



**HfS Research**  
Collaborative Sourcing Intelligence

Insight. Advice. Benchmarking.

# *HfS's Business Platform Map™*

## Survey Results

Robert McNeill, VP Research, Cloud Services and IT Outsourcing  
January 2012



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## Agenda

- HfS Research is pleased to announce the creation of the HfS Research *Business Platform Map™* for capturing and measuring the transformational industry trend towards Business Platforms.
  - Business Platforms are changing the traditional services business model by enabling customers to leverage business services through business outcome pay-as-you-go methods via the integration of Cloud Computing technology, SaaS and business process outsourcing. Business Platforms are providing customers with compelling technology enabled business process services that drive innovation, agility and reduce cost.
  - Through the *Business Platform Map™* buyers, vendors and investors will be able to track, measure and assess the changing services business models and evaluate the progress of new offerings in the market.
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- This document reviews the Business Platform Map survey results. A subsequent document highlighting the services provider profiles can be found for download at HfS Research (<http://www.hfsresearch.com/research>)

# Business Platform: Definition

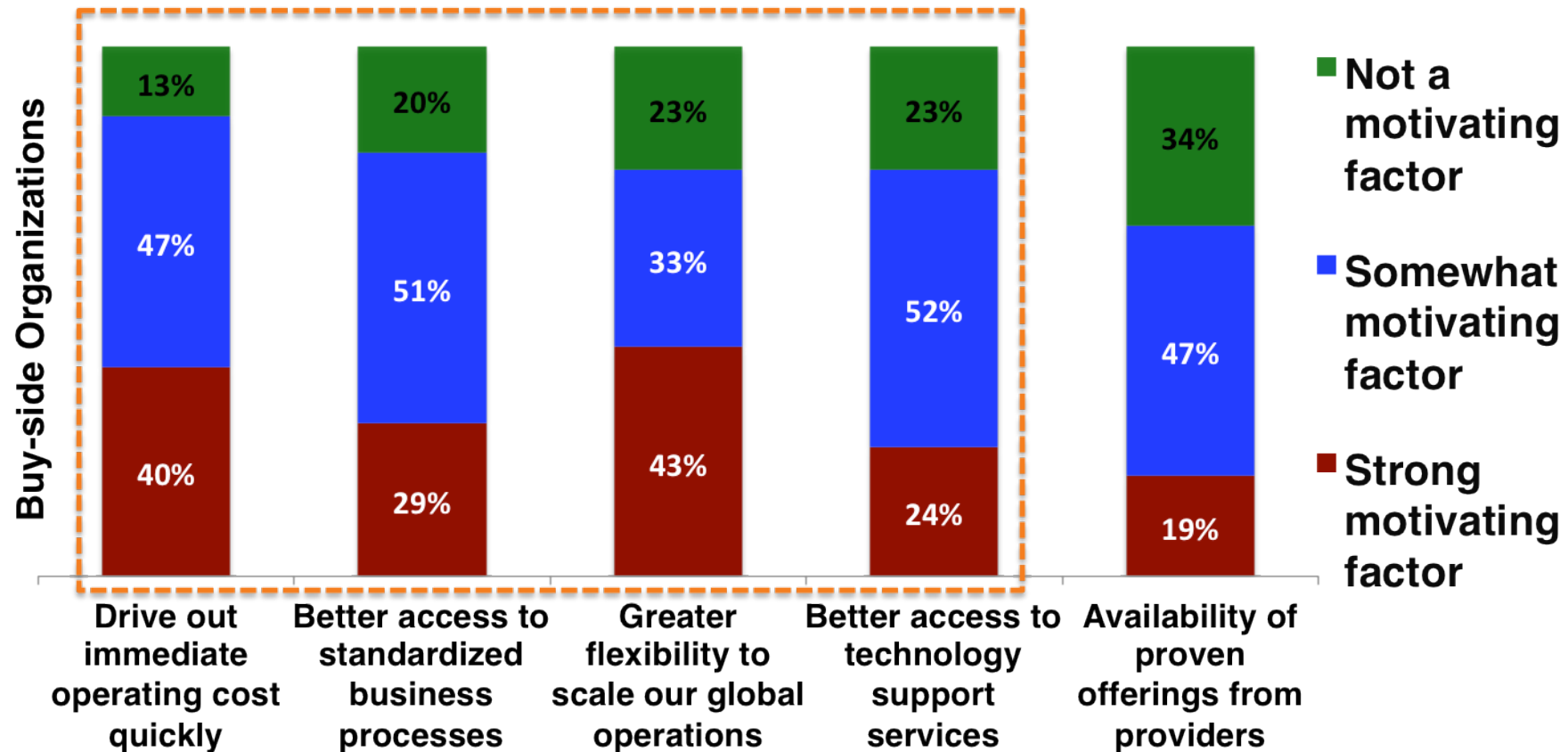
*“Business Platforms are the fusion of cloud computing, SaaS and BPO innovations delivered through an integrated singular managed service”.*

Business Platforms have four key characteristics:

1. Business Platforms deliver standardized business processes;
2. Business Platform owners (services providers, not buyers) manage the business processes associated with the Business Platform and furnish the complete solution, including the people that operate them, the underlying software platform and the infrastructure;
3. Business Platforms focus on business outputs or outcomes such as improved working capital and higher customer loyalty, not inputs such as labor and physical assets;
4. Business Platforms service more than one client

# Drivers for Business Platforms: Cost, Standardization, Global Flexibility and Technology Services

*To what extent are the following factors MOTIVATING your organization to outsource in this current unstable economy?*



Source: HfS Research, September 2011  
Sample: 157 Buy-side Organizations



# Business Platform Map™ Research Key Points

In Q4 2011, HfS Research asked 40 services providers to contribute to our research.

