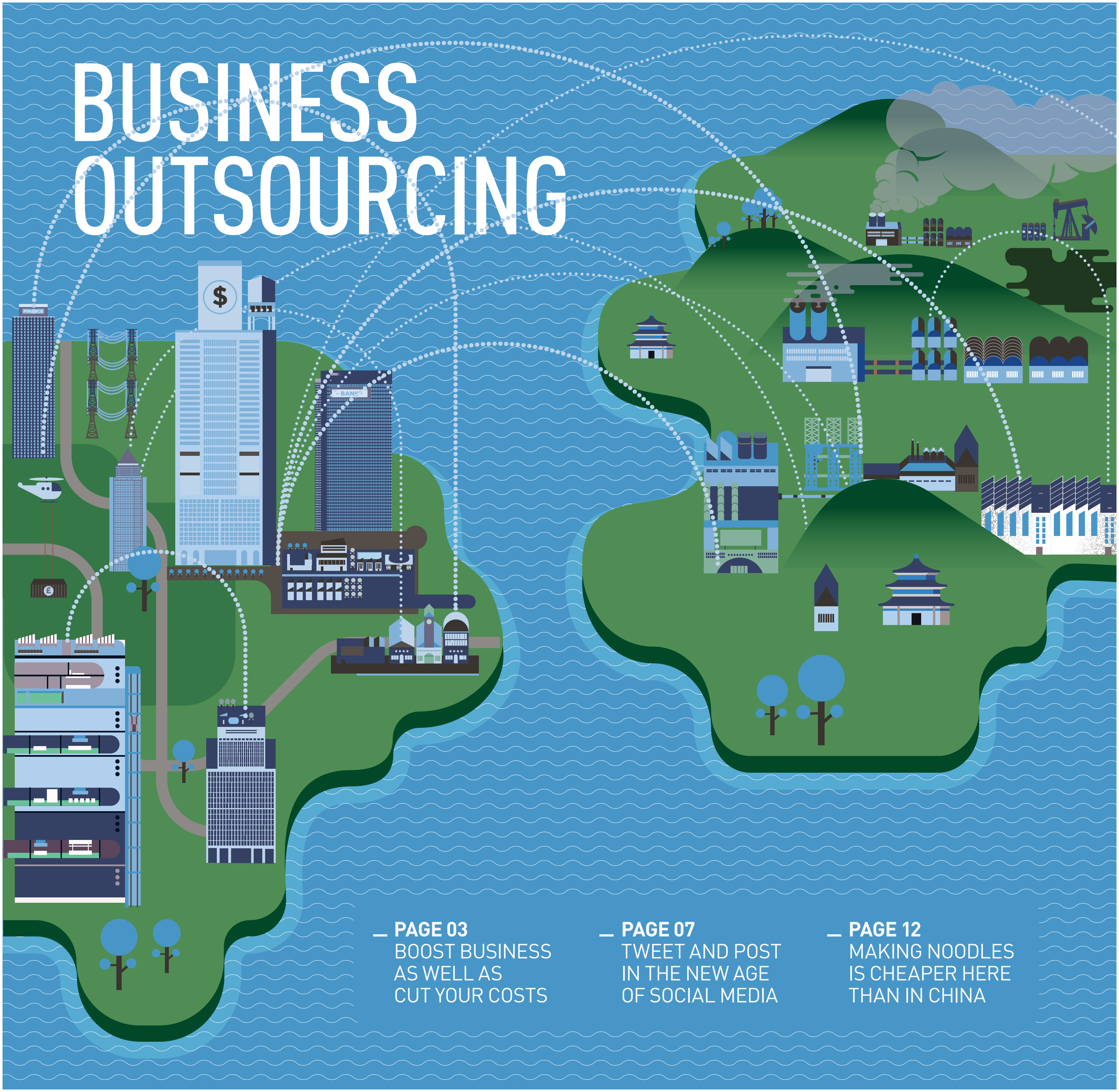
RACONTEUR

This is an independent publication by special interest media company Raconteur

_28.May.2013

BUSINESS OUTSOURCING



Innovation is a two-way street in a BPM relationship

In a Q&A, **Keshav R. Murugesh**, group chief executive of WNS Global Services, discusses innovation in a business process management (BPM) context

WNS
Extending Your Enterprise

Every client talks about "innovation" as the key area of focus in an outsourcing engagement. However, very few say they actually see it in their relationship with the provider. Why is innovation so difficult?

The conventional definition of innovation may not fit into a BPM context. If buyers are looking for "disruptive" innovation, it may not happen at a regular interval like in the case of Google or Apple. This is not to say that disruptive innovation is impossible in a BPM context, but it will be far and few in between.

Innovation in a BPM environment is more a two-way street, actually. If the engagement model is around partnership, then innovation is more likely to happen. Providers and clients have to engage in a relationship that has matured far beyond the "vendor-buyer" construct. There are also innovations that may seem very risky at the start of a relationship, more so when non-linear models are proposed. The engagement maturity guides the innovation in a BPM context.

I would equate innovation in a BPM context as viewing the hour-hand of a clock; it does not move if you keep looking at it. It's only after a point of time that you see it has moved.

How do you define innovation?

I see it in a few forms in our industry: a completely new disruptive business idea; completely new high-impact business outcome, possibly creating a new revenue stream for the client; a dramatic idea that changes the way our client engages or interacts with its end-customer; or even an idea that can change the steer of the client's organisation internally. All these, for me, are innovations.

What do buyers do to help or hinder the changes you want to make that lead to innovation?

Innovation should be an "aspiration" for both sides. The provider and client must partner with each other to create something truly worthy of recounting or partaking in the outcome. It definitely cannot be what I call the "tick-the-box" approach. It cannot be led by service-level agreements (SLAs) where a provider is under pressure to show innovation because it is part of a quarterly review. Hence, the earlier points I made around sharing a relationship of equals and partnering is far more conducive to the buyer-provider construct.

Clients can help innovations by asking questions that can spur it. For instance, what more can I drive into my process to make the outcome more dramatic? What kind of analytics can change the way I work in one of my processes? How will I be able to generate a completely new revenue stream with my existing sales and marketing force?

How do you go about the process? Any benchmarks?

Reducing headcount on a particular project would *prima facie* seem like a great way to improve efficiency and reduce cost on the project. But that may not always be an incentive for the provider and its staff to innovate. Instead gain-sharing, productivity and outcome-based benchmarks are better methods to innovate.

Providers should nurture a climate of innovation and motivate the staff by including contractual incentives. Providers should also work towards creating leaders that motivate the staff and inspire them to work towards measurable innovation-centric projects.

"Providers and clients have to engage in a relationship that has matured far beyond the 'vendor-buyer' construct