In-house Centers (GICs) 2014

Brazil is one country having challenges

Leveraging Language to Gain Advantage with Brazil

Global In-house Captives

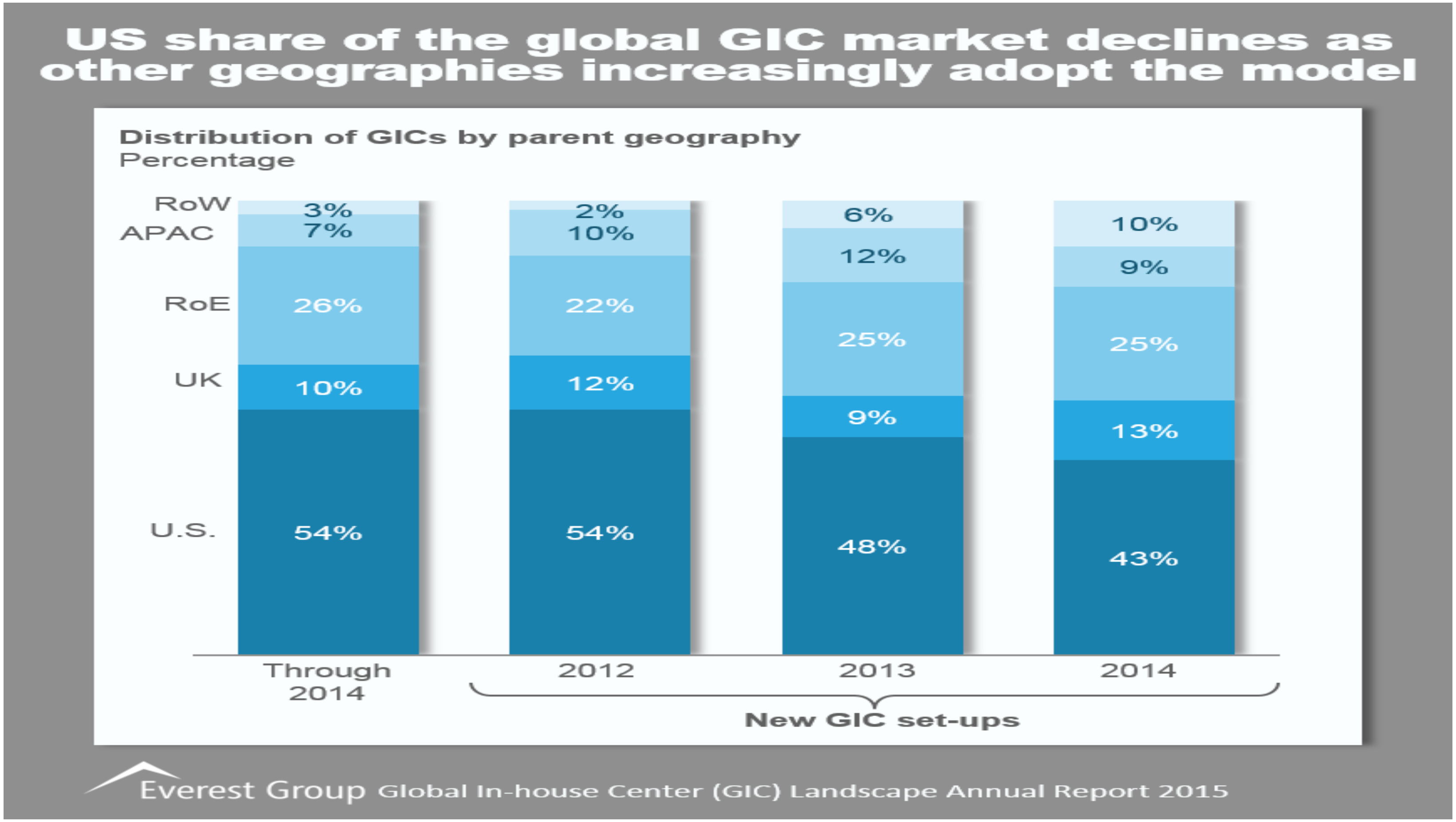
8 key delivery locations comprise ~90% of the GIC FTEs



Everest Group Global In-house Center (GIC) Landscape Annual Report 2015

If Costa Rica has, Portugal surely can!

