

Two overlapping orange squares, one slightly larger and positioned above and to the left of the other, located in the upper left corner of the slide.

RevAmerica 2015

Building the Case for Onshoring: How to Integrate Onshoring into a Global Sourcing Strategy

May 5th, 2015

Phil Fersht

President & CEO - HfS Research

phil.fersht@hfsresearch.com

About the Panel



Phil Fersht, President and CEO, HfS Research



Phil.Fersht@hfsresearch.com

Overview

- 20 years' business experience in the global IT and business process outsourcing and shared services industry
- Industry analyst, author, speaker, strategist, and blogger
- Advised on 100s of global IT services, BPO, and shared services engagements
- Facilitates the largest global network of enterprise services ad operations professionals

Previous Experience

- Practice Lead, IT Services & BPO Research, Gartner, Inc.
- Global BPO Marketplace Leader, Deloitte Consulting
- Consulting Practice Lead, IDC Asia/Pacific
- IT Markets Practice Lead, IDC Europe

Education

- BS with Honors in European Business & Technology, Coventry University, United Kingdom
- Diplôme Universitaire de Technologie in Business & Technology from the University of Grenoble, France

Meet Today's Onshore Enthusiasts...



Shane Mayes, CEO, Onshore Outsourcing



Pramod Nayak, VP Global Sourcing, Equifax

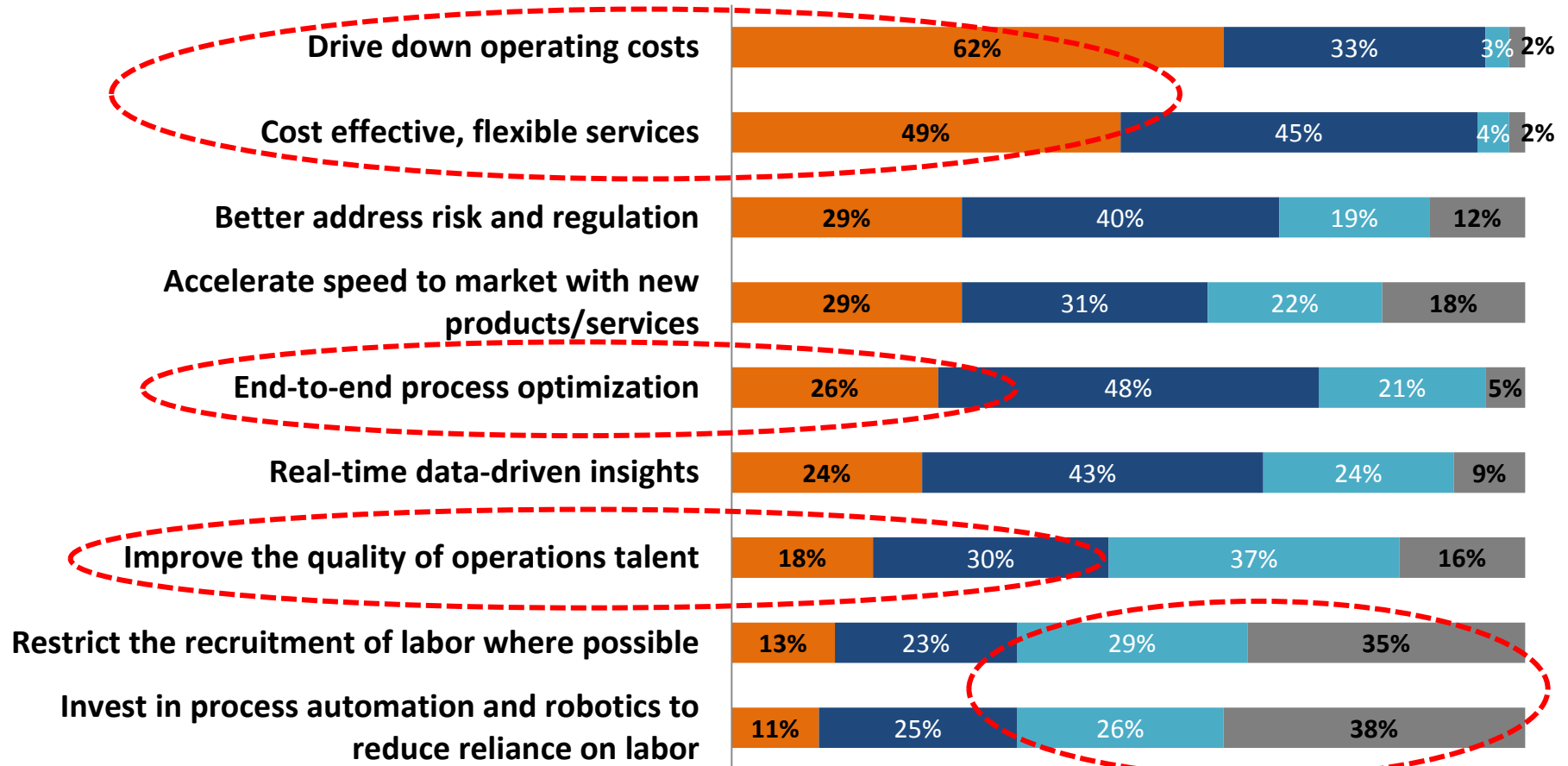


**Greg Lipper,
VP Global Business Services, Staples**

C-Suite Priorities in 2015: Cost is the New Black

How critical are the following C-Suite priorities/directives, in terms of shifting from a Cost Focus to a Value Focus with your operating model?

