

BPO

—

der nächste logische Schritt des Sourcings ?

Jörg Vollmer
Director HP Services - BPO



Agenda

- 1 Introduction HP
- 2 BPO & Sourcing Trends
- 3 HP' s F&A BPO Practice
- 4 HP' s HR BPO Competence
- 5 Why Clients choose HP

Hewlett-Packard Company



The Company

- 150,000 employees
- 170 countries
- \$81 billion in revenue
- \$15 billion in cash
- Portfolio: palmtop to NonStop to data center
- Ranks No. 1 Customer Respect Index

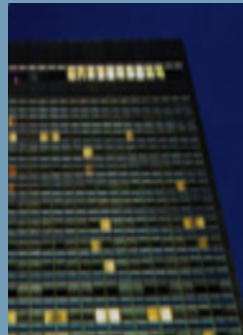


HP Portfolio

- Enterprise Systems Group
- Imaging & Personal Systems Group, emerging technologies
- HP Services – consulting & integration, customer support, managed services, solutions

HP Services

- 65,000 service professionals
- 80 Customer Education Centers
- Global SAP/HP Competency Centers
- #1 mission-critical infrastructure services
- #1 enterprise-ready Microsoft integration and support services
- Top 3 in global IT services



BPO/Managed Services Facts

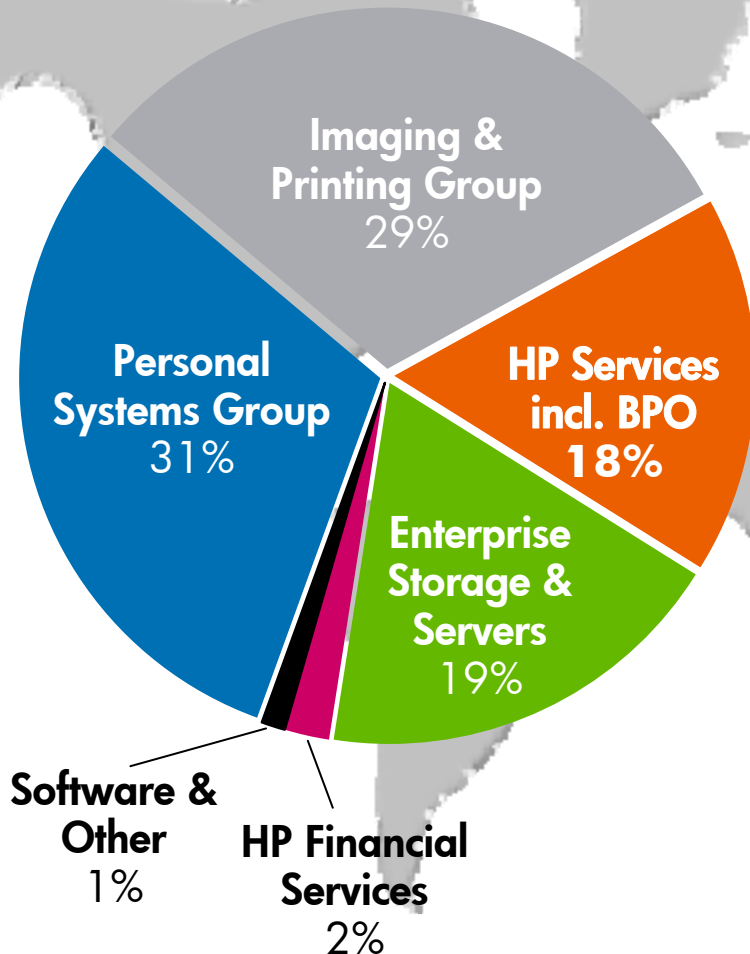
- Data centers: 181
- BPO Global Business Centers: 7
- Outsourcing clients: >750
- Data center space: >800,000 sq ft
- Servers managed: >45,000
- Total Employees:
 - BPO > 7,000
 - ITO/AMD > 15,000
- Recognized as Tier 1 BPO provider



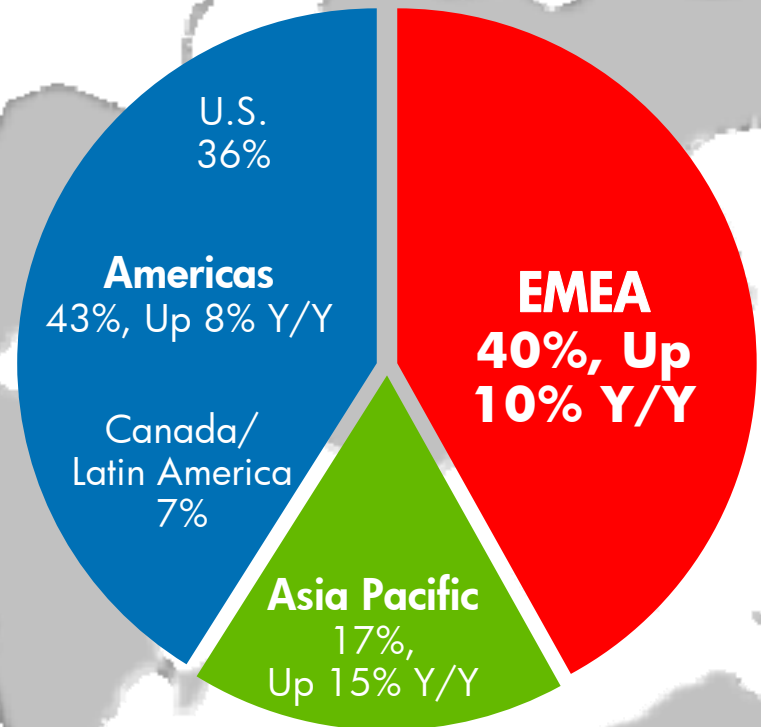
Q3 FY05 Revenue split



Revenue by segment



Revenue by region



Agenda

- 1 Introduction HP
- 2 BPO & Sourcing Trends
- 3 HP' s F&A BPO Practice
- 4 HP' s HR BPO Competence
- 5 Why Clients choose HP

