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SYMPOSIUM

NOA Symposium

Supplement 2015

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Welcome

Welcome to the NOA Symposium Supplement 2015, a publication dedicated to some of the highlights from this year's Symposium.
I'm pleased to say that the NOA Symposium 2015 was a phenomenal success, complete with thought-provoking presentations, lively breakout sessions, and plenty of interaction and networking. In this supplement you'll find cutting-edge research, thought-leadership and lively debate presented for the first time in a multimedia format. The presentations from the speakers on the day have now been made available via the NOA website – take a look to refresh your memory, and please share these resources with your friends and colleagues! I'd also like to sincerely thank our sponsors and media partners for their significant contributions to this year's event.

The UK outsourcing industry is in excellent shape and the NOA has progressed its latest campaign, the aim of which is to make the UK the strategic global hub for outsourcing. We already have many of the ingredients necessary to get there: the English language, the perfect time zone, strong financial markets, world-leading consultants and excellent travel infrastructure. The NOA's latest research examines the availability of skills in the country to ascertain whether the UK is really ready for global outsourcing leadership – you can find the piece on page 4.

The NOA will soon be undertaking new research - "Outsourcing in 2020" - which will study what the future holds for outsourcing. The content in this supplement already gives you some idea: in The Great Outsourcing Debate (page 7), outsourcing analysts discuss what robotic process automation can currently offer. Meanwhile, on page 14, Mtivity demonstrates how B2C consumer technology is heavily impacting on the future of B2B procurement. The results of our upcoming research will be officially announced at the EOA Leadership Summit & Awards on 8th October in Lisbon.

Until then, keep visiting the NOA website for updates regarding our numerous projects and further information on the NOA Symposium 2016.

Enjoy the rest of the supplement.

Best Regards

Kerry Hallard
CEO, National Outsourcing Association

NOA Research: Is the UK ready for global outsourcing leadership?

The NOA conducted a survey of its membership to determine the strengths and weaknesses of the outsourcing industry today.

“I’ve been involved with the NOA for 12 years now,” said Kerry Hallard, chief executive of the National Outsourcing Association, when presenting the NOA’s latest research at the NOA Symposium 2015. “And I would say the changes that we’ve seen in the outsourcing industry over the last 12 months surpass the number of changes we saw over the last 12 years.”

In doing so, she set the tone for the rest of the conference. After a tumultuous general election, UK outsourcing has regained some welcome stability, and following one of the industry’s strongest ever years, many outsourcing professionals across a wide variety of sectors are excited by its future potential.

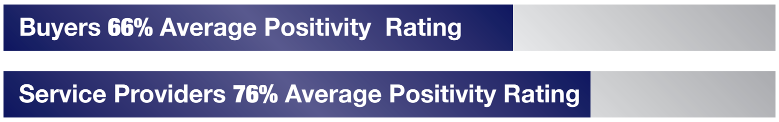
Kerry Hallard went on to propose that the UK has a fantastic opportunity to become the strategic global hub for outsourcing, pointing to the UK industry’s various accolades: second largest outsourcing market in the world, the most mature market across BFSI and the public sector, and a government that invested £120 billion in outsourced public services during its last term. With further foreign investment and more vocal support from the government, the UK has all of the ingredients necessary to become the global leader in outsourcing and business services capital of the world.

Post-Election Research

So, now that the UK markets have steadied post-election, how positive does the rest of the industry feel towards outsourcing and its growth prospects? The NOA conducted a poll of its membership to find out; buyers, suppliers and support providers were all surveyed to ascertain what will cause industry growth, and what will hold it back.

How positive do you feel about the growth of outsourcing over the next five years?

In the NOA’s survey, members on both the buy and supply-side were asked how positive they felt about the outsourcing industry’s growth potential. Buyers responded with an average positivity rating of 66%, while service providers were more optimistic with a positivity rating of 76%. All in all, this conveyed a strong sense of positivity regarding the outsourcing industry’s future prospects.



Which of the following will most drive the growth of outsourcing over the next five years?

Here organisations were asked to rank the top five factors they think are driving outsourcing growth, with an extensive list of options to choose from. The five most popular factors are given below.

