

From Competitive Bidding To Strategic Sourcing

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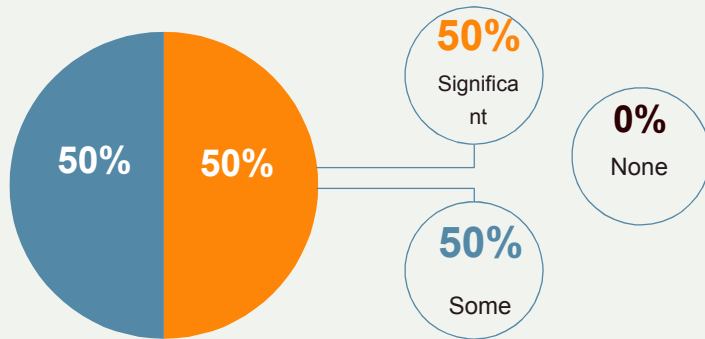
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Agenda

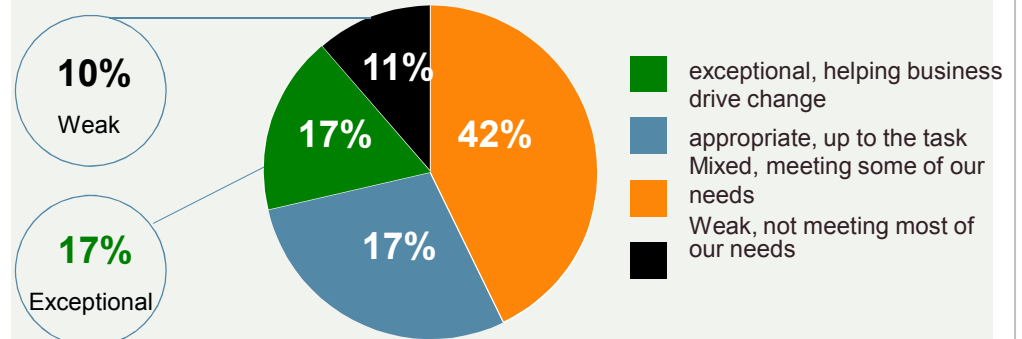
- **Buyer Needs Driving Location Assessments**
- **Destination Generations**
- **Positioning & Granularity**

Buyer Needs

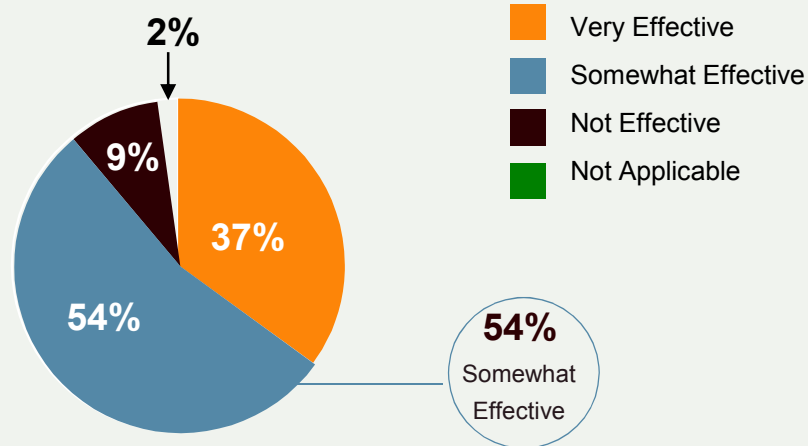
CEO Concerns Worldwide Are Endemic



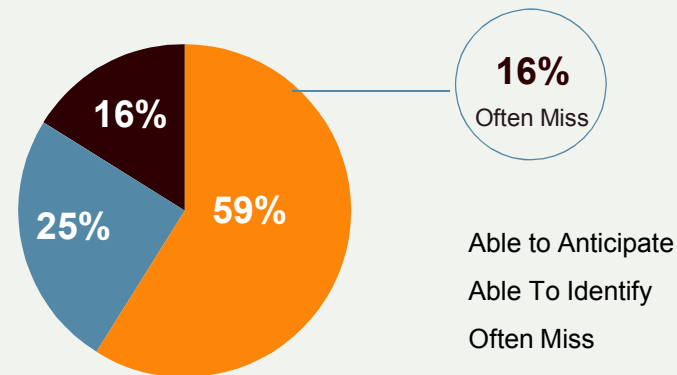
To What Extent Do You See Your Sector/ Industry Undergoing Course-Altering Market Changes?



How Would You Describe The Skill Level Of Resources Required To Manage Course-Altering Changes and Course-Corrective Actions?