■ Mission Critical
 ■ Increasingly Important
 ■ Emerging
 ■ Not a Directive



Source: HfS Research and KPMG LLP, 2015

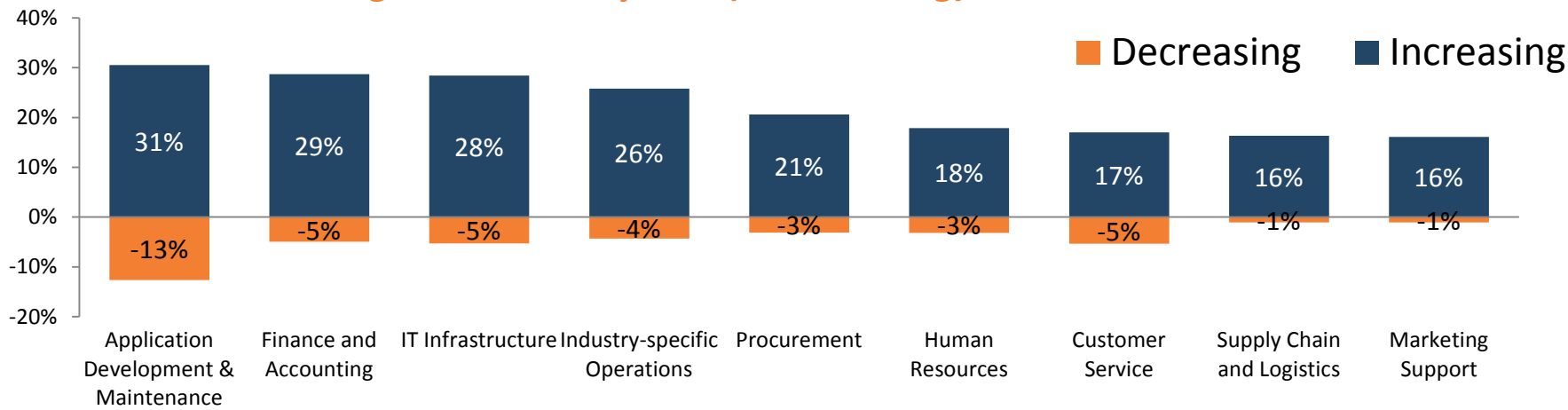
Sample: 168 Enterprise Buyer Executives from "Achieving Value Beyond Cost" Study, November-December 2014

© 2015 HfS Research Ltd.

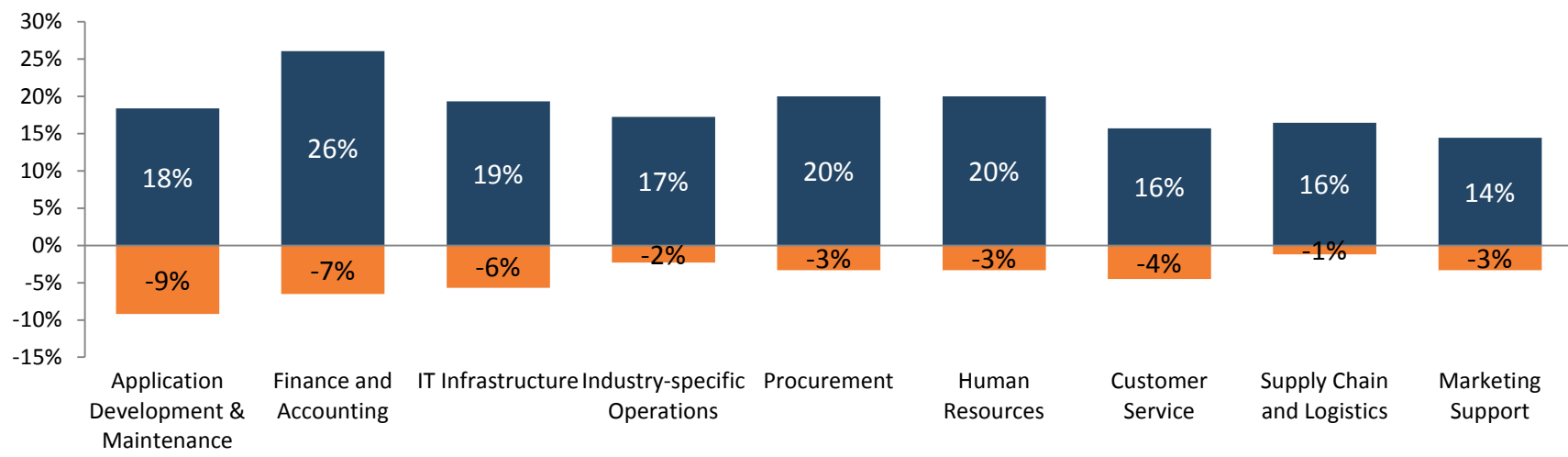


Prolific uptake of offshoring continues (seemingly) unabated...

Q. How will this change in the next year? (Outsourcing)



Q. How will this change in the next year? (Shared services)



Source: 2014 State of Industry Study, May 2014. HfS Research in Conjunction with KPMG (Sample 312 Enterprises)