We asked services providers for data on their Business Platforms, including:

- **Value Proposition** - *Business Platform name, URL and a description of value proposition*
- **Adoption** - *Number of customers and how many years that business platforms had been in market including those Business Platforms in Beta*
- **Focus** - *any industry, vertical markets and horizontals targeted*
- **Technology and Delivery Model**
- **Pricing Structure**



# HfS Research collected detailed data from 21 services providers

142 business platform submissions, but only 112 met our definition

**AON** Hewitt

  
A R I B A<sup>®</sup>

 Capgemini  
CONSULTING. TECHNOLOGY. OUTSOURCING

**centro** **GENPACT**  
EXPERTS IN MEDIA LOGISTICS

 Cognizant

 Corefino<sup>™</sup>

**CSC**

 EXL  
GO NEXT. NOW.

 GXS



**ICG** COMMERCE

**Infosys**<sup>®</sup>

 iGATE  
patni  
.TOPS for Business Outcomes

 Mahindra Satyam

**SYNTEL**  
Consider IT Done<sup>®</sup>

  
**TATA**  
TATA CONSULTANCY SERVICES

**UNISYS**

  
**WIPRO**  
Applying Thought

**WNS**  
Extending Your Enterprise

 Xchanging  
Inspiring Innovation





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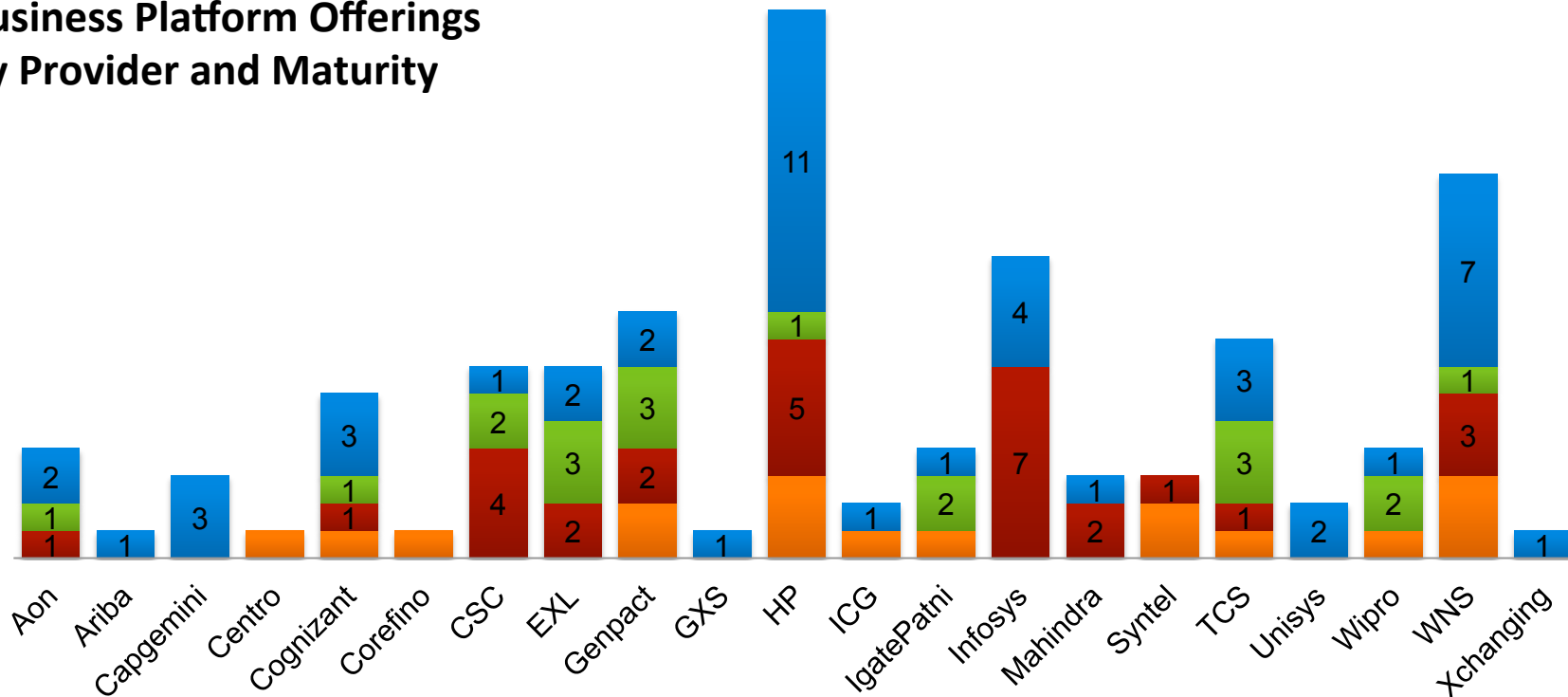
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# Findings

# Services Providers Invested in Business Platforms

- Most service providers are in the business platform game, but the majority do not market around this term (or any similar term) yet.
- Larger services providers have difficulty identifying Business Platforms. They haven't clearly defined them as products, which greatly lessens their visibility.
- Smaller services providers seek differentiation through productization and focus

## Business Platform Offerings By Provider and Maturity



Beta - not publicly available; Low - publicly available < year;