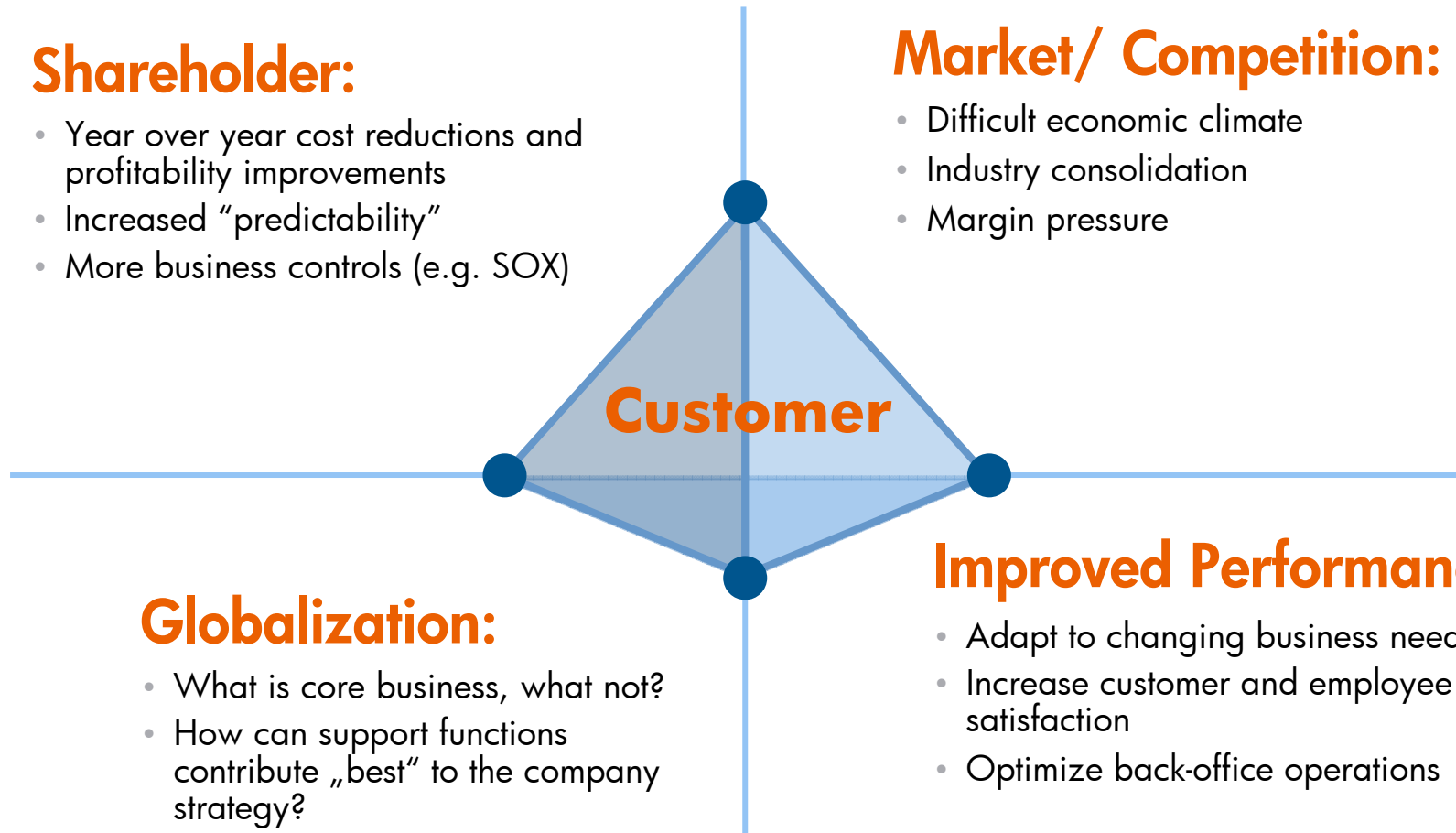
The CxO's balancing act

Shareholder:

- Year over year cost reductions and profitability improvements
- Increased "predictability"
- More business controls (e.g. SOX)

Market/ Competition:

- Difficult economic climate
- Industry consolidation
- Margin pressure



Customer

Globalization:

