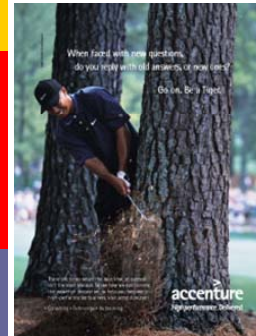


# Accenture BPO Overview

SMU  
April 18, 2007

# Accenture Company Overview



Accenture is a publicly traded company (ACN) listed on the NYSE with a Market Capitalization of \$19.54 Billion (Nov 2006).

**Revenues FY06** • \$16.65bn (~40% outsourcing)

**Employees, Clients and Engagements**

- 140,000 employees; in more than 110 cities in 48 countries
- 4000+ clients on nearly 18,000 engagements over the past five years
- 40,000 outsourcing professionals serve 600+ clients worldwide

**Investment**

- \$546+ mn in training
- \$250+ mn on R&D in FY05

**Intellectual Property**

- Issued 100 patents in the last 3 years, 950 applications pending

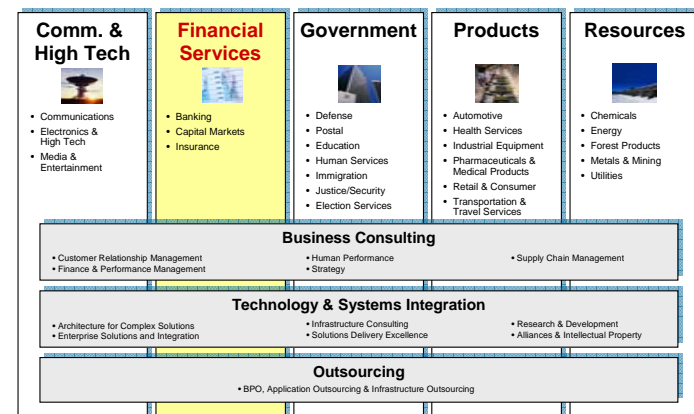
**Recognition**

- 49th best Global brand by Business Week 2006

# Accenture - Key Facts

- Every 4 hours, an Accenture system goes live somewhere in the world
- 1 in 3 of the world's passenger airline tickets are processed by Accenture
- 1 in 5 of the world's phone numbers are billed by systems we built
- 1 in 4 electric bills in the US are produced by systems we built
- We have reduced drug development time by 1/3 at 5 of the world's top pharmaceutical companies
- Our clients include:
  - 87 of the Fortune 100, more than two-thirds of the Fortune Global 500 and government agencies in 24 countries
  - 70% of the largest energy companies
  - 90% of the largest health insurance companies
  - All of the largest 10 insurance companies in the US
  - The world's largest industrial equipment and engine manufacturer
- Of our top 100 clients in fiscal 2005, 93 have been clients for at least 5 years and 86 have been clients for at least 10 years.

# Accenture is Organized along Industry Groups to Effectively Service our Clients



## The Accenture Delivery Center Network enables Global Sourcing, Risk Mitigation & the Best Skills at the Right Price Point



- 40,000+ outsourcing employees
- India 22,000+;
- Philippines 8,000+
- Latin America and Eastern Europe 8,000+
- China 2,500 +
- 50 Delivery centers worldwide
- Offshore delivery for 19+ years
- Accenture Delivery Methods utilized across all Delivery Centers

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## We Serve All Major Financial Services Industry Segments

Banking	Capital Markets	Insurance
Commercial/Corporate Banking	Global Investment Banks	Property and Casualty
Retail/Consumer Banking	Retail and Discount Brokers	Life and Non-Life
Private Banking	Asset Managers	Reinsurance
Mortgages	Custodians	
Credit Cards	Depositories	

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## Our Financial Services Clients are Leading Global Companies

The Financial Services operating group serves more than 800 unique clients, including:

- AXA Group
- ABN Amro
- Bank of America
- Bank of China
- Bank of Ireland
- Barclays
- BBVA
- Caixa Catalunya
- Chubb
- Deutsche Bank
- Generali
- Groupama
- Johannesburg Stock Exchange
- Lloyds TSB
- London Stock Exchange
- National Australia Bank
- PKO
- Royal & SunAlliance
- Shanghai Stock Exchange
- UBS

