

June 2010

Guest CEO Editorial

 **THOLONS**

Advisory • Investments • Research



Abid Ali Z Neemuchwala (Abid) is Global Head for Business Processing Services and Process Excellence.

TCS BPO focuses on domain led transaction processing and associated end to end services to clients. TCS BPO ranked #2 by DataQuest in July 2009 amongst India based providers and clocked 11,5% of TCS revenues for FY 2010 with 28,000 associates delivering from 12 locations worldwide leveraging TCS' Global Network Delivery Model (GNDMTM). The Process Excellence Group (PEG) focuses on TCS internal processes to deliver value to its stakeholders and enables TCS clients across the globe to Experience Certainty and One Global Service Standard through excellence in its business processes.

Prior to his current role, Abid was Vice President of Global Delivery and Services for North America, and implemented the Global Network Delivery model for US clients. Abid as General Manager for India West headed and expanded operations in Mumbai, Pune and Gujarat from 2004 to 2007 and was responsible for delivering services from western India to 200 plus Indian and global customers with over 17000 people organization.

In TCS for 17 years, Abid has been involved in setting up relationships with various customers for TCS and has been executive sponsor for a number of key clients of TCS. He is a director on the board of TCS eServe Limited and has been a Certified Software Quality Analyst and a Certified Six Sigma Green Belt as well. Earlier he managed TCS' operations as Regional Manager for the Midwest US and in Japan.

Abid completed his Masters in Industrial Management from IIT, Mumbai after his Bachelor of Engineering in Electronics and Communication from National Institute of Technology, Raipur, India.

Tholons: Recent hiring and expansion plans of TCS BPO suggest the optimism in the post-recession phase, what are your predictions for the near future regarding the dynamics in the buyer markets?

A bid: The current economic environment continues to drive outsourcing across the globe. Customers are increasingly looking at partners who can help them with Core Industry specific processing to not only improve the cost of revenue but also to drive growth. Driving growth often means service requirements in emerging geographies where TCS is already present.

Buyers continue to initially start by engaging providers at an operational or tactical level. However after seeing our track record, they quickly move to a strategic partnership. Hence deal sizes are small and then the relationship grows.

A provider however can be a strategic partner only if it can offer technology enabled transformation or best in class platforms. TCS is uniquely positioned to deliver such IT-BPO synergy and utility based business models.

Tholons: TCS has a strong presence in the Indian Tier-II cities but haven't been able to replicate the same level of success when compared to the Indian Tier-I cities. What are the factors that you see responsible for the Tier-II cities not being able to deliver up to their potential?

A bid: TCS has grown significantly in the Tier II cities – Lucknow, Ahmedabad, Bhubaneswar, Baroda, Cochin, Coimbatore to name a few. However by definition, Tier II cities will have a smaller size compared to Tier I. We are also very effectively leveraging our partner ecosystem in BPO to go beyond Tier II cities as well.

Tholons: TCS BPO has forayed into the Indian Domestic Market successfully and the revenues from the domestic market have grown significantly; do you observe a significant shift in focus for other Indian service providers towards the domestic market increasing the competition?

A bid: India is one of the fastest growing economies and a large market. TCS since inception has been very focused and committed to the Indian market. TCS BPO also gets about 15% of its revenues from Indian domestic market. I am sure that other providers find it equally attractive and will reach out to the market.

There are two aspects that I would like to highlight about this market. This market is not about cost arbitrage. In fact provider costs can sometimes seem to be more than the buyer cost. So, this market is about the service model – evolving solutions such as Platform BPO and about delivering business value and best in class processes to the buyer.

The second aspect is you need to be a relationship based end to end player. TCS is uniquely positioned given its deep relationships and broad base of services across BPO-ITO and consulting.

Tholons: TCS BPO has been the forerunner in terms of bringing new services and innovation to the Services outsourcing industry. What according to you will be the future service lines/opportunities of interest in the domain?

A bid: If you slice the BPO industry revenues today by verticals, you will see that BFSI contributes about 50%. If you slice it by services Customer Interaction Services from 40%. There is a lot more to business processing than those two industries and that one service line.

In terms of the industries, we believe that across all industry segments we will see more of process outsourcing happening. Geographies we will see emerging markets doing more BPO for adopting best in class processes. As an example TCS has a strong presence in LatAm leveraging our TCS B@NCS platform for banking and payments processing.

In terms of services, research and analytics services form the low hanging fruit that gives the customer the information and insights to drive effectiveness. Industry specific services will emerge. It's all about what a provider can do help a Bank manage its loans better, help an Insurance company administer policies better, support a Pharmaceutical company in getting drugs faster to the market or assist a retailer to merchandize goods that his customer wants.

New Business and Delivery models will emerge. TCS has already innovated and launched Platform BPO which is already being seen as a process cloud. Outcome and transaction based pricing and shared risk and reward kind of business models are evolving.

Tholons: India has not been known for innovations; however the onus of developing the 'Made in India' brand lies with companies like TCS. Where do you see the future value proposition of India going forward from its current pinnacle of service outsourcing?

A bid: Yes indeed, TCS and Tata Group has been setting benchmarks in innovation – whether it's the supercomputer developed by a group company or something more commonplace though essential as the *Swatch* water filter we developed in partnership with Tata Chemicals. The Nano car is a very well known example. I think given the high technology based human capital and needs of a mass market will drive Indian innovations and in the future we will see technology intensive and cost effective mass market products and services coming out of India.