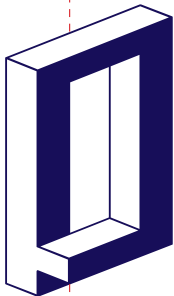




THE 2012 GLOBAL OUTSOURCING

1000

COLLABORATIVE OUTSOURCING—WHERE CUSTOMERS AND SERVICE PROVIDERS WORK TOGETHER TO INNOVATE NEW PROCESSES AND LEVERAGE NEW TECHNOLOGIES—**IS ON THE RISE AMONG LEADERS IN THE INDUSTRY.**



OUTSOURCING HAS ALWAYS BEEN

regarded as a simple but powerful value proposition. It wasn't intended to change the world or even change the way a company grew its business. The goal was to save money, and it was achieved in three key ways: by assigning work to regions where labor costs were lower; by leveraging the efficiencies of shared services; and by harnessing the expertise of third-party

providers that could do a specific task faster—and often, better—than a company could on its own.

Here's the good news: It works. According to the International Association of Outsourcing Professionals (IAOP), the industry's standard-setting and advocacy organization, outsourcing has proved so adept at what it does that it has grown into what is now a \$6 trillion-a-year global business.

There's more good news. While cost savings are

still important, forward-looking businesses have embraced a more strategic version of outsourcing. They are now using it not just to trim expenses but also to add value in a variety of other ways, and in the process they're acquiring the agility they need to build markets and introduce new products and services. In the IAOP's 2011 State of the Industry Survey, 56% of respondents said they wanted to use outsourcing to increase their flexibility and help meet corporate business goals.

Clouds on the Horizon

One need only look at current trends throughout industry—the big one being cloud computing—to see how this newer, more expansive iteration of outsourcing is taking hold. The adoption of the cloud as a platform for delivering services is providing a nimbleness that many companies never had before.

“With cloud-based services, we all know you can

IN
PARTNERSHIP
WITH



quickly scale up or down as your business changes, only using and paying for what you need at any moment, but the bigger opportunity is quicker access to the innovations of the technology provider,” says Cliff Justice, U.S. leader for KPMG’s Shared Services and Outsourcing team, part of its Advisory Management Consulting practice.

Currently, software applications aimed at everything from customer relations management to HR functions comprise the bulk of cloud offerings, Justice says, but cloud-based infrastructure is gaining traction: “We think we’ll see high-profile companies moving from using internal data centers to using cloud-based platforms run by service providers. By doing so, they’ll gain agility, speed, and efficiency while not having to manage internal fixed costs.”

Collaborative outsourcing, where customers and service providers work together to innovate new processes and leverage new technologies, is also on the rise. So too is social responsibility, in which outsourcing can comprise anything from impact sourcing—where individuals in economically disadvantaged regions perform work—to improving safety or creating greener supply chains. In

Continued on page S7

IAOP **WORLD’S BEST** OUTSOURCING ADVISORS

NO. COMPANY

1	KPMG
2	DELOITTE
3	PWC
4	ALSBRIDGE
5	ERNST & YOUNG
6	AVASANT
7	BAKER & MCKENZIE
8	KIRKLAND & ELLIS
9	PA CONSULTING GROUP
10	BOOZ & COMPANY
11	QUINT WELLINGTON REDWOOD
12	PACE HARMON
13	MORRISON & FOERSTER
14	ELIX-IRR
15	DLA PIPER
16	MAYER BROWN
17	PILLSBURY WINTHROP SHAW PITTMAN
18	HUNTON & WILLIAMS
19	ARCHSTONE CONSULTING / THE HACKETT GROUP
20	ZINNOV MANAGEMENT CONSULTING

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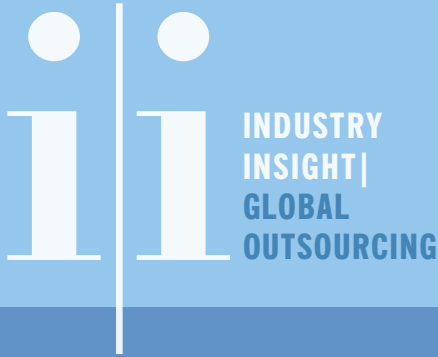
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OUTSOURCING EVOLVED

LOWERING COSTS IS STILL AN IMPORTANT CONSIDERATION, BUT ADDING VALUE HAS TAKEN OVER AS THE PRIMARY GOAL.