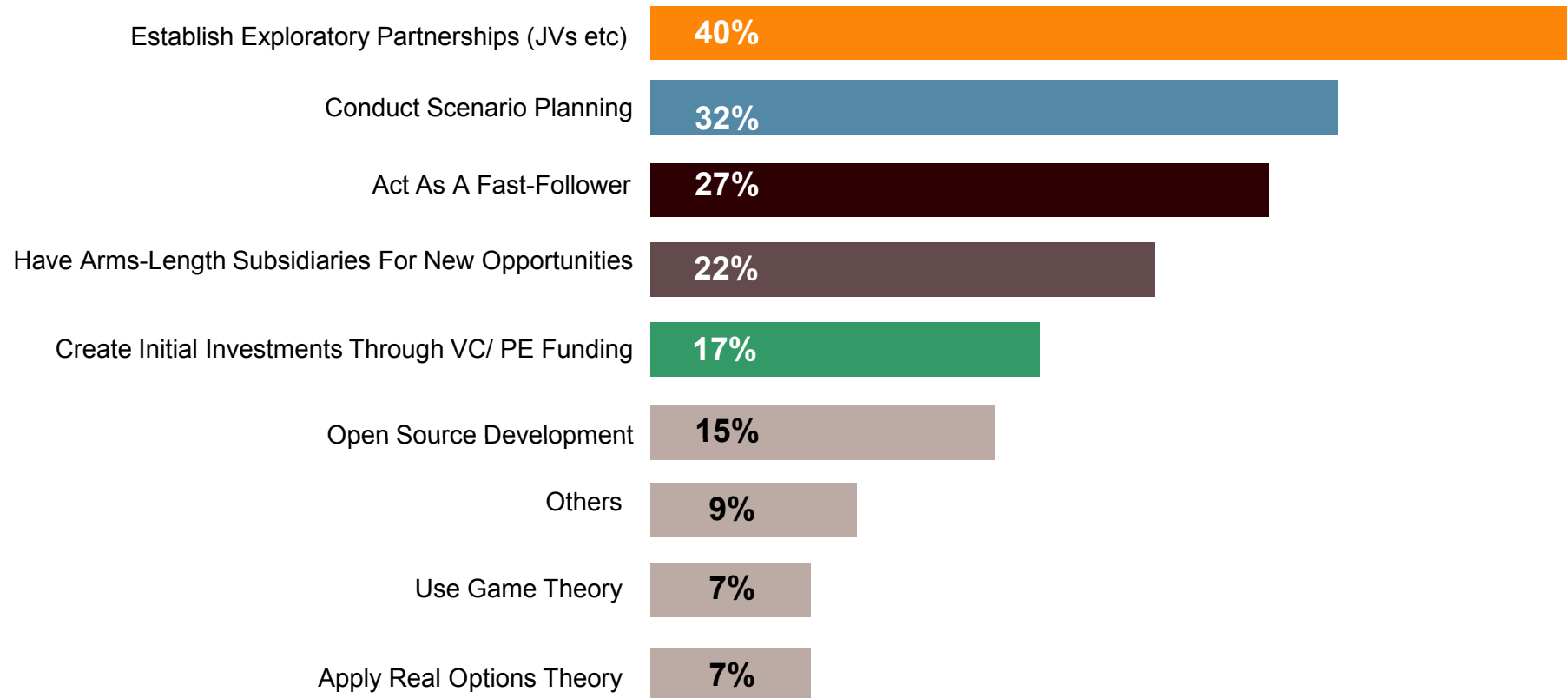


How Effective Is Your Leadership With Managing Course-Altering Changes and Course-Corrective Actions?



How Effective Is Your Leadership And Organization At Identifying Course-Altering Changes?

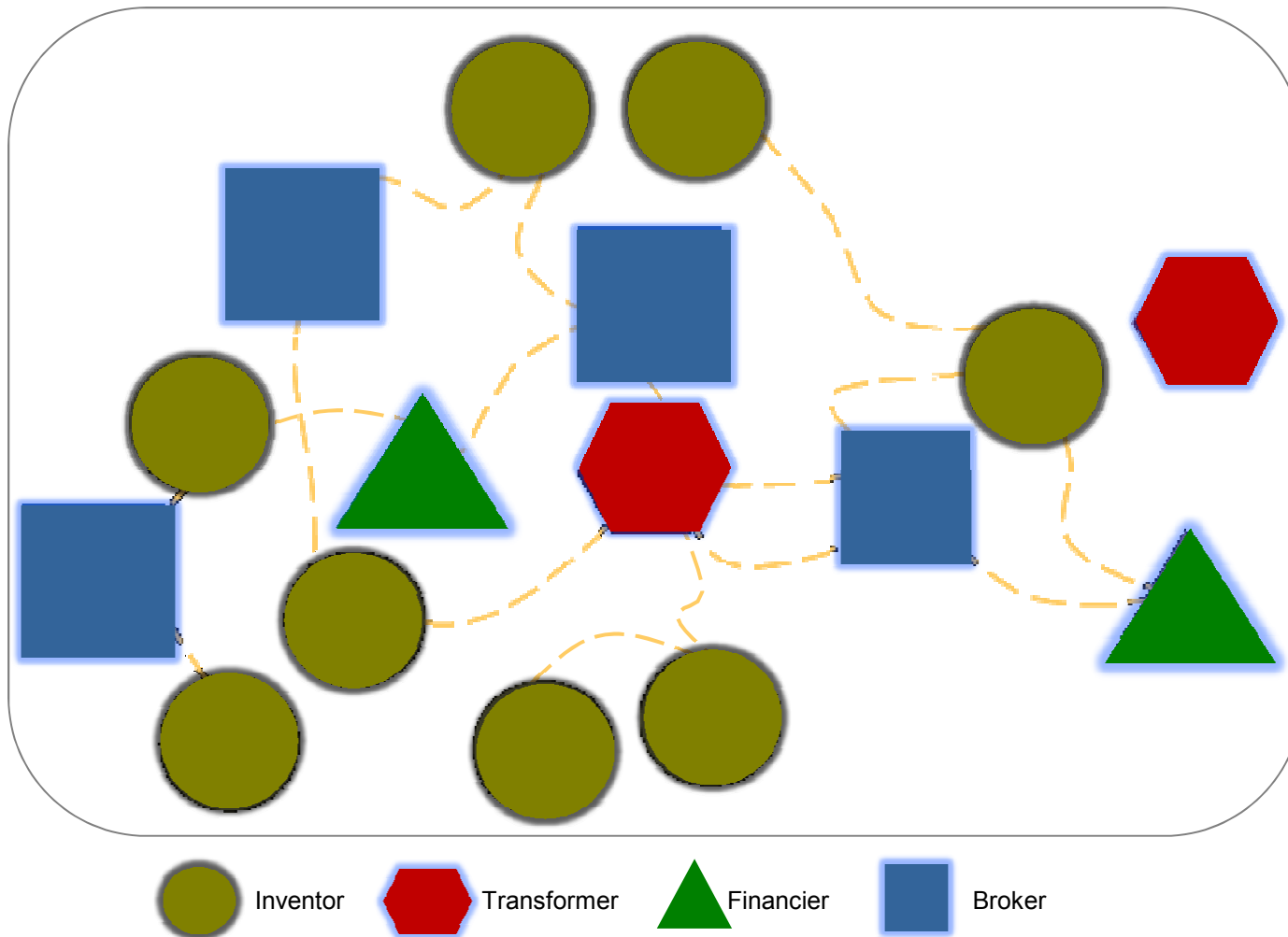
As They Struggle With Various Options



CEOs Struggling With Various Tools That They Either Plan To Use, Do Not Plan To Use, Have Knowledge Of, Are Told To Use

