



# Podcast

## Highlights from the 2008 Gartner Symposium and Itxpo

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**Julie:** Hi, I'm Julie Myers with Xerox Global Services, and I'm here today with Rich Baily, Vice President of Xerox Business Process Services, and we're here at the Gartner Symposium event in Orlando, Florida. Hi, Rich.

**Rich:** Hi, Julie. How you doin'?

**Julie:** I'm great. How are you?

**Rich:** I'm doin' great and I'm enjoying the conference.

**Julie:** Yeah, me too. It's been a good one. What has been your reaction to the overall theme? I thought it was great that they kicked things off really addressing some of the concerns that clearly everybody in the audience has about the economy and the crisis and what that means for IT professionals.

**Rich:** Absolutely. It's definitely a dynamic agenda, and they were able to introduce a lot of topics and events that happened over the last week right into the up-to-the-minute agenda on the conference, and especially some of the keynote key points that were addressed. I thought they did a very good job of tying into that and I think we probably want to spend a little bit of time talking about some of those.

**Julie:** I think so, too. Where do you want to start?

**Rich:** Well, let's start with some of the keynote. I think one of the big messages that the top executives and researchers from Gartner brought up is how is the CIO and how is the IT environment going to support the business in these changing times? Many industries are struggling, specifically the financial services industry—having a big impact on all of us. So clearly, cutting costs or cutting spending within the IT environment is something that I think we all need to wrestle with, and ways to do that would be potentially on delaying new projects, putting non-core projects on hold, and really looking at how IT organizations are spending their time and their energy and their money. And I think one of the most telling points that was brought up is that many of our clients' environments, in their IT budget, they're spending 70% to 80% of their IT budget on existing applications, legacy things, and have very, very little time and money for things that're actually new, and that really limits their ability to innovate within their environment, which I think creates a tremendous opportunity for us; in fact, I heard a number of positive things in working with the analysts one on one as well as listening to a lot of the sessions that took place throughout the conference.

**Julie:** Yeah, I like the direction that they gave, which was "Don't necessarily make a list of things you can avoid from a cost or an investment perspective; instead, be very smart about what you're investing in, and in some cases that may mean that you stop maintaining some existing projects and systems that may not be having as big an impact on the business performance. So I thought that was a really good message that really was pervasive, I thought, through all of the sessions that I attended and, as you mentioned, in many of the one-on-ones we did with the individual Gartner analysts.

**Rich:** You're absolutely right, and that's difficult for IT organizations to do because they have existing staff, existing dollars tied up into those things, so that's a big shift for them. But like I said, I think the positive thing for us is the fact that we offer alternatives to some of the things that're out there that they're doing today. So instead of having to support legacy applications or legacy processes, we offer state of the art, constantly innovating our services so they're always up to speed or always at the leading edge of where organizations want to be, so we have the ability to add a lot of incremental value really at a variable cost point rather than companies having to invest capital on their own, which is kind of scarce right now. So I'm encouraged by our opportunities based on being in the conference.

The other thing I'd mention, Julie, is typically they have 5,000 to 6,000 to 7,000 people that attend this conference, and they had over 6,500 people attend—so it wasn't that they had a poor turnout this year; in fact, I was expecting to see less people, so I was very encouraged to see the turnout at the event.

**Julie:** I totally agree. I was actually surprised when I walked in the first morning and the room was as full or more full than the previous four years that I've attended, and they also said that the level of people that are attending are the same or even higher with up to a quarter of the attendees actually being CIOs or Chief Technology Officers. So I think it's true—people really are looking for better ways to do their business, and this event is considered one of the best ways to kind of hear some thought leadership and some benchmark ideas about how to do that.

You mentioned a variable cost kind of scenario, and I really appreciated and agree with you that it opened up some opportunities for us because they talked about outsourcing in general as something that if companies had never done it before, they really should be significantly considering it, especially in the areas that may be a little bit outside their core business, which obviously we're in our document and business process management. On the other hand, they talked about this new concept called 'business process utility outsourcing', which I think hits directly to what you're saying about our capabilities and about the market focus now on this variability in terms of volumes and needs and requirements, which can be so impacted when the economy is kind of a little bit in turmoil. What're your thoughts on that?

