

Case Study: Major Financial Services Company Investigates IT Outsourcing EquaTerra Helps to Boost Global Sourcing Initiatives

At a Glance

Company Profile

A major financial services company providing the world's premier settlement system for domestic and international securities transactions in fixed income, equities and investment funds. Core services range from asset holding and servicing to asset optimisation facilities. Market owned and market governed, the group provides securities services to major financial institutions located in more than 80 countries. In addition to its role as the leading International Central Securities Depository (ICSD), the company acts as the Central Securities Depository (CSD) for Belgian, Dutch, French, Irish and UK securities.

Services Featured

- Offshoring sourcing options evaluation
- IT supplier identification and selection

Business Processes Involved

- IT

Executive Summary

A leading financial services company based in Brussels, Belgium, wanted to explore the option of offshoring a portion of its IT function. Determined to avoid any mistakes in the process, the company turned to EquaTerra for professional guidance. The result was a plan for the optimum offshoring solution.

The Business Challenge

At the time of EquaTerra's engagement, the company was familiar with the outsourcing process and had existing contracts with two outsourcing partners. But management was looking at ways to reduce expenses and was interested in offshoring some of the company's IT tasks. Convinced the right partner could provide many benefits, management requested a quantitative and qualitative comparison of offshoring models from an experienced advisor with an in-depth understanding of the global sourcing market. As a result, EquaTerra was brought in to conduct the evaluation.

How We Helped

As a rapidly growing company priding itself on efficiency, service quality and responding rapidly to market needs, the organisation had repeatedly expressed its commitment to reducing costs for clients. Management believed that one possible way of achieving this efficiency was by offshoring a portion of the company's IT services.

EquaTerra was asked to evaluate the types of offshore service providers that would best meet the unique needs of a leading financial services operation. In addition to achieving significant cost savings, the company wanted access to a skilled workforce.

EquaTerra advisors used their unique Offshoring Models Evaluation Criteria to identify several drivers that were significant to the company's operation, as well as the critical requirements of any service provider. These included:

- Quality processes and a high level of experience
- Time to market, plus an onshore presence and offshore integration
- Sustained cost savings
- A good reputation and track record, a strong corporate culture and excellent references
- The ability to attract (and retain) an educated and skilled workforce
- Continuous improvement through value addition

After establishing the Risk Assessment Criteria for outsourcing the company's IT services, EquaTerra compared the organisation's requirements with a sample set of offshore service providers, including global sourcing companies, Tier 1 and Tier 2 Indian service providers and niche providers.

As an alternative, EquaTerra then reviewed the possibility of the company establishing its own facility – a 'captive centre' – in an offshore location.

However, the review showed that compared to using an existing offshore service provider, creating a captive centre would require greater investment, a longer time to market and place greater demand on the management's time. Locations for the captive centre would also be limited and the company would need to acquire knowledge of the area's local laws, taxes and other regulations.

After thoroughly reviewing all the data, EquaTerra recommended that the company articulate a strong, long-term vision for its offshore outsourcing. Even if the vision was not to be implemented in the immediate future, it would establish in a more concrete fashion that the company was gradually moving towards a final solution, allowing them to approach IT offshoring in a strategic way.

In the short term, EquaTerra suggested that management adopt a low-risk strategy aligned with the company's long-term vision. The short-term strategy could then be revised as each milestone was achieved.

The company's management agreed with EquaTerra's recommendations, and the two organisations worked together to establish the next steps. These included:

- Undertaking a detailed review of the existing contracts with two outsourcing service providers
- Creating a shortlist of suitable offshore service providers in India (a maximum of six)
- Issuing RfI for selecting a preferred service provider (a maximum of six)
- Conducting on-site visits with each Indian service provider
- Identifying appropriate service providers as preferred partners
- Issuing RfPs to the company's two existing service providers and one offshore service provider
- Reviewing the RfPs and selecting the most appropriate service provider for IT offshoring

Results

As envisioned, the company adopted a robust offshoring plan by expanding their preferred service providers list to include an offshore provider. The current arrangement means that service providers give the company the option of offshoring at the right pace, while mitigating risks.

About EquaTerra

EquaTerra sourcing advisors help clients achieve sustainable value in their IT and business processes. Our advisors average more than 20 years of industry experience and have supported over 2000 transformation and outsourcing projects across more than 60 countries. Supporting clients throughout the Americas, Europe, Middle East, Africa and Asia Pacific, we have deep functional knowledge in Finance and Accounting, HR, IT, Procurement and other critical business processes. EquaTerra helps clients achieve significant cost savings and process improvement with internal transformation, shared services and outsourcing solutions.

Contact Us

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