COMPANIES THAT HAVE ADOPTED EGE-LIKE SERVICES DELIVERY MODELS HAVE REPORTED COST SAVINGS OF

10%-15%

ABOVE TRADITIONAL OUTSOURCING AND SHARED SERVICES MODELS.

THEY CREATED AN AVERAGE RETURN ON EQUITY (ROE) OF

20.7% vs 16.7%

FOR LESS MATURE ORGANIZATIONS.

THANKS TO IMPROVED PROCESSES, THEY'RE ACHIEVING

8%-12%

SAVINGS ON INDIRECT GOODS AND SERVICES.

SOURCE: KPMG

THE BENEFITS OF SIMPLE LABOR ARBITRAGE in markets like India are fading. Wages for highly skilled labor have been rising up to seven times faster than in the West. However, as outsourcing as a cost-arbitrage strategy runs its course, outsourcing to create value is becoming the next big thing, making the benefits of outsourcing and offshoring greater than ever.

"Moving low-end processes offshore just to save money on labor may be the prevailing view of outsourcing, but it is no longer the only one," says Cliff Justice, who leads the U.S. Shared Services and Outsourcing Advisory practice at **KPMG**. "What is crucial is realizing that the global skills resident in your provider's base may be the key to your own growth and transformation strategy. They bring industry insights, geographic diversity, technical innovations, and high-value skills—just what's needed to reduce costs, transform, enter new markets, and exploit opportunities."

AS MEGADEAL TRANSACTIONAL MODELS DIE OUT, the major trend in outsourcing is smaller, more strategic deals—the kind that reflect strategic goals and objectives. Working strategically and thinking about outsourcing differently, **KPMG** views this extended global enterprise as:

- ❑ **A portfolio of processes** that span functions, geographies, and business units, ready to deploy in a flexible, collaborative manner whether **homegrown or outsourced**.
- ❑ **A mission to increase the value of these service offerings** to the business by quickly adopting new processes, assembling talent, delivering new technology, and collecting and analyzing relevant data.
- ❑ **A service delivery design built on customer needs** rather than a functional organizational structure.
- ❑ **A governance charter** and capabilities to **support the business** and manage the delivery model.

"The common thread with an extended global enterprise is the focus on adding value," says Justice. "In the old model, the sole priority was to support transactional processes at the lowest possible cost. In the new growth-oriented model, leaders are zeroing in on outcomes through skilled talent and technical innovations."

For example, a global manufacturing **KPMG** client that had executed traditional outsourcing strategies for 10 years had been successful in reducing costs, in some cases by up to 50%. When costs began rising, the client found sustainable savings by focusing on end-to-end process efficiencies like speed to market and by evaluating its provider relationships for cost and service levels to support business outcomes.

KPMG found that when companies employ extended global enterprise thinking, they report not only service improvement but also, in some cases, savings of up to 15% by reducing global redundancies and improving services.

"That's not an anomaly," says Justice. "It's the future. It means that the old ways of outsourcing are on the way out and that newer, smarter ways to do business are just getting started."

www.kpmg.com/us/tenminutes

Outsourcing. So ten minutes ago.

Outsourcing and shared services are radically changing to keep up with complexities in the market. It's no longer just about labor arbitrage or cost. Companies need global services providers to contribute to the enterprise as a whole. Strategically. That's where KPMG comes in. We're objective advisors who can help you establish a services delivery model that enables growth, agility, and competitive advantage. Across your organization. That's why the International Association of Outsourcing Professionals® ranked us #1 on its 2012 list of *The World's Best Outsourcing Advisors*. Which just goes to show—you need to be in this business for more than 10 minutes.

Find out more. Read our paper, *The Death of Outsourcing*, at kpmg.com/us/tenminutes.



cutting through complexity



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**THE
2012 GLOBAL
OUTSOURCING**
METHODOLOGY

Scoring was based on a review of applications by an independent panel of judges with some additional fact-checking. Final ranking was based on a weighted average of four distinguishing characteristics: size and growth rate; customer references; demonstrated competencies; and management capabilities.

