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Accenture on BPO: Clients no longer just interested in quick cost savings

Richard Mills

February 29, 2008 (Computerworld) *Pankaj Vaish is the managing director for global IT-BPO delivery at Accenture Ltd., responsible for running the BPO delivery network and overseeing the growth and expansion of Accenture's business process outsourcing operations.*

How large is the group you oversee? Our global delivery network comprises over 40 centers, with 75,000 people in 10 countries. More than two dozen centers in the network have dedicated BPO teams, which is the group I am responsible for.

What services do your employees provide? We are a diverse provider. Some of our primary service areas are accounting, HR, procurement, contact center and, of course, IT. Our clients are also increasingly seeking bundled outsourcing services where we provide multiple BPO or IT services in specific industries. Our current industries of focus are pharmaceutical, insurance, health and administration, airlines and utilities. We also have standardized solutions for middle market companies — those who make the bridge from original producers to the end marketers.

What services do you feel are important for the future? We must listen to our clients and work collaboratively with them to provide the services that help them succeed and perform at a higher level. As an example, to create a bundled outsourcing group for an industry, we get one or two clients and expand from that base. We have such a range and global footprint that we're looking at the bigger picture that includes a range of services in addition to creating specific services.

Do you still intend to set up facilities in new countries, or will you grow with what you already have?

We evaluate situations on an ongoing basis. Right now, we have in-country demand in Canada that is driving us to expand in Toronto. We are also expanding in Latin America. In the coming months, we expect to be making progress and announcements about other markets. Our actions are client-driven. Our own expansion is driven by our business's needs and on the success of our clients.

What are your thoughts about China in comparison to your other BPO delivery locations? We have centers in three locations in China — Dalian, Shanghai and Guangzhou — so it is a big commitment for us. Most of the work we are doing there currently is for clients in Japan-, Korea- and China-based regional and global companies. We are getting great results from our people there, but growth so far has been a bit slower than we would have liked. More recently, we are seeing indications that this will start to show a significant upswing.

Which countries do you think are becoming more interested in sending work offshore? I think the Europeans are now looking strongly at moving work offshore. In addition, Japan, Korea and China also seem very interested.

Are you concerned about recent movements in the U.S. dollar? We are a very diversified and global company, so it's not a big stress for us. A move in one area is offset somewhere else.



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Does Accenture expect to make any acquisitions in the near term? Most of our growth in the past has been through organic means. We have done only small acquisitions to obtain particular capability. We have not made big acquisitions mainly because they are hard to make work. Accenture has a distinct and strong culture, and we want to maintain consistency of our people and services. For these reasons, our focus will be to continue growing organically, since we feel it has been one big reason for our past success.

Overall, do you think there will be further consolidation in the BPO sector? Scale is always valuable to clients, so there is need for smaller providers to achieve a global footprint in order to compete. On the other side, captive BPO facilities [that do outsourcing only for their parent companies] will continue to be on the market.

What is the most important trend you are seeing these days? Clients are partnering more and not interested in one-off transactions. They want us to be accountable for outcomes as an integral part of their businesses. That is why our bundling of service offerings has been so successful. Clients are able to rethink their businesses and improve entire processes. No longer are clients just interested in getting a quick cost savings.

What else do clients say to you a lot? They are saying to us over and over, "I can't find the talented people I need; find them for me." The current concern of most clients is how to obtain the best talent. Fortunately, we are able to leverage our global footprint to help them. Accenture is a very diverse global company. We don't even have a headquarters to speak of. My boss is in Spain, and his boss is in Germany. I joined the company originally in the U.S. Accenture goes to where it can find talented people, and that will continue to be case. Our senior leadership reflects the diversity of our global operations.

Richard Mills is chairman of Chalré Associates, an executive search and management consulting firm active throughout the Asia-Pacific region.