To Assess Potential Course-Correcting Actions

Driven By A Imperative To Leverage “Best In Breed”

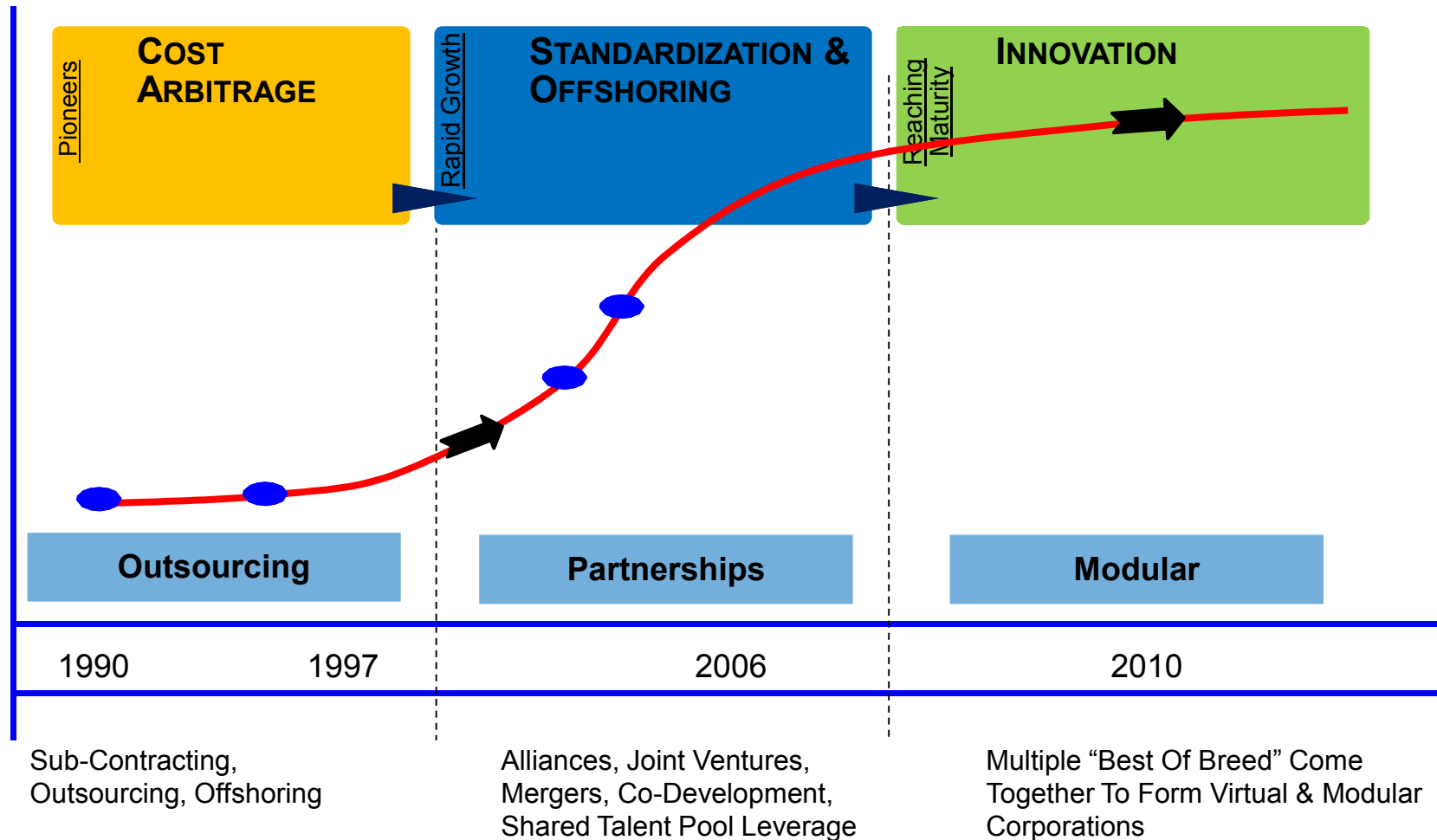


Develop new operating models to include work structures, Inter-Networked Corporate Boards & multi-Localational governance models

Building the needed competencies to perform in a global delivery model by staying focused on a core – Inventor, Transformation, Financing or Consulting.

Planning strategically to move business and service focus from “process” to “domain” competence.

Planning HR impacts including talent development and retention focused at “topline” value creation



