



**MALAYSIAN INSTITUTE OF
PRODUCTIVITY**

***PROCUREMENT
OUTSOURCING – IMPACTS
TO TOPLINE VALUE
CREATION & EFFECTIVE
BOTTOMLINE
MANAGEMENT***

16th July 2008



LEVERAGING KNOWLEDGE, CREATING VALUE

AGENDA

- The Procurement Outsourcing Marketplace
- Optimization & Total Cost of Ownership
- What To Re-strategize

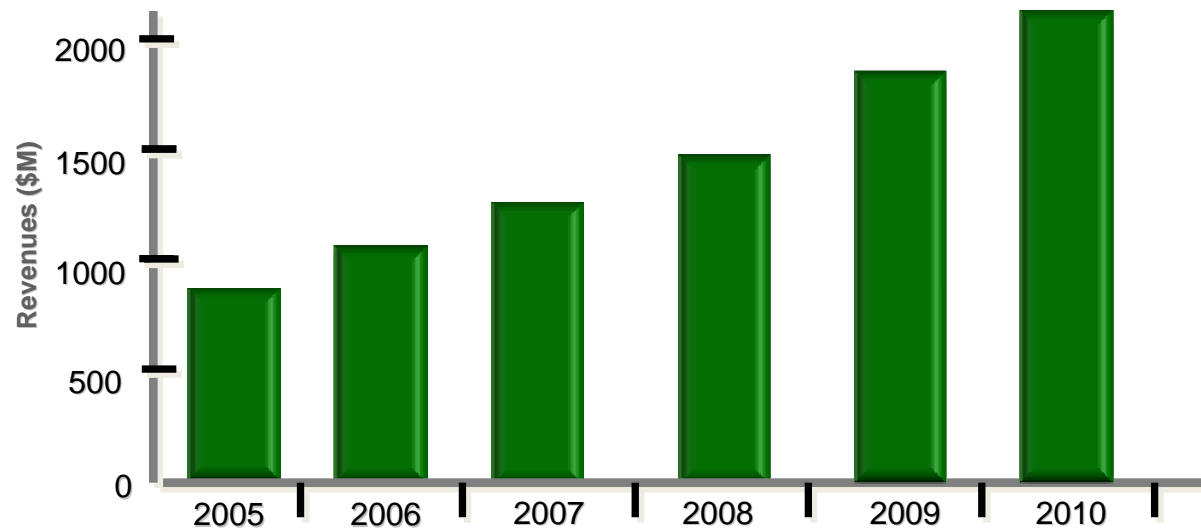


Fast Growing BPO Segment



BPO TRANSACTIONS > \$25M [2007]

| | # of Contracts Awarded | % Change From 2005 | Av. TCV |
|--------------------|------------------------|--------------------|--------------|
| CRM | 24 | 50% | \$96M |
| DM | 14 | 600% | \$75M |
| F&A | 22 | 69% | \$72M |
| FSO | 45 | 42% | \$132M |
| HRO | 34 | 6.25% | \$124M |
| PROCUREMENT | 12 | 140% | \$94M |