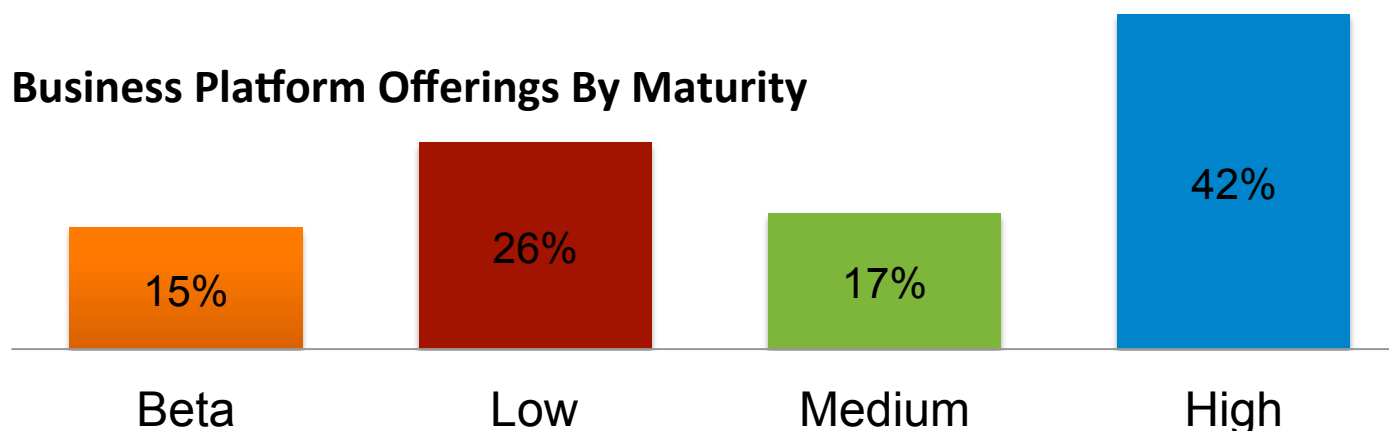
Medium - publicly available for between 1 and 3 years; High - publicly available > 3 years





# Business Platforms Are Not New

- Mature business platforms exist – 42 percent of Business Platforms are more than 3 years old with some Platforms serving scores of clients (e.g., EXL's LifePRO, Cognizant's iTrak, iComp and iAlign, Infosys's VPAS® Policy Administration System (McCamish), Wipro's HIMS and HP's Ingenium).
- The age of business platforms indicates that most Business Platforms do not aggressively leverage modern cloud architectures. Legacy services providers in particular are not leveraging modern SaaS alternatives for Business Platforms.
- The relative low number of beta Business Platforms surveyed – 15 percent - may reflect non-disclosure of offerings due to competitive reasons. Even having "Beta" offerings shows how the providers are evolving their "productization" approach to Business Platform development.
- 62 Business Platforms (55 percent) have less than five clients; 33 Business Platforms (25 percent) had one or no clients (Beta).



**Beta - not publically available; Low - publically available < year;**

**Medium - publically available for between 1 and 3 years; High - publically available > 3 years**



# Four Challenges to Business Platform Adoption



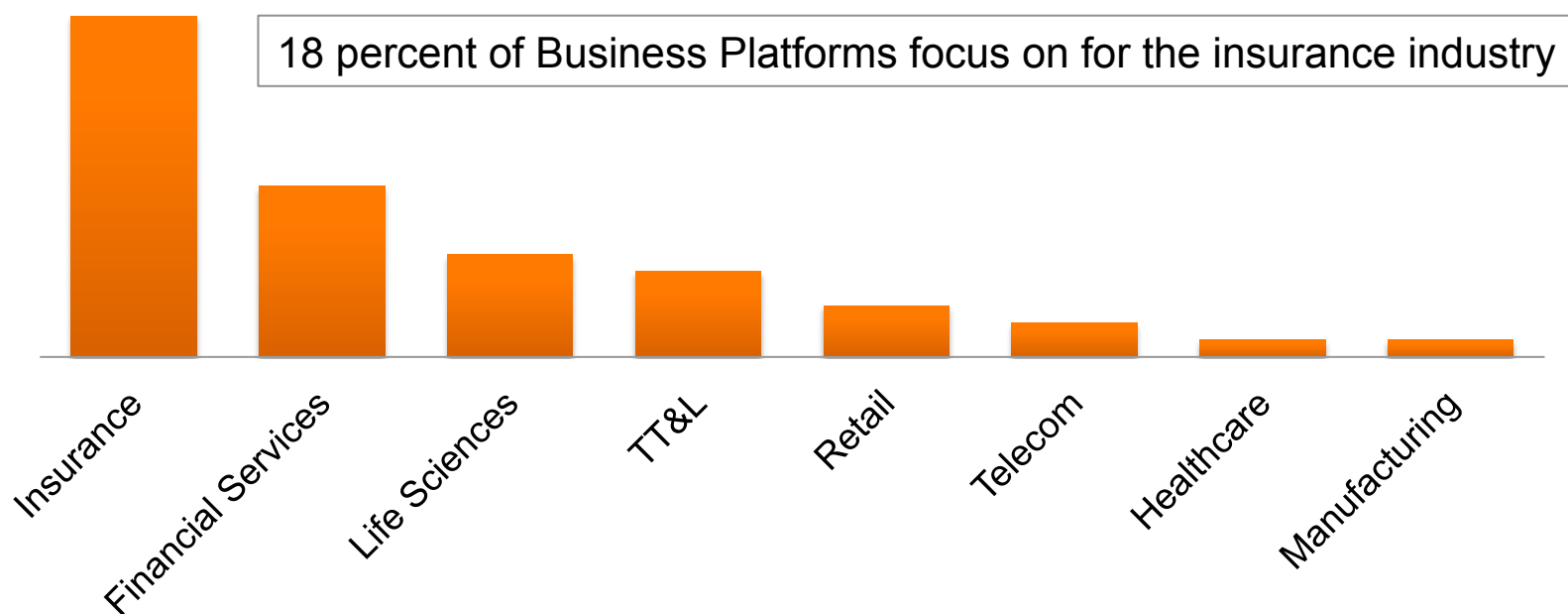
1. **Legacy service delivery pillars and business model limits adoption.** Legacy software and services providers are not natively built for the cloud, nor are their business models aligned to Business Platforms. Business Platforms require new business models, heavy investment capital and marketing to succeed.
2. **Services providers culture is typically to listen, not lead.** Services providers are not accustomed to selling rigid, standard solutions. They would rather win a deal with a custom solution than lose it due to inflexibility.
3. **Buyers aren't sold on vanilla.** Buyers, who typically manage highly customized processes, are hesitant to adopt standardized and inflexible solutions.
4. **Security concerns still abound.** Services providers believe security issues will hamper adoption.