Our solutions have been embraced by:

- Accenture works with:
  - 97 percent of financial services institutions ranked in the Fortune Global 100
  - 89 percent of financial services institutions ranked in the Fortune Global 500
  - 48 of the top 50 banks worldwide
  - 15 of the top 15 investment banks globally
  - 35 of the top 40 insurance companies worldwide
  - 10 of the top 10 money managers worldwide
  - 9 of the top 10 global custodians worldwide
  - 20 equity, commodities and futures exchanges

Sources: *Fortune* Global 500 ranking based on revenues from July 25, 2005, and internal analysis for fiscal year-end 2005.

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## Accenture Offers a Full Range of Services

What We Do	How We Deliver	How We Differentiate
Envision & Architect Business Performance	Business Consulting	<ul style="list-style-type: none"> <li>□ Build enduring trust-based partnering relationships with our clients</li> <li>□ Focus on business outcomes and creating value for our clients</li> <li>□ Harness deep industry and process expertise and unrivalled large-scale complex change capabilities</li> </ul>
Implement and maintain Technology	Technology and Systems Integration	<ul style="list-style-type: none"> <li>□ Seamlessly integrate consulting and outsourcing capabilities across the lifecycle of business transformation</li> </ul>
Operate and Continuously Improve	Application Outsourcing	<ul style="list-style-type: none"> <li>□ Leverage proprietary assets and global delivery network for cost, quality and differentiation</li> </ul>
	IT Infrastructure Outsourcing	<ul style="list-style-type: none"> <li>□ Foster a culture of collaboration and teaming</li> </ul>
	Business Process Outsourcing	<ul style="list-style-type: none"> <li>□ Attract and develop best talent</li> </ul>

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# Accenture Outsourcing Portfolio

## Horizontals



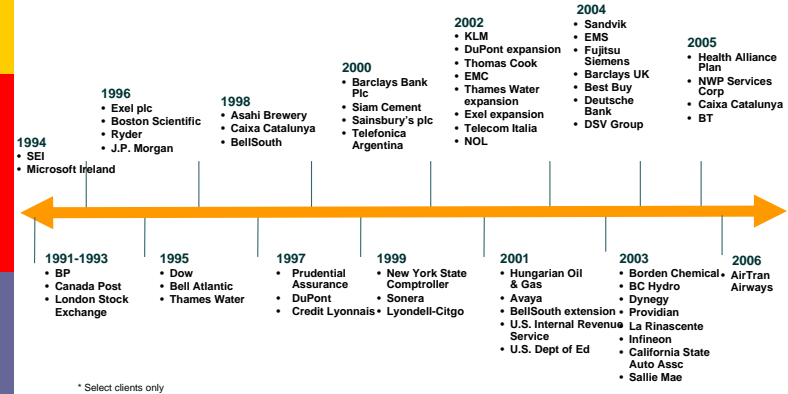
## Verticals



## IT Outsourcing



# Accenture Has Been in the Outsourcing Business For More Than Fifteen Years



# Appendix

Interesting BPO Information

# What is BPO

- BPO is a business strategy that involves delegation of operation, administration and ownership of business processes or whole functions to a third-party. Companies typically undertake BPO for one or more of the following reasons
  - Cost advantage
    - Reduce cost
    - Move from fixed to variable cost model (also share risk)
    - Convert capital into expense (increase shareholder value)
  - Improve company focus
    - Help management invest time on strategic activities
    - Free internal resources for other purposes
    - Augment internal resources
  - Improve service quality
    - Formalize performance metrics
    - Undertake continuous improvement
  - Gain access to world-class capability
    - Access to industry knowledge & superior processes
    - Access to leading technology

