

Orion: Specialist Advisors in HR Transformation

Thought Leadership Breakfast

25th May 2006

Venue: One Aldwych, London



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GUESTS:

Alistair Cook - Director, Digby-Morgan Consulting Ltd
Avery Duff - Director, International Human Resources, Rolls-Royce International Limited
Dan Flint - Associate Partner, Accenture plc
Gavin Meyer - HR Systems, British Telecom
Gayle Cohen - Director HROE, Reuters America LLC
Howard Nelson - Partner, IBM United Kingdom Limited
Hugh Hood - Group HR Director, Transport for London
John Maxted - Managing Director, Digby-Morgan Consulting Ltd
Jonathan Norman - Publisher, Gower Publishing Ltd
Julie Clapham - Director, HR Transformation, British Telecom
Kevin Barrow - Partner, Tarlo Lyons
Lyndon Hoare - HR Consultant
Mike Watts - HR Transformation Director, Cabinet Office
Nigel Warwick - HR Director, KPMG
Rachel Harry - Deputy Head of HR, London Stock Exchange plc

ORION ATTENDEES:

Ian Hunter, Partner
Jane Saunders, Managing Partner
Lawrie Philpott, Non-Executive Chairman
Simon Constance, Associate Partner

CONTACT US

If you would like more about how Orion Partners can help your HR function give a better service to the business and at reduced cost, please contact us on
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The proposition: The Great Indian Takeaway – Will Offshoring Change the Face of HR?

Orion Partners were delighted to see so many clients and colleagues at their latest Thought Leadership event, which was held to mark the publication of their new report – The Indian Offshore Advantage. The event brought together an interesting mix of organisations – including some considering the potential for offshoring, as well as suppliers at the leading edge of this approach to service delivery.

The debate was a lively one and summarised below are some of the key themes:

The View from HR:

- The initial driver for considering more innovative methods for service delivery has been cost, but general perceptions of the service quality of offshore operations has led to a nervousness about offshoring
- Due diligence on potential partners is a critical activity
- Companies entering into an offshore arrangement must do so with their eyes fully open to the potential risks
- Lack of clarity as to the role of the retained HR function is still an issue, exacerbated by the fact that the commercial value of HR is not well articulated by many HR functions
- There is more of a sensitivity to the offshoring of 'voice based' activity –with many considering the options of a UK based 'front desk'

The View from the Market:

- There is still some confusion between outsourcing and offshoring which continues to blur the debate in this area, but the model is becoming more sophisticated than the "your mess for less" cost driven approach.
- There has been shift of focus from cost to quality of service, particularly in the area of HR where the nature of the services required are more complex
- The demands for language skills and access to a well educated pool of resources is leading to a new mix of nearshore (Central Europe) and offshore support
- The skills available to suppliers are very impressive - young workforces with staff that are both multi-lingual and have multiple degrees. These types of candidates cannot typically be attracted to the same types of roles in the UK.
- The major international services companies are able to offer roles in offshore centres as 'entry points' to their global business and often have a wide range of native speakers working in multi-national teams- this is seen as critical in the need to 'neutralise the accent issue'
- Global coverage is critical – with the ability to move work around a number of locations and this may suggest that there will only really be room for a small number of global players

What are the risks?

- These were perceived as being primarily related to the legislative constraints around workforce mobility and data protection- with 15 bills cited currently in process in the US looking at issues of data
- Issues around moving work that is perceived as transferring knowledge or intellectual capital are likely to be more highly regulated – this is particularly the case for the US where the concept of 'Fortress America' is gaining strength
- Staff turnover within offshore centres is a major concern and can be up to 40% in some areas- this has been cited as the reason for termination of a number of outsourcing arrangements

To order a copy of Orion's latest publication 'The Indian Offshore Advantage' please contact catherinepurcell@orionpartners.co.uk