Objectives Encompass Cost, Quality, Talent Pool, Expansion et al Related Factors

Modularity Aimed at Creating Centers of Excellence

Variable Cost
Structures

Reduce Time
To Market

Focus On
Compliance

Risk Diversification

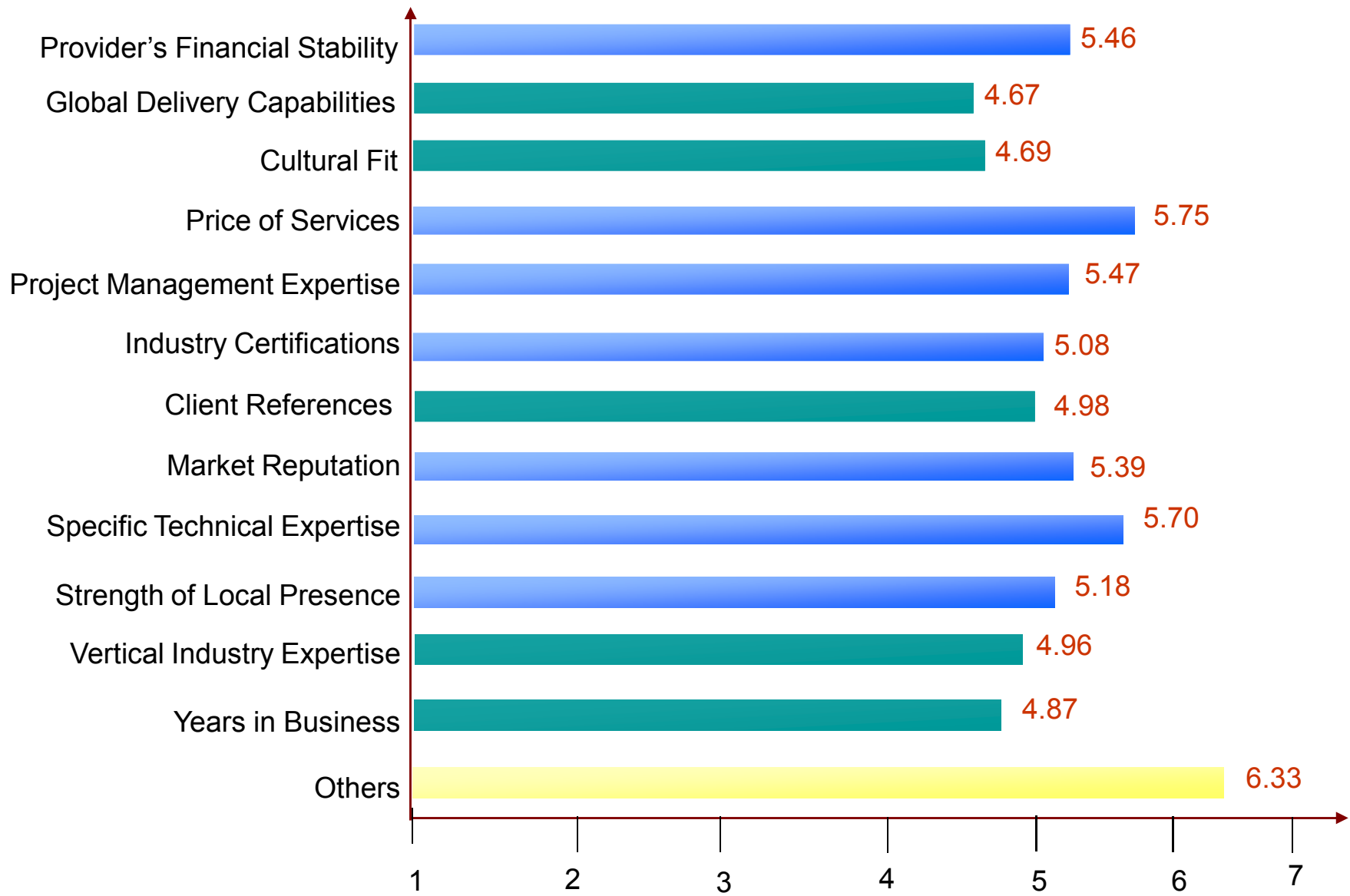