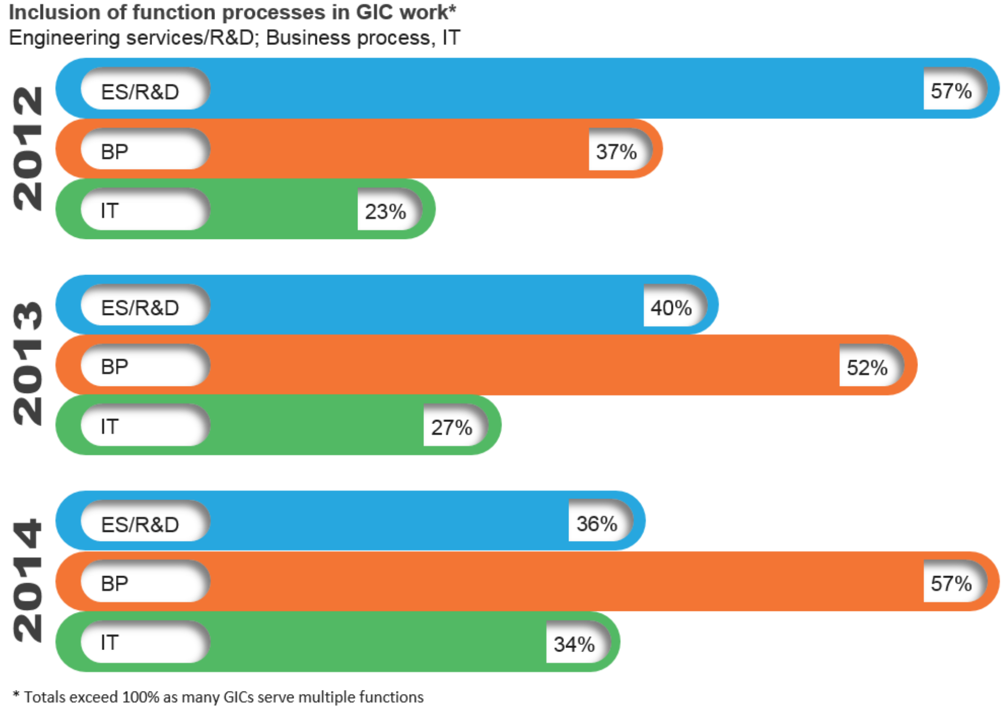
GICs – Geographical Distribution



UK/ RoE GICs Growing – Portugal can leverage this trend! (Large, Medium & Small)

GIC Trend of Services

Business process services are the most common GIC function ... and growing



Everest Group Global In-house Center (GIC) Landscape Annual Report 2015

Reassess Potential of ES&RD Services as Opportunity for Portugal

Synergy between Pioneers…

Portugal	India
◆ Languages Other Than English ◆ Near Shore to Europe, including Companies with Revenues > $5 Bn ◆ World Class Infrastructure ◆ Plan & Avail Collaborative Partnership with India/ Brazil ◆ High End Focus in Customer Service -Contact Center to Customer Lifecycle Management	◆ English Proficiency ◆ Off shore beyond Near Shore ◆ Experience in Off shoring ◆ Skill & Expertise: RvaluE to Partner with overseas Corporations or Captive/ BPO to take joint ownership and deliver/grow Value ◆ Collaboration with a Complimentary Value Proposition

Partner to become Leading Offshoring Destination for IT/BPM Services Globally!

❖Sustain Global Standards of Service Excellence
❖Realize Full Potential of Business Process Services and
❖Become Strategic Partner to Corporation

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