We must learn to combine automation and employees to work together, to achieve the most efficient outcomes

Rohit Kapoor
Vice Chairman and CEO of EXL

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The view from the CEO

Like the first six months of 2017, the innovations and advancements occurring in the world of technology seem to be arriving on our doorstep at an ever-increasing pace!

As much as we welcome them, they also bring with them a myriad of challenges - from trying to cut through all the hype and inherently understand the benefits and the risks, to the ease or otherwise of implementing such opportunities as part of our sourcing strategies. And all whilst continuing to move at pace so as to gain competitive advantage!

It seems the world of sourcing never stands still. As digital transformation becomes increasingly mainstream there has been a raft of mergers and acquisitions over the last twelve months across a number of verticals within the ecosystem as businesses seek to secure access to future skills, or bolt on capabilities that strengthen their overall value proposition. Plus of course we’ve also had to deal with the added complexities brought on by Trump, protectionism, the signposting of GDPR and the NHS cyberattack.

The GSA has been busy too; we’ve inducted a new member council, celebrated sourcing in our Professional Awards programme, launched a Women in Sourcing Mentoring Programme, delivered a one-day conference for the public sector, created and delivered Automation User Groups in Leeds, London and Manchester, undertaken industry satisfaction research, showcased some leading-edge technology in our DigiTech conferences and launched the GSA Manifesto at our UK Annual Symposium. We’ve also been influencing on the world sourcing stage in countries like South Africa, Costa Rica and the US, and working hard alongside countries like the Nordics, Sri Lanka, Ukraine, Portugal, Romania, Poland, India and China to keep abreast of sourcing developments occurring there.

For all the technological advancements impacting our industry (do I really need to mention automation?), the fundamentals that underpin sourcing are just as important now as they were when the first outsourcing contracts were inked; strategic leadership, relationship engagement and service relationship management, as well as transparency and competencies and capabilities. Yet, it’s astonishing how some businesses still seem to neglect these fundamentals in favour of the shiny new technology, and then wonder why their service arrangement isn’t working.

If the remainder of the year is as chaotic and unpredictable, then hopefully those of you who attended our Annual Symposium in June would have come away better informed about the challenges ahead, and applying the learning so you can move forward to a position of strength. Rest assured, we are already hard at work looking at content for next year. In this respect, if you have been asked for feedback then please do take a few minutes to let us know your thoughts, we read every single comment.

In the meantime, I’d like to acknowledge all the speakers, sponsors, exhibitors and attendees across our entire programme of events this year – thank you so much for your support, we really wouldn’t be able to deliver these events without you. I look forward to catching up with many of you at a future GSA event, and do hope you will continue to be part of it.

Best regards,

Kerry Hallard, CEO, GSA UK
“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.”
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?

**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 us 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.
Manifesto: A commitment to drive value and growth through strategic sourcing

At the GSA’s Symposium, CEO, Kerry Hallard alongside Chairman, Jim Hemmington, announced the Association’s annual manifesto.

The GSA’s manifesto demonstrates our own and our members’ commitment to best practice in all aspects relating to strategic sourcing so that members, the industry and global economy may prosper and grow. Our manifesto for 2017/18 builds on our existing activity which centres on what’s important to our members and the eco-system in which sourcing resides.

These are:

**Promoting** world class standards, qualifications and best practices to enable all companies to derive increased value from strategic sourcing, and so improve performance and competitiveness, so members, the industry and economy all grow.

**Develop** a long-term vision for the sourcing profession: elevating the profession, aligning skills for the future of work, creating jobs and raising living standards for all those involved in the sourcing profession.

**Create** a culture and a platform for sharing experiences and disseminating trends and insights to encourage forward innovation and future collaboration to drive success and growth.

**Encourage** inclusion and diversity across the industry, incorporating countries, businesses and individuals working within the sourcing eco-system to ensure social responsibility across all levels.

**Drive** a proactive and collaborative programme to address and positively impact the challenges the sourcing industry faces, to include: legislation; regulations; and Brexit.

We believe that these five themes together will not only add value to our member organisations, but will support their resilience through the economic challenges ahead.

The full manifesto is available from the GSA’s website.
June 2016, the GSA put out its first hold the date, signalling its intent to host a Women in Sourcing event. Within a week, 100 members had registered interest to attend. Three weeks later in London, Baroness Ruby McGregor-Smith, the then CEO of industry giant Mitie, addressed a packed room of (predominantly but not exclusively) female representatives from the sourcing industry. The Baroness shared her powerful and personal account of the trials and tribulations she’d faced on her rise to the top – many of which were faced only because she was a woman, a pregnant woman and then a mother. The event featured a variety of speakers and a panel session, followed by an open floor facilitated discussion. This resulted in a more concrete plan of how the GSA would develop its Women in Sourcing Programme.

So, what’s the issue?
Currently in this industry there is a woeful lack of women in senior positions. This resonates in most boardrooms around the country, but it is clear from our research and conversations, that it is just as bad, if not worse in sourcing, with figures suggesting around 19% of board level positions being held by women cited as average by the major advisories.

Further to that, for those that do hold senior positions, their pay is not often commensurate to that paid to their male counterparts and there were many examples cited of how women did not feel they were treated equally in the workplace with regards to progression, camaraderie and opportunities, etc.

And why does that matter?
Well let’s not waste airtime on the fact that it’s not fair and just in the 21st Century that there is still no gender equality – it would take a brave (read arrogant / misogynistic / dangerous) person to argue a case for inequality. Instead let’s look at the base facts. Men and women are different. They approach things differently – physically and mentally. They problem solve differently. They relate to others differently.

GSA research shows that when outsourcing fails, in 85% of cases it fails due to poor relationship management. Well I would...
bet my bottom dollar, that if there were more women involved in senior relationship management positions, we would experience far fewer failures in this area. We listen and aim to pacify rather than rip open our shirts and beat our chests. OK, any man reading this is now likely to be getting pricked! If yes – case in point!

But don’t just listen to the GSA. The International Monetary Fund shows a loss of GDP growth of 15% due to gender pay gaps and cites that supporting women to fulfil their potential could grow the economy by 35%.

