

# Experts see ITeS shifting focus to revenue model

## Our Bureau

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The IT/ITeS sector, which has till now been given a supply-side definition, has become outcome-oriented, wherein organisations need to provide processes and solutions that would boost revenues for customers.

Speaking at the Nasscom BPO Strategy Summit 2010 here on Wednesday, Mr Peter Bendor Samuel, Founder and CEO, Everest Group, said that in the large market segments, buyers are now not increasingly thinking about IT or BPO. "They are starting to draw less distinction between these. What they are thinking about is business outcomes and effectiveness issues."

## GLOBAL MARKETS

The industry is now looking at effectiveness rather than cost. "The way we do business seems to be changing," said Mr Samuel.

With a lot of uncertainty in the global markets as a result of the "surges and falling back, what we are seeing is that organisations are not spending more in 2010, but they are planning for the future as they realise that they cannot continue doing what they did in the past," said Mr Ian

Marriott, Vice-President - Research, Gartner. He said they were looking for partners in their vendors.

## BETTER SKILLS

Mr Marriott said the traditional entry points in organisations will have to change to cater to the demands. Investments have to be made in improving skills. Especially in Europe, a market still under-penetrated, "investments that are likely to gain traction in the short term may be the emerging delivery model."

Emerging utility delivery models such as software as a service and cloud computing lead the economic recovery, and most organisations are making investments in utilities that are based on industrialisation, rather than resource-intensive models. "A combination of resource-intensive and industrialised approaches will prove successful in Continental Europe," said Mr Marriott.

Mr Aparup Sengupta, MD and Global CEO, Aegis Ltd, said that the focus today is on giving customers an "EPS lift". "Delivering EPS lift is what customers want." By delivering this, organisations are playing the role of partners to their customers, he added.

Besides, business models have shifted from being cost-oriented to revenue models, Mr Sengupta said. "Every encounter serviced is converted into income." Customers are looking at outcome-based engagement and "the solution is tomorrow's mantra."

Speakers at various forums during the summit said that opportunities give room for various business models to co-exist. According to them, there is a need for multiple products, and so multiple models will co-exist.

## COMBO STRENGTH

With such transformations happening, being just a BPO company would not suffice. "Companies with technology and BPO are going to benefit more," said Mr Ganesh Lakshminarayanan, MD, Dell International Services. Thought leadership is more important, and "that's where IT/BPO combination will work," he added.

Mr Pavan Vaish, CEO, IBM Daksh BPO, said there is a need for organisations to alter capability sets. As contracts become larger, there is a need to have technology capabilities. Integration is where long-term business prospects lie, he added.