## The first step is to “Define the BPO Strategy”

Work Steps	Key Contents
Clearly define and communicate the BPO Vision	Why are we doing it? What are the drivers? At a conceptual level, what benefits (tactical & strategic) do we expect?
Identify a BPO champion	Appoint a senior executive as the champion for the BPO initiative.
Develop a detailed business case	What is my expectation of the costs and benefits? What capabilities do I expect to enhance? How does it enhance my market-place competitiveness?
Decide on the right scope	What are my guiding principles and factors to consider in out-sourcing? What functions do I out-source? Which geographies? Within each function, which processes do I out-source? What is the appropriate delivery model for me? Which delivery location? What is the detailed business case for each function? Over time? What is the likely impact on my organization, processes and technology?
Have a Plan and Manage to it	What are the activities, responsibilities, start date and end date for each activity?
Identify potential partners	Identify potential BPO providers and engage to verify expectations

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## Dos and Don'ts in Defining the BPO Strategy

Work Steps	Imperatives (Dos)	Common Pitfalls to Avoid (Don'ts)
Clearly define and communicate the BPO Vision	Research the BPO industry landscape Benchmark current processes Find out typical benefits Find out what competitors are doing Have visible senior management sponsorship	Communication gaps leading to employee anxiety
Identify a BPO champion	Appoint a senior executive Communicate repeatedly	Inadequate senior management “push”
Develop a detailed business case	Compare the business case with “industry typical” and “industry best case” Ratify the business case with process champions and get buy-in	Not estimating the total cost and “all” the benefits
Decide on the right scope	Ratify the business case with process champions Do not be over-ambitious. Take measured steps	Not identifying the risks Too much conservatism in carving out scope
Have a Plan and Manage to it	Have a detailed work plan Identify and document dependencies	Dual responsibility Unclear deadlines
Identify potential partners	Verify expectations Build in the “partnership” early on	Too many partners Getting too tactical at this stage

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14

## Getting the most from a BPO Arrangement

- Obtain C-level sponsorship
- Be clear about objectives and expectations from the BPO (cost, process improvement, ability to focus on the core business, etc.)
- Look for an outsourcing provider that brings a wide set of skills and strengths, and a long-term track record of delivering results, in addition to competitive pricing and commitments to cost reductions
- Task talented executives with optimizing outsourcing arrangements
- Incorporate business outcomes as a performance measure from the outset of the arrangement
- Give as much attention to performance measurement and the quality of your relationship with your provider as you do to the contract
- Use risk/reward provisions as incentives for higher performance outsourcing
- Use active governance to manage the outsourcing relationship for maximum performance

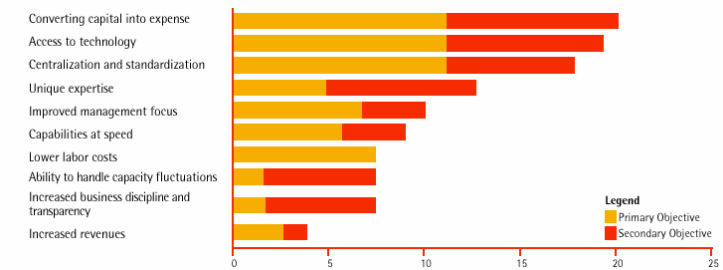
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## The BPO Value Proposition

- In 2002, results of Accenture's executive survey suggested that the primary objectives of outsourcing were
  - Lower labor costs
  - Centralization & Standardization
  - Access to technology
  - Converting capital into expense

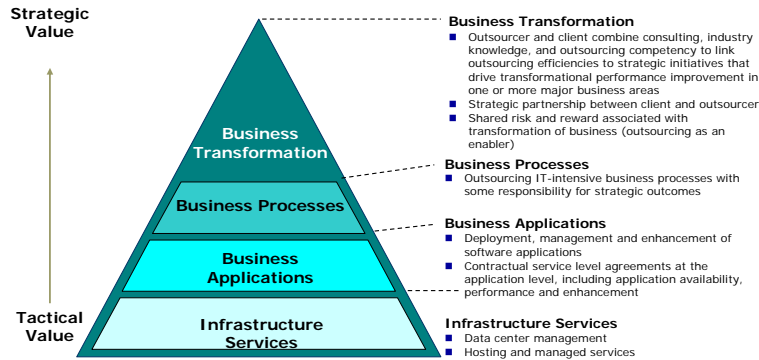


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## However, the Value Proposition of BPO has evolved over time