**So, what are we going to do about this?**
Well, what we are not going to do is push feminism for feminism sake.

I’m hearing cases of positive discrimination in favour of women. One CEO in the digital delivery arena said he was advised by the recruitment agencies that their clients were only seeking females to join their c-suites to help rebalance their books. Totally preposterous! We are not forcing false equality targets to the detriment of business – may the best person win. But to allow that to happen we need to ensure equal opportunities from the get-go!

Our programme is comprised of 5 key elements (at present):

- **Sharing experiences**
  We are taking a Women in Sourcing programme on a National Roadshow, inviting inspirational figures in the industry to share their stories in open discussion forums, alongside newly recruited grads, to share experiences, celebrate successes and share ideas.

- **Sharing programmes**
  GSA members across the spectrum have shared their approaches to gender equality. Linklaters shared its approach to bringing more women on board at Partner level. KPMG highlighted how one new video approach to recruitment resulted in a massive decline in female applicants. These programmes and learnings are shared across and within the GSA community.

- **Setting and measuring targets**
  Measuring and reporting on targets is central to achieving change. The GSA is promoting its members adopt the targets set by the 30 percent club, where a minimum of 30% of FTSE-100 Boards will be comprised of females by 2020. We will publish annual results to this from across our corporate membership base. We aim to have at least a third of women holding the senior positions in the UK’s sourcing industry by 2020.

- **Publishing gender pay gaps**
  In April 2017, new gender pay gap reporting regulations require businesses with more than 250 employees to calculate and publish the pay gap between male and female employees. The GSA will be collating this information in an annual programme from across its membership base to help drive equal pay.

- **Mentoring programme**
  The GSA’s Women in Sourcing Mentoring Programme is a free and open global programme set up with the express aim of using experienced sourcing professionals as Mentors to encourage more women to enter the sourcing industry, and to help develop the careers of those women working in sourcing, so as to achieve more senior positions.

  The GSA’s Women in Sourcing Mentoring Programme incorporates:
  - The development of a Directory of Mentors
  - A matchmaking programme – matching Mentors and Mentees around the world
  - Free masterclasses on how to mentor, delivered by GSA’s Professional Development division

  We have over 90 people registered onto our mentoring programme – across both the buy and supply side. We are seeking more mentors for our mentees – male and female professionals need apply. To register your interest, visit the GSA website: [www.gsa-uk.com/mentoring](http://www.gsa-uk.com/mentoring)

“**I firmly believe that the industry would greatly benefit from having more women working in these essential, collaborative and motivational people-centric roles.**

“**As a global association, we are committed to improving equality in the global sourcing industry and are calling on the wider global profession to assist us. Gender equality is everyone’s issue**”.

“**Already interest has been sparked globally, with the support of major brands such as Capita, KPMG, Mitie, Capgemini, npower, Bank of Ireland, Mayer Brown, Linklaters and the Ministry of Justice.**”

*Kerry Hallard, GSA*

“**Social inclusion needs to remain on our industry’s agenda and must relate to more than just gender equality it needs to cover ethics and corporate responsibility with responsibility landing on both supply side and buy side.**”

*Joanne Webber, npower and the GSA Council*
Hosting a two-day symposium for the sourcing industry is not a simple task. A lot of topics and trends are rocking the industry making it a struggle to fit everything into a 48-hour time frame. It’s safe to say that the GSA Symposium 2017, hosted in London in late June (traditionally for British summer time, it rained) did a great job of preparing the industry for the disruption of the digital age. With delegates packed in on the first day, we were forced to relay footage of our sourcing strategy forum to an overflow room as we catered for extra demand. The second day offered our plenary debates, with input on cyber security, the state of the global sourcing industry and GDPR. The breakout sessions provided attendees with case studies and our ‘Big Debate’ started the industry discussion on the societal effects of automation and our role and responsibility to the workforce of today and tomorrow. Finally, we hosted our 30th birthday party sailing down the River Thames, celebrating long into the night.

With the event now over and the banners safely packed away for another year, it’s time to reflect upon the most disruptive (in its most positive definition) Symposium in this Association’s history. We went for bold and we achieved it. Our honest reflection on the industry, threw away the corporate hype that surrounds automation, the digital economy, sourcing strategy and the trends of the industry, providing the facts that help organisations in the sourcing industry grow and evolve. As an Association, this is our mission, not to sell a rosy picture or nod along like spineless yes men, but to address the realities of a changing corporate world.

Getting to grips with automation was a key part of the Symposium, surrounded by so much hype and expectation, it was important that the industry could pick up the facts from experts (including members of our Council) and understand the whole implementation process. Providing a framework for implementation and operating on the hard facts should encourage realistic expectations and operations from the industry. It is also important to highlight the threats that exist in the digital world and we were grateful to be joined by two of the leading minds on cyber security, Dr David Bray, Eisenhower Fellow and Harvard Executive alongside Donald Codling of the FBI, who demonstrated the risks of poor cyber defences. This chilling new pandemic is the frontier of crime, as an industry we must be informed and act pre-emptively to halt harmful security breaches. The ‘Big Debate’ on how automation will affect society as a whole and the role of humans in a digital world was the first of its kind. Bringing together major unions, like Unite and Unison with industry analysts and chief executives provided a forum to investigate how society will adapt to the rise of the robot.

Our Symposium has re-ignited the sourcing industry. Facing innovation and change is never easy, but our industry adapts, whenever we get knocked back, we return with greater enthusiasm than before. We are the disruptors and the innovators, global sourcing is burning bright in the digital age.
The Future of Work in the Digital Age

What’s more, the notion of being tethered to a fixed geography, in terms of access to talent, is now completely outdated.

Keir Greenwood has been elected to the GSA Council as a talent and the future of work evangelist. Keir is an experienced client and operations leader, with wide ranging business competencies, developed over many years in the outsourcing industry. We asked him some questions before he joined us to speak at our Symposium this June.

What is the way to approach disruptive technology? Should firms embrace the competition or work to supress and remove it?

