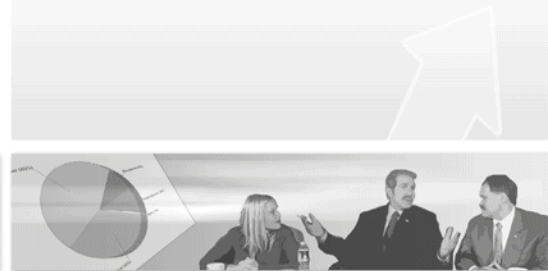


CEO Spotlight



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Boston, Baird, and Business Services



Toward the end of February, several members of the Tholons management team (including myself) attended the 14th annual Robert W. Baird & Co.'s Business Solutions conference. The two day conference was held in Boston, where nearly 100 company C-level executives spoke about their recent financial results and their strategies going forward. Companies in attendance included PAI Group, Fiserv, Forrester, Huron Consulting, Accenture, CIBER Inc., Cognizant Technology Solutions, Paychex Inc. and the Corporate Executive Board.

The conference coincided with the launch of the partnership between Baird and Tholons whereby Tholons will work with Baird Private Equity and its portfolio companies in business services sector to evaluate, develop and execute appropriate strategies in Asia. The partnership will bring together Baird's deep investment experience with Tholons' 'best-of-breed' globalization advisory and local market knowledge in Asia. As such, I was also a key note speaker and on a panel at the conference to discuss outsourcing trends in general, and India in particular.

Now, I must confess, that while I expected Baird and Business Services to be hot topics, I did not expect Boston to be a relatively balmy 50⁰F. This pleasant turn of events forced my colleagues and me to ponder why we were lugging around our winter coats at the beginning and end of each day. However, I am pleased to report that we also found the time to interact with many CxOs, and take stock of daily presentations in between our daily “cloak-discussions”.

Here are some highlights...

Much like content aggregators of Web 2.0 fame, “talent aggregators” will thrive in the services sector.

CxOs from companies like PinStripe and SnagAJob.com made convincing presentations highlighting the pent-up demand for new and innovative IT-based methods to attract and retain good talent from an increasingly limited pool. Broadlook privately demo’ed a powerful search engine and CRM tool designed to make “talent aggregators” far more nimble. Having consulted many HRO-related companies in the past, I am now convinced that tech-enabled HRO companies have a bright future.

Post secondary education for working adults will keep its niche:

While not often discussed as a key part of the Knowledge Services sector, it was clear that the leading companies involved in “non-traditional” post secondary education will thrive as demand will be fueled by the emerging middle class in developing countries. India, China, Philippines, Vietnam and C&E Europe will need to train thousands more per year in language and customer-facing skills if the services industry is going to grow.

The rise of the “serviced” communication network:

Airtel in India was one of the first major communications companies in the world to completely outsource its mobile network operations, and focus on its core competency of customer products and services. Ericcson, Nokia and IBM were the beneficiaries of this decision, but now there are several India and China based services companies that are interested in replicating Airtel’s success.

Need-for-efficiency will power growth in mortgages and F&A:

It was clear from the presentations that many opportunities exist to reduce the traditional inefficiencies in mortgage processing, check clearance, and charge card processing operations. As a trillion dollar industry, the opportunities for companies to grow will be many in both G-8 and developing countries. My opinion is that we will see both labor arbitrage opportunities for the larger players and tech-enabled niches for smaller companies like Dorado.

Services will continue to mean many things to many people:

With the preponderance of many acronyms such as BPO, KPO, ITO, FAO, I will close this edition of the Spotlight by saying that the Baird Conference clearly showed us all why the services sector is nearly three quarters of the US economy. The breadth and size of the companies in attendance spanned the services portion of most of the US economic engine, and represented billions of dollars in market capitalization and revenue...as well as thousands of jobs. It has never been more clear that businesses world-wide are committed to being successful both at home and abroad. Here's to Services Globalization and working to make global businesses competitive.



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