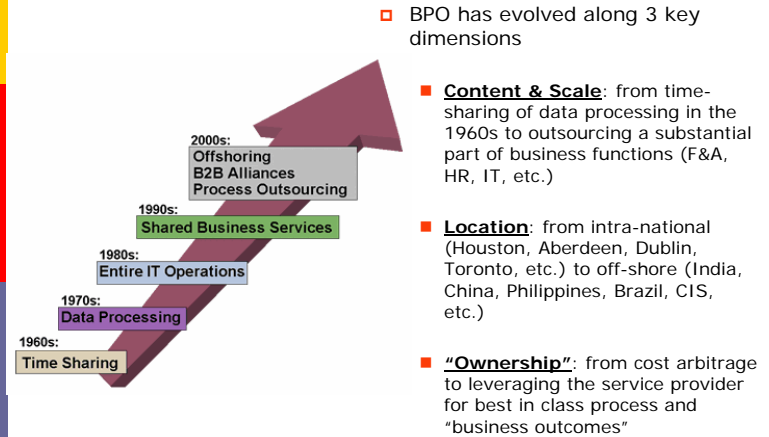


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## The Evolution of BPO

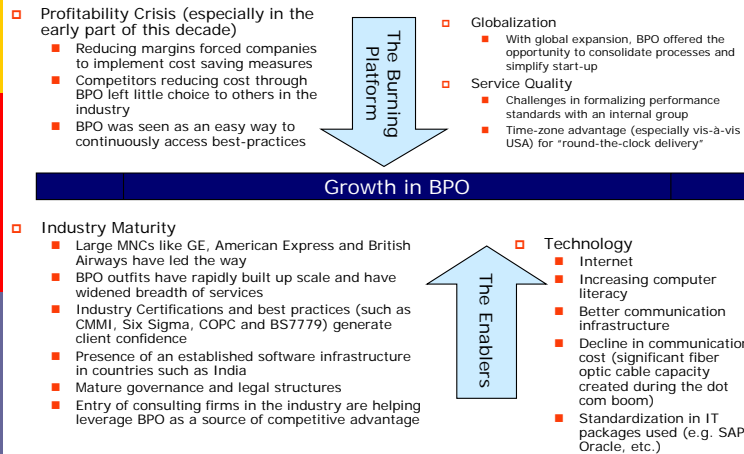


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## Factors Enabling the Growth of BPO



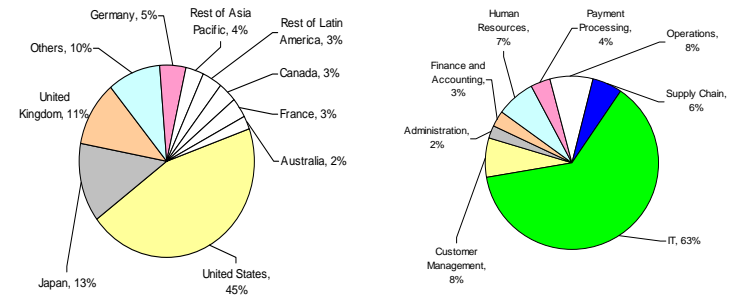
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## The BPO Industry

- Estimates for the world outsourcing market vary but are in the range of US\$ 300-500 billion for 2005\*



- IDC expects the world-wide BPO industry to grow at a CAGR of 11%. BPO in India is expected to grow at 58% per year over the next 3 years®