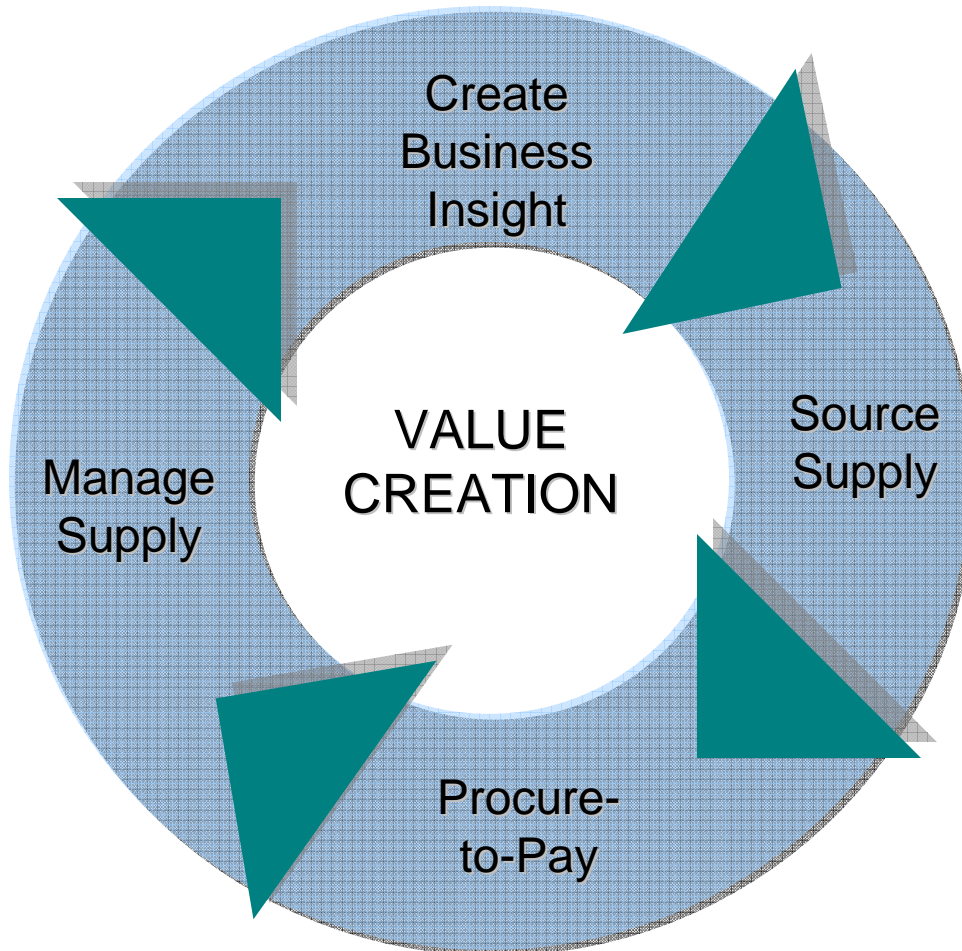


Source: Worldwide Procurement BPO Spending © IDC & US BPO 2006-2010 Forecast.

With An Ability To Drive Business Outcomes



Deliver Measurable Results



Business Insight

- Establish Addressable Spend
- Create Sourcing Strategy
- Support Continuous Improvement
- Measure Effectiveness

Sourcing Supply

- Approach Remains Strategic
- Solutions To Enable Value Creation
- Supplier Rationalization
- Cycle Time & Demand Mgmt

SAVINGS IN SPEND + COMPLIANCE + INSIGHT = SUSTAINABLE VALUE

Including Financial Gains



| | SCALE | OPTIMIZATION | LABOR |
|--------------------------------|-------|--------------|-------|
| PROCUREMENT ACTIVITY COSTS | | | |
| DEMAND MANAGEMENT | | | |
| VENDOR PAYMENT MANAGEMENT | | | |
| ONE-OFF PURCHASING | | | |
| STRATEGIC SOURCING/ COMPLIANCE | | | |

HIGH MEDIUM LOW

However What Are We Seeing?