“Proving the business value delivered through outsourcing” was unsurprisingly a strong favourite with the service providers (as it was with the audience on the day of the Symposium), while buyers thought only “better strategic alignment between buyer and supplier” to be more important. “Open book accounting” and “the new Conservative government” were among the options that didn’t break the top five.

Suppliers	Most popular	Buyers
Proving the business value delivered through outsourcing		Better strategic alignment between buyer and supplier
Opportunities from digital, cloud, robotics etc.		Proving the business value delivered through outsourcing
Better strategic alignment between buyer and supplier		Improving the UK economy
More intelligent clients		Access to abundant talent
More flexible contracts		More providers to choose from

Which of the following is your main concern about the future of outsourcing today?

“Recruiting good people” was the biggest concern with suppliers, while too much emphasis on cost-cutting and the talent of personnel hired by service providers were the two main worries for the buyers. Combined, these results suggest that the quality of the people working in outsourcing is a chief concern on both sides.

Suppliers	Most popular	Buyers
Recruiting good people		Too much focus on cost-cutting over quality
Procurement processes		Quality of people within service providers
Disruptive technologies		Attracting and retaining the best talent
Decreasing profit margins		Managing relationships to deliver best value
Proving the business value delivered through outsourcing		Proving the business value delivered through outsourcing

How significant is the skills shortage in the UK outsourcing industry?

Buyers displayed more concern regarding the state of skills in the outsourcing industry with a 6.7/10 severity rating. Service providers returned an average rating of 5.6/10, demonstrating that they were still concerned, but less so than the buy-side.

Overall 20% believed there to be a severe skills shortage (8/10 or higher) while only 8% deemed the skills shortage to be insignificant (2/10 or lower).

How are companies addressing the skills issue?

An overwhelming majority on both sides saw training as the key solution to the perceived skills issue. While recruiting good people is a prominent concern, as shown before, the outsourcing space is often disrupted by new technologies and innovative working models, meaning the skills of existing employees must be consistently honed and updated. That's why professional development, like that provided by the NOA, is so vital. Reshoring and apprenticeships were lowly valued on both sides.

Suppliers	Most used	Buyers
Training		Training
More flexible working models		More flexible working models
Nearshoring		Moving into UK regions
Offshoring		Reshoring
Apprenticeships		Nearshoring
Reshoring		Apprenticeships

Conclusions

What lies between the UK and global leadership?

The NOA membership conveyed a strong sense of positivity regarding the growth of outsourcing over the next five years, suggesting that now is a good time for the UK to extend its reach and become the global strategic hub of outsourcing that the NOA has called for.

For this to happen, UK-based suppliers must be capable of irrefutably proving the business value behind the services they provide. They would also benefit from access to a larger pool of digitally-skilled British workers. The government could play a key role here by investing in the nation's technological development and accepting the assistance of foreign talent where necessary.

Bad news for David Cameron

In the 2015 summer Budget released in July, the government pledged to provide three million new apprenticeships, sticking by plans outlined in the Conservative manifesto pre-election. The results of this survey do not bode well for David Cameron then, as apprenticeships were one of the lowest priorities for companies looking to upskill their operations.

Reshoring also largely failed to pique the interest of the survey's respondents. At the World Economic Forum 2014, David Cameron publicly announced his ambition to make Britain the "re-shore nation", in order to boost the nation's employment and economic growth. Making the UK outsourcing's strategic hub would be a more effective strategy towards achieving this development, by attracting many higher level jobs that basic reshoring would fail to bring in.

People make outsourcing work

Suppliers are concerned that they're unable to recruit the right people; buyers are troubled by the quality of the staff working for their service providers. On both sides, the training of existing employees at all levels is seen as the best way to address skills issues in the UK.

If there's one last message to be taken away from this research, it's this: regardless of whether they're being recruited, trained or retained, people are the key to making outsourcing work. Organisations that recognise this are most likely to prosper; those that do not will be left by the wayside.