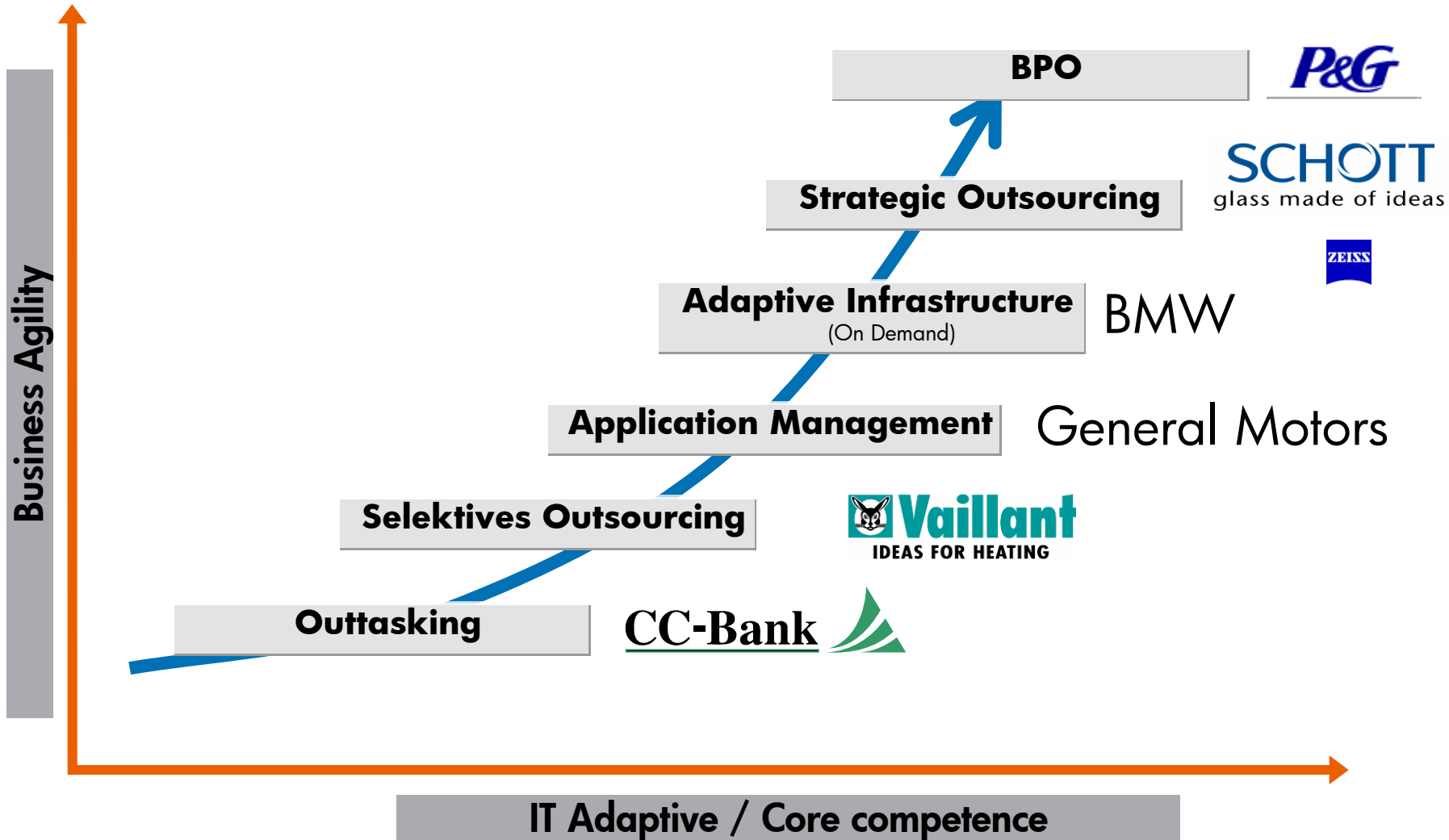
- What is core business, what not?
- How can support functions contribute „best“ to the company strategy?

Improved Performance:

- Adapt to changing business needs
- Increase customer and employee satisfaction
- Optimize back-office operations

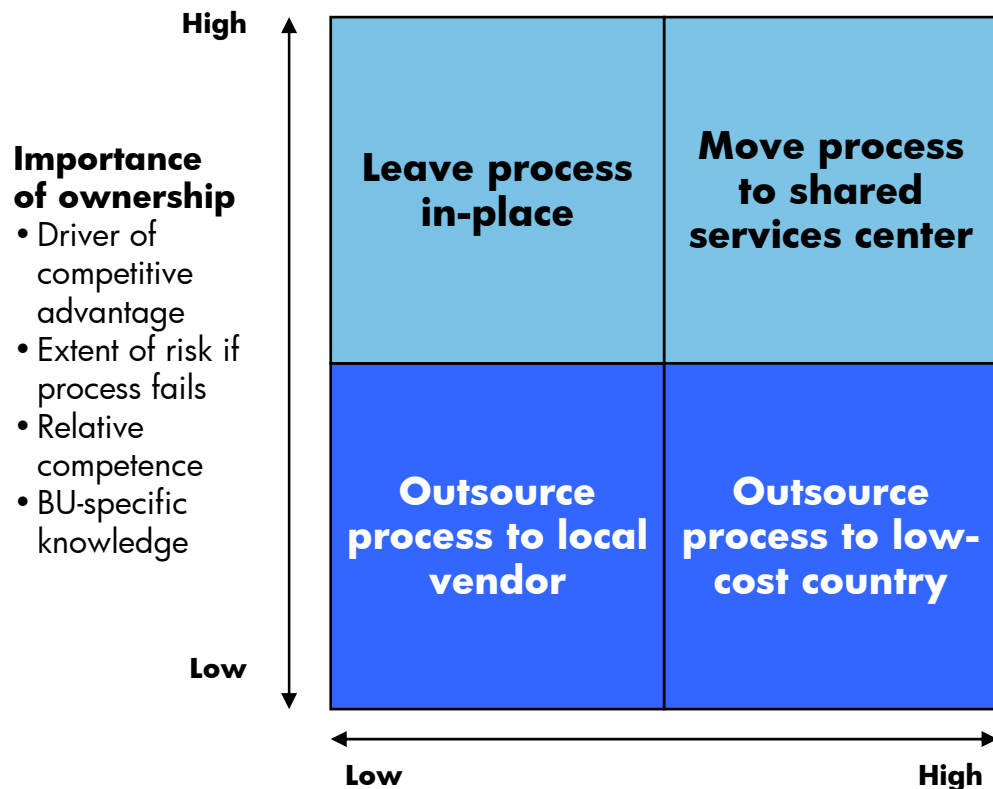
Focus on core business!

Evolution of the IT-Sourcing-Models



Key considerations: What to outsource...