Source: \* Gartner, IDC; ® Nasscom

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## BPO Industry Segments

- The BPO industry has primarily 3 segments

Captive Units of Large Global Corporations	Offshore Operations of Global Service Providers	Local BPO Providers
<ul style="list-style-type: none"> <li>• GE</li> <li>• Fidelity</li> <li>• HSBC</li> <li>• JP Morgan Chase</li> <li>• ABN AMRO</li> <li>• British Airways</li> <li>• American Express</li> </ul>	<ul style="list-style-type: none"> <li>• Accenture</li> <li>• IBM</li> <li>• Hewitt</li> </ul>	<ul style="list-style-type: none"> <li>• Mphasis, India</li> <li>• Spectramind, India</li> <li>• ICICI OneSource, India</li> <li>• Progeon, India</li> <li>• Teletech, Singapore</li> <li>• Many others for each country/ region</li> <li>• A very large number in the small-medium sector</li> </ul>

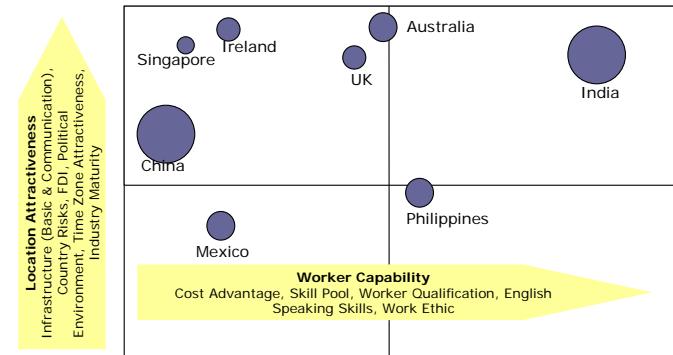
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## Country Competitiveness

- India leads the BPO market with a 55% market share followed by China, Philippines, Ireland, Mexico, Australia and Canada



Source NASSCOM: National Association of Software & Service Companies, India:  
Above Chart – The size of bubbles is only indicative

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## Country Competitiveness Trends

- The top 5\*
  - Philippines, Ghana, Vietnam, Egypt and Indonesia have the lowest wage costs
  - Singapore, UK, Canada, Australia and New Zealand have the best business environment
  - USA, France, India, UK and Germany have the best people skills and availability; though not all are English speaking
- Companies have historically chosen near-shore locations to minimize risks. Canada, Ireland, Australia, Spain and Portugal were key destinations
- Central and Eastern Europe are losing out on account of rapidly rising cost
- Africa and Middle East suffer from regional instability
- Latin America has been a popular destination for American companies and the growing Spanish speaking market
- India continues to maintain the top rank for outsourcing destination

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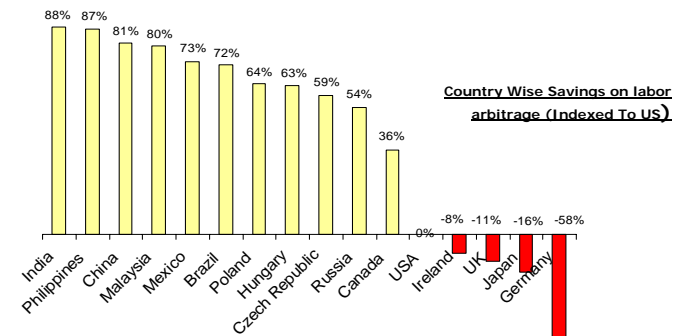
\*Source: World Bank

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## Wage Benchmarking

- Asia offers a 80-90% wage arbitrage vis-à-vis USA



Source: World Bank; The numbers are for professional staff, not limited to BPO employees

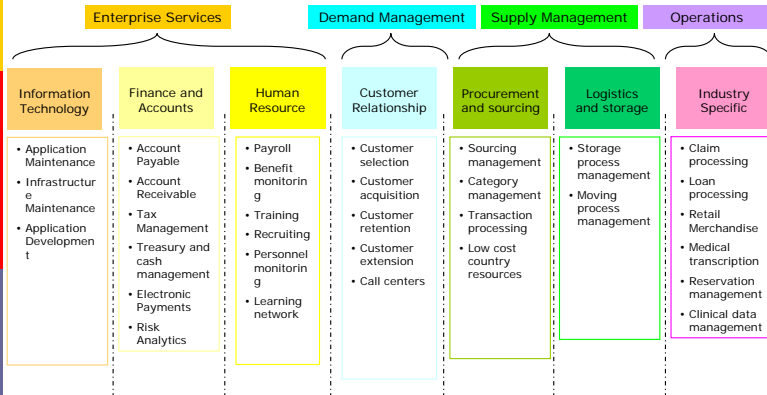
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# Typically Outsourced Processes