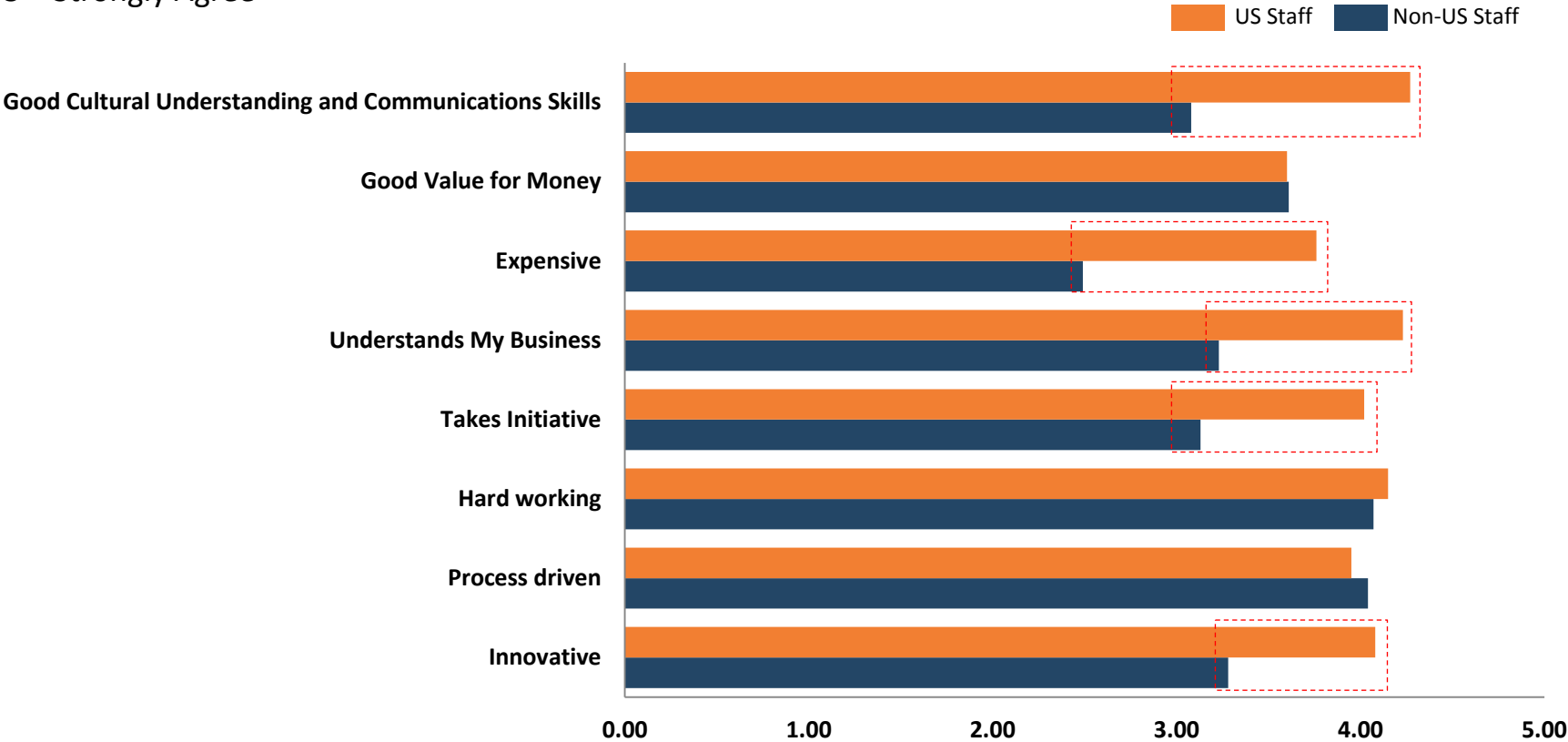


US staff out-perform non-US staff with their innovation and initiative-taking. Their only negative is their cost.

Q. Describe the attributes of your staff supporting IT and Business Processes

Average Ratings

5 = Strongly Agree



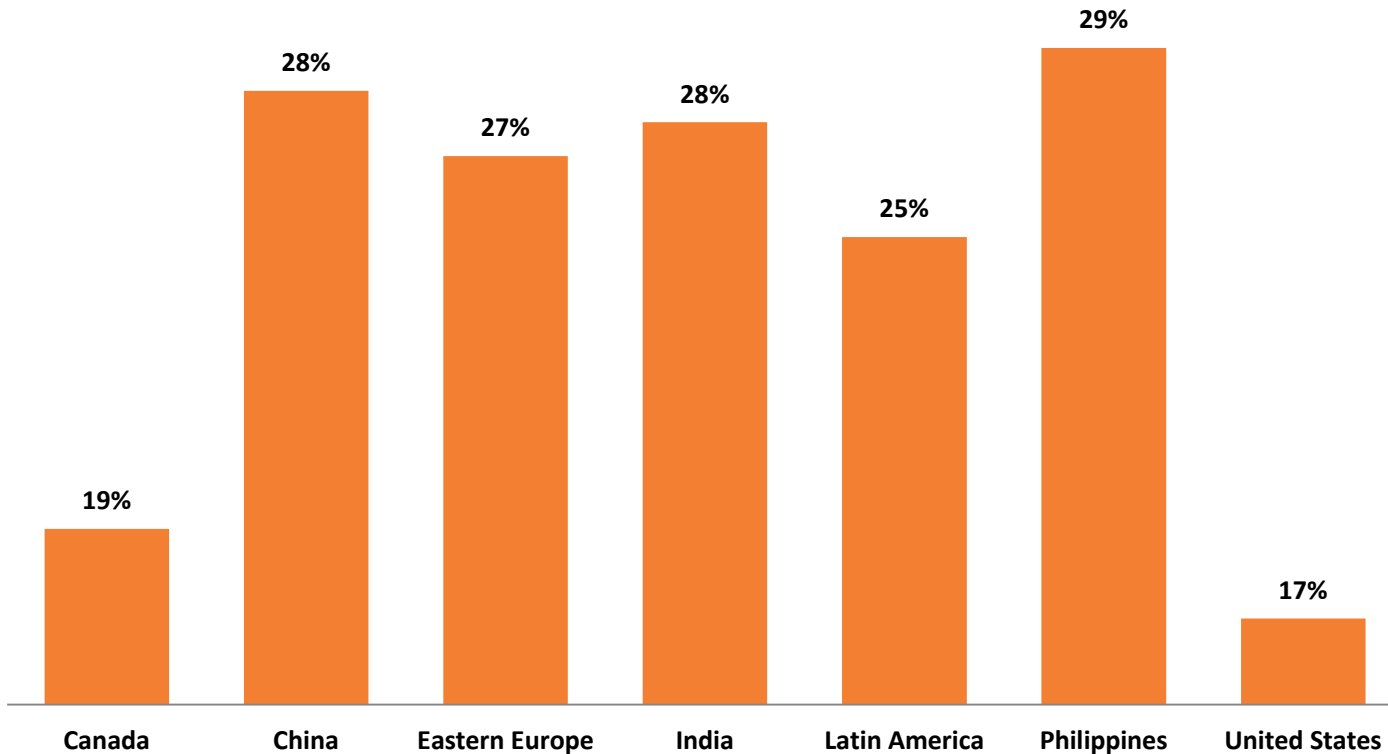
Source: HfS Research; Sample: 215 Enterprise Outsourcing Buyers (Annual revenues > \$ 1 Billion)



When it comes to shifting work to the USA, buyers need at least 17% savings to be swayed.

