



Podcast

Xerox and Business process Outsourcing: What we have learned and what the future brings.

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Lori: Hello, I'm Lori Webster of Xerox Global Services. I'm here today with Rich Baily; Rich is our Vice President of Business Process Services here at Xerox Global Services.

Rich: Hi Lori.

Lori: How are you today, Rich?

Rich: I'm doing good.

Lori: You have a really interesting history. You saw the early potential of outsourcing specific to the document, and you've witnessed the outsourcing journey that has brought value to lots of businesses, Rich. The interesting thing is that you owned your own firm and you worked with a lot of different industries. We consider you a pioneer in this space.

There's a lot of talk today around technology as the key to eliminating document inefficiency. I'm sure the podcast listeners would love to hear what you've learned during this incredible journey.

Rich: Okay

Lori: If I were to embark on a major business process outsourcing decision for my firm, what advice would you offer me with regard to technology and choosing a proven partner?

Rich: Well, first off, I think—you mentioned technology, and obviously any outsourcing partner has to have a proven sustainable technology to base their services on; it's just a ticket to a game and it's an absolute must if you want to participate in the conversation and be competitive as an outsourcer.

I think for companies making decisions, in some ways that has to be assumed, that your partner will have that. And when you make a decision about a BPO partner, you must look at their ability to deliver you an exceptional service, and that involves a lot of different things. First off, you have to understand is this service that you're contracting for from a BPO provider part of their core competency? Is it part of their strategic direction of what they want to do over the long term? Can they meet your SLAs and can they support your business process in such a way that you can be comfortable that you can deliver to your clients? Can they deliver consistent results on an ongoing basis? And in more and more cases, they're asking for consistent results on a global basis as we deal with more multinational corporations.

And I also think continuous improvement is extremely important. You know, processes today are what they are and we can improve upon them, but processes will evolve, businesses will evolve, and the dynamics of how we have to operate five years from now will be different than they are today, so we need to make sure that we pick providers that have innovative thinking built into their process so they can evolve over time.

And lastly, you need to consider how a BPO firm can help you service your clients. How can they help you improve your internal processes? How can they put you in a better competitive position? Bottom line: How can they drive financial results, whether it be profit or some other metric that you're trying to drive within your organization?

Lori: That's really interesting, Rich. If technology has a place, what am I thinking about as a decision-maker representing my firm?

Rich: Yeah, that's a good question. You did ask about technology, and you know, over the last 10 to 20 years, we've made such huge advancements in what information technology can do for us and how we run our business. Ten years ago, we had firms that were supplying all kinds of expertise around networking, e-mail, servers, and we hired experts to help us deploy that technology. And then over time, as that technology became hard to manage, we hired those same firms, or similar firms, to come in and actually manage the technology for us—so now it's deployed, now we've outsourced the ongoing operation of that technology from outsource providers.

And then came the evolution of this BPO concept where we're actually outsourcing not just the technology infrastructure support, but really the business process itself. And you know, in some ways I think it's kind of unfortunate because organizations started to look at outsource providers from a BPO perspective the same way they looked at, you know, managing the infrastructure environment in that they looked at what they had in place and then they said "This is my environment; I need someone to come in and manage this environment for less money than I'm spending today so I can focus on other things." And in some ways, that became "Take my mess and manage it for less" and really didn't optimize the business process that they were truly trying to optimize as part of the outsourcing approach.

Lori: You have a lot to offer in that answer, so thank you for that. Can you just break it down for us a little bit?

Rich: Sure. I see this all the time—BPO outsourcers will go out there and they will contract for services with a client, and that client has their infrastructure in place, their applications, their people in place, and for whatever reason they're making an outsourcing decision, and the outsourcers themselves will say "Okay, this is how we'll run it" and the corporation says "Okay, this is what I have; manage it the same way I'm managing it; don't change anything, but come in and provide a better level of service." Well, that's very difficult to do. I mean, there's definitely some things you can do to drive efficiencies in the process, but if you're really looking for efficiencies in your outsource provider, you really want them to standardize not only the processes, but the technologies and everything they provide as part of their service and have them do that and provide that service across dozens and dozens and dozens of accounts rather than having to manage individual implementations one at a time and losing economies of scale of some of the things that they can provide.

Lori: It's complex, isn't it?

Rich: It is, and in some ways I think our clients, or the clients out there, need to allow the outsourcing firms to make the process improvements they need to make on their own behalf to help the client drive better efficiencies on the back end, and by forcing specific requirements on an outsourcer, it limits their ability to drive efficiencies and continuously innovate a core platform that they're using to provide services to a lot of different clients rather than just the individual, specific implementation they have for one individual client.

Lori: Can you offer some ideas around what the best organizations are doing to improve business processes? And where do you see the biggest benefit, Rich?

Rich: Sure. Well, I think if you look at the classic example of what business process has been outsourced for many, many years, and that's payroll outsourcing. And over time, other outsourcing examples have been really around the back office, so the finance and accounting opportunities, the human resources opportunities that are out there, and bringing common processes and practices in that environment.

But I think what's most exciting as we look forward—more and more of the business process services that are being outsourced are customer-facing. They're helping customers provide better service to their clients. We're doing more in the marketing and communications space and in other areas such as, you know, healthcare. There are lots of areas that hospitals and healthcare insurance providers are outsourcing to provide even better service than they are today.

Lori: So what does the future bring? Where do we go from here?

Rich: Well, the good news is, you know, many CIOs and CEOs have been outsourcing IT services and other types of services for years, so that concept is not new. And many now are adopting business process outsourcing as a key element of their strategy on how to compete in the marketplace. So I think all that is very positive. From a BPO provider's perspective, I think these providers will continue to standardize on their core platforms, their technologies, their processes, and try to leverage those across multiple clients. You know, that leverage that they're creating by utilizing that common platform allows them to reinvest in that common platform and provide lots of new benefits for all their clients over time, and that's going to help these BPO providers provide more innovative services to the industries they serve in general.

So from, you know, a customer's perspective, first I think they need to let the BPO outsourcers do what they do best and drive commonality and process improvement in the services they provide, and then the customer needs to focus on creating differentiating opportunities or competing in the marketplace based on their core products and services. So I think a lot will evolve over the next three to five years, and it's going to be very interesting.

Lori: Great discussion today. Thank you, Rich.

Rich: Thank you, Lori.

Lori: This podcast is part of an ongoing series. Be sure to visit Xerox.com/ThoughtLeadership to download future podcasts and find additional content featuring Rich Baily, request him as a speaker, ask questions, and more.

On behalf of Xerox Global Services, I'm Lori Webster. Thank you for listening.

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