IAOP GLOBAL OUTSOURCING 100 LEADERS

NO.	COMPANY	WEBSITE	SERVICES/KEY STRENGTH*	
1	ACCENTURE	www.accenture.com	IT & Comm. Mgmt.	BP
2	INFOSYS	www.infosys.com	IT & Comm. Mgmt.	BP
3	HCL TECHNOLOGIES	www.hcltech.com	CRM	CR
4	CBRE	www.cbre.com	Real Estate & Asset Mgmt.	BP
5	ISS	www.issworld.com	Facility Svcs.	BP
6	NCR	www.ncr.com	IT & Comm. Mgmt.	MC
7	WIPRO TECHNOLOGIES	www.wipro.com	IT & Comm. Mgmt.	CR
8	CAPGEMINI	www.capgemini.com	IT & Comm. Mgmt.	DC
9	CSC	www.csc.com	IT & Comm. Mgmt.	DC
10	TELETECH	www.teletech.com	CRM	DC
11	SODEXO	www.sodexo.com	Food Service & Refreshment	CR
12	AMDOCS	www.amdocs.com	IT & Comm. Mgmt.	BP
13	GENPACT	www.genpact.com	Financial Mgmt.	MC
14	AEGIS	www.aegisglobal.com	CRM	BP
15	CGI GROUP	www.cgi.com	IT & Comm. Mgmt.	MC
16	JOHNSON CONTROLS	www.johnsoncontrols.com	Facility Svcs.	MC
17	DIEBOLD INTEGRATED SERVICES	www.diebold.com	Indus.-Specific Svcs.	BP
18	IGATE	www.igate.com	IT & Comm. Mgmt.	CR
19	SUTHERLAND GLOBAL SERVICES	www.sutherlandglobal.com	Indus.-Specific Svcs.	DC
20	JONES LANG LASALLE	www.joneslanglasalle.com	Corporate Svcs.	MC
21	COLLIERS GLOBAL CORP. SOLUTIONS	www.colliers.com	Real Estate & Asset Mgmt.	CR
22	FIRSTSOURCE	www.firstsource.com	Indus.-Specific Svcs.	DC
23	CONVERGYS	www.convergys.com	CRM	MC
24	COMPASS GROUP	www.compass-usa.com	Facility Svcs.	CR
25	PCCW SOLUTIONS	www.pccwsolutions.com	IT & Comm. Mgmt.	BR
26	WNS GLOBAL SERVICES	www.wns.com	Indus.-Specific Svcs.	DC
27	XCHANGING	www.xchanging.com	Transaction Proc.	MC
28	ADP	www.adp.com	Transaction Proc.	MC
29	NEUSOFT	www.neusoft.com	Indus.-Specific Svcs.	DC
30	GETRONICS WORKSPACE ALLIANCE	www.workspacealliance.com	IT & Comm. Mgmt.	BP
31	NEWMARK KNIGHT FRANK	www.newmarkkf.com	Real Estate & Asset Mgmt.	MC
32	WILLIAMS LEA	www.williamslea.com	Marketing	MC
33	CASSIDY TURLEY	www.cassidyturley.com	Real Estate & Asset Mgmt.	MC
34	OCÉ BUSINESS SERVICES	www.ocesolutions.com	Document Mgmt.	BP
35	CERIDIAN	www.ceridian.com	HR Mgmt.	CR
36	VANCEINFO	www.vanceinfo.com	R&D	BP
37	EPAM SYSTEMS	www.epam.com	IT & Comm. Mgmt.	MC
38	SYNTEL	www.syntelinc.com	IT & Comm. Mgmt.	BP
39	TIVIT	www.tivit.com.br	IT & Comm. Mgmt.	CR
40	DONLEN	www.donlen.com	Corporate Svcs.	CR
41	LIONBRIDGE	www.lionbridge.com	IT & Comm. Mgmt.	BP
42	PITNEY BOWES MGMT. SERVICES	www.pb.com	Facility Svcs.	BP
43	HGS	www.teamhgs.com	Transaction Proc.	DC
44	TRANCOSMOS	www.trans-cosmos.co.jp	CRM	DC
45	INSIGMA	www.insigmaus.com	IT & Comm. Mgmt.	BP
46	HP ENTERPRISE SERVICES	www.hp.com	Indus.-Specific Svcs.	DC
47	LUXOFT	www.luxoft.com	IT & Comm. Mgmt.	DC
48	AON HEWITT	www.aon.com	Administrative Services	DC
49	SOFTTEK	www.softtek.com	IT & Comm. Mgmt.	MC
50	HISOFT TECHNOLOGY INT.	www.hisoft.com	R&D	BP
51	DONNELLEY GLOBAL OUTSOURCING	www.RRDonnelley.com	Document Mgmt.	BP