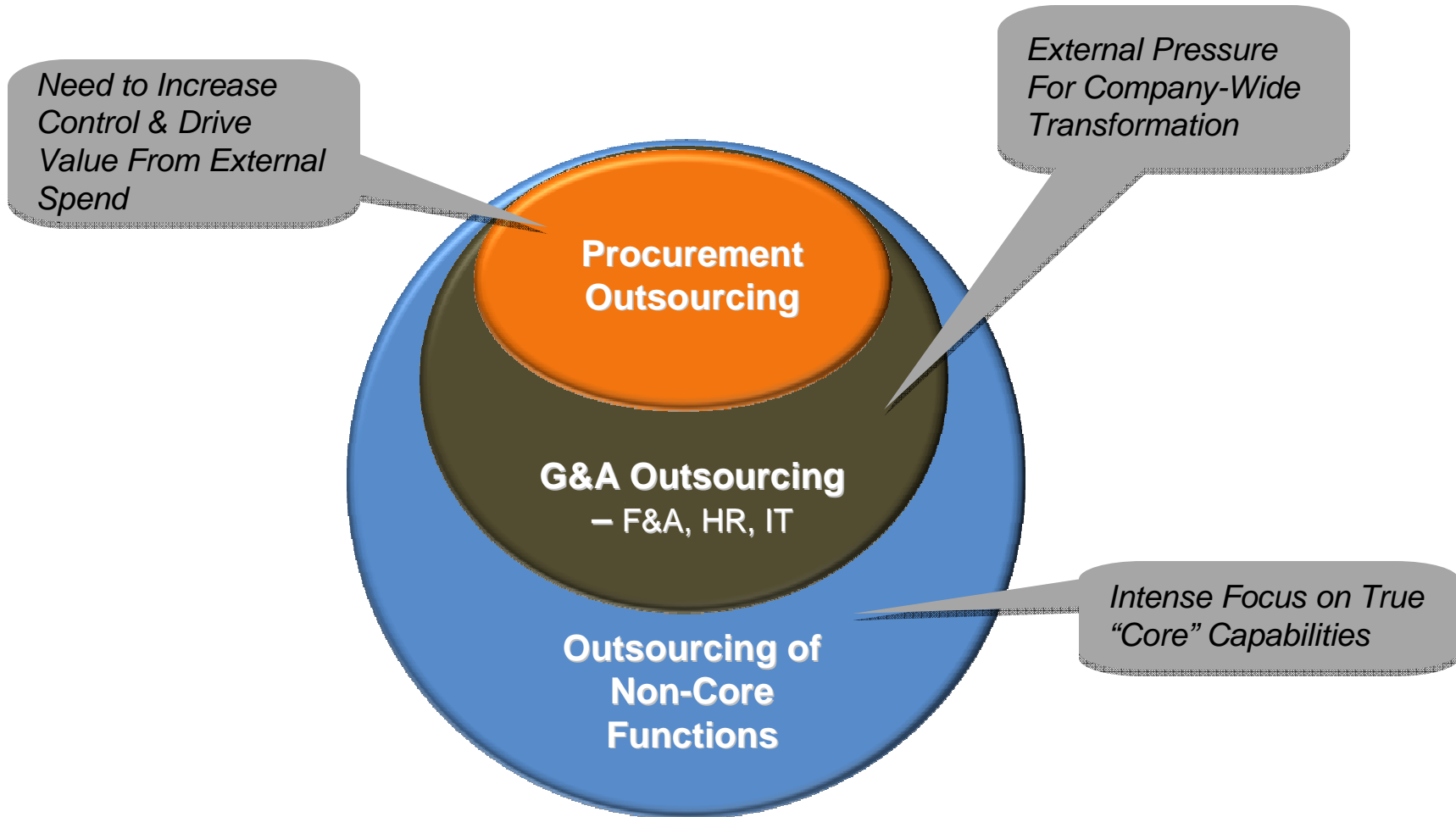


HIGH
 MEDIUM
 LOW

OPTIMIZATION & TOTAL COST OF OWNERSHIP



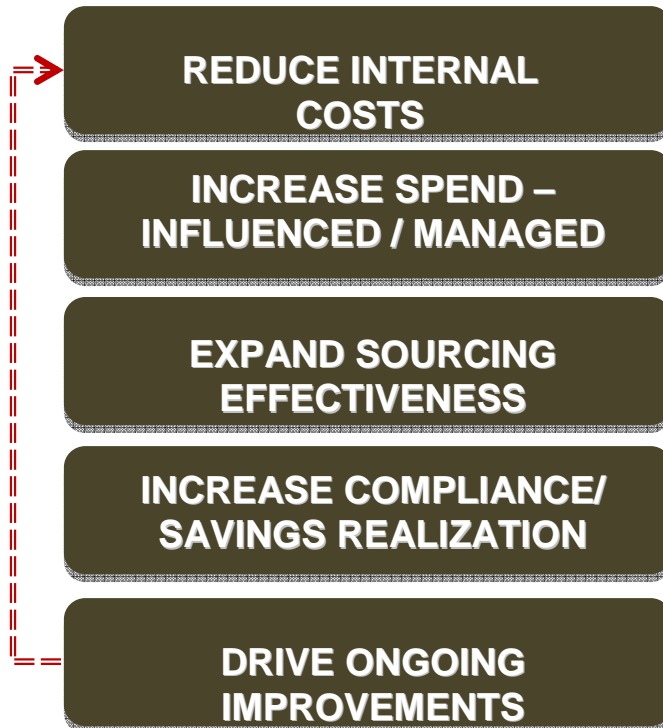
Leaders Are Outsourcing Procurement



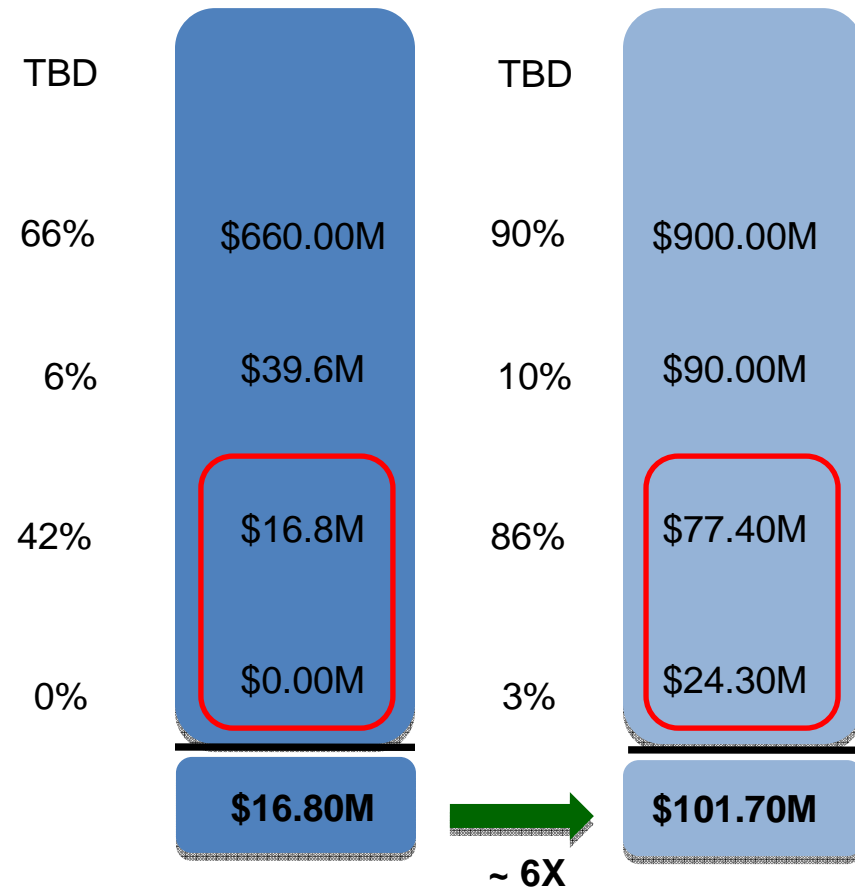
And Driving Cost Reduction Opportunities



CUSTOMER GOALS & OPPORTUNITIES



ILLUSTRATIVE IMPACT ON A \$1B SPEND



Focus On Driving “Incremental Value” Rather Than Just Reducing Operational Costs

WHAT TO RE-STRATEGIZE



Adopt The Right Sourcing Framework



3Cs With Distinct Orientation Around Business Processes Uniting Technology & Operations

COSTS

Achieve Substantial & Sustainable Improvements In Total Cost of Operations

CAPABILITY

Deploy New & Innovative Services That Materially Enable Attainment of Strategic Business Objectives