Quality

Non-
Core

Access To Larger
Talent Pool

Labor Arbitrage

While Attaching Varying Degrees of Importance

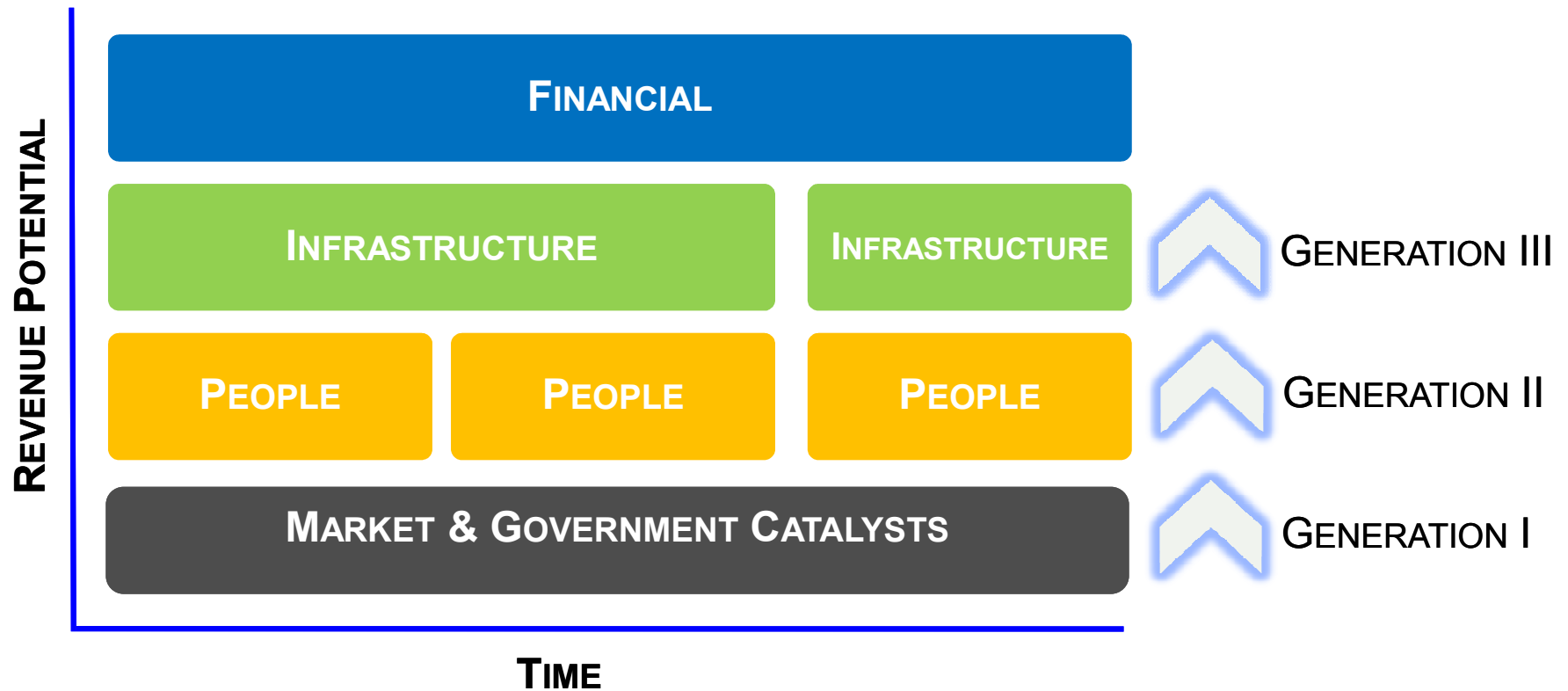


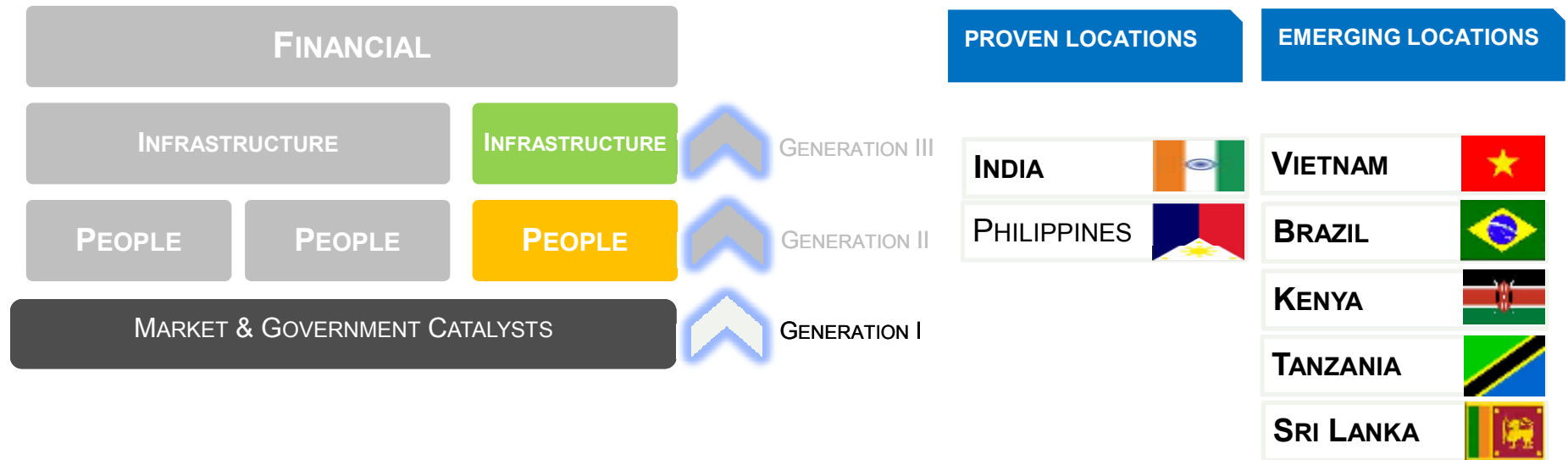
Source: Gartner 2005 Global ITO Users Survey