Disruptive is a term often overused when describing something that is just different, though ironically (as an adjective) often means troublesome. Most innovations, iterations or advancements in technology happen because there is a better way of performing a connected process or function and, with that in mind, business should be embracing with both metaphorical arms. The notion of suppressing them, at least to me, suggests that the organisation is too rigid to adapt to a changing market or need, in itself a bigger problem. Energy invested in avoidance or suppression could be far better spent in enhancing and exceeding.

Will the digital economy drastically change the structure and architecture of organisations and presage serious change in the way we work? How will this affect organisations?

Once you filter the prolific hype (good and bad) around the digital economy, there exists a clear statement of intent around meeting the needs of business and industry and, of equal importance, the needs of the modern and emerging workforce. I spent a decade in the recruitment and staffing industry, for a company that created the very notion of temporary work, back in 1946. The archives show that, as a new way of working back then, not everyone supported it and yet allowing a worker to trade their skills with the highest bidder, for an agreed duration, in an agreed location, for a fixed price became and remains a global business worth billions.
What we have been experiencing, for some time now, is the 2.0 version of that skills-based ecosystem, fuelled by globalisation, rapid technological advancement and the coming of age in our Millennial and Z generations. The inflexibility of our historic Monday to Friday, 9 to 5, 37.5-hour week no longer meets the constantly evolving needs of a modern business, nor the people who work within it. The notion of being tethered to a fixed geography, in terms of access to talent, is an outdated one.

My own organisation has demonstrated over 20 years that utilising technology to take the work to the worker releases latent skills and broader demographics that can be better suited to the needs of a changing business. Physical proximity, whether in environment or management, is no longer required. Organisations are rapidly recognising that, in order to embrace disruptive technologies, their infrastructure needs to be agile and that includes their human capital.

**Will the digital economy change the relationship between an employer and an employee as each has new criteria for success?**

It already has but, again, this is not a new phenomenon. Take the IT contracting market. Decades of specific skills being delivered to meet a specific need for both the worker and the business. Employment not being necessary is the biggest change to that relationship. Clearly there will always be employment, but that may no longer be the preferred or majority structure used to access human capital. As Robotic Process Automation and Artificial Intelligence absorbs routine tasks and rules-based decision making, the skills of the worker will become more specialised and likely in greater demand because of a shortage. The equity in that relationship will likely swing, based on the market for that skill, leaving the upper hand with one side or the other, just like any demand based economy. There is a huge amount of focus on employment alternatives, with the media feeding the frenzy depending on their perception of the pros and cons of these models. It is obvious that current employment legislation cannot serve to protect these new alternate workers and with the European Commission and the Taylor Review seeking to address what a new legislative framework should look like, industry should anticipate wholesale changes, regardless of the relationship.

**Is the challenge for organisations in the modern economy more about understanding the data than their product?**

This is a tough one to answer. I think they remain intrinsically linked, but perhaps the data is pushing itself to the top spot. By that, I mean every industry is facing disruption from smaller ‘start-up’ players. Young, agile, legacy-free and ambitious companies keen to better their elders in any given vertical. Clearly the product is critical in order for an organisation to create the why of its existence, however it is the data that will determine virtually everything else. Suitability, popularity, competition, declining markets, emerging audiences, emotional reactions, social referrals etc. In a technology driven, global market just having a great product no longer guarantees success or longevity.

**Is the customer still first in the digital economy? How can organisations make sure they highlight the importance of customers and not just their data?**

The customer will (or should) always come first and with an increasingly challenging competitive landscape, they are becoming increasingly difficult to retain and consistently satisfy. As a consumer, I have the whole world as my shop window and whether B2C or B2B, that remarkable choice can rapidly turn a loyal customer into a transient one. In recent years, the role of Chief Customer Officer became more prevalent in the C Suite, and none too soon. Having the customer being represented on the board is a critical investment and ensures that the evolution of a company, its products or services, can be viewed through the customer lens. The encouraging thing, as a result, is that the prolific amounts of data can help to truly shape that view, offering ever increasing insights into the behaviours, opinions and expectations of that customer base.

We spoke to Keir Greenwood, Vice President & General Manager, Europe, Arise Virtual Solutions, at the GSA Symposium to discuss the future of work and human capital in the digital age, click overleaf for the full interview.
IN THE DIGITAL WORLD SOMETIMES WHAT YOU NEED IS THE HUMAN TOUCH.

67% of customers have hung up the phone out of frustration they could not talk to a real person – American Express

Despite the growth in chat, text, and social, 3 out of 4 say phone is the fastest response channel and 46% prefer phone for complicated issues – American Express

HOW MAY WE HELP YOU?

In the automated digital world of the future, the human touch will become ever more critical.

- 64% of consumers will choose digital channels; if complex, up to 67% prefer human interaction - Verint’s Digital Tipping Point.

Arise can help your organisation invest in technology, the Arise platform could help transform your human capital.

Create an agile workforce, elevated to respond to your customers, on-demand.
A New Frontier

By James Tate, Editor at sourcingfocus

Welcome to the wild west. The digital age is heralding a new frontier for the criminal classes. Sad to say it but, the sourcing industry and the wider society is woefully unprepared for a world of cyber-attacks affecting everything from cars to computers to fridges. A connected world offers so many opportunities for thieves, cyber-crime will be one of the major challenges of our generation. The GSA Symposium tackled the problem head on with a keynote presentation from two of the leading lights in cyber security, Dr David Bray, Eisenhower Fellow and Harvard Exec, alongside Donald Codling, Unit Chief at the FBI Cyber Division.

Before the Symposium, Dr Bray provided some comments on the growing cyber threat and how to improve cyber safety: “Some experts estimate there are approximately 20 billion network devices and 15 billion terabytes of data on the planet. The current trend is such that these numbers will double every two years, meaning by 2022, there will be between 75 billion and 300 billion network devices and 96 billion terabytes of digital content around the world.

