

On the Case: Wipro – BT

Leveraging process optimization and automation for fulfillment in telecoms BPO

Reference Code: IT019-003344

Publication Date: 14 Apr 2014

Author: Thomas Reuner

SUMMARY

Catalyst

Managing complex business processes robustly and efficiently across fast-changing organizational boundaries remains a challenge for most businesses. BT is a good example of an organization that is in a permanent state of flux and evolution in order to align with changing market conditions. Within this context, BPO offerings have largely matured into a strategic tool for process buyers, and are increasingly part of strategic sourcing decisions taken by the C-suite. As such, BPO offerings are increasingly sourced more in conjunction with other IT functions.

Key messages

- Wipro's successful rollout of the order-to-activate project with BT is a robust reference point for Wipro's telecoms vertical expertise in BPO and process automation capabilities.
- Business process management and automation was a key component of the engagement, and was critical in handling exception management and eliminating non-manual intervention, thus illustrating the growing importance of process automation.
- The contract is an example for how BPO can play a pivotal role in clients' wider standardization efforts, and it highlights how BPO is moving up the value chain to become part of strategic sourcing decisions taken by the C-suite.
- The engagement further highlights the importance of combining deep domain expertise with more generic BPO skills to optimize and automate business processes.

Ovum view

Wipro's project with BT to support multiprotocol label switching (MPLS) delivery and fulfillment stands out because of the complexity of BT's organizational issues and because of the highly verticalized fulfillment capabilities of Wipro. Wipro leveraged its methodologies and assets in process standardization and automation to drive through substantial changes to the process design. However, these approaches needed to be matched by a delivery team that could provide the deep domain

knowledge required. A 50% reduction in the cost of processing an order is a strong reference point for the efficiency gains of this project.

The project is also a good illustration of the strenuous efforts required during a long standardization journey. Fundamentally, this journey necessitates new models of collaboration in complex partner and supplier ecosystems. While the move toward business outcomes is the end goal, many organizations are only slowly driving through the change management required to achieve the level of standardization and automation required for these business metrics. Executives at BT were frank in their assessment that their organization was far too complex to embark directly on a contract largely measured on business outcomes. Both Wipro and BT are working toward engagements that deliver measurable outcomes, but the pricing parts of the renewed contract around transactional elements revealed the growing maturity of the partnership between Wipro and BT.

By combining generic BPO capabilities with deep telecoms-specific knowledge, the engagement underlines the evolution of BPO from being largely horizontal to becoming increasingly verticalized. This is the prerequisite for BPO moving up in the value chain and becoming a strategic tool for C-suite executives. This transition also requires the value proposition to be extended to reflect the requirements and language used by this broader set of stakeholders. As with organizations on their standardization and transformation journey, service providers need to reference these changing requirements more succinctly.

Looking at it from a different angle, Wipro's engagement with BT is a far cry from the days of lift-and-shift based on mere labor arbitrage. It is a reference point for a maturing industry that needs to adapt its marketing and propositions to reference the progress on the maturation curve.

RECOMMENDATIONS FOR ENTERPRISES

What type of customer could benefit from this IT service?

Wipro's engagement with BT is a good example of how key business processes can be standardized, automated, and transformed. This contract is not about non-core, back-office processes, but about processes that are having a direct impact on the profitability of complex global organizations. Crucially, multiple partners – be it suppliers to BT or even competitors to Wipro – had to find ways of working together in evolving ecosystems. Thus executives at Wipro pointed out the need to create new layers of governance.

Given the complexities of this transformation, executives at BT decided that a dedicated transition team would help overcome obstacles during the onboarding process. A lack of commitment to the partnership would compromise many of the strategic imperatives, as effective operational management will only happen if the retained organization and the service provider work together seamlessly. This is an effective way to mitigate attrition, which had created some constraints at BT. Fundamentally, organizations need to find contractual models that match their level of maturity, and for many organizations this should be aligned with their standardization and sourcing journey.