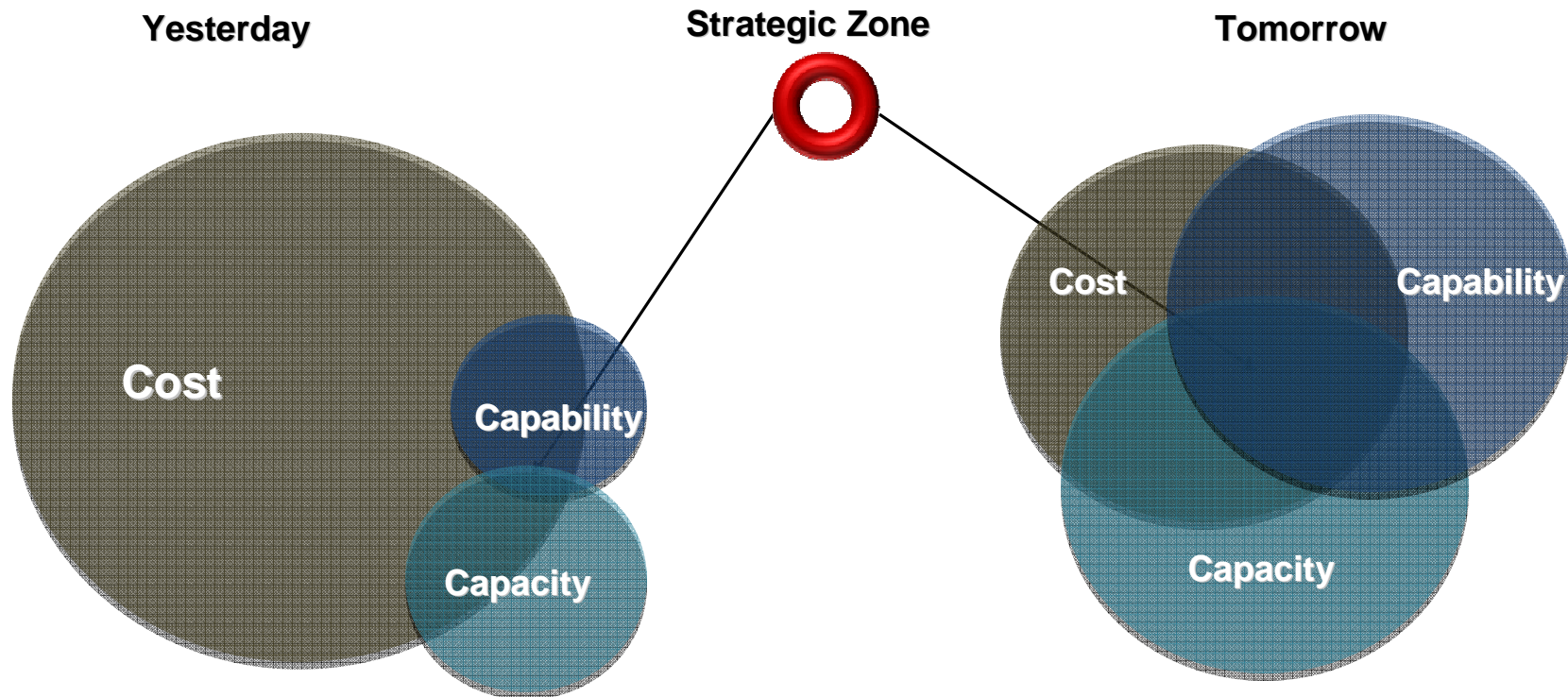
CAPACITY

Provide Access To Resilient & Scalable Sources Of Talent & Infrastructure To Enable Attainment of Business Goals

Transform Your View Of These Attributes



3Cs With Distinct Orientation Around Business Processes Uniting Technology & Operations