With cyber-resiliency and the internet of things, maybe we need to approach it much more like public health than just building higher walls and tougher locks. What I mean by ‘cyber’ public health is yes, we teach you good hygiene, and we want you to practice good behaviours equivalent to seeing a ‘cyber’ doctor, getting the equivalent of security antibiotics and digital vaccinations etc. But we also recognise you still might get sick, and when you do get sick, it’s really about rapid detection, rapidly addressing whatever the things are and then rapid clean up. We may need to think about the same thing for connected devices.
As an Eisenhower Fellow to Taiwan and Australia, I was asked by several private sector leaders “who is going to take care of your grandmother when her car gets hacked or when her refrigerator gets hacked?”

At least in my experience as a Fellow overseas, I’m not necessarily sure it’s going to be law enforcement or even the military, I think it’s going to have to be something new for cyber-resiliency and the internet of things, much like how we approach infectious disease and public health.”

Data is becoming a huge draw for potential criminals as it can be copied, stored and used without the original owner ever knowing they were hacked. As we connect more applications and appliances to the internet of things (IoT), we increase the pool of data, creating more avenues and opportunities for cyber bandits to steal some digital loot. Recent attacks, such as WannaCry and Petya accessed systems through email, holding data to ransom and closing down airports, government departments, major global companies and Britain’s National Health Service (NHS).

As data becomes more important to the way we do business and live our lives, its value continues to grow. Major internet giants like Google, Apple and Amazon have built up huge stock market valuations as investors speculate on the potential future uses of the vaults of data that these companies hold.

We need to train people to look after their cyber health as many attacks, like with physical crime, rely on opportunities created by people being lazy. Teaching simple skills on cyber security can go a long way in reducing crime for a low amount of upfront investment. We need to be honest as to if we have been hacked as this can reduce opportunities for criminals in future as potential weaknesses are found and fixed. Finally, we need more accountability from major firms who deal in data and the digital world. The innovate first, fix later approach has inspired some of the great platforms and applications of the Silicon Valley age, but now we need to see more responsibility from the internet titans.

Sadly, the fight against evil on the internet and in the digital economy is like Batman trying to clean up the mean streets of Gotham, it is a battle you cannot hope to win. Making the digital world safer is something we can do. A growing number of people are becoming aware of their data and are taking back control. The EU General Data Protection Regulation (GDPR) is encouraging firms to look after the security of all the data they have access to. The internet is here to stay, so all of that data will be accessible, try to make sure you know who is in control of it!

You can watch the GSA Symposium presentation here and learn more about cyber security.
Digitalization and Transformation
Become a leader in your industry through the digital economy. Get the future mobile, ecommerce and cloud solutions today.

Automation Engineering
Engage your business around automation that is beyond execution of simple tasks, unleash the whole complex story. Focus on your core strengths and let us automate the rest.

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Best Nearshore team in UK (2017)
European Service Provider of the Year for SMEs (2016)

ScaleFocus is a premium software solutions delivery and IT consultancy provider. The company is recognized with over 40 international awards for its outstanding growth and high-quality services. For five years ScaleFocus has built a team of 400 IT professionals, servicing more than 150 customers in 24 countries worldwide. ScaleFocus has expertise and vertical knowledge in Telco, Banking, Finance, Insurance, Healthcare, Logistics, Energy and Education, delivered through flexible nearshore and onsite execution models across the world.
Automation - specifically robotic process automation (RPA) - once again featured prominently in this year’s Annual Symposium. Unlike some events elsewhere, however, this year’s inclusion was not simply so we could jump on the ‘include-it-so-as-to-appear-relevant’ bandwagon, rather it was at the behest of our members, many of whom claim to be both bemused and confused by the onslaught of accompanying hype since its arrival two years ago.

In order to provide as wide an optic as possible, this year we looked at RPA through a variety of lenses; from industry commentators, advisories and unions through to the service providers themselves and, ultimately, the end users. First up was an RPA masterclass of sorts, delivered by GSA Council Member, Technology Jedi and Strategic Adviser on RPA and Artificial Intelligence (AI), Andrew Burgess. Here, the delegates obtained clarity on what RPA is (and perhaps just as importantly, what it isn’t) and how it is used. They also learned the practicalities of both building a business case and implementing an RPA programme, as well as obtaining some meaningful insights into AI and the scenarios where AI is currently deployed.

Professor Leslie Willcocks, from the London School of Economics, added a further dimension when he shared key outcomes from his latest research conducted into the successes and failures from RPA programmes. His second book on the subject, Robotic Process Automation and Risk Mitigation: The Definitive Guide’ includes no less than 41 perceived risks, plus 30 ‘smart action principles’ to help organisations achieve that elusive ‘triple win’ (Shareholder Value, Customer Value and
RPA is a strategic tool that should be leveraged to achieve more than just cost savings.

Employee Value). The Professor also concurred with GSA sentiment that RPA is a strategic tool that should be leveraged to achieve more than just cost savings. Those who attended also benefited from learning research findings that dispelled some of the more popular ‘myths’ (examples of both appear at the end of this article).

Finally, this forum heard about numerous job roles that have increased as a result of the RPA phenomenon, including process controllers, analysts and developers, programme managers, test and service analysts, plus ‘new roles’ such as Automation Managers and Centre of Excellence Managers.

Knowledge sharing was a key outcome for delegates in an interactive session co-chaired by James Johnson, Client Director, Symphony Ventures and Danny Major, Thoughtonomy's Director of Services & Solutions. Delegates who felt they were at the beginning of their RPA journey were given a brief induction to RPA before participating in group exercises and then sharing the outcomes around the key drivers underpinning each participant's RPA journey.

Eric Simonson, Managing Partner of Research, Everest Group; and Karen Rooney, Head of Robotic Centre of Excellence, Zurich UK Life then facilitated a deeper-dive of knowledge sharing amongst the group, comprising representatives from organisations already some way into their RPA journey. Eric provided an industry level view of the robotics continuum from Robotic Desk Automation (RDA) through to ‘General AI’, whilst Karen shared some very valuable personal insights from Zurich’s own journey as they built their own internal Centre of Excellence.