Q: Relative to your current internal costs and based on your experience with the quality of services in these countries, what level of cost savings would you need to achieve in order to move your processes to the following countries/regions?

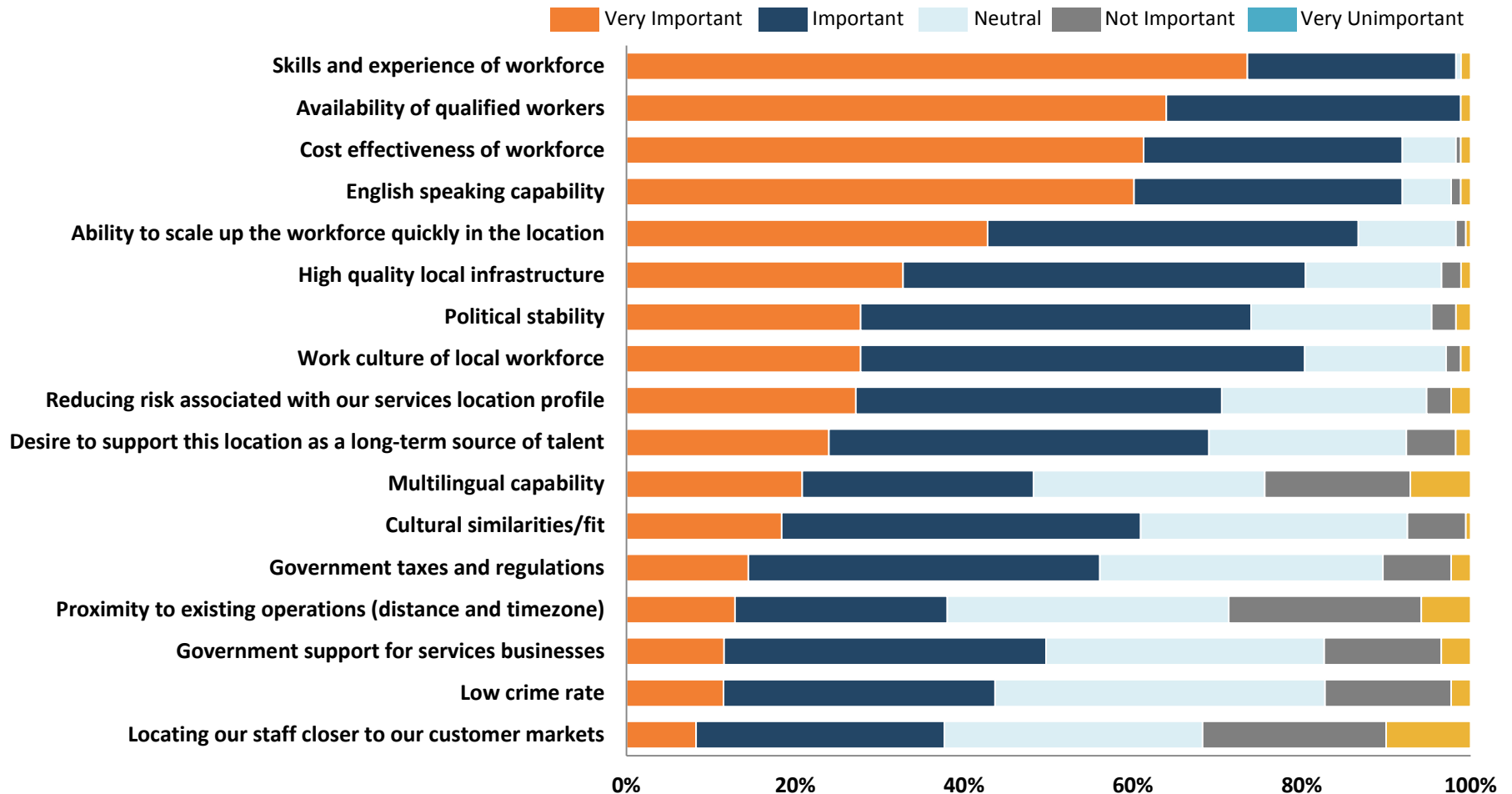
% Saving from Budget



Source: HfS Research, 2014; Sample: 215 Enterprise Outsourcing Buyers (Annual revenues > \$ 1 Billion)

For most organizations, skills, availability, cost, and language skills are the most important location criteria.