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The Great Outsourcing Debate

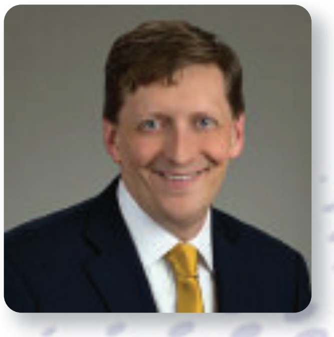
Leading analysts in the outsourcing space gathered at the NOA Symposium to shed light on some of the industry's key truths and misconceptions

Panellists:
Eric Simonson, *Managing Partner, Everest Group*
Cathy Tornbohm, *Vice President Research, Gartner*
Phil Fersht, *CEO, HfS Research*

Chaired by:
Leslie Willcocks, *Professor and Director of the Outsourcing Unit, London School of Economics and Political Science*

One of the highlights of the NOA Symposium 2015 was The Outsourcing Debate, where leading analysts discussed the latest in outsourcing trends and offered their own predictions. Key topics addressed included automation, developing skillsets, threats to growth and catalysts for change.

Here each analyst that participated offers their own overview of the session and summarises their take on the discussion.



Eric Simonson:

Participating on the NOA's outsourcing debate panel was great fun. With time to reflect on the discussion, I felt it helpful to call out a few related points. I will largely utilise some trends from our recent annual reports on the Finance & Accounting and Contact Centre Outsourcing markets to illustrate.

The outsourcing market is changing, but it takes time

We constantly hear about how fast the world is changing and by implied extension the outsourcing market as well. Change is definitely being felt in every corner, but it is slower than most pundits (myself included) suggest. Foundational technologies can change significantly in a year or two, but the services surrounding a technology stack are often much slower to change.

For example, in the Finance & Accounting market, despite all the talk of RPA, only 13% of new deals in 2014 included RPA – this is up from 8% in 2013, but still a long way from dominating. Further, the portion of solutions being delivered on a platform in F&A is actually decreasing and the pricing models are still 70% FTE-based and the balance being transaction-based or hybrid.

In contact centre, the voice channel is still 80% of the market, with email, chat, and social gaining share rapidly, but still years away from reaching 50% of the market. Similar to F&A, pricing models are still 65% FTE-based and this actually increased in the past two years.

Offshore isn't dead or alive – it is just a tool to be used when it makes sense

Despite the hype over reshoring and onshoring, much more work continues to move offshore than work being brought back onshore. More importantly, the movement of work is not about whether offshore is viable or not, but rather what solution model is most effective for a particular type of service.

In the contact centre space, 56% of new contracts now include a significant portion of onshore delivery – up from only 35% in 2010. This accounts for 40% of all contact centre outsourcing FTEs versus just 16% in 2010.

By contrast, in F&A, fewer than 20% of contracts are onshore-oriented vs. 26% just two years ago. The portion of FTEs in offshore F&A delivery has increased from 63% to 73% in that same timeframe.

Two markets, with the location trends in opposite directions and based upon the specific attributes of the service.

So, please do pay attention to the industry analysts (seriously, please do), but also remember that we speak in generalities and most trends don't apply equally across situations. In case you missed that, I just said "it depends" without actually saying it.

Cathy Tornbohm:

Debate Question 1: Robotic Process Automation

The current use cases of success for RPA are based on removing drudgery of basic office work – where IT has not yet been able to automate activities. So RPA can be used in replacing manual rekeying between systems, manual rules-based repetitive processes for manual data entry and accessing legacy systems. These activities signal areas that previously have failed to be automated, for example, into ERP suites, or banking/insurance systems.

RPA has emerged in the last two years to support integration of these types of activities where organisations have failed through poor requirements capture processes, or integrated multiple merger and acquisition activities, or just poor communication. These tools, whilst potentially architecturally inelegant, can serve a purpose – but it is key to first understand:

It's not a robot! It's software and much of so-called RPA has no "learning capabilities." An RPA tool can execute tasks across multiple systems – but check if it is using the graphical user interface, the desktop layer or at the server layer. This makes a difference to price, security and use cases.

What business outcome are you trying to achieve? Because if you just automate manual processes the cost savings might be initially there but the overall total business outcome improvements will still be ignored, as less than optimal processes are perpetuated. Also ask yourself:

- What percentage of your existing tools are you using?
- Is there already a cost effective dedicated tool that is actually designed to do the process?