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# Verticals: Insurance and Financial Services Heavily Leverage Business Platforms

- 43 percent of Business Platforms focus on just one vertical, the rest are more generic (target multiple verticals)

## Business Platform Offerings By Vertical



TT&L – Travel, Transportation and Logistics

# Insurance Sector - Long a Heavy User of Outsourcing Leads in Business Platforms

- The insurance industry has long focused on spending money on revenue generation activities and outsourcing non-core services to specialist services providers
- 20 Business Platforms were identified that represented 18 percent of our sample

## Services Provider Insurance Business Platform Offerings Included:

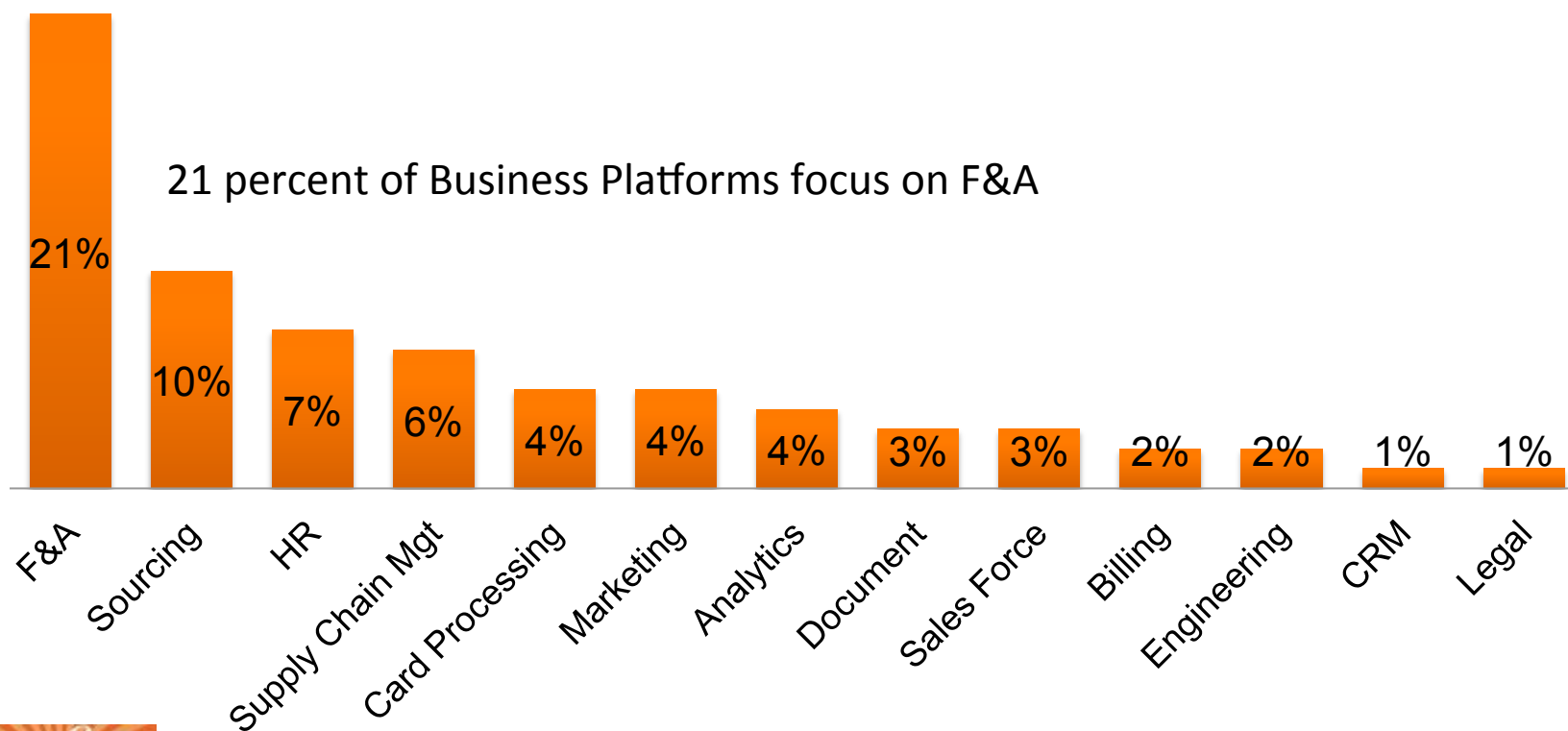
- |                                                         |                                                                                    |
|---------------------------------------------------------|------------------------------------------------------------------------------------|
| • CSC Breezeway                                         | • IgatePatni Insurance TPA Platform                                                |
| • CSC Exceed Billing Software as a Service              | • Infosys PMACS® Producer Management and Compensation System                       |
| • CSC Workers' Compensation as a Service                | • Infosys VPAS® Benefit Plan Administration System                                 |
| • EXL LifePRO (End-to-end Policy Management)            | • Infosys VPAS® Policy Administration System                                       |
| • EXL SubroSource (End-to-End Claims recovery platform) | • Syntel BI as a Service for Insurance                                             |
| • EXL Reinsurance Probable Maximum Loss Calculation     | • TCS Bancs Platform – Insurance                                                   |
| • Genpact Application-to-Issue BPaaS                    | • WNS 3 Interactive Transaction Entry System (ITeS)                                |
| • HP 3 INGENIUM                                         | • WNS MajescoMastek Solution for Insurance Industry                                |
| • HP ProductXpress                                      | • WNS ProClaim                                                                     |
| • HP RADIANCE Administration                            | • Xchanging GENIUS.X™ Powered by XIAP™ (Xchanging Insurance Applications Platform) |