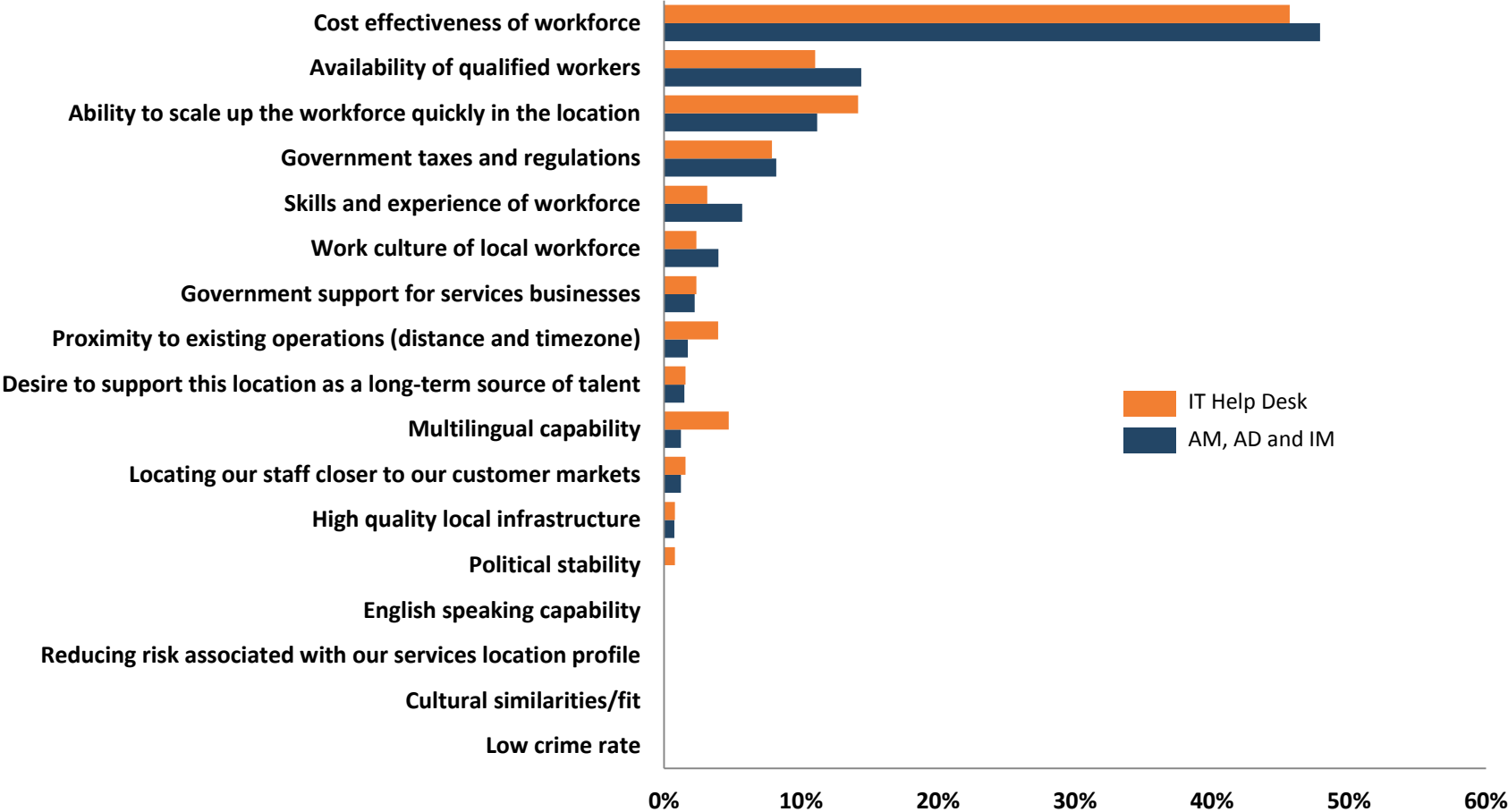
Q: In general, how important are the following criteria when making location decisions for outsourcing IT and Business Services?



Source: HfS Research, 2012; Sample: 215 Enterprise Outsourcing Buyers (Annual revenues > \$ 1 Billion)

For IT buyers, cost remains the primary deterrent preventing companies from shifting work to the USA.