Debate Question 2: What do BPO and SSC teams need to do to be more successful?

The following three activities need to continuously happen in any BPO or SSC activity:

1. Identify and learn what good business process outcomes look like, and whether you need to achieve different levels of business and process performance.
2. Contract the SSC or BPO provider for process and productivity improvements as a win-win scenario.
3. Proactively realign your organisation to remove exceptions and unnecessary process steps, and give process owners the power to implement best practices internally.

Without a doubt, BPO and SSC can help to improve processes, both getting them aligned for significant process improvements and streamlining business processes. However, it takes time and investment to fully and continuously redesign end-to-end processes; the industrialisation of the front and back office has not been as ruthlessly pursued as has the industrialisation of the production lines. This also impacts the risk, governance and compliance aspects required to become a digital enterprise.

It was great to be on this panel at the NOA Symposium – feel free to get in touch and discuss business outcomes contracting, PA or how to support optimal BPO and SSC evolutions.

Phil Fersht:

Thoughts from Symposium: It all starts with Design Thinking

The analyst debate drove a refreshing realistic conversation that dialled back much of the hype tarnishing today's outsourcing industry. For me, the key area was diffusing the hype about Robotic Process Automation (RPA). RPA is a tool that can add cost-impact into processes that have highly repeatable transaction tasks that can be rationalised and standardised. Anyone claiming that "RPA can drive 50% cost savings" is completely off-base in today's market, as this is not yet proven or effective, however, the potential is there for organisations who know how to approach RPA in the right manner.

In short, most of the outsourcing industry is still trying to figure out what's possible beyond doing labour arbitrage really well – because that's what we do. Sorry, but there I said it – we have an identity crisis. We're trying to forge a new purpose for ourselves and re-imagine what our careers, our services and our platforms could be like, if we only figured out how we can define, prioritise and realise business outcomes that are valuable, as opposed to merely keeping the same old factory ticking over at the lowest possible cost.

Sexy robotics software, analytics tools, BPaaS platforms and artificial intelligence can only be effective and impactful once enterprises have re-designed their processes in a way that drives them towards their desired business outcomes. This has always been the case with (now legacy) ERP implementations, where thousands of clients have blown billions of dollars on enterprise software they simply never could mould effectively to their businesses. They weren't finding problems to solve, they were creating new ones they didn't need in the first place.

It's the same with the next wave of outsourcing solutions – they will fail without the right approach to designing processes that produce the desired results. Without Design Thinking, enterprises are really just retrofitting expensive solutions into legacy processes and likely wasting a whole load of time, resources and money. It all starts with Design Thinking.

To conclude, in today's whirl of constant information and social media, it is much easier to visualise how effective enterprises will be running their operations in another five-to-ten years. However, developing a realistic strategy to get there is an immense challenge – and threat – for most enterprises mired in decades of legacy processes and systems. Getting new digital processes and services right from the perspective of their end users is critical.

Design Thinking, which is about context and empathy for the user, can facilitate this focus. It will be an integral part of the emerging service provider offerings, many of whom are already rapidly trying to redefine themselves in this disruptive market.

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–Chambers UK 2015

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The Suppliers Strike Back

Service providers respond to specific buyer issues on the Supplier Leadership Panel at the NOA Symposium

Panellists:

Leo Curran, *Senior Vice President, Head of UK/Europe, ExlService (UK) Limited*
Hardeep Singh Garewal, *President – Europe, ITC Infotech*
Helen Staniszewski, *Business Development Director, Financial Services, Banking & Insurance, Serco*
Tony Morgan, *Client Chief Innovation Officer, IBM*

Chaired by:

Chris Day, *Head of Outsource Management, Phoenix Group and NOA Chairman*

Chris Day

Leo Curran

Hardeep Singh Garewal

Helen Staniszewski

Tony Morgan

Chris:

How do you keep a long term contract "win-win"? What are your top three tips for doing so?