# Horizontal Platforms Edge Out Vertical Platforms

- 68 percent of Business Platforms have a horizontal focus while only 32 percent of Business Platforms solely focused on industry vertical processes.
- F&A, Sourcing and Procurement, and HR are the top three horizontal Business Platforms adoption categories accounting for 39 percent of Business Platform offerings.

## Business Platform Offerings By Horizontal





# F&A Leads Adoption

- The F&A platforms focused on a number of F&A process (e.g., Bill to Cash, Record to Analyze Financial Reconciliation, Financial and IT Auditing, Credit and Collection, and Billing).
- We have not seen traction related to partnership announcements around “SaaS / BPO” for core ERP processes (e.g., Genpact/Netsuite’s early efforts to offer F&A BPO in the Cloud).
- Oracle and SAP and niche verticals software leaders (e.g., Akritiv, SmartStream, Trintech and WebCollect) are the enabling software of choice for services providers.
- New innovative services providers( e.g., Corefino) are only inching their way into the market through partnering with mid-market SaaS tools like SAP B-ByDesign and Netsuite for F&A (AP and AR).

## Services provider Insurance Business Platform Offerings Included:

- |                                                           |                                           |
|-----------------------------------------------------------|-------------------------------------------|
| • Capgemini BPO Bill to Cash Platform                     | • HP Trintech                             |
| • Capgemini BPO Record to Analyse Platform                | • HP Webcollect                           |
| • EXL 3 Financial Reconciliation                          | • TCS F&A Platform Solutions              |
| • EXL Multi-shore Financial and IT Auditing Collaboration | • TCS Reconciliations Platform – Aspire   |
| • EXL Procure to Pay                                      | • WNS Automated Order to Cash platform    |
| • Genpact Akritiv Credit and Collections                  | • WNS Dynamic Discount Manager            |
| • Genpact eBilling (EIPP)                                 | • WNS Hosted Platform to Process Invoices |
| • Genpact SmartStream                                     | • WNS Jade                                |
| • HP ActiveFlow,                                          | • WNS Purchase Card Solution              |
| • HP CARTT                                                | • WNS Trintech - R2R Platform             |
| • HP Getpaid                                              | • WNS Vendor Portal                       |
|                                                           | • WNS Verifare                            |



## ...Followed by Sourcing & Procurement

- Organizations stand to save (or gain) a lot of money when their procurement processes are delivered via more effective technology and they have access to category experts through Business Platforms.
- Ariba is the poster child for how an on-premise software company can transition its technology and business model to a SaaS provider. Ariba Cloud brings together both buyers and sellers to form a “Many-to-Many” offering. A number of services providers (e.g., Mahindra IT & Business Services) use Ariba software to be the fabric of services delivery adding people and process to create a managed services.
- ICG Commerce provides a Sourcing and Procurement Business Platform that integrates proprietary technology, people (category experts) and processes.
- Capgemini built its Business Platforms capability from its acquisition of IBX to provide a unique enhancement to its overall procurement BPO capabilities.

### Services provider Insurance Business Platform Offerings Included:

- |                                                   |                                                   |
|---------------------------------------------------|---------------------------------------------------|
| • Ariba Cloud Commerce                            | • Capgemini Capgemini BPO Source to Pay Platform  |
| • GXS Trading Grid™                               | • Cognizant OMaaS (Order Management as a Service) |
| • ICG Savings Optimization Platform Savings Link™ | • ProcureSERV (Procure-to-pay service)            |
| • Infosys ProcureEdge                             | • Genpact Ista                                    |
| • Mahindra Satyam Ariba on Demand                 |                                                   |
| • TCS Procurement Platform Solutions              |                                                   |



# HR Sees Only Mild Interest From Services Providers

- The leading BPO providers are developing service offerings that are underpinned by Business Platforms to support transactional, high-volume, standardized processes with very little variation in outputs.
- Single function HR services are prime candidates to be optimized by Business Platform delivery, epitomized by ADP. ADP, the biggest HRO BPO supports a large number of business platforms across the HR, payroll, and benefits space including [GlobalView](#) (global HR solution based on SAP), Vantage (their newest SaaS based HR solution), and their core payroll and benefits platforms.
- Oracle and SAP's stranglehold is set to continue for a few years' yet.
- No provider in this research exercise built a Business Platform off a new SaaS company like SuccessFactors, Cornerstone OnDemand, Taleo, or Workday, even though buyers are rapidly moving to these new sets of providers.
- The market for multi-function HR outsourcing has cooled dramatically leading to niche foci.