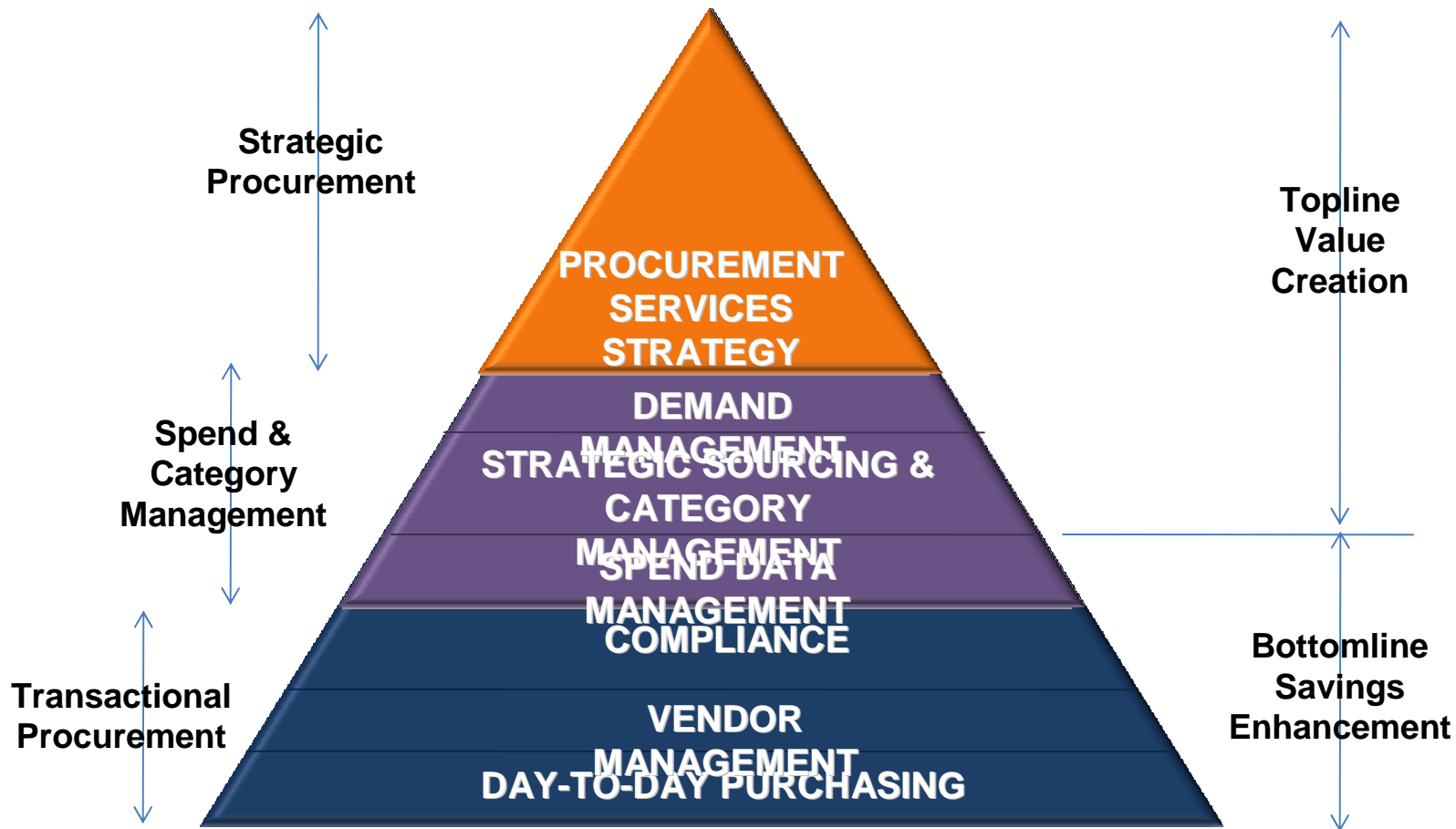
COST IS KING

- Near Term Cost Attributes
- Access To Skilled Resources
- Effort Oriented, Rather Than Productivity Driven