Destination model for outsourcing



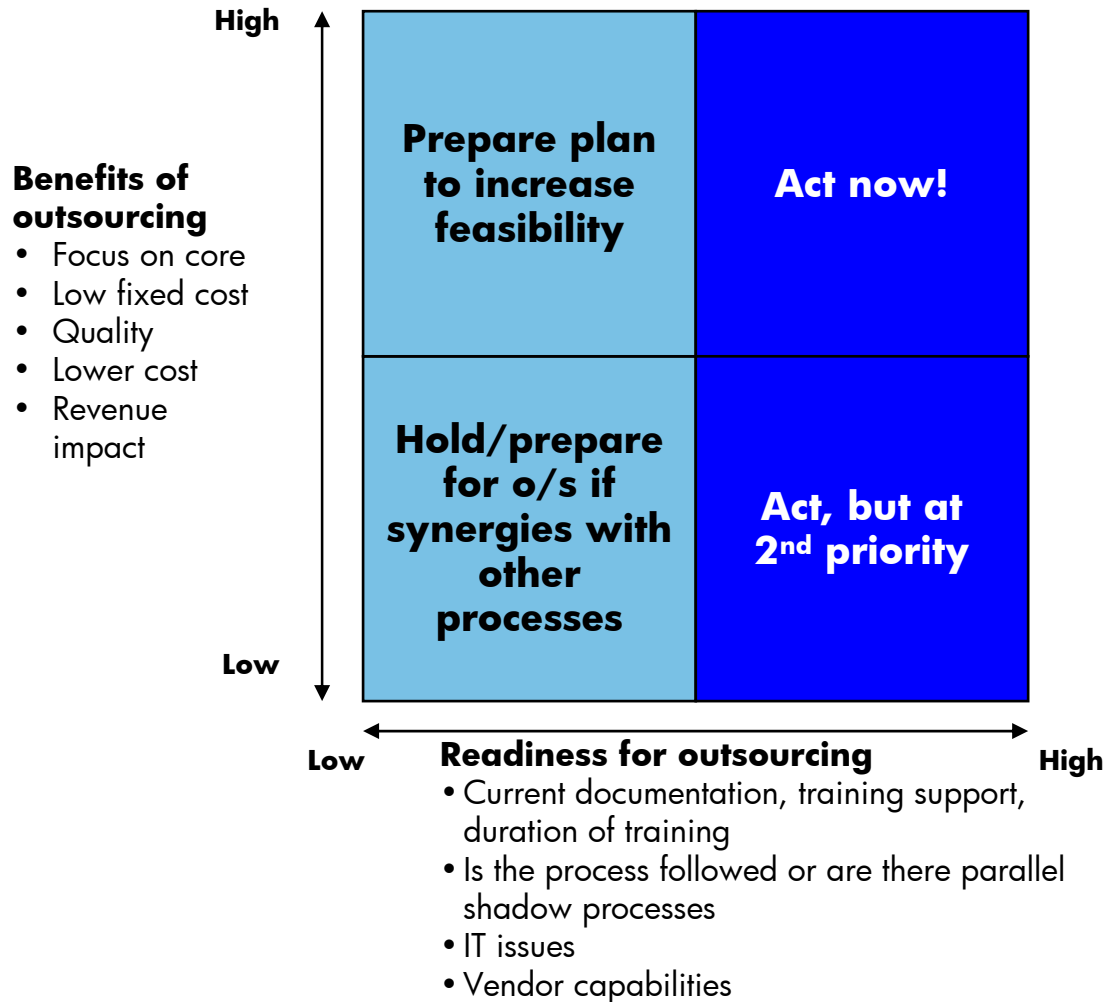
- Remote serviceability**
- Physical presence required?
 - Process interdependencies?
 - Local knowledge required?
 - Regulatory issues?

Define the **most suitable destination** for each process or sub-process under investigation based on

- The importance of owning the process or sub-process
- The ability to provide the process or sub-process from a remote location

... and when to outsource

Time frame and action steps



Define the **best timing** for outsourcing each process or sub-process under investigation based on

- The expected benefits from outsourcing
- The readiness of processes, organization and IT to outsource specific activities/processes

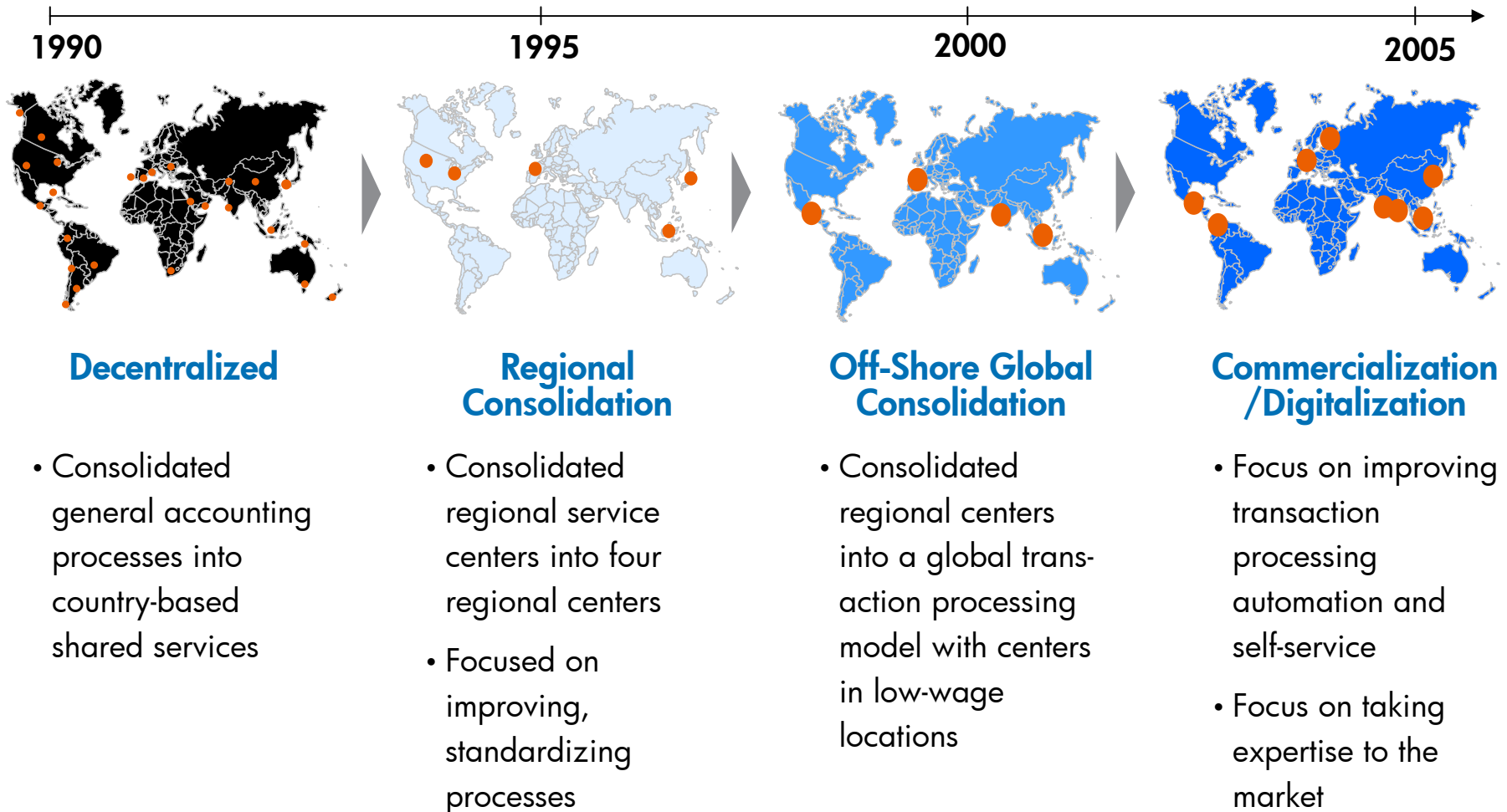
Numerous related business functions relevant for BPO initiatives