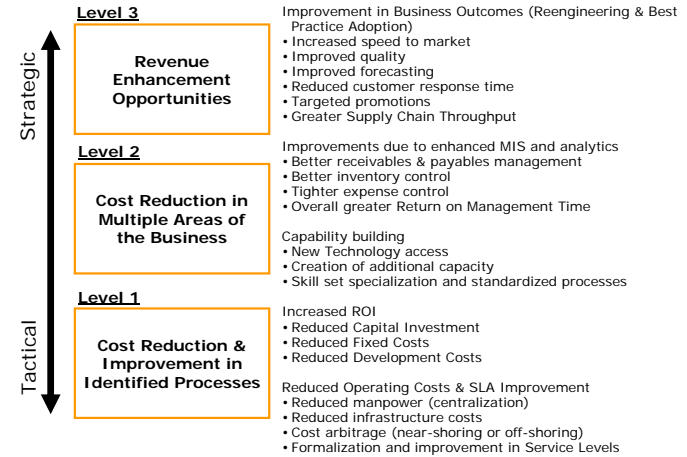


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# It is important to identify "all" the benefits

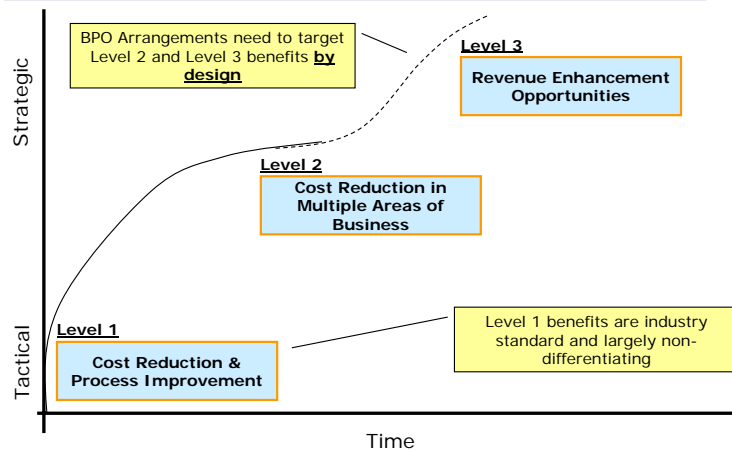


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# Value Benefits need to be targeted by Design

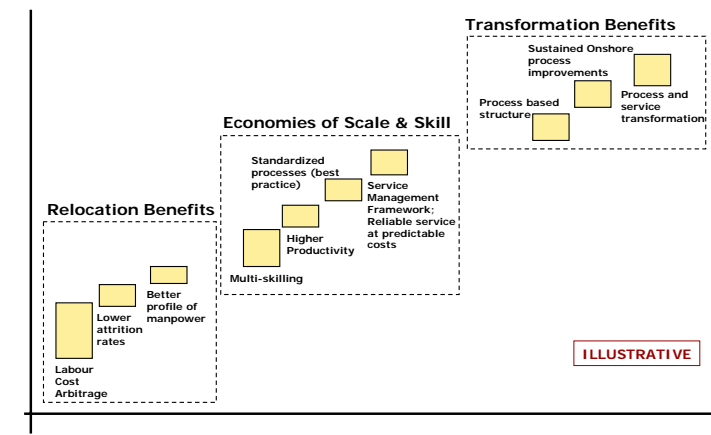


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# The total benefits of a BPO can be substantial