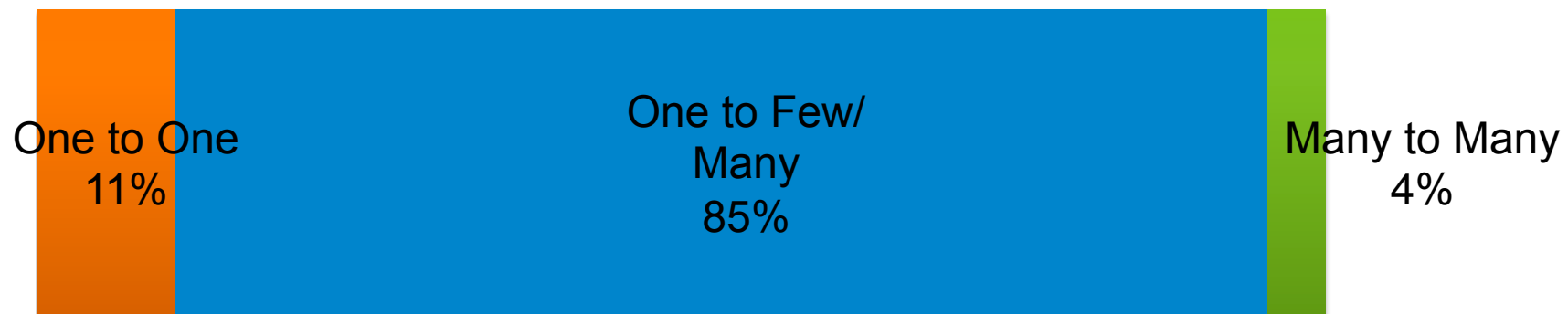
## Services provider Insurance Business Platform Offerings Included:

- |                                                   |                                  |
|---------------------------------------------------|----------------------------------|
| • Aon Hewitt: Nucleus                             | • Genpact: HR In a Box           |
| • Aon Hewitt: Executive Workforce Analytics (EWA) | • Infosys TalentEdge             |
| • Aon Hewitt: CompLink                            | • Mahindra Satyam: LearningFORCE |
| • Aon Hewitt: myHR                                | • TCS: HRO Platform Solutions    |

# Business Platforms Move Outsourcers Off a “Mess for Less” / “Shift and Lift” Delivery Model

- 11 percent of the offerings deliver services on a one-to-one model that can scale to many clients through unique instances.
- 85 percent of the offerings deliver in a “one-to-few/one-to-many” model. In this case, buyers subscribe to services from a provider that leverages a multi-tenant software application. One-to-Few/Many have been attractive to medium and large enterprises who simply don’t see differentiation in the outsourced functions or need to accelerate global process standardization
- 4 percent of the offerings were built on a community model that brings together both buyers and sellers in a “many-to-many” model, hub or exchange. “Many-to-Many” models have been slow to evolve because buyers aren’t used to collaborating together, but there are good examples such as Ariba Cloud, GXS and Centro’s Transis.com

## Business Platform Delivery Models



# The Pros and Cons of Business Platform Delivery Models

	Definition	Pros	Cons	Best Buyer Fit
<b>“One-to-One”</b>	Delivered as unique solutions either built on a client’s datacenter or on a dedicated server hosted at the provider’s facilities	Better security, higher degree of customization, improved governance (e.g. change management)	Cost savings are limited to scale of the buyer’s business; potential lock-in as the provider creates a highly custom solution	Organizations concerned with control, privacy and security
<b>“One-to-Few/Many”</b>	Platforms managed by one provider but with two or more buyers subscribing to services (multi-tenant)	Sharing of best practices; faster product development; better cost savings from leveraging of resources/assets	Potential co-mingling of data; fewer change management controls related to upgrades and enhancements; potential integration challenges	Organizations looking for best in class technology and industry practices with lighter customization and integration requirements
<b>“Many-to-Many”</b>	Platforms, hubs and exchanges that rely on many providers interacting with many buyers to create business value	Help reduce the cost of services through economies of scale to be earned through industry-dedicated or transaction oriented platforms	Ability to dramatically reduce unit costs as more suppliers and buyers interact	Organizations that have relatively standardized/commoditized needs and do not want to host dedicated infrastructure