Agenda

- 1 Introduction HP
- 2 BPO & Sourcing Trends
- 3 HP' s F&A BPO Practice
- 4 HP' s HR BPO Competence
- 5 Why Clients choose HP

Over the past fifteen years, HP has gone through phases of consolidation . . .

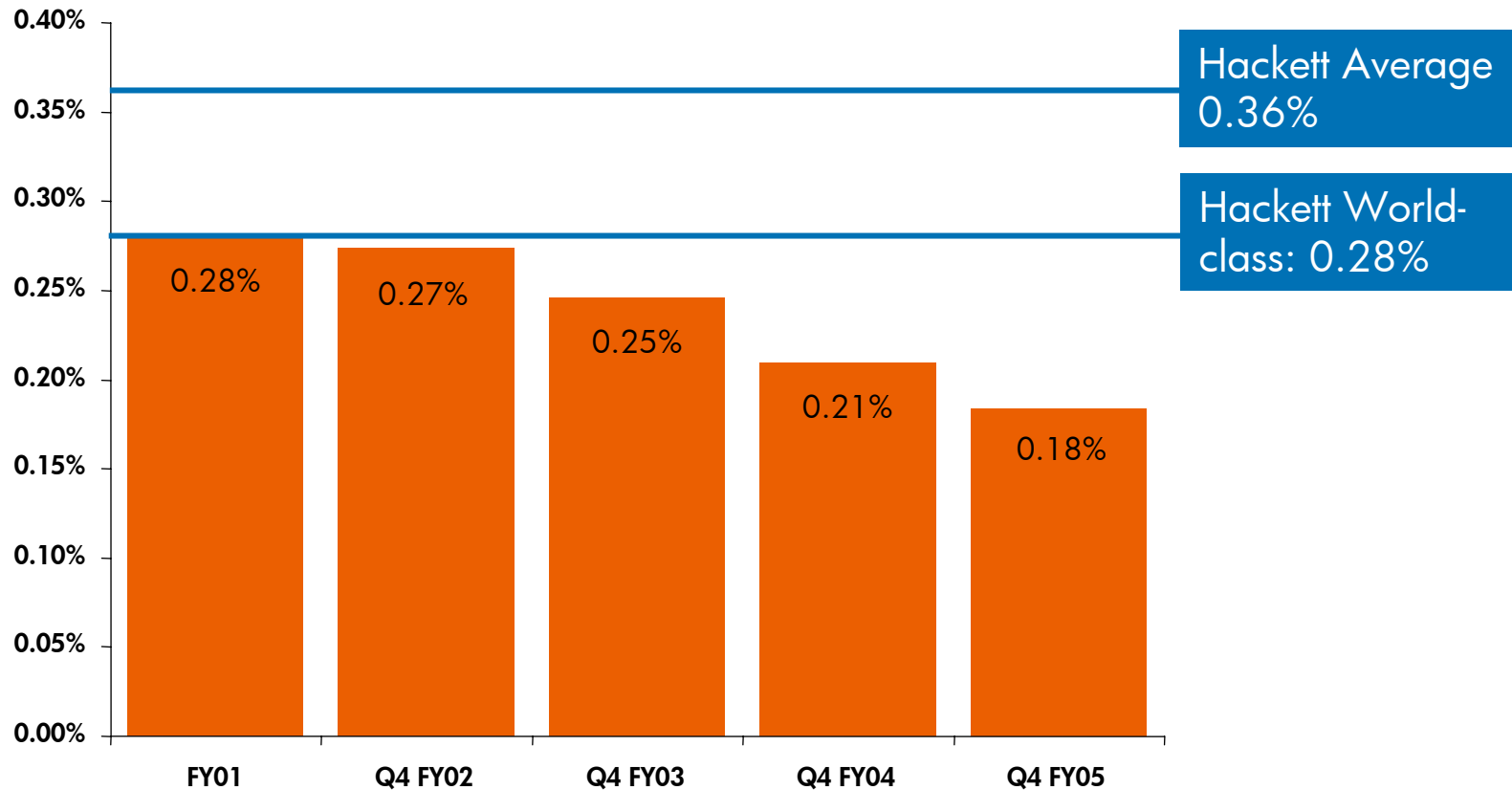


. . . being voted as amongst the most admired shared services organizations

HP outperforms key industry benchmarks in terms of process efficiency



HP's Transaction Processing Cost as a % of Revenue



Notes:

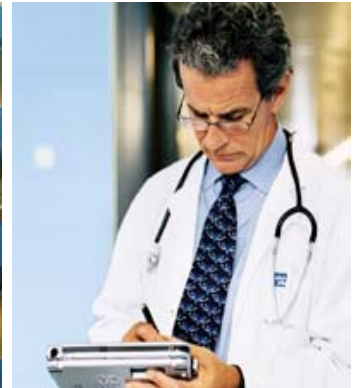
- FY03-05 based on assumption that HP revenues will remain flat
- Historical data based on pre-merger HP