- Rich:** Well actually, that was one of the most exciting things about the event and talking with some of the analysts one on one because I actually think that we are a case study of success within that business process utility type of concept.
- So just to kind of step back a second, outsourcing and business process outsourcing has been around for many years now, and people have grasped the concept, they've embraced the concept and are using those types of service providers more and more, and I think one of the areas of improvement that the outsourcers can focus on is to leverage common processes across all their clients so that they can bring constant innovation, best practices, and continuous improvement through the lifecycle of an outsourcing arrangement rather than just taking over the customer's environment as is and running it as is for the next seven or eight years and limiting innovation or common processes across multiple clients. And that's what we've been able to do in both our managed print services space as well as our business processes service space where we've created a common platform and a common framework that we leverage across multiple clients, which allows us easy access to innovation and bringing that innovation back into the platform that all our clients can benefit from. And if you look at some of the concepts that they're just starting to float around business process utility, it's really focused around finding maybe not a true outsourcing provider that outsources the entire division or the entire department of your business, but finding best-of-breed capabilities out there and buying those on a utility basis and that's absolutely what we provide is a best-in-class utility around managed print service, around business process services—specifically in the document management and imaging space. And as we work one on one with the analysts, they requested a lot of information about our engagements because they want to promote us as a successful case study on an outsourcing provider that's really mastered this concept.
- Julie:** Right. And you alluded to that scaling piece, and I think it's about scaling up when necessary, but also scaling down in the current economy. So that's a huge benefit of some of these standardized platforms, and some of our global, if you will, delivery model practices as well. That was another thing that continued to come up; they talked about alternative delivery models where instead of doing things uniquely for one specific customer or client in one specific region, you have a model that does have some standard technology platforms, but you really try to centralize and globalize with common delivery processes and governance and risk management, but also, again, have that flexibility to scale up or down depending on each individual client's needs of the moment, if you will. Any reaction on that?
- Rich:** I agree with everything you just said. I appreciated the conversations with the analysts; they definitely appreciate Xerox as being a global corporation, a global provider of services, and that's what their clients are asking Gartner. They call up and ask about certain services, business processes, capabilities—who are the providers out there? Who are the professional services firms, the vendors, that can provide me consistency across the globe? And that's definitely something that we've been promoting over the last decade or so, and I think we're in a much better position to capitalize on than our competitors. And just on the global nature of things, while we are struggling here in the U.S. and our economy may be slowing down a little bit, there are certain regions of the globe that're actually growing 7% to 10% on a year-over-year basis, so their economies are robust. Everybody's getting hit with the financial crunch and the market crunch, but there's a lot of growth taking place around the world that we need to appreciate and make sure we participate in.
- Julie:** Absolutely.
- Rich:** You know, I think the one other thing that I would highlight is—and this is really not in the business process space, but really in the managed print services space—I was quite proud to be a member of Xerox and working with a number of the analysts just weeks after they published the managed print services Magic Quadrant with Xerox listed as the leader and the visionary within the market space. We had a lot of good discussions with the analysts about that, and again, it was a proud moment to be a member of Xerox and to be recognized like that.
- Julie:** Absolutely, and we're gonna talk more with Gartner because they have an event really dedicated to that print and print management space in early December and our own John Kelly, President of North America for Global Services, is actually the keynote speaker on that very subject, so we'll have a lot of opportunity to talk more about that space.
- Interesting to me also was things that I heard less of than I have in the past as well as obviously the new technologies and new focus that they were trying to put on certain areas. So on the lesser side, although it came up in almost every session, the green IT or sustainability message—obviously it's still important, but I think the feeling, given the economic pressures, was that when business performance is really, really strong, that we can focus on green and focus on trying to do the right thing for the environment, but when there's the pressure going on that we're all seeing in our business right now, maybe it's not the most important thing. And interestingly, we at Xerox have seen that a lot of what we provide with our outsourcing relationships and our delivery models is that we're actually doing both; we're helping with costs, we're helping add value in some unique space, and in addition, because of our policies and really our philosophy about the environment, a lot of what we're doing can absolutely impact a client's sustainability goals as well very positively. Any reaction to that?

- Rich:** I think your observation of it being less of a subject this year than maybe in past years—that’s probably accurate, although I did attend a couple of sessions where they did talk about green IT and how it’s still important. But I think your point is when things get tough, how important is it, and is it a luxury or is it absolutely something that’s a benefit? And I think in certain areas, it’s definitely a benefit to a company as well as the environment, but a lot of that benefit also is recognized by just overall efficiency. So for example, if you have to route documents across the country to a centralized site versus scanning them remotely where they exist in hundreds of remote offices, clearly that has an impact on the environment in terms of not putting documents on a truck or an airplane or something along those lines. But it also has tremendous value-add in terms of the process efficiency to turn documents in minutes rather than days by shipping them around the country. So the business value is probably what’s being stressed there, but the side benefits definitely have an impact on the environment and we should promote both simultaneously.
- Julie:** Exactly. Things that were new that were popping up were obviously this whole cloud computing area; there was a huge focus on video conferencing and social networks. I mean, Cisco was one of the Mastermind speakers. On the one hand, some of that absolutely benefits the economy and benefits the environment; on the other hand, I think there’s still a lot of both skepticism about how it’s gonna play in day-to-day business as well as lack of awareness about what a lot of these areas really are, what they do, and what they mean for the business. Was that your reaction as well?
- Rich:** You know, I think two main themes I would associate with all those things collectively, and the first is we’re seeing the consumer market starting to drive the business market versus the other way around—so the social networking sites, the iPhone, cloud computing—those types of things that people are using in their social life, particularly the younger generation, all of a sudden those types of technology trends and user trends are starting to impact how organizations, one, support those applications, and then two, take advantage of those technology trends. And they’re starting to have a meaningful impact on the IT environment and really the business environment in terms of being more efficient. And the second key thing there is—this actually relates back to some of the early keynote sessions we listened to—is that in the late ‘80s/early ‘90s, we had a bit of an economic hiccup in technology advancements and improvements were one of the things that started to lead to a lot more productivity with our economy as well as the economy of other countries across the globe, and technology improvements helped drive incremental productivity, which led to a big boom in the market in the ‘90s. And there’s absolutely the same sense that, yes, we’re in trying times today, but with some of this new technology and some of the capabilities that’re being made available, technology in this type of environment is absolutely going to be a key enabler to recovery and another economic boom for us. So I think all those technologies you referenced are evolving, they’re happening very, very rapidly, and I think it will be something that’ll be part of our mainstream environment in the next five years and we’ll just need to take advantage of them.
- Julie:** Absolutely. And I think we’re trying to do our best at that as well as trying to make sure that our clients are as aware as possible of their opportunities. Well Rich, it’s been a great show so far as far as I’m concerned. Was there anything that you wanted to say in closing?
- Rich:** Again, I’m enjoying the conference; I’m getting a lot out of it. We have a number of activities following up after this conference with a number of the Gartner analysts, and they’ve provided a lot of insight into where we ought to be taking our business and providing us insight as to what our clients are thinking about as they go forward in the next several years. So it’s been extremely valuable. I’ve enjoyed it.
- Julie:** Me, too. Thanks Rich.

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