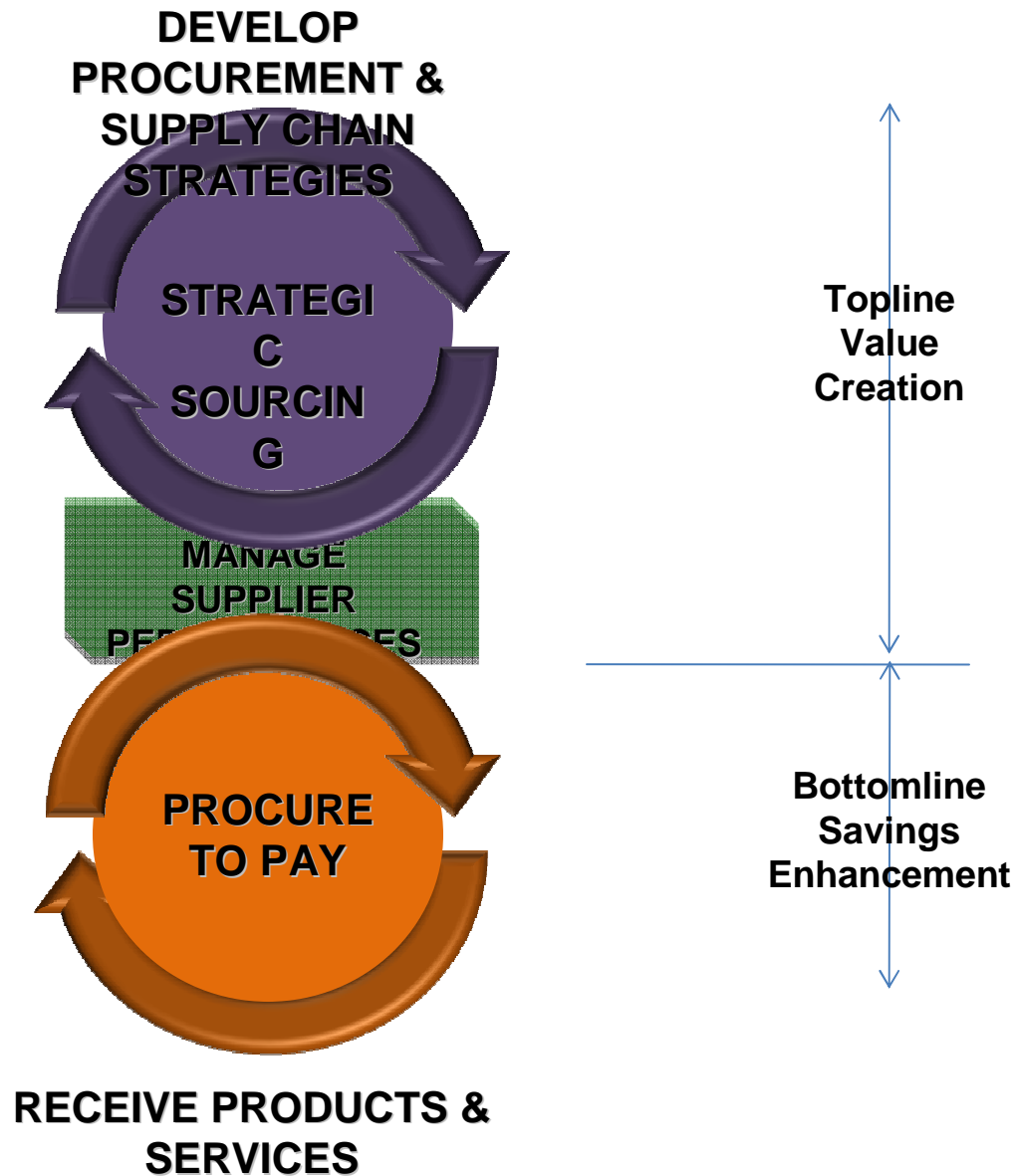
COMPOUNDING EFFECT

- Relative Equilibrium Among Sourcing Imperatives
- Capability Prominent For Buss. Value Decisions
- Greater Client-Provider Collaboration

Make Procurement A Strategic Sourcing Initiative



Resulting In A Transformed Procurement Function





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