Agenda

- 1 Introduction HP
- 2 BPO & Sourcing Trends
- 3 HP' s F&A BPO Practice
- 4 HP' s HR BPO Competence**
- 5 Why Clients choose HP

HR BPO in Germany

- More than 700 customers
- > 550.000 salary statements per month
- 25 Mio. € annual turnover
- 180 employees across Germany
- High customer loyalty
- 30 years of experience as HR BPO service provider



HP's HR BPO services and solutions



Consulting Services

Administration Services

Application Services

System Services

RKA ²

SAP HR

KIDICAP

PAISY

Consult ▶ Design ▶ Implement ▶ Run

Agenda

- 1 Introduction HP
- 2 BPO & Sourcing Trends
- 3 HP' s F&A BPO Practice
- 4 HP' s HR BPO Competence
- 5 Why Clients choose HP

HP is providing BPO services for a number of high-profile customers



Examples of recent customer wins

Experience in strategic outsourcing



Bank of Ireland



Experience in managing specific business processes



ThyssenKrupp



PHILIPS



Agilent Technologies



Vinnolit

Leadership in FMC





Zusätzliche Informationen: HP

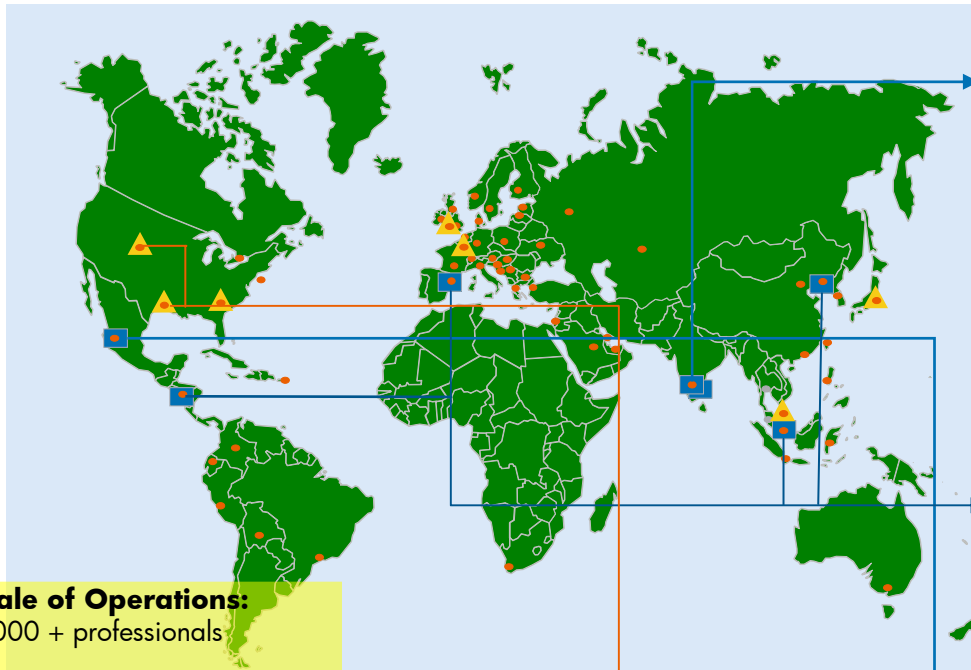
BPO drives real business value



Our delivery capabilities include established global structure with regional specializations



HP's Global Infrastructure



Scale of Operations:
7,000 + professionals

Presence:
56 local front-offices
7 Regional business centers
7 Global business centers

Language capabilities:
Expertise in 30 languages

▲ Regional Business Centers
■ Global Business Centers

Main Global Hub Low-Cost, Transaction Processing Center (Bangalore & Chennai, Wroclaw)

Activities	Workforce
<ul style="list-style-type: none"> Finance & Accounting Billing Order & rebates management Customer fulfillment Procurement/SCM Reporting 	<ul style="list-style-type: none"> 3,000 FTEs, HP employees 2 years to scale Language fluency in English, French, German, Spanish, Japanese, Mandarin, Korean, Portuguese

Support Centers Specialized Language Transaction Processing (Barcelona, Singapore, Dalian & Costa Rica)

Activities	Workforce
<ul style="list-style-type: none"> Country-specific regulatory transactions Customer support for exotic languages (e.g., Serbo-Croatian, Chinese) 	<ul style="list-style-type: none"> 250 FTEs (Barcelona) and 74 FTEs (Singapore); contracts labor 1 year to scale

Onshore Centers (Colorado Springs & Houston)

Activities	Workforce
<ul style="list-style-type: none"> Call center support Data maintenance Tax accounting 	<ul style="list-style-type: none"> 220 FTEs, contract labor 1 year to scale

Support Center Backup Processing Location (Guadalajara)

Activities	Workforce
<ul style="list-style-type: none"> Back-up and disaster recovery services for Indian center 	<ul style="list-style-type: none"> 220 FTEs, contract labor 1 year to scale

We have developed significant experience in process transition & consolidation

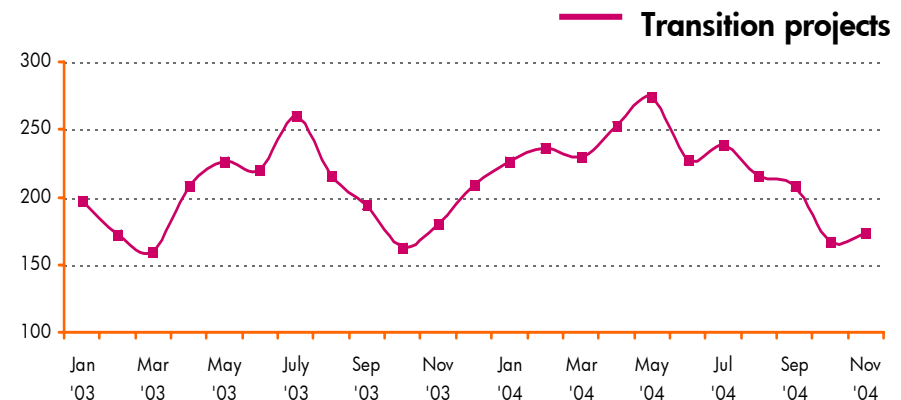


Transition Methodology

- Target repeatable, scalable processes
- Adopt 'pre-standardize – move – improve' approach to transition
- Key attributes of methodology:
 - Rapid execution and time-to-benefit
 - Proven transition approach
 - Innovative Training approach
 - Risk management
 - Internal controls
 - High service quality