Destination Generations

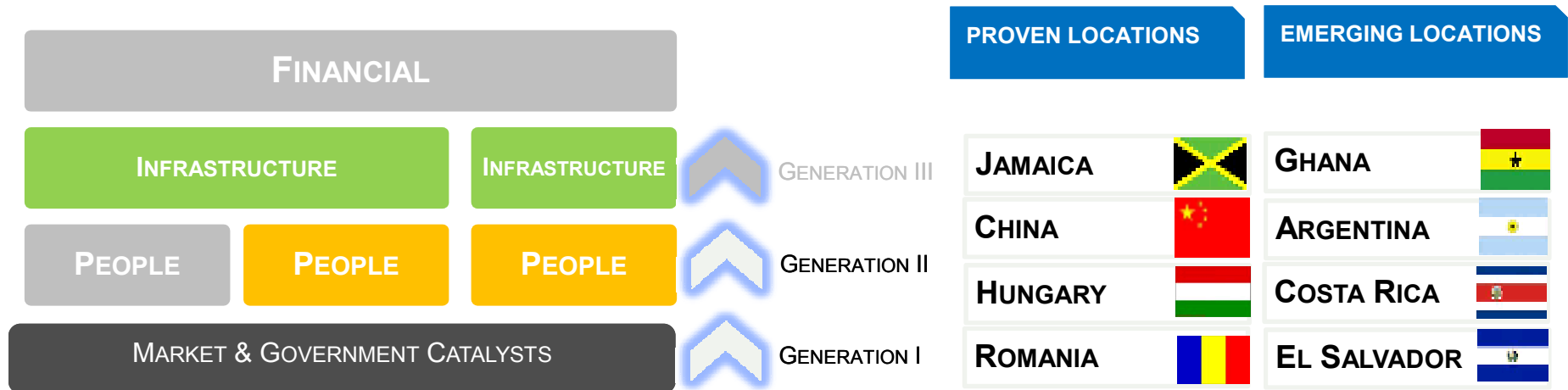


Three Distinct Generations Of Global Sourcing Destinations

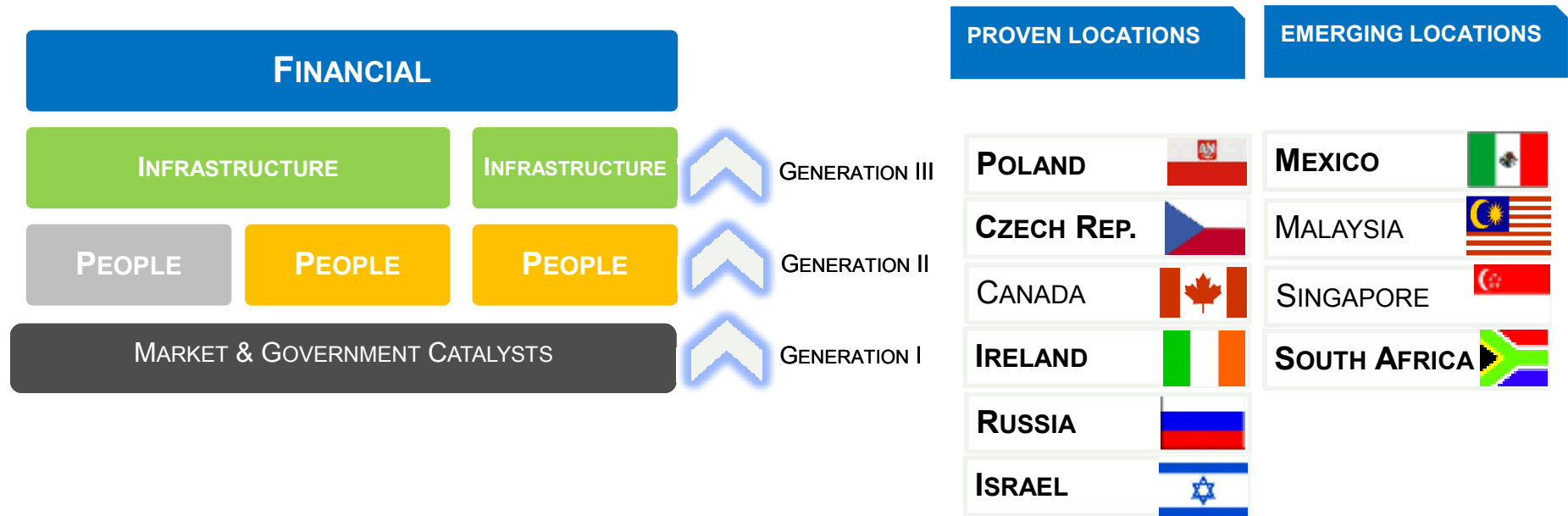




- FOCUSED ON ENABLING FACTORS
- THROUGH LEVERAGING EXISTING COMPETENCIES/ EXPERIENCE
- FURTHERED BY CREATING APPROPRIATE POLICIES & INCENTIVES
- AND WITH GOVT. FOLLOWING A NO-INTERVENTIONIST APPROACH



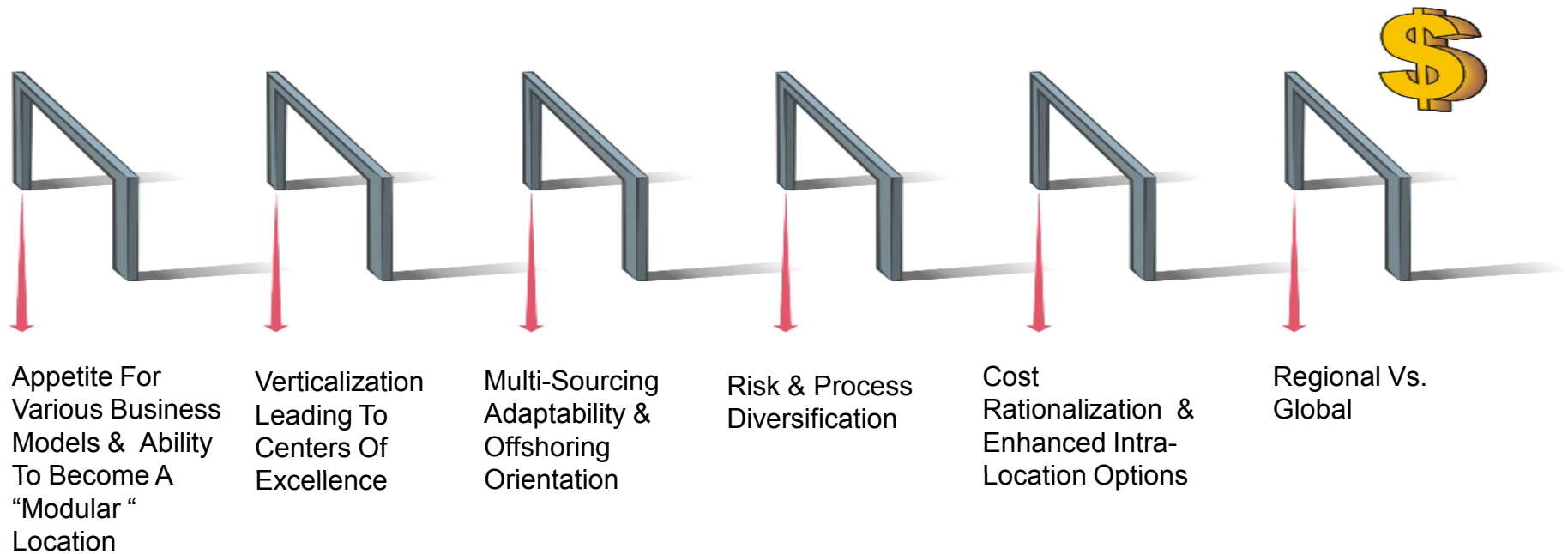
- FOCUSED ON ENABLING FACTORS
- THROUGH LEVERAGING CORE PEOPLE SKILLS & COMPETENCIES
- SUPPORTED BY FAIRLY DECENT INFRASTRUCTURE
- FURTHERED BY CREATING APPROPRIATE POLICIES & INCENTIVES
- AND WITH GOVT. FOLLOWING A QUASI-INTERVENTIONIST APPROACH



- FOCUSED ON COMPREHENSIVE SET OF COMPLIMENTARY FACTORS
- LEVERAGING PEOPLE SKILLS, HIGH-END INFRASTRUCTURE & A PROACTIVE INDUSTRY
- FURTHERED BY CREATING APPROPRIATE POLICIES & INCENTIVES
- SUPPORTED BY EXCELLENT GOVT. INDUSTRY COLLABORATION
- AIMED AT ECONOMIC DEVELOPMENT, REGIONAL INTEGRATION & KNOWLEDGE CREATION
- AND SUPPORTED BY ROBUST DOMESTIC CONSUMPTION OF SERVICES