*KEY STRENGTH

BP = Balanced Performance; CR = Customer References; DC = Demonstrated Competencies; MC = Management Capabilities

NO.	COMPANY	WEBSITE	SERVICES/KEY STRENGTH*	
52	INSPUR	www.inspur.com	IT & Comm. Mgmt.	BP
53	ZENSAR TECHNOLOGIES	www.zensar.com	IT & Comm. Mgmt.	MC
54	CIENET INTERNATIONAL	www.cienet.com	IT & Comm. Mgmt.	BP
55	HEXAWARE TECHNOLOGIES	www.hexaware.com	IT & Comm. Mgmt.	CR
56	INFOTECH ENTERPRISES	www.infotech-enterprises.com	Indus.-Specific Svcs.	CR
57	SPI GLOBAL	www.spi-global.com	Document Mgmt.	DC
58	CONCENTRIX	www.concentrix.com	CRM	CR
59	EMCOR GROUP	www.emcorgroup.com	Facility Svcs.	MC
60	INDECOMM GLOBAL SERVICES	www.indecommglobal.com	IT & Comm. Mgmt.	BP
61	LEASEPLAN USA	www.us.leaseplan.com	Real Estate & Asset Mgmt.	BP
62	NEORIS	www.neoris.com	IT & Comm. Mgmt.	CR
63	UNISYS	www.unisys.com	IT & Comm. Mgmt.	CR
64	KELLY OUTSOURCING AND CONSULTING GROUP	www.kellyocg.com	HR Mgmt.	DC
65	NIIT TECHNOLOGIES	www.niit-tech.com	IT & Comm. Mgmt.	DC
66	ADITYA BIRLA MINACS	www.minacs.adityabirla.com	CRM	DC
67	CHINASOFT INTERNATIONAL	www.chinasofti.com	Indus.-Specific Svcs.	MC
68	CI&T	www.ciantd.com	IT & Comm. Mgmt.	CR
69	ALTSOURCE	www.altsource.com	Real Estate & Asset Mgmt.	BP
70	ITC INFOTECH	www.itcinfotech.com	IT & Comm. Mgmt.	CR
71	TOWERS WATSON	www.towerswatson.com	HR Mgmt.	CR
72	BIRLASOFT	www.birlasoft.com	Indus.-Specific Svcs.	CR
73	LONG VIEW SYSTEMS	www.longviewsystems.com	IT & Comm. Mgmt.	MC
74	ADVANCED TECHNOLOGY SERVICES	www.advancedtech.com	Facility Svcs.	MC
75	APPLABS	www.applabs.com	R&D	BP

IAOP GLOBAL OUTSOURCING 100 **RISING STARS**

NO.	COMPANY	WEBSITE	SERVICES/KEY STRENGTH*	
76	INTETICS	www.intetics.com	R&D	BP
77	BLEUM	www.bleum.com	R&D	BP
78	RESOURCE PRO	www.resourcepro.com	Indus.-Specific Svcs.	BP
79	SCICOM	www.scicom-intl.com	CRM	BP
80	NAGARRO	www.nagarro.com	IT & Comm. Mgmt.	CR
81	XCEED	www.xceedcc.com	Transaction Proc.	BP
82	ITRANSITION	www.itransition.com	IT & Comm. Mgmt.	CR
83	FREEBORDERS	www.freeborders.com	IT & Comm. Mgmt.	BP
84	SOFTSERVE	www.softserveinc.com	IT & Comm. Mgmt.	DC
85	AURIGA	www.auriga.com	R&D	CR
86	CROSS-TAB MARKETING SERVICES	www.cross-tab.com	Marketing	CR
87	GRUPO PROMINENTE	www.grupoprominente.com	IT & Comm. Mgmt.	BP
88	NATIONAL MEDICAL BILLING SERV.	www.nationalascbilling.com	Indus.-Specific Svcs.	BP
89	ENDA VA	www.endava.com	IT & Comm. Mgmt.	DC
90	ABSOLUTDATA	www.absolutdata.com	Marketing	MC
91	SYNYGY	www.synogy.com	HR Mgmt.	BP
92	DATROSE	www.datrose.com	HR Mgmt.	BP
93	ARTEZIO	www.artezio.com	IT & Comm. Mgmt.	CR
94	EMERIO GLOBESOFT	www.emeriacorp.com	HR Mgmt.	CR
95	FIRST LINE SOFTWARE	www.firstlinesoftware.com	R&D	CR
96	TEAM INTERNATIONAL	www.teaminternational.com	IT & Comm. Mgmt.	CR
97	EMIDS TECHNOLOGIES	www.emids.com	IT & Comm. Mgmt.	MC
98	CRYSTELCALL	www.crystelcall.com	CRM	CR
99	LEGALBASE	www.legalbaselaw.com	Legal	MC
100	HARBINGER SYSTEMS	www.harbingersystems.com	IT & Comm. Mgmt.	CR