Experienced Transition Team

- Dedicated team of professional managers with 5 – 10 years of experience
- More than 5 years of off-shore experience
- Almost 2,000 transition projects managed
- More than 4,500 F&A jobs migrated
- Large-scale transitions involving process migration to global business centers and transformation



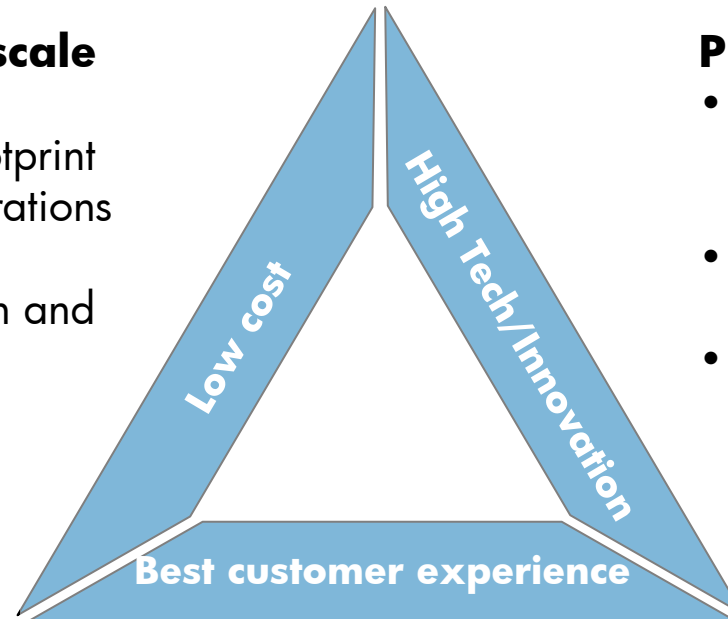
Summary: Our unique capabilities set us apart



HP BPO's value proposition

Global, large-scale delivery

- Truly global footprint
- Very large operations
- High scalability
- Language depth and breadth



Process excellence

- World-class processes validated by external benchmarks
- Driven by technology and process innovation
- Quality embedded into operations

Low risk

- Strong business controls
- Guaranteed business continuity
- Transition experience
- Financial strength

Partner-centric culture

- HP is known for its collaborative approach
- Recognized/awarded in outsourcing industry for meeting commitments

HR BPO – target markets in Germany



Public Sector („BAT“)

Governmental Institutions, Churches,
Social Institutions, Hospitals, etc.

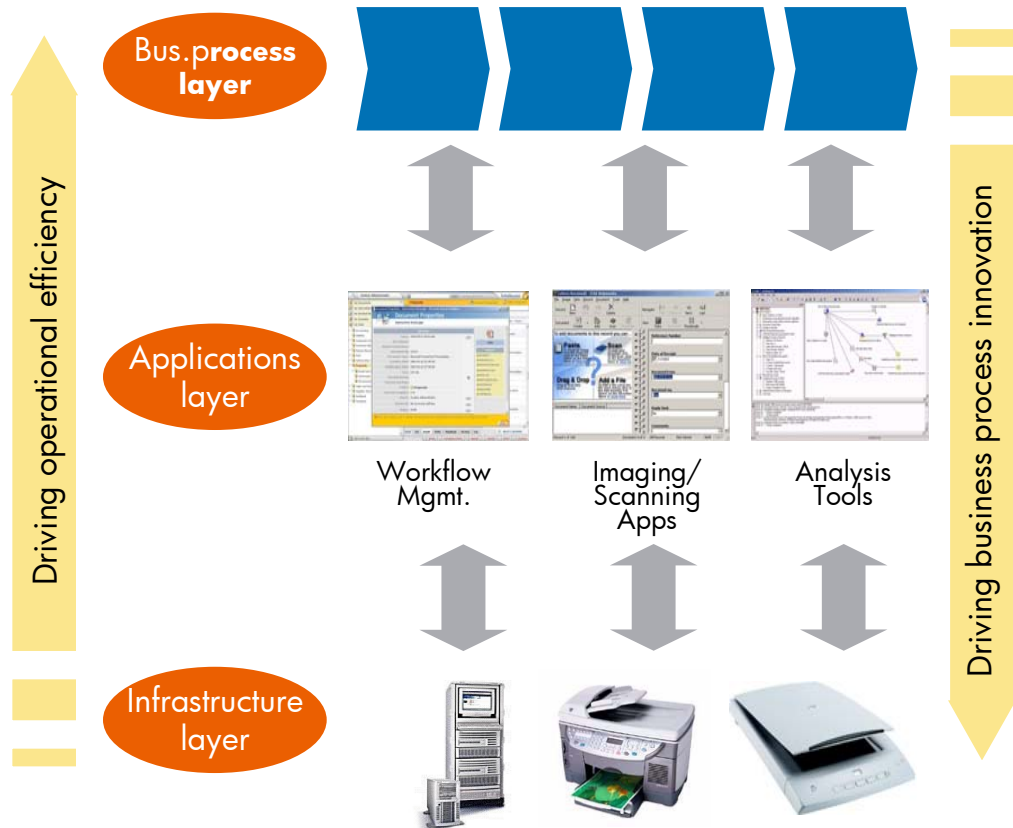
> 250.000 statements/month in KIDICAP
All „BAT“ tariffs
Full service management with flexible pricing