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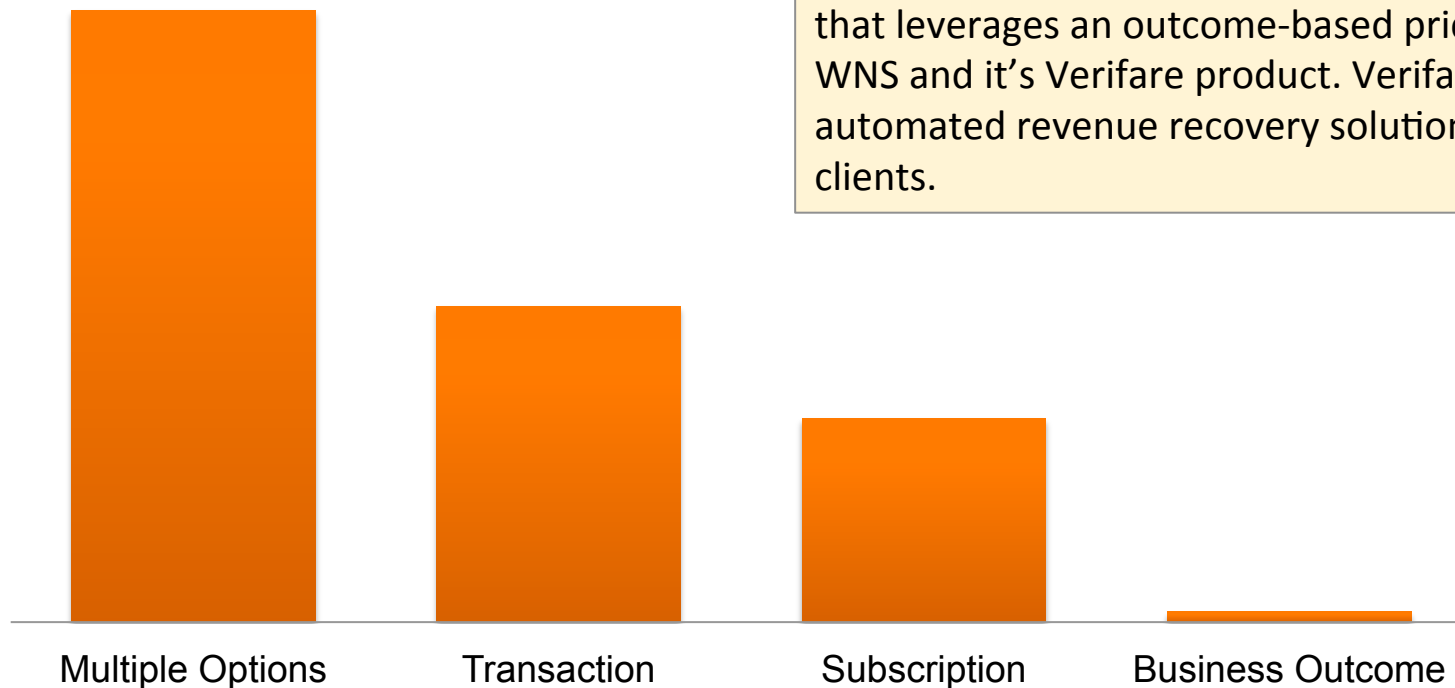




# New Pricing Only Inches the Industry Along

- Multiple options are provided to buyers because service providers need to be flexible to different buyer commercial interests, but this limits the ability to truly reach a mass audience.
- Business outcome only offerings are few and far between because services providers and clients do not like to share risks, though they say they do.
- Transaction and subscription models move the industry forward to a more usage-based model and one that reflects SaaS pricing.

## Business Platform Pricing Options



**HfS Comment:** One example of a Business Platform that leverages an outcome-based pricing model is WNS and its Verifare product. Verifare is a highly automated revenue recovery solution for airline clients.

# Pure Play Cloud Providers Play a Relatively Small Role in Enabling Business Platforms

## **Few Business Platforms evaluated have been built on SaaS offerings.**

- Corefino builds an outsourced BPO offering on top of third-party SaaS accounting applications (most often SAP Business ByDesign and Netsuite).
- Genpact has a partnership with Concur for Travel & Expense management where Concur's software and implementation is bundled with Genpact's services - transaction processing services. Customers typically sign 3-5 year contracts for a set number of transactions per annum, where a transaction is defined as one submitted expense claim (regardless of the number of expense line items, travel bookings or mobile line items).
- New revenue opportunities for SaaS companies will appear as service providers finally start to build real IP on top of SaaS providers.

## **There are signs of Public Cloud deployment.**

- Services providers are beginning to provide Business Platforms via Public Cloud options. One example is EXL that is building a delivery option for LifePRO®, an insurance Business Platform on Microsoft Azure. CSC is developing its Breezway insurance solution on salesforce.com's Force.com platform.



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# Conclusions

# HfS View Of The Future



- Business Platforms will drive fragmentation in the services market.
- Niche Business Platforms will grow that provide unique, focused and differentiated value to clients.
- The “One-to-Many” delivery model will change the economics of services delivery and make the mid-market look like an increasingly profitable market.
- Business Platforms will further drive a nail in the coffin of multi-process, 6-10 year outsourcing offerings of yesteryear
- Business Platforms will require significant provider investment and some outsourcers just won’t be able to make the transition or possess the capabilities to do so.
- New skills both from a buyer and provider perspective will have to be developed to manage Business Platforms effectively
  - Providers must learn how to build, provision, upgrade and sell these solutions increasingly within an app store/marketplace.
  - Buyers must develop suitable change management, process re-engineering and vendor management capabilities.
- A new financial discipline will have to be learnt for buyers and providers.



# Enabling Technologies Are Key to Business Platform Success



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- **Services providers partners are marketing Business Platforms with an “Intel inside” strategy.** Legacy software providers and niche specialists have retained their stickiness. Those software partners that were most often highlighted as key enablers by services providers included Ariba, SAP, SmartStream, Oracle PeopleSoft, Oracle Argus, VWA’s Webcollect and Trintech.
- The creation of highly efficient and stable environments built on software where the services provider has years of experience seems to be enough for now to deter replacement by alternative pure play SaaS providers.
- **Business process management tools enable Business Platforms and were aggressively referenced.** Services providers are developing competences through two (and often) combined strategies:
  1. *In-house development.* BPM tools may be proprietary to a services provider like Base))) from Wipro, or investments from Cognizant and EXL.
  2. *Leveraging third party tools.* They also are available from third party BPM software vendors like Cordys, IBM Lombardi, Invensys Skelta, eBuilders, Newgen, Pegasystems and PNMsoft. For example, HP has built its ActiveFlow Business Platform on Newgen Omniflow Software. Activeflow is a Cloud-based solution that provides clients with a platform for finance and administration (F&A) processes.



