



EVALUESERVE
Your Global Knowledge Partner

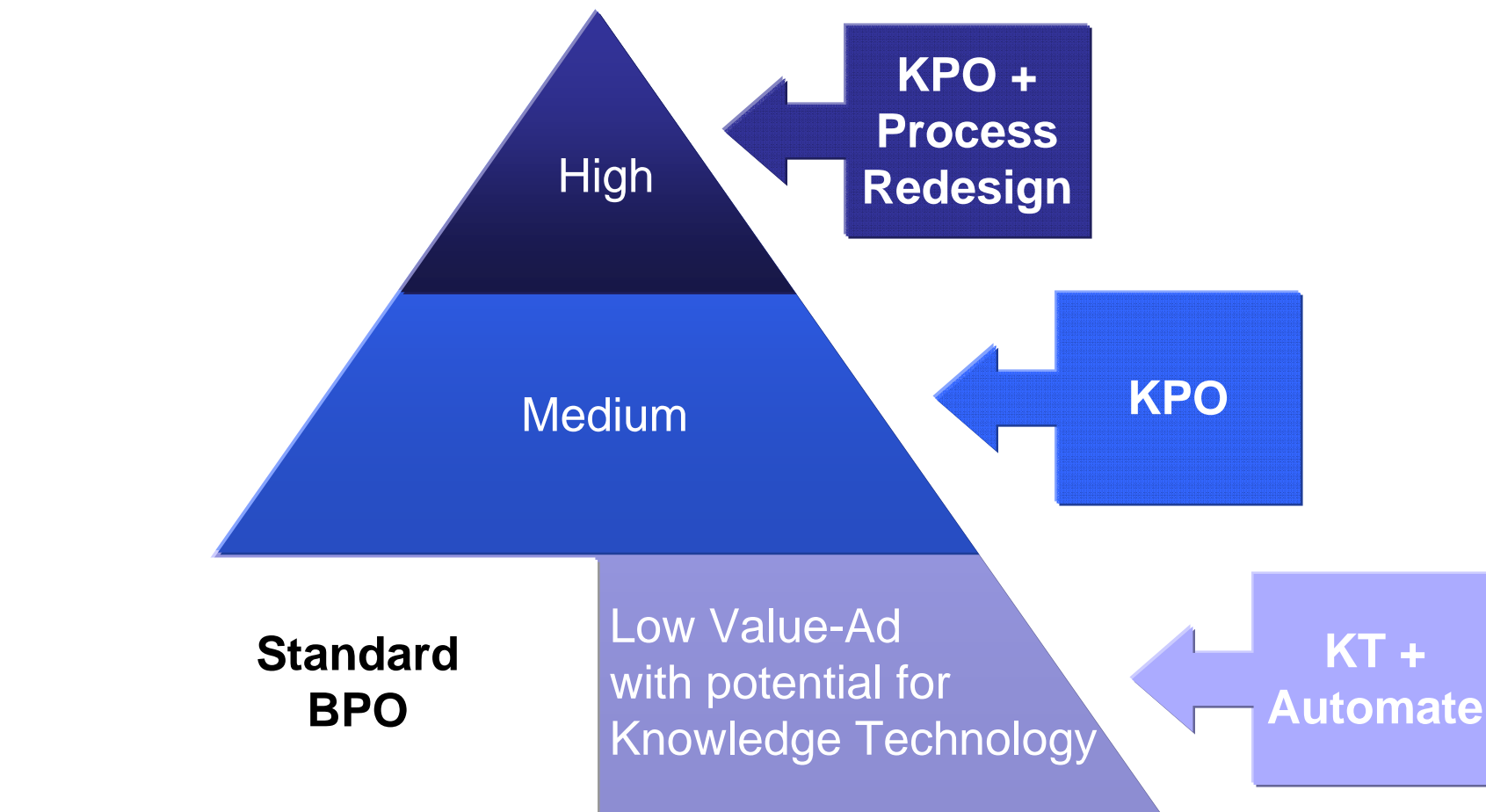
Impact of Economy on High-end Outsourcing

CORFO

November 2008



Focus on High-Knowledge Processes, not BPO



Global KPO: Jury is still out on short-term

Short-term Impact

- ▣ 20%: Knee-jerk cost-cutting → Bad
- ▣ 30%: Let's do even more of it → Good
- ▣ 50%: Let's wait → Delays of 6-12 months
- ▣ Net effect: Positive, but slower growth

Benefits

- ▣ Much lower attrition rates
- ▣ Weeding out industry; solid players survive
- ▣ Time to focus on fundamentals & innovation
- ▣ Prepare the next upswing

Challenges

- ▣ Ever more emphasis on Marketing & Sales
- ▣ Sell 'Cost Reduction and Productivity increases while maintaining service levels'
- ▣ Keep focusing on Quality, Quality, Quality

KPO Value Proposition holds up in Downturn

Productivity

- ▣ Generate cost-savings of \$30k+/FTE (fully-loaded)
- ▣ Improve productivity of processes by process redesign, consolidation and automation
- ▣ Make expensive people more productive