Q. For each of the following IT processes, what are the deterrents of shifting Indian resources to the USA?

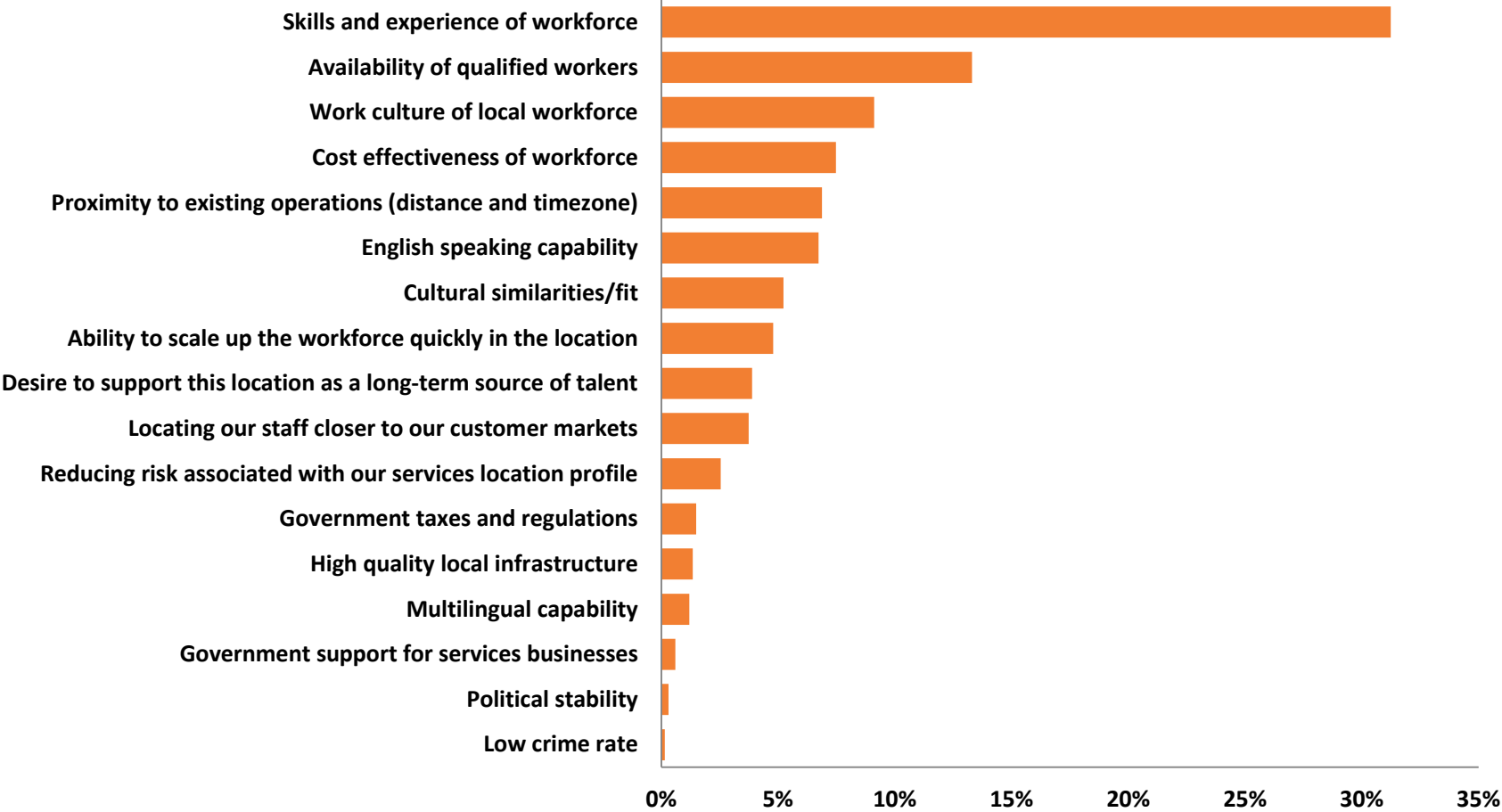


Source: HfS Research; Sample: 215 Enterprise Outsourcing Buyers (Annual revenues > \$ 1 Billion)



For BPO buyers, talent in the USA benefits from skills and experience, as well as availability.

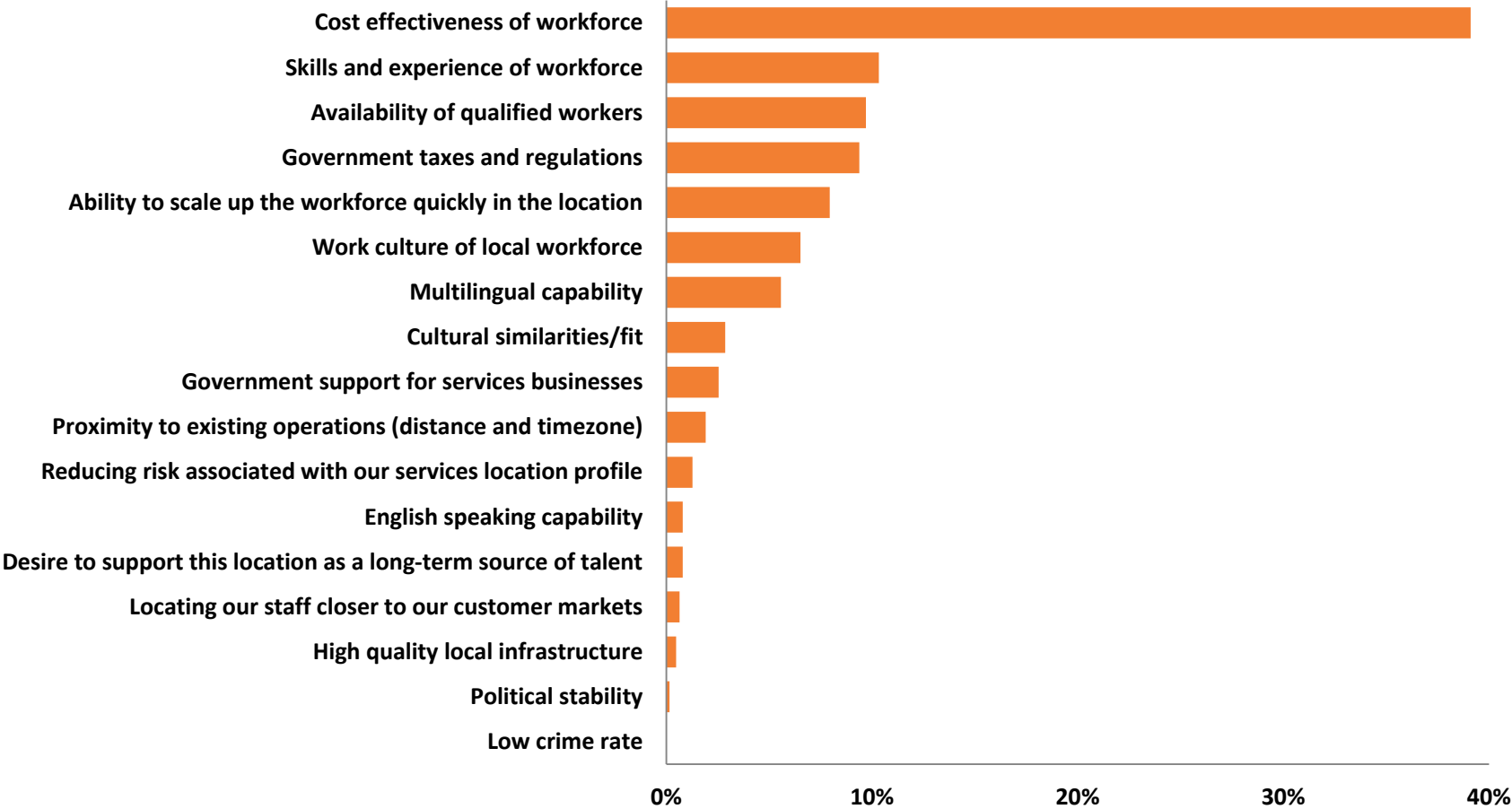
Q. For business processes, what are the benefits of shifting resources to the USA?