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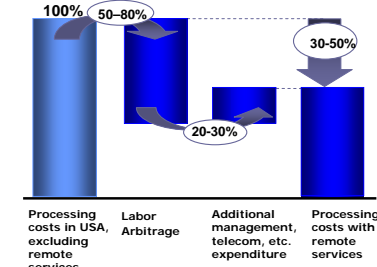
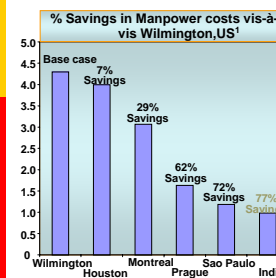
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## Typical cost reductions from a BPO arrangement

		Typical Spend (as % of revenue)	Typical Cost Reductions
<b>Financial Services</b>	<ul style="list-style-type: none"> <li>General Acctg</li> <li>Fixed Assets</li> <li>Forecasting &amp; Reporting</li> <li>Accounts Receivable</li> <li>Treasury</li> <li>Accounts Payable</li> </ul>	1 – 1.5%	20 – 50%
<b>Human Resources</b>	<ul style="list-style-type: none"> <li>Attract</li> <li>Deploy</li> <li>Develop</li> <li>Perform</li> <li>Reward</li> <li>Exit</li> </ul>	1 – 2%	20 – 35%
<b>Information Technology</b>	<ul style="list-style-type: none"> <li>Appl Development</li> <li>Technology/Development</li> <li>Appl Maintenance</li> <li>Data Center Operations</li> <li>Telecommunications</li> </ul>	2 – 3.5%	20 – 30%
<b>Procurement</b>	<ul style="list-style-type: none"> <li>Strategic Sourcing</li> <li>SC Chain Management</li> <li>Supplier Management</li> <li>eProcurement</li> </ul>	1 – 1.5%	10 – 15%
<b>Logistics</b>	<ul style="list-style-type: none"> <li>Purchasing</li> <li>Warehousing</li> <li>Transportation</li> </ul>	1 – 1.5%	20 – 35%
<b>Order Management</b>	<ul style="list-style-type: none"> <li>Returns Processing</li> <li>Credit &amp; Collections</li> <li>Order Management</li> <li>Call C enters</li> </ul>	2 – 3%	10 – 20%
<b>Total (% of Sales)</b>		<b>8 – 13 %</b>	<b>2 – 4 %</b>

## Typical cost reduction in moving operations from USA/ Europe to India is 30-50% (at matching or improved Service Levels)



- Study on customer contact centers (CCC) shows following average scores across players
  - Accuracy in delivery around – 98%
  - On time processing in over 95% cases
  - Sales per hour –20% higher than US counterparts
  - Employee attrition is lower around – 20% (vs. 60 to 100% in the US)
  - Highest scores on customer satisfaction amongst any CCC used by the client

## 10 Key Findings

Accenture's 2006 Survey of 141 CGS & Retail Companies

- IT, Supply Chain and Learning/ Training are the most commonly out-sourced functions
- Outsourcers share 3 fixations – cost reduction, process improvement, focus on core
- Broad capabilities and benefits are the main factors governing the choice of vendor
- Relationships and performance management become far more important than the contract over time
- Over 70% met their stated outsourcing objectives. 68% agree that outsourcing helped their company perform better
- 76% use business outcomes to measure outsourcing benefits; 17% don't. Most introduce business outcomes early in the contract
- 65% use a risk/reward mechanism to spur performance
- 80% employ moderate to extensive governance techniques
- The longer the company out-sources, the better it becomes and more satisfied it is
- Satisfaction with outsourcing does not diminish over time

## Pros and Cons of BPO Delivery Models

Parameters	Delivery Model			
	In-sourcing	Shared Services	Outsourcing	Global Delivery Center
Cost Arbitrage	○	●	●	●
Service level	○	○	●	●
Risk Sharing	○	○	●	●
Standardisation	○	●	○	○
Asset Utilisation	○	○	●	●
Access to specialised knowledge	○	○	●	●
Operational Monitoring	○	○	●	●
Security Risks	●	●	○	○
Integration Risk	●	●	○	○
Employee Contact	●	○	○	○
Flexibility	●	○	○	○

● Most Favorable  
○ Least Favorable

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