Talking points and take-aways

- Cost reduction is no longer the only sourcing driver for RPA, other drivers include improved quality, improved auditability, reduced risk, increased service turnaround and 24hr processing.
- Drivers that are influencing the business case for RPA include cost reduction, increased source capacity, redistribution of workforce onto higher-value activities and improved customer satisfaction.
- Contrary to popular opinion, you cannot apply RPA to any process. Nor should you try to!
- Also, you don’t need to automate a whole process to get a great business case, automating parts of the process may be enough.
- Automation is now embedded as a key component of outsourcing strategies, and will become a core part of the service provider evaluation process.
- RPA always provokes a defensive reaction from IT – usually because the initiative originated from the business (ie, Operations, Customer Services) rather than the IT function itself - but it is critical to engage with IT very early in the programme.
- Although RPA will not result in the repatriation of offshore jobs, it is predicted that the automated processes will be re-shored.
- RPA will be an enabler to everything-as-a-Service (pay as you go)
- Orchestration providers (like Symphony Ventures) will play an increasingly important role in the sourcing ecosystem
- Standards around RPA will emerge. IEEE is already looking at this, however, full and comprehensive standards than can be adopted and owned globally is still some considerable way off.
I Can’t Get No Satisfaction

The CSAT view of RPA in BPS contracts

By Everest Group

Everest Group’s latest research shows that while there is growing adoption of Robotic Process Automation (RPA) within Business Process Services (BPS) contracts, customer satisfaction (CSAT) with service providers’ is distinctly average at 3.6 out of 5. Service providers need to do more to achieve better CSATs.

Everest Group’s research titled Business Process Services Delivery Automation (BPSDA) – Service Provider Landscape with PEAK Matrix™ Assessment 2017, which assesses the automation capabilities of leading service providers, shows that the number of automation proofs of concept run by service providers for their BPS clients has on average quadrupled in one year. Furthermore, the number of BPS contracts with automation has gone above 1,000. Yet, the scale of deployments is small; the average number of robots deployed per BPS client hovers at just below 10.

Unsurprisingly, at 85%, the vast majority of deployments are RPA as opposed to automation based on Artificial Intelligence (AI).

The other finding from the report, based on interviews with reference clients of the service providers shows that CSAT with service providers automation services is fair to middling. The average overall score was 3.6 out of 5. Clients rated the need for RPA skills very highly with service providers achieving 3.9 for their RPA related services. The scores were dragged down by the CSAT for AI capabilities that scored only 3.1.

The kind of issues that the reference clients reported were mainly related to the immaturity of RPA in the global services market and the skills for deploying it. Examples of feedback include:

- It feels like they used us as a training arena for some of their staff
- They (the BPS provider) should communicate opportunities better. It feels like they were late to bring this to us
- They took a long time to learn how to code in xyz RPA software. It took a long time to integrate the RPA with our systems
- The service provider should have done more due diligence on the RPA technology vendor
- Change management and governance need improving

Some of this dissatisfaction is a result of the hype in the market about the ease of RPA deployments and rapid returns on investment. Clients have high expectations from all RPA projects, and this is showing in projects that they deploy for themselves or through system integrators as well.

The good news is that service providers continue to invest in automation. On average, 60% of service providers’ technology staff are working on automation products, solutioning and related services. This will enhance their skills and capabilities in SDA technologies, both RPA and AI.

We expect to see skills grow alongside the market in the coming months. We’ll be watching this space closely to provide our clients with updates over the year.
Design Thinking: Antidote to the Algorithms

Design thinking offers a new philosophy for building solutions

By James Tate, Editor at sourcingfocus

Learning is easy, repeat a fact over and over again and the human brain picks it up, two plus two equals four, the capital of France is Paris, the battle of Hastings was fought in 1066 and the molecular structure of water has two hydrogen atoms for every oxygen one. Learning facts is so easy that we have begun to automate any process built on algorithms, slowly capturing more complex sequences of fact based information. As the ‘Big Debate’ discussed, in a world where we can automate fact, what is the role of a human in the workforce? Design thinking holds the answer to that question, humans must be the creators, the innovators, the artists and the dreamers. Humans must learn something more difficult than algebra, they must learn to understand how we come together and communicate to create solutions to the problems that, in the world of work, we all face.

Chris Halward, Director of Global Standards at the GSA and the facilitator of the design thinking workshop at the GSA Symposium began with a simple question to the packed room in front of him. “What made you choose Design Thinking?” A plethora of answers came back, but one in particular seemed to resonate with design thinking, “I didn’t want to do RPA (Robotic Process Automation).” Design thinking is perhaps the perfect antidote to a diet of automation, a workshop designed around communication, creating a buzz in the room and getting people excited about a topic which is more akin to philosophy than a business solution. The two-hour workshop offered plenty of interaction, encouraging delegates to engage with one another and work together, creating an energy to the session. It felt like attendees were getting something more than simply notes from the workshop, but instead, ideas as to how they would approach problems in their own organisations.

Design thinking is built around three major pillars: creativity, communication and emotion. All three are used to solve problems and create solutions. The session emphasized the importance of getting to be ‘comfortable with confusion’, creating a bit of mayhem by getting ideas out in the open, re-examining a problem and following a thread. This does introduce an element of trial and error to design thinking, you can never be sure which idea will work, but you learn with each attempt, building knowledge and creating a deeper understanding of the problem you are trying to solve. Design thinking is not a solution to a problem, but instead a philosophy on how you engage with colleagues to build the solution to the problem. As attendees chatted and discussed in the workshop, completing the tasks set for them, it was interesting to see the variety in the solutions created to reach an objective, it was a workshop that inspired energy and acted as a catalyst for further thinking on the subject.