# Services Providers – Build A Strategy To Win



## 1. Get in the Race

Develop a Business Platform strategy including how you will enter the market (e.g., which verticals and horizontals). HfS has seen multiple entry points (organic development, partner, co-creation and acquisition).

## 2. Operationalize

Invest heavily in standard operational procedures such as upgrades, release and change management to drive operational maturity. Adhere as much as possible to standardized pricing terms in order to maintain relatively standard relationships.

## 3. Differentiate

Provide implementation, governance and management services to help organizations assess, implement, and manage a portfolio of business platforms. Change management, process engineering and vertical expertise will become increasingly important for organizations moving to Business Platforms.

# Four Business Platform Entry Strategies

**1. Organic development.** Develop and patent your own cloud-based workflows to go after a particular vertical software or business process expertise (e.g., Wipro and BPM Base))), Cognizant and EXL).

**2. Partner with a software firm** and then wrap people and accountability for services through a Business Platform (SaaS, Master-Brand SW providers (SAP, Oracle), Niche software providers (SmartStream, Trintech, eBuilders, Newgen and IBM Lombardi).

## Business Platforms

**3. Acquisition** of niche software solutions that enable Business Platforms (e.g., Cap Gemini and VWA, Infosys and McCamish) or acquisition of IP from a client that can serve as the fuel for Business Platform development (e.g., TCS's Diligenta and Friend's Life insurance outsourcing).

**4. Co-creation** with traditional businesses that provide domain based expertise and are looking for new revenue sources (e.g., Infosys has partnered with a world leader in advertising and marketing services to co-create a marketing Business Platform)

# Buyer Recommendations – Business Platforms Are Real and Provide Alternatives to “Mess For Less” Alternatives

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Decide To Change	Review Business Platforms	Understand Delivery Models	Understand Partnerships
Be willing to give up elements of customization in order to win from a more standardized set of services. Standardized processes, procedures and technologies enable the services provider to make money and your organization to win from economies of scale.	Ask services providers to outline Business Platform strategy. The decision to use a Business Platform does not necessarily mean you rent IP from a services provider, you may also use your IP to help build a new Business Platform in conjunction with a provider.	Business platforms that have one or fewer clients need to conduct appropriate due diligence as services providers may need a minimum number of clients to make money over the long term. Ensure that you understand the Business Platform development plans/ solution road maps.	Ensure partnerships firms are joined at the hip from a strategy and a contractual perspective. Organizations should understand who owns the IP, how it will be supported and invested in, and feel secure that they won't be left in the lurch should one partner leave the relationship.

## Robert McNeill

Robert McNeill is a Research Vice President focused on cloud business services, IT management and effective sourcing strategies for end-user organizations and service providers.

McNeill's main focus at HfS is delivering research, thought-leadership, practical advice, and imparting real-world Cloud services experience to buy-side clients and service providers on what really matters – how to execute Cloud business strategy in a manner that creates real business value. McNeill will examine the industry dynamics driving business utility solutions, as the boundaries between Cloud Computing, Business Process Outsourcing and IT infrastructure services continue to blur.

Prior to HfS, Robert was VP Research/Consulting for Saugatuck Technology, VP Strategy/ Marketing for SaaS vendor Service-now.com, a management consultant with Deloitte Consulting advising organizations across North America on IT and business process sourcing strategies and a Principal Analyst with Forrester Research. He is a contributing author of a book produced by the Institute of Directors in the UK on software asset management.

Robert holds a master's degree in European business and a bachelor's degree in business studies from Cass Business School, City University, UK.

A native of Scotland, Robert has lived and worked in both Europe and North America.

Robert can be reached at [robert.mcneill@hfsresearch.com](mailto:robert.mcneill@hfsresearch.com) and twitter [@robertmcneill](https://twitter.com/robertmcneill)



## About HfS Research

HfS Research ([www.HfSResearch.com](http://www.HfSResearch.com)) is the foremost analyst advisory organization and social networking community, focused on helping enterprises make complex decisions with their business process operations governance, IT services, outsourcing and shared services strategies.

With more than 60,000 subscribers, HfS Research provides the largest, most impactful and frequently visited collaborative community platform in the global services industry, providing rapid and insightful commentary, analysis and debate of enterprise outsourcing and shared services dynamics. The organization is unique in the fact that it integrates personable social networking with market research analysis and expert advisory services.

In 2011, HfS was awarded **Outsourcing, BPO and Services Analyst Firm of the Year** by the International Institute of Analyst Relations (IIAR), the premier body of analyst---facing professionals, and runner---up for overall **Analyst Firm of the Year**.

Led by recognized industry expert Phil Fersht, the HfS Research team is a multi---disciplinary group of analysts across North America, Europe and Asia/Pacific regions, with deep domain knowledge in business process outsourcing, information technology services and shared services strategies.

Launched in 2007, HfS Research's acclaimed blog **Horses for Sources** has more than 120,000 monthly visitors across the global services industry, and is widely---recognized as the leading destination for collective insight, research and open debate of industry issues and developments. The HfS LinkedIn community, The BPO and Offshoring Best Practices Forum, is thriving with over 14,500 industry professionals sharing views and information daily. You can access information about HfS at [www.HfSResearch.com](http://www.HfSResearch.com) and on Twitter at [www.twitter.com/horses4sources](http://www.twitter.com/horses4sources).

To learn more about HfS Research, please email [research@HfSResearch.com](mailto:research@HfSResearch.com)