CUSTOMER CASE FILE

IT services data sheet: Wipro – BT Order Management

Table 1: Data sheet

| | | | |
|---------------------------|--|-----------------------|---|
| Vertical industry | Telecoms | Key SLAs | <ol style="list-style-type: none"> 1. Cycle time – end to end 2. Right first time 3. Backlog / percent of orders delivered on time |
| Customer size | Around 88,000, extended by the multitude of BT's suppliers | Chief benefits | <p>Significant reduction in working capital due to reduced cycle time</p> <p>Enhanced customer experience through higher levels of process automation</p> |
| Priority issues | Standardization and reduction of supplier base; reduction of cash-to-cash cycle | Bid type | Competitive – other providers were considered, with an eventual shortlist of five providers |
| Types of service | Consulting, ADM, and BPO | Contract type | Time- and materials-based with parts evolving into transactional pricing as well as gain/share |
| Length of contract | Three-year contract, each year renegotiated. The engagement is currently in its sixth year | | |

Source: Ovum

- Additional metrics of implementation achievements include:
- a 50% reduction in the cost of processing an order
- the on-time delivery performance improving from 67% to more than 97%
- a 21% improvement in order-to-bill cycle time
- the rework of an order in its lifecycle reducing by 63%, from 40% to less than 15%.

Background

Wipro's BPO collaboration with BT began in 2007. It started with project work in which Wipro helped to apply changes to business processes. It evolved into a full-blown BPO contract in 2009, and is a reference point for the customer's journey toward higher degrees of process automation. However, automation has so far only been achieved in specific areas, and thus it should be seen as work in progress. In turn, automation is the prerequisite for moving toward business outcome-based outsourcing contracts, and measuring the business more effectively on business-related metrics. Wipro was retained to provide order management services to improve the cash-to-cash cycle. One of the specific requirements, and at the same time one of the key challenges, was to work with multiple stakeholders and parties to control the order management cycle. Thus Wipro had to rely on client resources and more than 150 third-party suppliers across the world. The complexity of the project is further evidenced by its operations being supported in more than 90 countries, and by the

organizational setup of BT being in constant flux, thus necessitating processes to be continuously adapted.

The scope of the MPLS delivery and fulfillment project included:

- order-to-activate process
- provisioning
- supplier management
- support for products such as WAN/MPLS, ATM, broadband, ethernet, hosted services, IP technology, and ISDN
- 650 FTEs (includes all those working on the overall BT account; around 150 FTEs are employed on this specific work stream)
- support for operations in more than 90 countries.

To help outline the scale and reach of Wipro's end-to-end responsibility, the operating model of the engagement can be split into four phases of the order cycle:

- **Order acquisition** – customer sign-off to order receipt date
- **Order sourcing** – order receipt to order entry completion, placement of orders and confirmation from supplier
- **Order fulfillment** – logistics, dispatch, and successful installation and testing
- **Customer handover/billing** – lead time to close billing activity.

The three main factors that helped Wipro win the competitive tender were bringing a fresh pair of eyes to a complex process, supporting the development of BT's MPLS business, and offering a competitive cost structure. While BT chose Wipro predominantly on price, the telco managed the tender process with a balanced scorecard. The majority of the contract is based on time and materials, but elements of gain/share will be progressively introduced based on headcount reduction, process efficiency, and a reduction of the lead cycle time.

Implementation and results

Due to the complexity of the project, a multitude of methodologies and approaches were used. From a generic BPO perspective, the use of established business process management techniques and quality approaches of Lean and Six Sigma was a key component of the engagement, as it enabled the handling of exception management and the elimination of non-manual intervention. Wipro is aiming to operationalize business processes, and fundamental to this is the drive to codify process knowledge into the process layer, which is critical to managing the transformation for new clients. Dashboards and reports are key elements of this, and configurable benchmarks will further help process owners manage and mitigate risk. By helping clients and prospects with baselining and benchmarks, Wipro is addressing the central concerns of buying organizations.