Positioning & Granularity

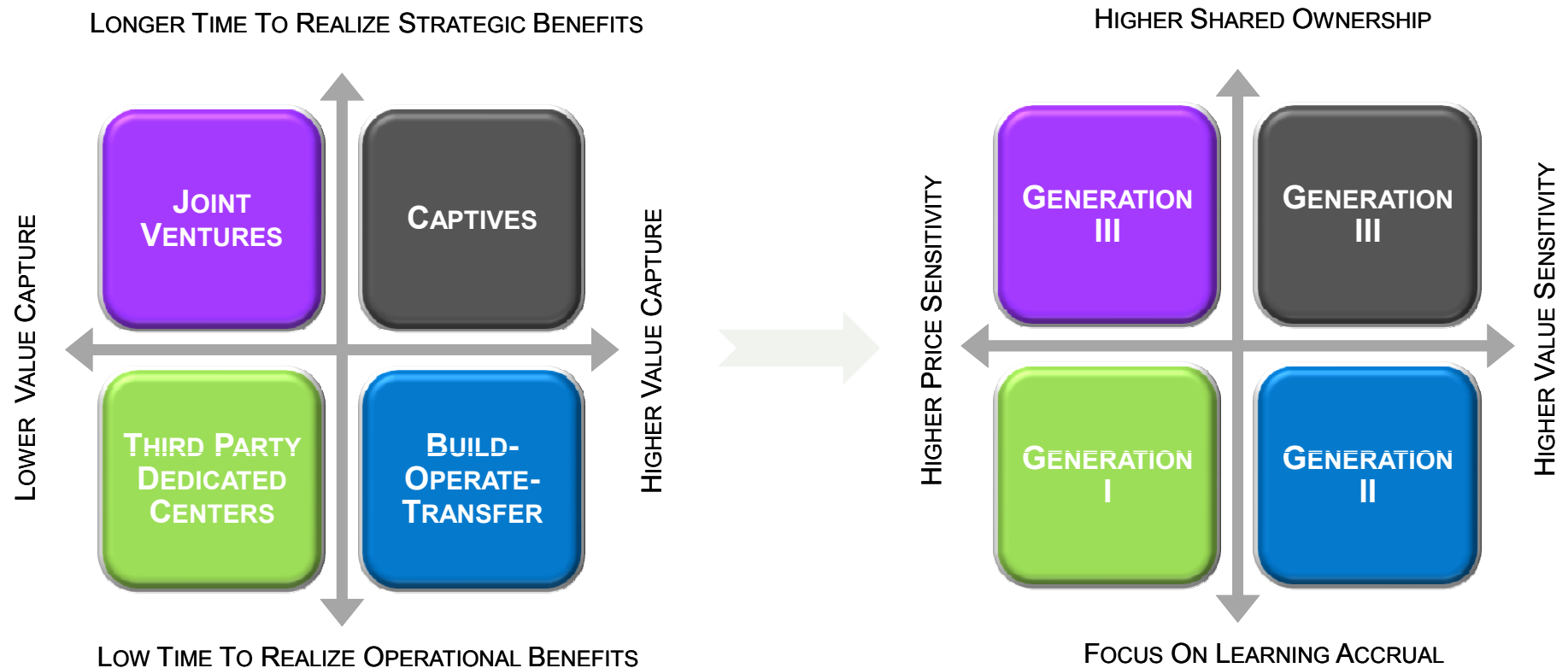
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WHAT IS DRIVING “LOCATIONAL ASSESSMENTS”

- Is Not Just “Availability Of Talent Pool”
- Or “Existence Of Adequate Infrastructure” That Can Support Outsourcing Initiatives
- Its In The Location’s “Inherent Competencies” That Drives The Ability To “Sustain”
- And Cater To “Client Business Needs” And Not Just “Service Needs”

1. Locational Appetite For Multiple Business Models



- GENERATION III FOCUS RESTS ON VALUE CREATION, SHARED OWNERSHIP, LENDING TO CLIENT ORGANIZATIONS' CORE BUSINESS GOALS RESULTING IN CREATION OF MODULAR ENTITIES.
- GENERATION II FOCUS RESTS ON ENABLING THRU' "VALUE ACCRUAL" ON EXISTING SERVICE PROPOSITIONS.
- GENERATION I FOCUS RESTS PRIMARILY ON "LEARNING ACCRUAL" THEREBY CONTRIBUTING TO PRICE SENSITIVITY, WHICH IN TURN DRIVES NATURE OF BUSINESS/ SERVICE PROPOSITIONS.

2. Verticalization & Centers of Excellence

DOMAIN COMPETENCIES

FAO

SRI LANKA



MALAYSIA



SINGAPORE



INFRA.

SINGAPORE



INDIA



DESIGN

RUSSIA



ISRAEL



CANADA



ENERGY

MALAYSIA

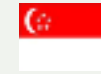


LOGISTICS

MALAYSIA



SINGAPORE



VOICE COMPETENCIES

ENGLISH

INDIA



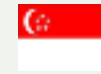
PHILIPPINES



MALAYSIA



SINGAPORE



SPANISH

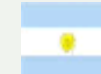
BRAZIL



MEXICO



ARGENTINA



ASIAN

MALAYSIA



SINGAPORE



EUROPEAN

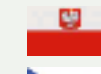
HUNGARY



ROMANIA



POLAND



CZECH REP.



➤ NATIONAL COMPETENCIES & ECONOMIC DEPENDENCE ON SUCH CAPABILITIES DRIVES ABILITY OF LOCATIONS TO VERTICALIZE.

➤ SCALE VS. VALUE PLAYS SIGNIFICANTLY INTO CREATION OF "CENTERS OF EXCELLENCE"

3. Multisourcing Adaptability

- THE ADAPTABILITY OF LOCATIONS TO POSITION THEMSELVES AS MULTI-SHORE OPTIONS IS INHERENTLY DEPENDENT ON THEIR ABILITY TO REDUCE RISKS TO CUSTOMER ORGANIZATIONS, REGARDLESS OF BUSINESS MODELS.

- DOMESTIC OUTSOURCING [PARTICULARLY THE APPETITE OF LOCAL GOVERNMENT TO TRUST ITS LOCAL SUPPLIER COMPANIES] SIGNIFICANTLY CONTRIBUTES TO THE ADAPTABILITY.

- MOST EMERGING NATIONS HAVE COMMAND & CONTROL ORIENTED GOVERNMENTS, THEREBY ADDING TO RED TAPE, LACK OF TRANSPARENCY WITH BUSINESS PRACTICES ETC, FURTHERING THEIR RISK PROFILES.

- ROBUSTNESS OF DOMESTIC/ REGIONAL SUPPLIER EXPERIENCE IMPORTANTLY DETERMINES EXPERTISE & CAPABILITIES.