Source: HfS Research; Sample: 215 Enterprise Outsourcing Buyers (Annual revenues > \$ 1 Billion)

For BPO buyers, cost remains the primary deterrent preventing companies from shifting work to the USA.

Q. For business processes, what are the deterrents of shifting Indian resources to the USA?



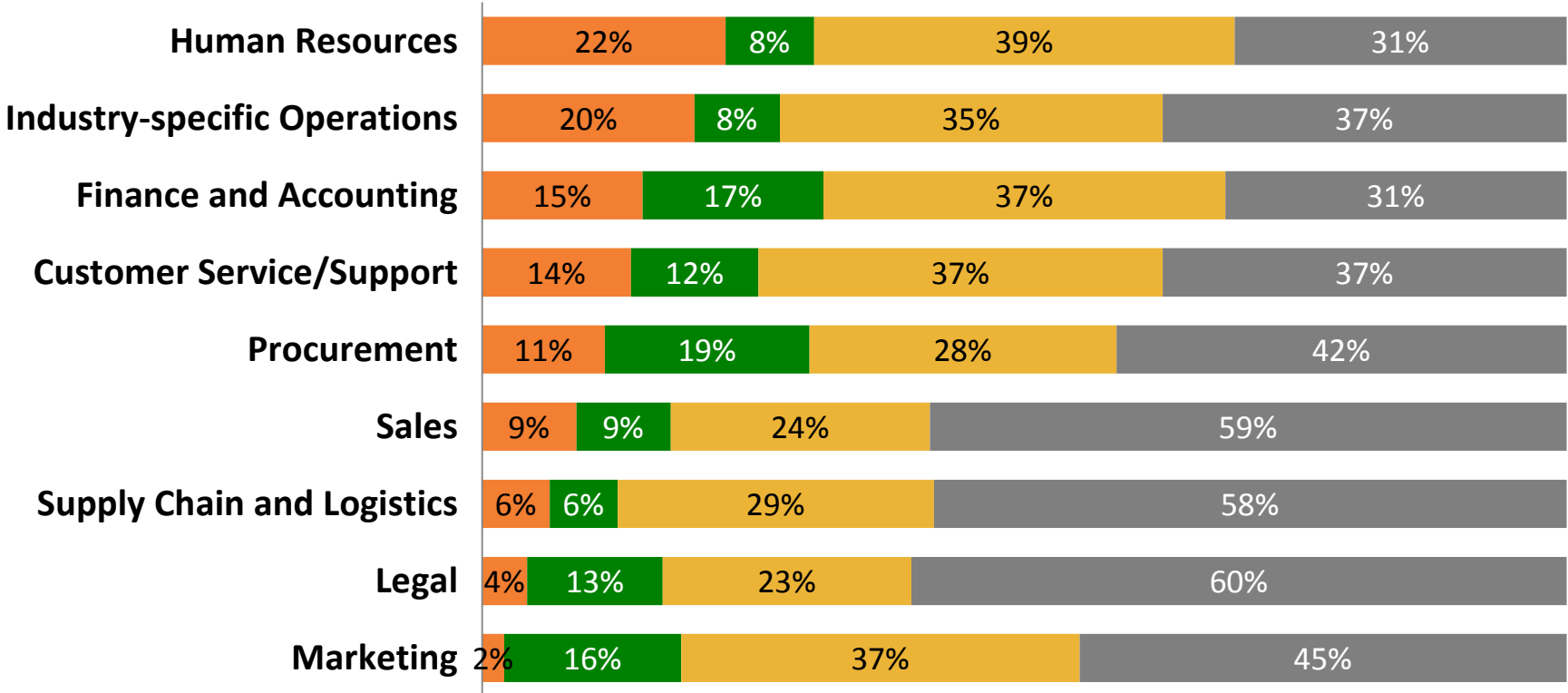
Source: HfS Research; Sample: 215 Enterprise Outsourcing Buyers (Annual revenues > \$ 1 Billion)



Is BPaaS is already replacing legacy outsourcing...

Q. In what areas are you considering cloud / as-a-service options to augment / replace traditional outsourcing?

- We have at least one cloud-based service for this function
- Starting to evaluate / test solutions
- We are interested but yet to find anything suitable
- Nothing in place & see no value



Source: Hfs Research State of Industry Study June 2014, conducted in conjunction with KPMG (Sample 312 Enterprises)

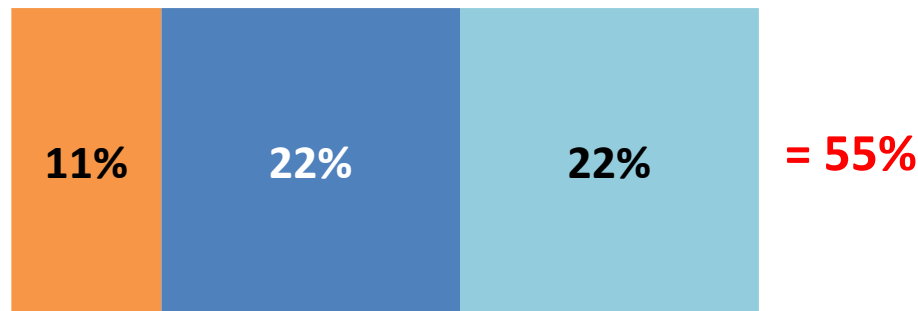


European Enterprise C-Suites show strong emerging interest in Robotic Process Automation Solutions

- Question: How critical are the following C-Suite priorities/directives, in terms of shifting from a Cost Focus to a Value Focus with your operating model?
- Answer: Invest in Process Automation and Robotics to reduce reliance on Labor