Danny Williams of IBM and the GSA Council provided a great line on design thinking, “In design thinking you are never done, but you might have done enough.” It sums up the workshop and the topic well. Delegates left with the beginner’s handbook on design thinking, a platform to continue investigations into the topic and consider its usefulness to their organisations. Design thinking encourages us to embrace innovation and the skills that are inherently human. Delegates continued to discuss design thinking throughout the Symposium and approached members of the GSA to praise the workshop, design thinking is certainly a part of the future of the human workforce.
**BLOCKCHAIN**
Blockchain is becoming the darling technology of the digital age. Acting as an encrypted ledger with a secure design, it is becoming popular with governments as a reliable tool for land registries and similar information stores. Blockchain is designed to halt major hacking attempts by isolating any breeches, stopping them moving through the chain. Blockchain removes digital reproductivity as each block is unique making the technology very useful in the fight against cyber-crime. Blockchain is probably most famous for its use in Bitcoin. Its uses in sourcing are only beginning to emerge, it is a technology to watch.

**GDPR**
It’s less than a year until GDPR comes into effect and many organisations are far from prepared. With huge penalties for non-compliance, it’s time to get ready. If you are in possession of a customer or clients ‘personal data’, you need to be aware of where it is stored and who has access to it. GDPR is an attempt by the EU to reroute ownership of data back to the individual and will have a huge effect on the sourcing industry. Service providers and buyers will have to carefully examine data management when GDPR comes into force.

**LOCATION STRATEGY**
In a digital age, is location as important when global communication has become so simple and reliable? As the location strategy forum at the GSA Symposium highlighted, new criteria are affecting the decisions of where organisations host operations. Talent remains massively important, building a team of enthusiastic, skilled workers is key to success, digital infrastructure is becoming as important as traditional and cost remains a major factor in a location’s attractiveness. No matter the role of robotics, politics and economics remain key in the business decisions we all make.

**HUMAN CAPITAL**
We all love being digital wizards and Jedi of the cyber age, 80% of organisations are currently vested in a form of technological transformation according to a recent GSA poll. The same poll found that only 30% of organisations have a defined people strategy linked to transformation. Are people, skills and training being forgotten? The expectations of the new workforce are changing, demanding more flexibility, a better balance between a work and social life and the freedom to travel and gain experience at the same time. Can we adapt as an industry to accommodate a more flexible workforce?

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We talked to Anurag Srivastava, Vice President of Everest Group and Eric Simonson, Managing Partner of Research at Everest Group at the GSA Symposium to hear their insight on the technologies and trends that are affecting the industry, click below for the full interview.
Rotating to digital

Businesses are rotating to digital as they adopt new models to change competitive positioning and open doors to untapped markets. As the trend accelerates, Everest Group can help you take advantage of it.

Everest Group’s full suite of services can help execute your rotation to digital and enhance your competitive advantage.

- Strategic consulting in all digital arenas
- Viewpoints from industry experts
- Virtual- & live-hosted events
- Data-packed Infographics
- Insightful newsletters
- Industry-leading subscription & customized decision support
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- Blogs on the latest digital trends

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Here at the Global Sourcing Association (GSA), we don’t hide away from the big and controversial issues that are sweeping the industry. One of those trends was placed under the microscope at our Symposium in June, Robotic Process Automation (RPA) and its impact on the wider society, not just our own industry. Over the coming years, the GSA is expecting to hear a lot more about the realities of automation and how the benefits of implementation (increased efficiency and productivity while reducing running costs) cannot always be balanced with the negative impact on the human workforce and the way we work.

We don’t want to hear anymore hyperbole about automation, we’ve already heard how it will revolutionise the workplace and introduce a new industrial golden age of productivity. We all know the prophecies of doom and despair, all jobs will be replaced by robots, get ready for the Terminator films to become reality. The industry is sick of blue sky thinking and analysts painting landscapes in a far-off future, disregarding much of the reality of business. To gain some clarity, the GSA invited trade unions, automation providers and buyers alongside industry analysts to the ‘Big Debate’ as we tried to wrap our heads around one of the major issues facing business and society in the next 30 years.

We invited Sampson Low of Unison, David Hulston of Community and Ed Batchelor of Unite to debate the social impact and the effect of automation on the workforce. The unions appear to recognise the need for change and that progress is being made that will damage some employment options, however, all agree that the counter balance to the disruption caused by automation is education. The key prescription coming from the unions is that business must have a transition process and that education schemes must be available for people to reskill. “We need to change the curriculum to reflect the needs of employers today” commented Mr Batchelor.

Carole Murphy, Head of BPO Business Transformation Services at Capgemini defended the move to automation as a step in the right direction for business, as CEO of the GSA, Kerry Hallard pushed her on the topic of recent restructures at Capgemini. Terry Walby, CEO of Thoughtonomy reiterated the key point of the debate, “automation will replace some jobs but, it will create new ones, it is about upskilling the workforce”. Phil Fersht, the Award-Winning analyst and CEO of HfS research noted that change like RPA comes along every decade and is overhyped. “Ten years ago we were discussing how operating systems would transform business and replace jobs but it didn’t have a major effect, now it is RPA”.

The Big Debate touched on some of the key issues surrounding RPA, let’s start with the business case. The brutal fact of the matter is that automation is the best choice for an increasing amount of companies and organisations. The gains in efficiency and productivity are obvious to most and as an increasing amount of processes are available to be automated the potential cost savings are increasing as well. To scrape out profit margins and to deliver reliable service at a lower cost, automation is the correct path. However, it is unlikely to bring about a new industrial revolution tomorrow, the process will take time and although automation is a game changer, it won’t have the same effect as the Watt steam engine did in the late 1700’s. The effect of automation will likely be the hollowing out of certain jobs that are heavy in repetitive processes, from office admin to warehouse management.

That moves us onto jobs. The truth is that jobs will go and some people will be displaced, but automation replaces tasks not jobs specifically. It may be that repetitive tasks are removed from employees who then focus on creative tasks or soft skills such as communication and negotiation. Some of the jobs that go will be replaced by jobs created through automation, systems need maintenance and many western economies lack computer programmers, which automation (especially Artificial Intelligence) desperately requires. However, some industries will see the human workforce removed, with the key demographics most at risk being the old and the young. The old will need reskilling to focus on computers and coding. The same can be said for the young and we need the curriculum to change and reflect this, but many of the low paid and repetitive admin jobs that will go were once the gateway to a career and the first ‘proper job’ after university.