THE 2012 GLOBAL OUTSOURCING

100

56%

OF RESPONDENTS SAID THEY WANTED TO USE OUTSOURCING TO INCREASE THEIR FLEXIBILITY AND HELP MEET CORPORATE BUSINESS GOALS.

SOURCE: IAOP 2011 STATE OF THE INDUSTRY SURVEY



**THE
2012 GLOBAL
OUTSOURCING**

100

**OUTSOURCING
HAS PROVED
SO ADEPT AT
WHAT IT DOES
THAT IT HAS
BECOME A
\$6 TRILLION-
A-YEAR
GLOBAL
BUSINESS.**

SOURCE: IAOP

the 2011 IAOP study, 74% of respondents said they were considering or practicing socially responsible outsourcing, up from 58% in 2009.

Bill Hefley, clinical associate professor of business administration at the University of Pittsburgh and one of the survey's authors, provides the rationale: "Companies believe their stakeholders expect social responsibility, so they want to practice that in their outsourcing."

Certified Professionals

The increasingly strong link between strategic goals and outsourcing has led to another new trend: the rise of the outsourcing professional. "What we are seeing is a real recognition that if a company is going to harness the opportunities outsourcing can provide, they're going to need skilled professionals to lead the charge," says Debi Hamill, CEO of IAOP. "These are typically senior-level employees who report to the C-level, a sign of both the influence and the visibility outsourcing now has within the enterprise." To help train these executives, IAOP offers a Certified Outsourcing Profes-

sional program. Enrollment, says Hamill, has never been stronger.

For outsourcing providers, there's a message in these trends: If you help customers meet their

goals as well as their budgets, you increase your chances of standing out from the pack.

How this plays out can be seen at LeasePlan, the world's leading fleet and vehicle management company. Working with thousands of companies and more than 1.3 million vehicles, the company has developed numerous services that improve fleet efficiency and demonstrate social responsibility. One of these is its SafePlan program. SafePlan gathers driving history—motor vehicle records and accident reports—on everyone who gets behind the wheel of a company vehicle. The resulting driver profiles are regularly updated, and high-risk scores are immediately flagged for action.

"A company could be saving hundreds of thousands of dollars in liability—but SafePlan also offers a client the tools to develop safer drivers," says Jon Toups, senior vice president and chief sales and marketing officer at LeasePlan USA. "A growing number of companies are placing increased importance on being good corporate citizens."

Another LeasePlan program, GreenPlan, assists companies in reaching their sustainability goals by taking concrete steps toward reducing CO₂ emissions. "We help a client create a baseline using the current fleet and determine where it would like to be," says Toups. "We'll advise updating the existing fleet composition with fuel-efficient or even alternative energy vehicles and we'll provide tools to enable the client to track its progress."

Outsourcing has come a long way since the days when it was all about saving money. Today that's just a starting point. By thinking big picture—and thinking together—outsourcing providers and their customers can build a better future, for themselves and even, perhaps, for the world around them. ●

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IAOP is the global, standard-setting association and advocate for the outsourcing profession. With more than 120,000 members and affiliates worldwide, IAOP is the industry's largest network providing the tools and support busy executives need to improve their outsourcing, offshoring and shared services outcomes.

IAOP serves buyers, providers and advisors with industry standards that describe best practices, globally recognized credentials that certify outsourcing expertise, global chapters that address the latest topics and trends, as well as conferences and events that inform and connect the community.

IAOP members demonstrate a commitment to innovative thinking, continuous performance improvement and to the sustaining development of outsourcing both as an industry and as a profession.

Membership is available at both the individual and corporate level and includes access to IAOP's full portfolio of services. For more information on IAOP's programs, visit www.IAOP.org.



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