Service Levels

- ▣ 24 X 5 Service
- ▣ Global Reach & Languages
- ▣ Flexibility & Speed
- ▣ Simplicity

Growth

- ▣ Support growth processes
- ▣ Make sales force more productive
- ▣ Enable new services and information products



KPO opportunities across business system



Example of Business Case: Professional Services

Productivity

- ▣ Identified opportunities worth 50 FTE out of 350 FTE = \$1.5m of annual direct net savings identified
- ▣ Additional process redesign saved about 3% of total onshore costs (3% of \$35m = \$1m)
- ▣ Additional automation still ongoing (Potential: 5% = \$1.75m)
- ▣ Total annual saving potential: \$4.25m

Service Levels

- ▣ Improvement of service levels in spite of savings
- ▣ 24 X 5 Service for US entity incl. India/Chile
- ▣ Faster response times in several areas
- ▣ Things get done, which so far did not get done

Growth

- ▣ Supporting proposal & sales process probably allowing sales people to spend more time with customers
- ▣ Identified two new growth products oem'd by Evalueserve with \$2m of revenue potential

Global KPO: Opportunities for the long-run

Fundamentals Strong

- ▣ Demographics and lack of skilled professionals
- ▣ Cost differential not disappearing
- ▣ Globalisation of services continuing
- ▣ Need for complexity reduction & specialisation

Addressable Market

- ▣ KPO is accepted model now
- ▣ 100k untapped companies globally
- ▣ Many innovations possible, e.g. KT
- ▣ KPO getting into the 'Big Game'

Industry Structure

- ▣ Captives stagnate at high cost levels
- ▣ 2 types of vendors: Specialist, BPO+KPO, but with clear advantages for specialists
- ▣ Down to 100 companies from today's 400

Knowledge Technology - Dashboards

Spend Management



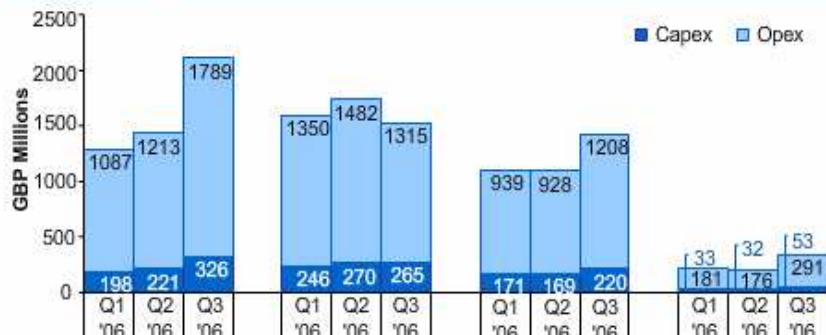
Highlights

1. Considerable decrease of 11.2% in the aggregated Opex of Division 2, due to the consolidation of suppliers for high-valued spend categories
2. An unusual increase of 129% in the aggregated Capex across Asia Pacific due to the installation of network facilities in country A
3. Supplier 3, which accounts for 4.25% of A/P, has filed for bankruptcy
4. Country B has opened its market for FDI in the Telecom sector

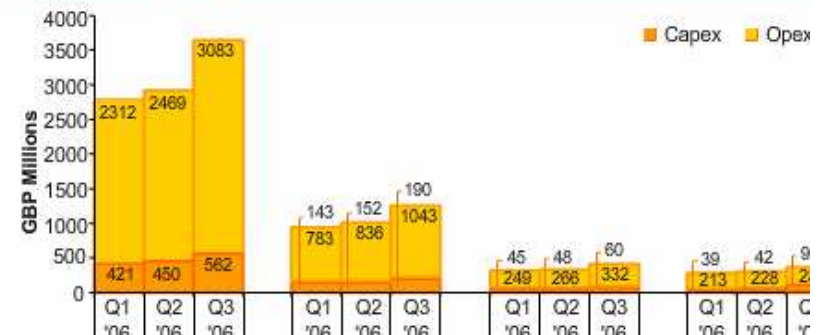
KPIs

1. Number of suppliers: - 5% ■ Favourable
2. Average purchase size: +5% ■ Attention Desired
3. Global Suppliers: 32% ■ High Alert
4. Share of spend top 20 suppliers: 25% ■ [Click to activate and use](#)
5. Number of A/P entries: 10,012 (+ 11%) ■
6. Average payment period: 60 days

Spend Share by Lines of Business



Spend Share by Regions



[Click Here for Free Demo](#)

Chile: Impact and Opportunities

Fundamentals Strong

- ▣ Unmet need in US
- ▣ Starting from a very low base
- ▣ Some global players with established base
- ▣ Excellent HR proposition

Opportunities for companies

- ▣ Short-term: Grow existing centers
- ▣ Push Marketing & Sales in US and Latam
- ▣ Collaborate with global players for skill
- ▣ Centers of Competence, e.g. Quant, KT

Government Role

- ▣ Aggressive 'umbrella' marketing for Chile as KPO hub. Raise profile by factors, not marginally.
- ▣ Three segments: a) global KPOs, b) captives, c) regional plays
- ▣ Pick focus areas, e.g. KT, Centers of Competence





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Thank You...