There is hope that this shift to automation could inspire a new creative wave, a technology generation of cyber workers, a synergy between man and machine. We need a reset in our policy to adapt to the automation wave, thankfully it’s a process and it will take time but we need to face reality now so we don’t repeat the mistakes of the past and leave a vulnerable gap in our employment market. We witness daily updates in the battle for reality in automation, ideas of a robot tax have been suggested but our panel reflected upon them as stifling business innovation. Unsurprisingly, our service providers look upon a robot tax with disgust, but ways of getting money to those left behind by disruption must be found or, as Mr. Hulston noted “we risk a repeat of the mining communities in the 1980s”. Automation is here to stay and will only grow as business finds new uses for the technology, how society adapts to that change is a process that no answer truly exists. Our debate was the opening act of a much longer process, I doubt we can automate this one.
Are we sacrificing the future of the human workforce for short-term corporate gain?

By Kerry Hallard, CEO of the GSA UK

Unless you’ve been keeping Rip Van Winkle company under a nearby tree recently, you won’t have escaped the hype surrounding robotic process automation and the much-prophesised Doomsday scenario where the jobs of 15 million Britons (nearly half of the UK’s 31.8 million workforce) will eventually be wiped out, taken over by machines. Whether you believe the headlines or not (the statistic mentioned above was actually volunteered by Mark Carney, Governor of the Bank of England), there is no doubt that as automation in general - and robotic process automation (RPA) specifically - starts to scale, entire white-collar professions will become endangered, with the lower income professions most likely to be hardest hit.

Of course, the benefits of RPA cannot be ignored; high volume transactions processed with greater accuracy and at higher speeds, with less risk of downtime, providing a better customer experience and inevitably, for a lower longer-term cost. It’s little wonder then that enterprises are falling over themselves to deploy robotics into their operating models to improve profits and increase shareholder value; that’s the nature of business after all, it keeps the wheels of the economy turning and its why the Government has recently provided a £17 million handout to universities for research into artificial intelligence initiatives including robotics and driverless vehicles.

Except that this is only one part of the equation; as more and more people are displaced by robots it begs the questions ‘where do they turn to?’, ‘what jobs will they do?’, ‘how do they earn an honest living so as not to be a burden on an already creaking state?’ At the GSA we strongly believe that if the economy is going to truly benefit from such innovations, there needs to be a broader and ongoing discussion on the impact of technologies such as robotic process automation (RPA) and artificial intelligence (AI) on society. The narrative needs to extend beyond purely the commercial benefits achievable and look closely at the human impact in terms of reskilling and redeployment of displaced workforces.

We cannot afford to lose sight of the fact that these technologies will not only significantly impact existing workforces, but recognise the fall-out will impact future generations. Therefore, Government, Business Leaders and Trade Associations must come together and act now, to cohesively apply the learning from previous industrial revolutions and avoid making the same mistakes this time round.

This is why we hosted the world’s first national debate on the societal impact of automation at this year’s Symposium, with trade unions, buy-side organisations, vendors and industry commentators coming together to discuss the possible consequences for our society. Whilst we hope that the debate itself leads to further industry-wide discussion on the future of work, we are doing much more behind the scenes to influence the industry to act responsibly in realising the benefits of existing and emerging technology without endangering the jobs of whole legions of human professionals. We’ll share more details on this, and how you can get involved, in future communications.
How have buyers of sourcing services adapted to the underlying changes of the industry? Are they driving the change or is technology and innovation?

Very few companies have the true willpower and readiness to change. No matter the business imperatives, regulations, competition, threat of staying-in/going-out of business, etc., a broad range of industries and industry representatives are more talking about than acting upon, adopting and adapting to the impact of disruption. A typical situation is of a heavy organisation where agility is a buzz word, though few truly care to move beyond the comfort zone leaving critical business decisions on the back burner. Furthermore, all are getting into the could of, would of, should of situation… when the “unexpected” difficulties could have been easily prevented a long time ago with timely decisions, vigorous actions and transparent responsibilities. So, there is still a long way to go when it comes to changes and committing to the digital, cloud and data analytics disruptions.

How important is it to have a universal standard for sourcing, such as the global sourcing standard in an increasingly globalised and disruptive industry?

As with everything in life – walking the walk is the one critical detail that makes all the difference. Same with applying knowledge – when not used, it is wasted.

Let us say a company is implementing a CRM system – unless data is uploaded correctly and strictly, and processes are followed, with the aim of ensuring traceability, transparency, an ability to make business decisions in real time, knowing the customers and caring in a personalized manner, etc., it is just a tool not an enabler and facilitator.

Back to sourcing – a universal standard is paramount for stable and complications-free engagements. How many companies can pride themselves with that?

It will always be the case of talking, rather than acting until standards are not just enforced in an organisation, but all employees understand them and apply them as something they stand for.

How would you describe the importance of having strong fundamentals in sourcing in an increasingly digital age?

No matter how much we talk about digitalisation we will inevitably get back to talking about the basics. Before you can think of getting to the next level you should ensure you have everything that is needed to grow, innovate and thrive. Say a company has issues with redundant processes, data warehousing performance bottlenecks or any fundamental technology, infrastructure or business issue – would the digital journey be efficient if you skip addressing the fundamental flaws?

Another example – if two employees had to print, sign, scan and upload two documents for a process or part of a process and the company invests in replacing that with two simple clicks per employee – what will be the ROI of the company’s investment if these employees care little to click and play the ‘I am busy’ game? Having a culture of true caring, process transparency and strong business fundamentals is what enables companies to fly when they embrace the digitalisation accelerator.

How do you build a successful sourcing contract in the age of the digital economy?

The perfect contract is the one that eliminates excuses to procrastinate and gives clear responsibilities, sets standards, reaction times and communication channels. A contract where commitments, deliverables and outcomes are clear. It ensures that parties will not deviate from the ‘right track’ and interpret vague formulations. The perfect contract is when both parties are putting something in the game. Especially when the relationship is facilitated and accelerated by the digital economy. Sourcing contracts are becoming more transparent and demanding. Once basics like ‘paying your dues on time’, ‘chasing quality and deliveries’, ‘responding timely’ and ‘keeping your promises’ are no-brainers and just in place, precious time and energy is not wasted. Then and only then the relationship focuses on true innovation, R&D, experimenting with business models, joint go-to-market strategies and profit sharing, etc. etc.