Wipro's executives highlighted three project phases that were fundamental to the eventual success of the project:

- Phase 1 – providing a more predictable service through a backlog reduction approach

- Phase 2 – reducing delivery times through improving processes and implementing work allocation systems
- Phase 3 – reducing cost per order through standardization of supplier management, inventory, and waste in the process.

Phase 1 focused on controlling the backlog inflow by introducing "jeopardy management." For instance, clear escalation paths were implemented on a country basis, and this was supported by accountability enhancements that established realtime access to common data reference points. The process was further optimized by ensuring direct leadership involvement for quick resolution of outstanding issues.

Phase 2 emphasized providing a better customer experience through shorter cycle times and improved order delivery predictability. On the process side, Wipro used a value stream mapping methodology to identify bottlenecks in the process and to suggest improvements. The aim was to define standard lead times for each order type. Wipro supported this by implementing a work allocation system to allocate orders to team members on a pull method, and introduced an order management help desk to provide order managers with more accurate information and tailored support.

In Phase 3, the cost per order was reduced by a variety of measures. The central aspect was the rationalization and standardization of the way dates were handled on orders. This led to a reconfiguration of the order process, with the priority changing from the oldest task in the system to the earliest due date of delivery.

The measures in these phases were aimed at supporting a differentiated customer experience, chiefly through enhanced analytics (dashboards and reporting) and improved performance management, which Wipro achieved by creating accountability and linking it to business objectives.

Executives at BT were largely positive about the partnership with Wipro. They felt that the vendor understood BT's requirements, which was not a given due to the inherent complexities and the constant flux of its organizational boundaries. The key benefit has been in establishing a standardized process globally, underpinned by extensive documentation. Despite the problems that are unavoidable in such large transformational projects, BT described Wipro as being good and reliable in moments of crisis. For BT, process improvements and organizational issues were more important than any technical innovations. With that in mind, issues such as process or robotic automation were seen as innovation, but not as being decisive for the overall success of the project.

Conversely, the challenges were seen in attrition. BT freely admitted that the processes covered were not the typical BPO processes, and constant pressure from BT and complex job requirements inevitably led to attrition and sub-optimal levels of recruitment. Consequently, the main lessons from this engagement were that the service provider should be more tightly integrated in the performance feedback loop and that external staff should be seen as part of the team.

The evolving pricing models indicate how much the project is a joint journey. BT's journey is far too complicated for it to have implemented innovative pricing mechanisms from the start of the engagement. In this context, its aspiration is to move toward more innovative pricing mechanisms, with intermittent stages around reduced headcount or transactional elements to, for example, reduce lead cycles. For BT executives, implementing a higher degree of process automation may not have

appeared as the cornerstone of the journey toward business-centric contracts, but it is an essential ingredient to manage contracts based on business metrics.

APPENDIX

"On the Case"

On the Case is a premium case study produced by Ovum's IT Services team. These case studies highlight IT services and outsourcing engagements based on a series of criteria, including innovation (a unique component in either service engagement or delivery, or the deployment of cutting-edge technology), proven business benefit or impact, and demonstrable ROI. On the Case is designed to provide insight to enterprise customers looking to implement similar IT services or outsourcing engagements and/or to provide lessons learned on how to work and interact with the IT services/outsourcing vendor profiled in each case study.

Author

Thomas Reuner, Principal Analyst, IT Services,
thomas.reuner@ovum.com

Further reading

Wipro repositions its Base business process platform by leveraging analytics, IT019-003231 (June 2013)

Disclaimer

All Rights Reserved.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form by any means, electronic, mechanical, photocopying, recording, or otherwise, without the prior permission of the publisher, Ovum (an Informa business).

The facts of this report are believed to be correct at the time of publication but cannot be guaranteed. Please note that the findings, conclusions, and recommendations that Ovum delivers will be based on information gathered in good faith from both primary and secondary sources, whose accuracy we are not always in a position to guarantee. As such Ovum can accept no liability whatever for actions taken based on any information that may subsequently prove to be incorrect.