

Destination Transformation: Finding Business Process Opportunity

By Kaushik Bhaumik, Cognizant Vice President
& Global Practice Leader, BPO & Consulting

In business process outsourcing, the era of simple solutions is over.

Indeed, the market's evolution calls for service providers to do much more than trim a client's operating costs. BPO's traditional focus on cost savings and other tactical objectives is giving way to a more strategic and customized approach that goes beyond merely replicating inefficient business processes at lower price points. Done right, transformational BPO can enable operational improvements that advance business objectives and drive competitive separation, while delivering a superior experience for a client's end users.

By deconstructing and documenting key business activities and working closely with a client to ensure effective knowledge transfer, BPO can transform your business and deliver quality improvement and accelerated time to value. The ultimate goal is to identify and deploy business process improvements that can fit an individual client's business requirements and, when possible, boost the performance of associated IT systems as well.

The strategic approach doesn't ignore outsourcing's financial value. After all, BPO in many cases can yield costs savings of upwards of 30% to 50%. But that's the base expectation these days.

Easing The Transition

A service provider must offer more than labor arbitrage and cookie-cutter solutions to help clients reap BPO's strategic benefits. At Cognizant, we take the approach of highly tailored BPO. In fact, we hone our solutions to the client's unique business requirements.

To accomplish this, we invest in a dedicated solution design and transition team for every client. The team's role is to obtain a detailed understanding of a client's process. On a finance and accounting engagement, for example, we go to great lengths to document the process and the systems that sit on top of that process. We also work to understand the needs of the client's end users. What are their expectations? What are their breakpoints around a given process? We build those insights into the BPO solution.

We think this heightened level of process understanding increases the client's comfort level with BPO. As such, the BPO vendor is seen not only as a business partner, but as a true extension of the customer's organization. We make sure Cognizant call center agents working for a health insurer, for instance, come across as knowledgeable and plugged in as the company's own employees. We interact with customers and business partners as if we are one of them (i.e., what they say, how they say it).

There are other ways Cognizant helps customers feel more at ease with BPO. We often utilize some of the client's key resources as part of the on-site BPO team. In one case, a large European pharmaceutical company outsourced its clinical data management (CDM) to us. We re-badged many of their CDM resources and shifted some business processes to India to generate significant operational improvements on top of deep cost reduction.

Data security is often a source of concern for customers considering BPO. We share our security policies with customers to allay their fears. My experience has been that our style is 100% of the time our security policies are more stringent than the client's safeguards. When they visit our facilities and a guard stops them outside the



building and says they can't go in without a pass, that's very reassuring for customers.

We also conduct phased pilots to make clients comfortable with the outsourcing transition. We will trial a particular process in parallel with the client's in-house operations to make sure we get all elements of the customer experience right. For example, we conducted four stages of pilots for the aforementioned European pharmaceutical maker, testing different types of CDM operations before going 100% live with the process.

Aligning Business Process and IT

At Cognizant, understanding a client's culture of operations and providing a familiar customer experience are the key initial steps of an engagement. The next task is to build upon that familiarity, identifying ways to service more needs, bolster efficiency, and improve productivity.

That's where IT/BPO synergy comes into play. Our IT insights within a particular domain are very valuable and in some ways help to inform our process knowledge about how a particular client conducts business. A BPO provider that can put the two together can introduce a new source of process value that was heretofore unavailable.

In some situations, Cognizant's IT services intersect with our work on a BPO engagement, resulting in operational improvements all around. A large scientific products distributor, for example, recently asked Cognizant to handle order processing and maintain some of its fulfillment systems. At first, we used the client's systems in their "as-is" state. Cognizant's BPO staffers were able to achieve a certain level of productivity in orders processed per hour. But as our BPO team gained insight into the systems, they made recommendations for improvement. They offered

suggestions regarding screen configurations, with an eye toward smoothing task flow. Our IT team then implemented the recommendations and, as a result, workforce productivity increased 20%.

We advocate closeness between our BPO and IT personnel where possible. In some cases, they are located across the hall from each other. They can sit down and discuss changes, which enables our IT specialists to deploy them relatively quickly.

Cognizant's vertical market orientation to BPO also contributes to the fusion of business process and IT. Knowledge of the processes and systems that lie within a customer's domain has been central to our success in BPO.

Our vertical approach extends right to the point of recruitment. When we hire an associate, we're not bringing in a call center associate. We're hiring a healthcare associate or a banking associate -- someone with true domain experience. In healthcare, we have attorneys, paralegals, pharmacists, physicians, nurses, and statisticians. That's an interesting mix of people because it allows us to really understand the client's business from a multiplicity of dimensions and truly operate as an extension of its organization.

Work With A Trusted Partner

Conventional cookie-cutter BPO outsourcing may help improve the bottom line, but it often fails to add the value of newer more strategic approaches. To get there, work with a partner who can tightly align with your strategic business objectives.

And in this still-emerging market, seek out a partner that can serve as a trusted advisor. Capabilities can be replicated from one BPO provider to another. But in a services-based business, my belief is relationships count the most.

About Cognizant

Cognizant (NASDAQ: CTSH) is a leading provider of information technology, consulting and business process outsourcing services. Cognizant's single-minded passion is to dedicate our global technology and innovation know-how, our industry expertise and worldwide resources to working together with clients to make their businesses stronger. With over 50 global delivery centers and 63,700 employees as of March 31, 2009, we combine a unique onsite/offshore delivery model infused by a distinct culture of customer satisfaction. A member of the NASDAQ-100 Index and S&P 500 Index, Cognizant is a Forbes Global 2000 company and a member of the Fortune 1000 and is ranked among the top information technology companies in BusinessWeek's Hot Growth and Top 50 Performers listings.

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Passion for building stronger businesses

World Headquarters

500 Frank W. Burr Blvd.
Teaneck, NJ 07666 USA
Phone: +1 201 801 0233
Fax: +1 201 801 0243
Toll Free: +1 888 937 3277
Email: inquiry@cognizant.com

European Headquarters

Haymarket House
28-29 Haymarket
London SW1Y 4SP UK
Phone: +44 (0) 20 7321 4888
Fax: +44 (0) 20 7321 4890
Email: infouk@cognizant.com

India Operations Headquarters

#5/535, Old Mahabalipuram Road
Okkiyam Pettai, Thoraipakkam
Chennai, 600 096 India
Phone: +91 (0) 44 4209 6000
Fax: +91 (0) 44 4209 6060
Email: inquiryindia@cognizant.com