■ Mission Critical ■ Increasingly Important ■ Emerging

North America



Europe



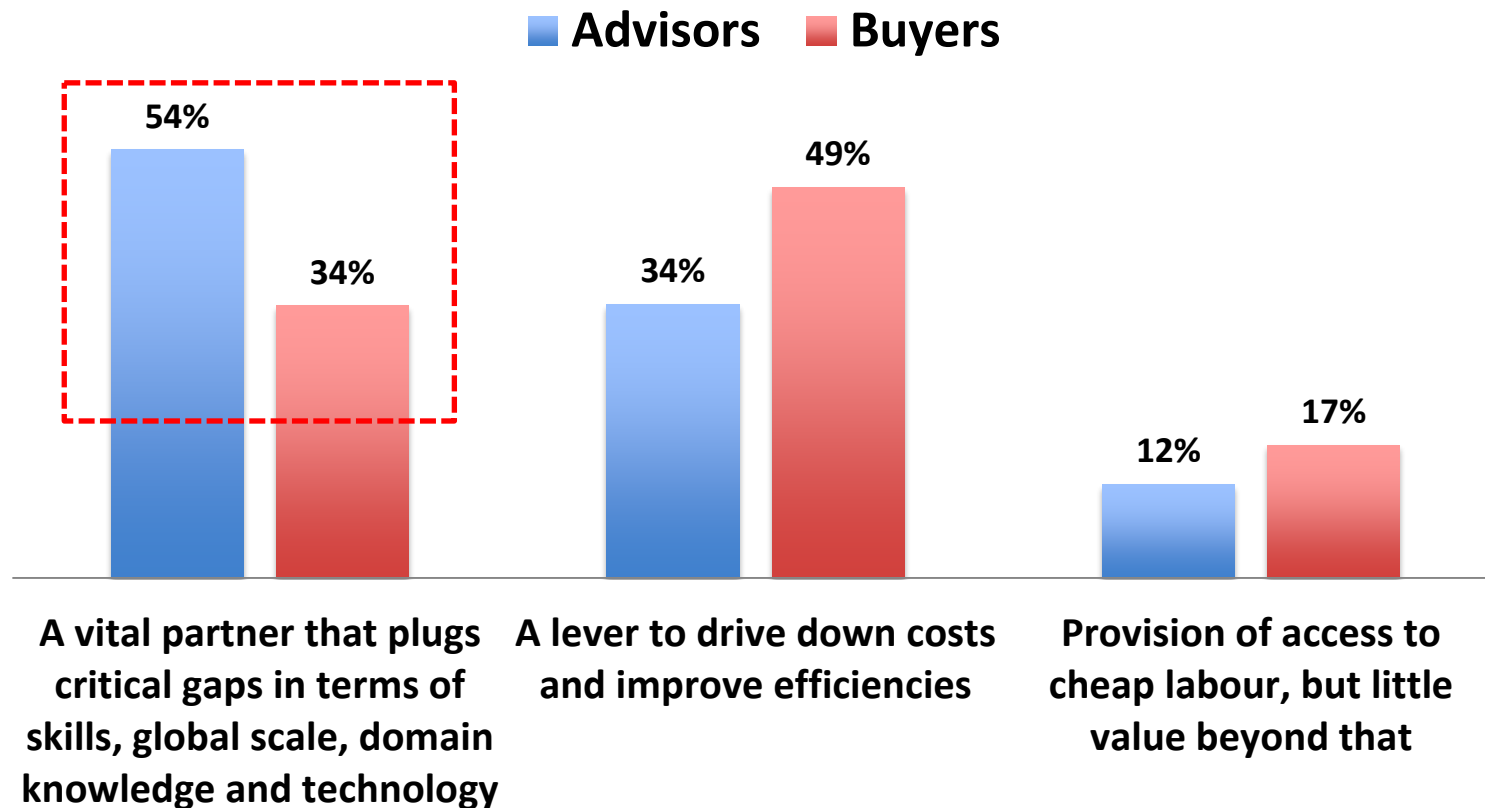
Source: HfS Research and KPMG LLP, 2015

Sample: 168 Enterprise Buyer Executives from "Achieving Value Beyond Cost" Study, November-December 2014

© 2015 HfS Research Ltd.

Only 1/3 of Enterprises see Service Providers as Delivering Real Value Beyond Cost, but Advisors think Differently...

Question: So what do you *really* think of service providers today?



Source: HfS Research and KPMG LLP, 2015

Sample: 168 Enterprise Buyer Executives & 154 Sourcing Advisors & Consultants from "Achieving Value Beyond Cost" Study, November-December 2014

HfS Research: Key Facts

- A leading analyst authority and knowledge community for business and IT services strategies.
- Unique focus on business services and global operations frameworks with technology as an *enabler*.
- Dedicated analyst team across US, Europe and Asia/Pac, headquartered in Boston.
- Facilitates the HfS Sourcing Executive Council (SEC), the highest quality network of enterprise buy-side executives leading sourcing initiatives.
- The HfS Governance Academy delivers to SEC members the industry-leading certification for sophisticated governance capability for shared services and outsourcing
- Acclaimed data-driven research focus on demand-side trends, market landscapes, supplier evaluations (“Blueprints”), pricing dynamics, market sizing and forecasting.
- Leverages the vast HfS community of sourcing professionals to deliver rapid insights on global sourcing industry trends & developments, surveying the opinions and dynamics of 25,000 organizations in 2011-14.
- The largest web and social media presence in the sourcing industry with 145,000 research subscribers and the leading blog in the industry (horsesforsources.com), which today gets 1 million web visits a year.
- A well-regarded *new generation* media outlet qualified as a Google news source and regularly quoted on services trends in Wall St Journal, The Economist, CIO Magazine and BusinessWeek.