



“THERE IS A MISALIGNMENT OF INCENTIVE STRUCTURES SURROUNDING AUTOMATION WHICH IS ULTIMATELY CAUSING AN ELEMENT OF UNTRUTH IN THE PROCESS AND ITS IMPLEMENTATION. THIS IS ETHICALLY WRONG AND CAN'T CONTINUE.”

Getting the Balance



When Kerry Hallard, CEO of the GSA UK, recently caught up with Rohit Kapoor, Vice Chairman and CEO of EXL at an industry event in New York, she asked him for his views on the disruption that is shaping the new sourcing landscape. Rohit was happy to oblige!

Kerry – *The sourcing industry is currently going through its most transformative period ever. Do you see it changing beyond all recognition?*

Rohit – New technology abounds but the foundations of good sourcing practice remain, if you lose the foundations then sourcing itself becomes unsustainable. With new technology comes a temptation to be distracted but we can't lose sight of what is key to successful sourcing. The number one rule is transparency; we can't rely on a black box approach to doing business, where we say 'we'll figure it out and then bill you for it down the line'. Our hypothesis is that if we share knowledge and showcase software up front with our clients we can foster trust in partnerships and this will lead to growth. Stable revenue and profit can only be maintained through customer satisfaction - an exciting piece of software can only get you so far if you don't foster a good relationship.

Kerry – *I agree. That's why the fundamentals of sourcing lie at the heart of our Global Sourcing Standard. On the technology front, automation is one of those technologies that is omnipresent in the sourcing vocabulary these days. As the industry embraces digitalisation, more and more of our processes are being targeted to be carried out by machines. What's your view?*

ce Right

Rohit – Automation currently presents some very interesting challenges in how we balance two different assets (labour and capital). We're reaching the point of equilibrium between automation and employees and we must learn how to combine and then leverage them to work together to achieve the most efficient outcomes.

Kerry – *The GSA has discovered a lot of misconceptions about automation and its potential benefits, so we've established Automation User Groups in the UK and Ireland to help members become better informed across all aspects of the automation journey. What do you think is the underlying cause of these misconceptions?*

Rohit – There is a misalignment of incentive structures surrounding automation which is ultimately causing an element of untruth in the process and its implementation. This is ethically wrong and can't continue.

Kerry – *What's your solution?*

Rohit – There's a number of layers to deal with; firstly, given the pace and scale with which robots are being introduced we need absolute transparency around what specifically the automation will be used for, and complete confidence in the integrity of the code. There will always be the threat of hacking and the consequences could be devastating. For example, you could introduce a virus via a robot and it would be incredibly pervasive, especially if it was part of a company-wide roll-out. The implications for the enterprise concerned would be nuclear.

What we need is a Code of Ethics. One that covers everything from the use of encrypted data and end customer data through to how we treat those that have been displaced.

Kerry – *The Societal impact of automation is a big area of focus for us at this year's Symposium...*

Rohit – as it should be for us all. I think the Code of Ethics needs to embrace the importance of both making the use of new technology plus address the retraining of those displaced communities - if anyone is left behind by automation then the technology is not advancing us.

Kerry – *...and we've all witnessed what happens when communities feel disenfranchised.*



Rohit – exactly. We’ve seen the unintended consequences of Trump in the US and Brexit in the UK. If people are abandoned at scale, it not only leads to economic upheaval, but impacts politically too. We can’t stop the advancement of technology, nor should we, but we must embrace it from a certain perspective.

Kerry – *The future of work and the changing complexity of jobs will be difficult for some people to grasp.*

Rohit – True. But, we must avoid the mistakes of the past. We know what happens when industry changes and evolves; whole communities are left behind. It’s happened before across the globe, leaving entire regions neglected and no amount of economic investment down the road will help – it simply comes too late. Diversification and life-long learning will hold the answer to this problem and it has to be happening now.

Kerry – *Is that what’s happening on a corporate level in EXL?*

Rohit – Our view is that by creating the right incentive structures between the journey towards automation and the distribution of labour we can build an alignment between the two, it’s a push and pull approach to improvement that has been working well for us at EXL.

The ideal employee in the work environment today is someone with technical ability, but an openness to change is also key for success. These skills need to be constantly updated and that takes patience and investment, but bodes well if the appetite for change is there. If you want to be successful and have a thriving career, you have to be able to change direction; versatility is everything.

Kerry – *But retraining is a costly overhead for those businesses who might be applying automation as part of an efficiency drive to reduce costs...*

Rohit – It’s not a solution that a single enterprise can deliver. It is undeniable that automation will displace labour forces on a global scale so it is in fact a worldwide issue that must be addressed. Retraining, therefore, is going to require a mix of private and government support, both financially and with infrastructure. Some countries will adapt and some will struggle; for example, India has a younger demographic with a higher propensity for change than say the US or UK, so they should do well. It is likely that different parts of the world will see different demographics under pressure – but it’s all part of the same puzzle.

Kerry – *Indeed. The national debate needs to continue so that there is a dedicated focus on promoting transparency, building trust, being inclusive, re-skilling and upskilling employees, and ensuring the future of work under automation is a thriving and fertile ecosystem. These are the reasons the GSA is leading the charge for the formation of an All Party Parliamentary Group (APPG) on Automation and also considering a global, industry-led Code of Ethics for Automation.*



We must avoid the mistakes of the past.
We know what happens when industry changes and evolves; whole communities are left behind.



About EXL

EXL (NASDAQ:EXLS) is a leading operations management and analytics company that designs and enables agile, customer-centric operating models to help clients improve their revenue growth and profitability.

EXL’s delivery model provides market-leading business outcomes using EXL’s proprietary Business EXLerator Framework®, cutting-edge analytics, digital transformation and domain expertise. EXL look deeper to help companies improve global operations, enhance data-driven insights, increase customer satisfaction, and manage risk and compliance. EXL serves the insurance, healthcare, banking and financial services, utilities, travel, transportation and logistics industries.

Headquartered in New York, EXL has more than 26,000 professionals in locations throughout the United States, Europe,

Asia (primarily India and Philippines), South America, Australia and South Africa.

For more information, visit www.exlservice.com.