We spoke to Lyubomira Mihaylova, Managing Director, Scalefocus, at the GSA Symposium to discuss how the fundamentals of sourcing have changed and the success of ScaleFocus, click below for the full interview.

Lyubomira Mihaylova of ScaleFocus UK talks to sourcingfocus about the fundamentals of sourcing and adapting to the digital age.
Mauritius acts as an island of opportunity for expanding professional services

Located in the Indian Ocean, like a lighthouse in the vast expanse of blue, Mauritius, a small island nation with a population of around 1.3 million people is looking to grow. Situated between Africa and Asia, Mauritius has a lot of potential as these massive markets mature to provide a hub for the professional services emerging economies need. As African economies in particular, grow and diversify from primary sector activity, Mauritius, with good connections to Europe and the Middle East, could become the Dubai of the Sub-Saharan region. The signs are encouraging. Economic growth has been strong and steady, averaging 3.7% Gross Domestic Product (GDP) growth per annum in the last 3 years and growing by 3.6% in 2016. Inflation has held steady between 1%-2% until a recent spike in May 2017. Mauritius has been scoring highly in global rankings, it is in the top 50 nations on the World Bank Ease of Doing Business rankings, the best in Africa and scores well on the World Economic Forum’s Global Competitiveness report, also placing in the top 50 countries.

To build a successful centre of excellence and provide a valuable service to customers, it is vital to have a great workforce. Mauritius has a comfortable pool of unemployed workers, keeping costs competitive, and turns out skilled workers from modern knowledge centres (universities) offering a full spectrum for a professional workforce. Every year, around 16,000 undergraduates enter the workforce from local and foreign universities. Mauritius is embracing the future, with a curriculum that focuses upon IT skills, such as coding, programming and mathematics. To counter the potential ‘brain drain’, the Mauritian government has introduced the ‘Mauritian Diaspora Scheme’ in an attempt to encourage emigrants to return home, offering perks such as exemption of custom duties and residence permits for family members. The government is also working on keeping young Mauritians on the island by providing a modern digital infrastructure and a range of industries from manufacturing to biotechnology to agriculture.

In the digital age, offering high speed connectivity is as important as
roads when it comes to business infrastructure and, it’s good to say, Mauritius is ahead of the game in the region. Thanks to a strong communications and internet network, Mauritius has developed an ecosystem of tech firms that it is keen to nurture. Traditional infrastructure is good and to a modern standard while connections to Europe are plentiful, with daily flights to European hubs such as Paris and the spare capacity to add more. A real advantage of Mauritius is cost, being around 30% cheaper than Central and Eastern Europe and 10% cheaper than competitors in Northern Africa. The unemployment rate has held steady at around 7.5% for the past four years, acting as a buffer against rapid wage inflation. The government in Mauritius is keen to press the advantage, offering good tax incentives to spur further investment, however a growing budget deficit could put pressure on the government in future (the deficit was 3.5% in 2016, slightly better than the 3.9% in 2015). Income tax, corporate tax and VAT are all harmonized at 15% giving a competitive flat base rate.

Mauritius has already attracted fans, as industry has moved onto the island. Major service providers are already setting down roots. Convergys, a world leader in customer experience outsourcing, recently agreed to set up a new centre in Mauritius. Paul Terry, Marketing Director of EMEA at Convergys commented “After considering all French speaking nations, we chose Mauritius to further strengthen Convergys’ smart shoring proposition for French and Canadian clients, enabling us to offer a low-cost French language or bilingual customer service solution (French and English) from a single location.

The state-of-the-art infrastructure and business-friendly environment were big considerations. However, access to a highly engaged and qualified pool of local talent was the primary factor, and we’ve surprised ourselves at how quickly we’ve been able to build a strong team. In particular, social media channels have proven to be an extremely effective way to recruit multi-skilled agents at scale.”

Ken Poonoosamy, Managing Director at the Mauritian Board of Investment is confident about the future of the country. “We are really confident that Mauritius has more of an offering for organisations and a competitive edge. We tick all of the boxes for a competitive location choice for global business. We are putting a lot of investment into skills development programmes to make sure the workforce is trained for the digital age. We don’t know what will happen in industry in the next 5 or 10 years, there are a lot of new and exciting industries emerging in Fintech and Blockchain, we want to attract them to our shores. That’s why we created the regulatory sandbox license, we want to be part of the digital economy.”

Thanks to its efforts, Mauritius offers a lot to the sourcing industry. In the African market, a stable government with a reliable legal system is like finding a diamond in the rough. But like all offers, there are flaws to Mauritius. The country is hedging its potential upon the emergence of a middle class and service sector on the African continent, which is not assured in the short term. Africa has a lot of potential to replace established destinations like India as a major sourcing destination, and when that happens, Mauritius as a technology and service provider hub on its Eastern shore will be in an incredible position, but that could be a few decades away. Like an oasis in the desert, as Mauritius gains a greater community of organisations, space will begin to dwindle and that will place upward pressure upon costs. These two forces have to meet at the right time for Mauritius to really be a success, if costs rise before the African continent emerges, Mauritius may find its place on the digital throne of Africa is in danger before the coronation celebrations begin.
Mauritius
Your Credible Outsourcing Destination

“1st in Doing Business in Africa”
World Bank Doing Business 2017

"A Leading Offshore location in EMEA"
Gartner report

Mauritius Attractiveness
✓ A Transparent & Well-Regulated Jurisdiction
✓ Business Operational within 2 hours
✓ 50% savings on operational costs
✓ No capital gains tax
✓ Free repatriation of profits
✓ Gateway to Africa
✓ Professional & Bilingual Talents
✓ Innovation-Driven Ecosystem
✓ Global Headquarters Administration Scheme
✓ Modern Infrastructure

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