Drawing on Eric Simonson's previous session on digitalisation, Leo emphasised the need for buyers and suppliers to collaborate effectively. Plenty of work goes into the majority of outsourcing contracts, where both sides have the right intentions and all SLAs are delivered, but has the service provider really transformed that piece of the business? Rarely.

So it's not just about collaboration, but effective collaboration. Leo cited a recent sea change he'd noticed in the contracting process, whereby contract elements are really starting to capture the spirit of why the operation was outsourced in the first place. Governance is the key ingredient – with the full engagement of the executives and tactical teams with governance, a win-win scenario can be driven throughout the lifetime of the contract. Leo added that at least 60% of governance discussion should concern the future aims of the buyer and creating more value for the business.

For Hardeep there were three crucial aspects to a long term win-win. Firstly, the relevance of the supplier to the client and how relevant the supplier remains. Enthusiasm and engagement with the business relationship must be kept fresh on both sides, rather than allowing the partnership to languish. Secondly, a clear and mutual understanding of what both sides want to achieve, looking beyond inputs to expected outcomes.

Thirdly he said, "what you see is what you get." Whatever has been originally committed to must be revisited often and consistently delivered.

"Set up the relationship from the start to be delivering against the business objectives of the client" was Helen's main piece of advice. She also drew on Leo's point regarding collaboration – both parties must really seek to understand what's keeping their business partner awake at night.
An honest and open relationship is, of course, key she said.

Buyers and suppliers should favour openly sharing their objectives, rather than leaving the other side to guess. People buy from people they like and trust, and keep on working with those they still like and still trust, hence the importance of empathy and good governance.

The message from Tony Morgan was “people are key.” Good contract or bad, what will make it work is the people on both sides. Collaboration is important but only effective when the personnel involved truly want the win-win. Discussion is also crucial – sharing objectives and seeing how they can be linked to ensure success for the client.

Chris:

How well does the RFP (request for proposal) process align buyer and supplier objectives? How has the process changed over the past five years?

Helen remarked that, for enlightened businesses, there is now more awareness for the need to align values and culture. New concepts such as multiday workshops are excellent additions to the procurement process. She emphasised that such concepts encourage much, much more engagement, accompanied by a willingness to share and ask for ideas. After all, one of the reasons buyers go to market is to seek out new ideas and answers.

That’s the significant change that’s taking place and it’s beneficial to both sides, Helen said. It may be that, through this process, the buyer and supplier realise that their aims are irrevocably misaligned – if so, it will be easier for both sides to understand this and walk away. Yes, the initial investment of time on both sides is lost if things don’t work out, but to invest upfront pays dividends in the long run.

Tony recognised that there’s more awareness of the need for flexibility, because we know that things are going to change. It’s also important, where possible, to keep some of the team involved in the initial RFP process around – it’s no good developing that understanding with your partner and then passing the whole contract “over the wall” to different personnel who haven’t developed that insight. I've seen some great examples of the benefits where this has happened, Tony said.

Following Tony, Hardeep started by pointing out that the type of service being RFP-ed will influence the process significantly. However, he believed that today there are big changes afoot – the standard two-hour presentation by means of introduction will no longer suffice. Workshops, as mentioned by Helen, are an excellent example of modern thinking, coaxing more interaction and more detail.
Hardeep also commented that there is significant change on the client-side in particular in terms of how they want the RFP to go. Outsourcing is a big decision – the initial stages of building an outsourcing partnership are of key importance and any extra time spent on them is well-deserved.
The willingness to talk about the use of new tools, technology, enablers and analytics was the principal change that Leo drew attention to. Workshops and the like give service providers the chance to demonstrate how they are embracing these new components – buyers want to see some rigour in thinking and strategy from their suppliers.
Leo drew on Helen’s earlier remark: “people buy from people.” Hands-on workshops provide a forum where buyers can pose difficult questions to potential suppliers – their ability to answer those questions will almost certainly come into play a few years into the relationship.

Audience member:

Yes, things have evolved and everybody knows what should be done, but wouldn’t you say it’s still very rare for buyers and suppliers to do those things in practice? It’s the reality in maybe 10% of cases in my experience.