Private Sector

Chemical industry / Pharma
Metal / Steel
Banking, Retail, others

> 250.000 statements/month in SAP
ca. 50.000 statements/month in PAISY
Reimbursement for 40.000 Travels

HP uniquely covers all layers from infrastructure to processes



Tight integration of applications and infrastructure with business process critical to optimize operations

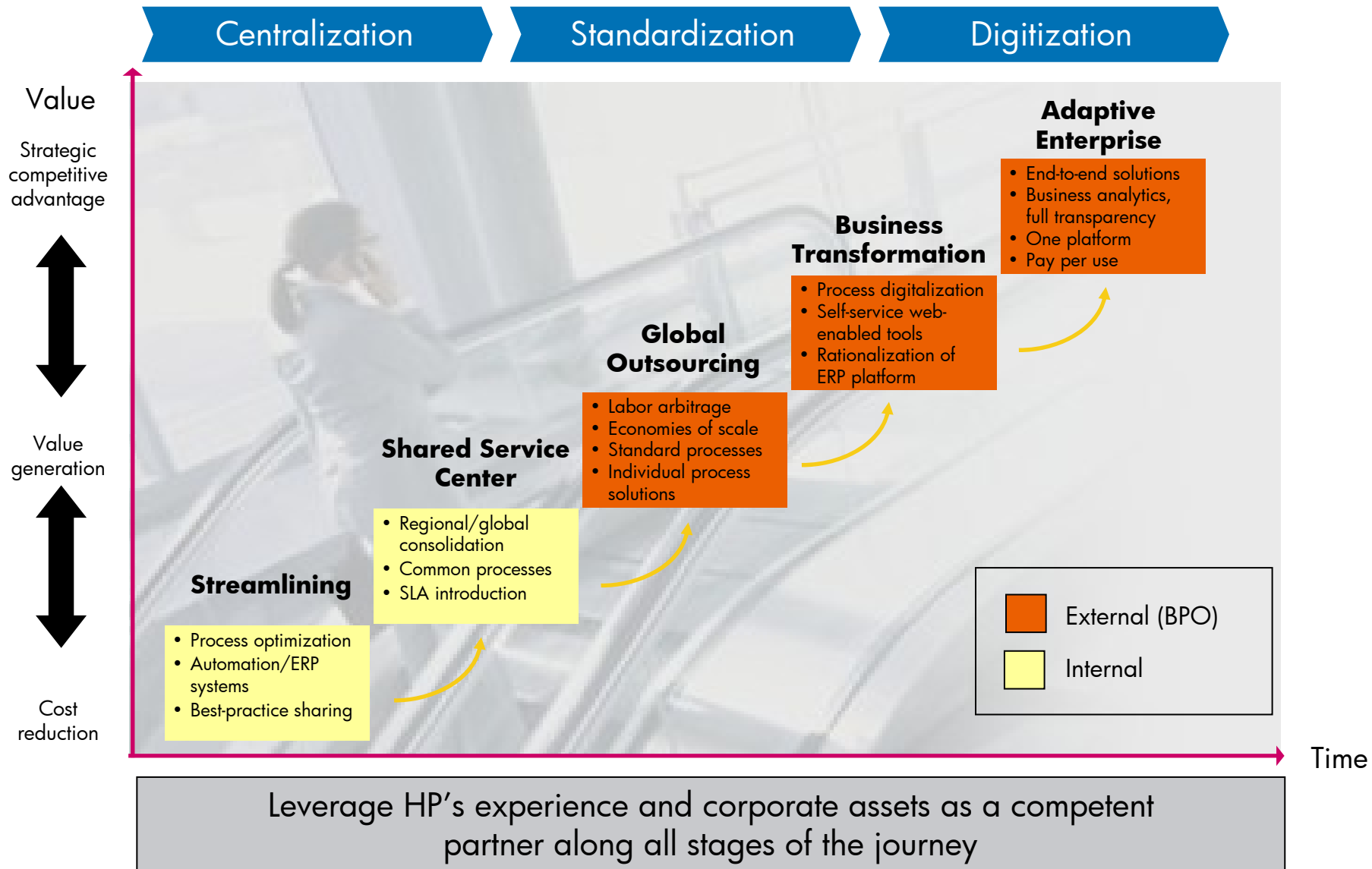
Imaging/scanning, workflow and analysis tools to support efficient process flow

- Avoid time-intensive, manual labor
- Reduce likelihood of errors

Digitization of processes is key competitive advantage beyond labor arbitrage

Leverage HP's competence in imaging & digitization to further improve process efficiency

BPO is a journey – HP is your partner



Everyone is talking about BPO...

“We expect to outsource most of our back office to India over the next 5 years”

- CEO Telecom Fortune 500 company

“BPO is one of our top 5 global initiatives”

- CFO Automotive

“Our strategic outsourcing arrangement saves costs and allows us to focus on core competencies, thus enhancing value to shareholders”

- President, global oil and gas major

“Outsourcing F&A processes will help us improve profitability. Also our F&A staff will enjoy enhanced career prospects in a specialist worldwide F&A organization”

- Group Finance Director, American Retail Giant

“Do what you do best and outsource the rest”

- Peter Drucker, Management Guru

Procter & Gamble

Business Process Outsourcing



Challenge	Solution	Results
<ul style="list-style-type: none">• Rapid changes to business processes• Speed entry into new markets• Strengthen ability to execute acquisitions quickly• Improve service levels for Finance and Administration (F&A)• Reduce operating costs• Achieve Sarbanes Oxley compliance	<ul style="list-style-type: none">• HP Services manages P&G's global Transaction Accounts Payable (TAP) operations; includes Accounts Payable Contact Center• Re-engineer A/P engine to process over 4 million invoices per year	<ul style="list-style-type: none">• Improved service levels across accounts payable operations• Increased employee and supplier satisfaction• Improved strategic focus on their business for P&G's leaders• Tighter alignment between business and technology requirements, enabling rapid adaptation of IT infrastructure to evolving business needs

Procter & Gamble