- ABILITY TO WORK WITH DIFFERENT VENDORS WITHOUT VISIBILITY TO OVERALL DEAL COMMITMENTS [SUB-CONTRACT MODE] IMPACTS SUCCESS OF MULTI-SOURCING.

✓

=

X

PHILIPPINES
INDIA
CANADA
IRELAND
POLAND

MALAYSIA
VIETNAM
MEXICO
CZECH REP.

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HUNGARY
ROMANIA
GHANA
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INDIA
CZECH REP.
PHILIPPINES

4. Risk & Process Diversification

EXPERIENCE OF LOCAL SERVICE PROVIDERS & MARKET PER SE IN ADOPTION OF STRINGENT GLOBAL STANDARDS OF PROCESS EXCELLENCE THAT CURTAILS RISKS, AVOIDS COST OVERRUNS & IMPARTS CONFIDENCE IN CUSTOMER ORGANIZATIONS. THIS IN TURN ADDS TO THE ABILITY OF SUCH LOCATIONS TO CATER TO A VARIEGATED & SKILLED TALENT POOL.

	✓	=	X
GLOBALIZATION-ORIENTED MANAGEMENT COMPETENCIES	PHILIPPINES INDIA CANADA IRELAND SINGAPORE ISRAEL	MALAYSIA MEXICO CZECH REPUBLIC POLAND SOUTH AFRICA SRI LANKA	CHINA HUNGARY ROMANIA GHANA COSTA RICA JAMAICA EL SALVADOR ARGENTINA BRAZIL RUSSIA VIETNAM KENYA TANZANIA
REGULATORY TRANSPARENCY	CANADA IRELAND SINGAPORE MALAYSIA MEXICO	PHILIPPINES INDIA ISRAEL CZECH REPUBLIC POLAND SOUTH AFRICA	CHINA HUNGARY ROMANIA GHANA COSTA RICA JAMAICA EL SALVADOR ARGENTINA BRAZIL RUSSIA VIETNAM KENYA TANZANIA SRI LANKA
CORPORATE PROCESS DISCIPLINES & GOOD GOVERNANCE PRACTICES	CANADA INDIA IRELAND SOUTH AFRICA CZECH REPUBLIC MALAYSIA MEXICO SINGAPORE	PHILIPPINES ISRAEL POLAND HUNGARY	CHINA ROMANIA GHANA COSTA RICA JAMAICA EL SALVADOR ARGENTINA BRAZIL RUSSIA VIETNAM KENYA TANZANIA SRI LANKA

5. Intra-Local Options

SECONDARY LOCATIONS WITH SUPPORTING STRUCTURES IN THE FORM OF SERVICES THAT CONTRIBUTES TO SUSTAINABILITY OF AN INDUSTRY ARE ESSENTIAL AS THEY FURTHER ENHANCE THE ATTRACTIVENESS OF LOCATIONS, WHILE CONTRIBUTING TO GRANULARITY OF THE LOCATION'S EVALUATION CRITERIA. OF PARTICULAR IMPORTANCE IS TO EVALUATE INTRA-LOCAL OPTIONS FROM A PERSPECTIVE OF LOCAL ECONOMIC DRIVERS.

	✓	=	X
DISTRIBUTED NATURE OF COMPETENCIES IN INTRA LOCATIONS	INDIA CANADA CHINA BRAZIL RUSSIA	MALAYSIA MEXICO CZECH REPUBLIC POLAND SOUTH AFRICA PHILIPPINES VIETNAM	SINGAPORE HUNGARY ROMANIA GHANA COSTA RICA JAMAICA EL SALVADOR ARGENTINA KENYA TANZANIA SRI LANKA ISRAEL IRELAND
AVAILABILITY OF MULTIPLE OPTIONS WITHIN A LOCATION	CANADA INDIA CHINA PHILIPPINES MEXICO BRAZIL	CZECH REPUBLIC POLAND SOUTH AFRICA MALAYSIA RUSSIA VIETNAM	HUNGARY ROMANIA GHANA COSTA RICA JAMAICA EL SALVADOR SINGAPORE ARGENTINA KENYA TANZANIA SRI LANKA ISRAEL IRELAND
LOCAL EDUCATIONAL & PROFESSIONAL INSTITUTIONS THAT ENABLE TALENT DEVELOPMENT	CANADA INDIA IRELAND CZECH REP. POLAND HUNGARY BRAZIL	MALAYSIA MEXICO SINGAPORE CHINA PHILIPPINES ISRAEL ARGENTINA VIETNAM RUSSIA SOUTH AFRICA	ROMANIA GHANA COSTA RICA JAMAICA EL SALVADOR KENYA TANZANIA SRI LANKA

6. Regional Vs. Global Industry Orientation

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	✓	=	X
GLOBAL ORIENTATION: ECONOMIC POLICIES VS. INDUSTRY REALITY	INDIA CANADA PHILIPPINES CZECH REP.	SINGAPORE IRELAND POLAND HUNGARY	MALAYSIA MEXICO POLAND SOUTH AFRICA
AVAILABILITY OF MULTIPLE OPTIONS WITHIN A LOCATION	CANADA INDIA CHINA PHILIPPINES MEXICO BRAZIL	PHILIPPINES VIETNAM CHINA	HUNGARY ROMANIA GHANA COSTA RICA JAMAICA EL SALVADOR
LOCAL EDUCATIONAL & PROFESSIONAL INSTITUTIONS THAT ENABLE TALENT DEVELOPMENT	CANADA INDIA IRELAND CZECH REP. POLAND HUNGARY	CZECH REPUBLIC POLAND SOUTH AFRICA MALAYSIA RUSSIA VIETNAM	ARGENTINA KENYA TANZANIA SRI LANKA ISRAEL
CURRENT OPERATIONS OF MNCs FURTHER VALIDATES POTENTIAL OF LOCATION	CANADA INDIA IRELAND CZECH REP. POLAND HUNGARY	MALAYSIA MEXICO SINGAPORE CHINA BRAZIL PHILIPPINES	HUNGARY ROMANIA GHANA COSTA RICA JAMAICA EL SALVADOR

Thank You

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