In response, Leo suggested that, in too many cases, the contract is signed and some buyers are liable to think “back to business and let them take care of our mess.” The service provider will still provide that buyer with the minimum SLAs – don’t then beat them over the head in five years’ time because they haven’t transformed your business. The buyer must be actively involved from the start and remain involved throughout the outsourcing relationship.

Chris:

What are your experiences of “Transformation” clauses in contracts? Do they work?

In Hardeep’s experience, transformation clauses can work provided transformation discussions are initiated with the client as early on as possible. In addition to this, transformation can be difficult to define, so you need to give all interested parties the opportunity to have a say. Users, being at the receiving end of changes, are impacted on the most, so they need to be involved with the supplier's decision maker. Hardeep also stressed the importance of including business, IT and sourcing teams, which serves to clarify a lot of grey areas in terms of what "transformation" actually means. Outcomes should be closely aligned to what specific transformation the client is looking for – the right SLAs, the right metrics and other contract elements will subsequently fall inline more easily.

Leo's professional experience had taught him that transformation will always mean different things to different people. Service providers need to hold discussions with their clients until that meaning is clarified; after this, the outcomes of outsourcing could be potentially game-changing for the buyer.

It's "a patchwork of understanding," as Leo referred to it. Putting time into developing a mutual understanding will also mean both parties know where the transformation is expected to occur. It will be no good for the service provider to transform certain elements of the business if that's not where the client is focusing.

For Tony, one of the key challenges with major transformations was the likelihood of change during long programmes. Where big transformation is needed over a long period of time, what you experience years down the line will not be 100% synonymous with what was discussed when the outsourcing relationship first started. For transformation clauses to work, the ability to collaboratively manage and deliver changes in alignment with evolving client strategies and needs, supplier capabilities and technology advances is key. This is another reason why flexibility is pivotal.

The vital elements for Helen were mutual understanding of what direction the business is going in and establishing agreed success criteria to be studying along the way, which inevitably varies from buyer to buyer. Agreement and clarity on the measurement of success is crucial – the criteria must be easily measureable, and from the very start!

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Procurement Transparency: A challenge or an opportunity?

NOA corporate member Mtivity discusses the benefits and challenges of procurement transparency, and how its new engine Opportune can help.

What does transparency mean for the service provider when we talk about procurement on behalf of the client?
In a nutshell, procurement transparency means “the ability to both demonstrate and measure the value and savings delivered whilst disclosing the basis of the service provider decision making when procuring goods and services on behalf of the client.”

Where is the demand for transparency coming from?

Several key factors are currently converging resulting in a trend towards increased transparency in procurement. This includes widespread proliferation and availability of data (“Big Data”) paired with the current generation of business users who have been using consumer products and service procurement tools like Amazon for years. The people awarding outsourcing contracts are, after all, the same people who have been using price comparison websites like Priceline, Confused.com, E-lance and others and are beginning to expect the same real time pricing, ranking, and reviews in their B2B procurement processes.

Did you know? *From 2007 to 2014 UK consumer use of price comparison websites for car insurance, home insurance and travel increased from 2% to 56% and when looking at the same statistic for 30-44 year olds this jumps to 82% -*

Source: Consumerfutures.org.uk.

A recent article in Procurement Insights magazine says that “the B2C consumer experience has forever changed the business world’s approach to B2B engagements... Whether in the private or business world, buyers simply want something that simplifies their job in terms of making best value procurement decisions.”

What does this mean for revenue generation?

The financial models for service provider contracts are on the verge of a major shift, with the fixed markup or management fee-based contract becoming undesirable and clients beginning to expect the service provider revenue to be intrinsically linked with the value and savings being delivered.

In line with this shift is the reemergence of the gainshare model, which is beginning to gather pace. However, this isn’t the gainshare model of old. Now clients expect savings and gainshare calculations to be transparent from beginning to end in real time when the transaction takes place. This allows the client to determine the true value being delivered before making a purchasing decision.

Demonstrating savings in a robust and auditable way

Savings measurement is a topic that has been debated publicly for a number of years, due to the persistent challenge of defining the benchmarks to be used when calculating the savings achieved and, as expected, there is no “one size fits all” approach.

Benchmark definition plays a key role in the contract negotiations with clients and must include factors such as historical pricing, market rates, anomalous price exclusion and others. Once these are agreed, the method of disclosure of the savings calculation comes into play.

A recent Computer Weekly article stated that “One of the persistent customer complaints of organisations using outsourced service providers is the lack of pricing and service transparency.

“Several factors are contributing to this including the complex way in which supplier contracts are presented to the customer and the often arbitrary way that services are bundled together which makes it difficult to compare the price of individual service components with competitive offerings on a 'like-for-like' basis. As a result of this blur, clients assume - accurately or not - that they are paying more than they should but don't have access to the information they need to prove it. C level execs are becoming increasingly self-educated and want to know exactly what they are getting, how much they are paying and how it compares with other offerings.

"The danger to service providers is that if their competition is providing more open pricing detail to meet market requirements, those who withhold, or simply don't possess, sufficiently comprehensive information are on a collision course with customers who are sourcing data from either specialist consultants or the marketplace and may use it to challenge their providers."

This is where the largest shift is occurring, driven by the end user experience discussed earlier. Clients are no longer accepting a quarterly or monthly summary of the savings achieved (often the calculations and benchmark source are not exposed in these summaries) – they expect savings calculations and the method of benchmarking identification to be fully exposed, sometimes directly to the end client. This can prove to be a significant technical challenge to service providers, as the process can be extremely time consuming and subject to human error or oversight. Fortunately the combination of massive amounts of data available in the Cloud, and a new breed of procurement functionality tools from companies like Mtivity, are now available to help outsourcing providers and companies solve these challenges.

Moving forward, how should gainshare be calculated?

Once a robust and demonstrable benchmark identification and savings calculation process is established, gainshare can be measured. Gainshare is applied to the savings achieved that go beyond the agreed savings targets for a client, providing additional revenue for both supplier and client.

Gainshare is an excellent method of increasing service provider revenues, on the condition that the provider has visibility and control over their supply chain, and has implemented operational efficiencies across their procurement teams. The key is to aggregate and automate as much work as possible in order to maximise the potential to achieve savings in excess of the target.

The future of service provider procurement

Benchmarking, savings calculations and gainshare are not new concepts, however the method and ability to operate these models is beginning to create a significant divide in the competitive landscape of the service provider. Clients are identifying and expecting the transparency of calculations related to the savings provided and beginning to view service providers in one of two ways:

1 - Service providers that are open, transparent and link their revenue to the savings achieved for the client, OR
2 - Service providers that offer savings but are unable to demonstrate the savings in a transparent and auditable way.

Transparency does not equate to lowering profit margins. In fact, it often has the opposite effect, as modifying business processes and procurement strategy increase margins through the use of gainshare, and even increase client retention and improve renewal rates due to increased trust between client and provider. The ability of service providers to adopt these new processes will rely heavily on technology to drive efficiencies and automate the process as far as possible.

For further information on how Mtivity can vastly improve your procurement process with its procurement engine Opportune, email hello@mtivity.com or visit http://www.mtivity.com/product/opportune-the-benchmarking-and-savings-engine/.

About Mtivity:
Founded in 2001, Mtivity has established itself as a leader in SaaS applications for the services and BPO community, with workflow, approval, sourcing, finance and analytics functionality. Mtivity has offices in London, New York and Silicon Valley.

Gartner. Mtivity was selected as a 2015 "Gartner Cool Technology Company"

Mtivity – Opportune:
Opportune is a product from Mtivity that contains market-leading functions to assist the service provider by automating the process of identifying, managing and demonstrating both the benchmarks and savings achieved, with further functions to automate the calculation of gainshare.

Opportune was soft launched over a year ago with a number of existing Mtivity clients, the initial results have been extremely impressive at driving efficiencies and managing the concepts discussed within this paper.

Opportune has been the underlying driver of an average 148%* efficiency gain and resulted in double digit profit margin increases.

*statistics compiled by independent third party auditing, top five consulting firm.

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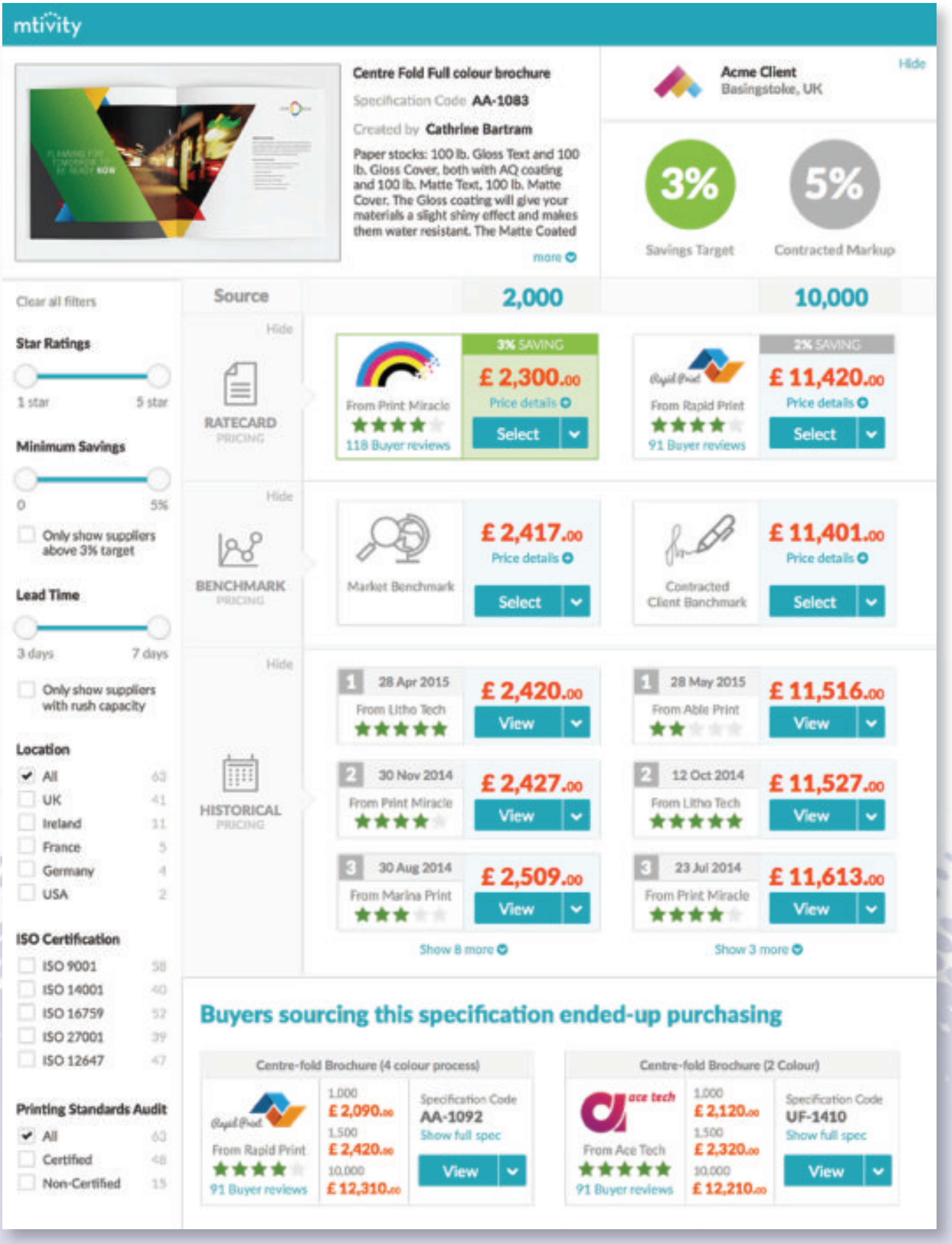

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Centre Fold Full colour brochure

Specification Code **AA-1083**

Created by **Cathrine Bartram**

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Location
☑ All 63
☐ UK 41
☐ Ireland 11
☐ France 5
☐ Germany 4
☐ USA 2

ISO Certification
☐ ISO 9001 58
☐ ISO 14001 40
☐ ISO 16759 52
☐ ISO 27001 39
☐ ISO 12647 47

Printing Standards Audit
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Source	2,000	10,000
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