

## 2010 IT Services & Outsourcing Summit: Up Close & Personal

*The Second Annual IT Services & Outsourcing Summit on November 4, 2010 brought together close to 150 IT Services executives, business owners and investors for an afternoon of learning and sharing contacts at the St. Regis Hotel in Atlanta, Georgia. The event was co-sponsored by Childs Advisory Partners and executive search firm CTPartners.*

Sponsored by Childs Advisory Partners and executive search firm CTPartners, panel-led discussions on Outsourcing, Healthcare IT, Federal IT and Entrepreneurship encouraged questions, and established professionals were glad to supply answers as well as insightful experience and predictions.

Jim Childs, Managing Partner of Childs Advisory Partners, and CTPartners' Adam Prager, Partner and Head of Global Professional Services Practice, kicked off the lunchtime event by welcoming senior representatives from these high growth companies (\$20-\$500 million in annual revenues) as well as the heads of larger firms and investors in attendance. Childs and Prager also served as moderators throughout the event.

Childs delivered the opening salvo, touching on changes in "progressive" mid-market service firms who are becoming more vertically oriented and highly specialized, and predicting that the "big four" (PricewaterhouseCoopers, Deloitte, KPMG and Ernst & Young) will "storm back." Also, he noted a fundamental change in the way we work will greatly impact the industry: "America is becoming a nation of freelancers," said Childs. "People want to work for themselves," leading to "flexible models/ implementation of skill sets."

"Offshore players have traditionally done well when the economy is tough," said Childs, providing an overview of data research, stats and success stories, like that of Atlanta-based Insight Global. Started 10 years ago by three friends, the IT staffing solutions company was bought by Harvest Partners earlier this year. "Globalization is here to stay," he noted. But "global" does not always mean India as "American clients are increasingly saying it has not always been all that was promised. China and South America, (offering the same time zone as U.S.) have advantages as well...India is not the only answer."

Mike DeSimone, leader of CTPartners IT Services & Outsourcing Practice next introduced keynote speaker Deborah Kops, Founder and Managing Principal of Sourcing Change, who shared years of knowledge and experience as she discussed Outsourcing, which she described as "a revolutionary industry."

"CEOs do not want as part of their legacy that they 'outsourced' part or all of a company," she pointed out, and companies should be mindful of the balance of power. "We are taking over parts of certain companies." Factors like consolidation, data security and client fear of a "change in the culture" or



## 2010 IT Services & Outsourcing Summit: Up Close & Personal (continued)

possible mergers also need to be considered, said Kops, who is a former Founding Partner of PwC's BPO unit. "There is a fear of unintended consequences," she noted.

Interestingly, Kops pointed out that generational differences could make for "much greater divisions" than globalization for the next 10-15 years, as an older, less internet-savvy workforce begins to retire. "We acknowledge culture, but we do not acknowledge the age gap."

The first panel discussion focused on "The Evolution of Outsourcing Models – ITO, BPO & AO," and Atlanta-based Neil Brigham, Partner and U.S. Leader of Advisory Global Sourcing of KPMG, examined the tremendous opportunities in Outsourcing/Offshoring. "Your success is limited only by your vision and your ability to innovate," he avowed. "Anything that can be digitized can be done somewhere else."

Brigham praised India's youthful workforce (60 percent are under age 30, a sharp contrast to the U.S.), and pointed to companies like IBM, who employ over 100,000 employees there. "The fiber of their being is success," he said, "while here we set expectations lower and lower...they believe they can create something new."

Panelist Scott Staples, Co-Founder and CEO, Knowledge Services of MindTree Ltd., an IT/KPO Outsourcing company with 9,000 of its total 10,000 employees overseas, was confident his company's

investment in India has been the right one ("We chose to spend our investment dollars where the employee base was.") His advice for growing firms included differentiation, proper market positioning and looking for a way to stand out in the crowd. "Our strategy is to tell our prospects to 'take a look at everyone else and come see us last.' Think about why people want to work for you," said Staples.

MedQuist President and CEO, Peter Masanotti, related his experiences in Outsourcing to Healthcare IT, specifically in hospital/clinical documentation. "Our organization is completely virtual" he said, citing wage compensation, skill sets and security challenges the company has encountered in India. Additionally, gauging a productivity ratio helps ensure workers are being used in the right way. "The most critical thing you can have in a production environment is 'first time right.'"

"Hot Sectors": Healthcare IT, Federal IT and Interactive Marketing were the topics for the next panel, with Mike Sweeney, President of maxIT Healthcare, Teresa Bozzelli, Vice President and Managing Director, Sapient Government Services and Chris Dalton, President and CEO of Acquity Group, offering their respective insight.

Outlining the \$78 billion Federal IT market (with another \$25 billion in state and local government), Bozzelli said the shifts in government spending will change the marketplace for government contract work, but that it is "still one of the most



## 2010 IT Services & Outsourcing Summit: Up Close & Personal (continued)

stable markets out there.” While less Defense Department spending is predicted, spending in Health and Human Services, and the Departments of Commerce, Homeland Security and Education will increase. Other areas to watch will be the Veteran’s Affairs (VA), National Archives and the Small Business Administration (SBA), she noted.

An improved flow of communication between citizens and the government will also lead to new opportunities in IT, said Bozzelli, citing more participation and the current administration’s commitment to open Internet, bridging the “digital divide” and government technology reform operations. “Government is now another element of life – not a separate entity,” she said.

Interactive Marketing Specialist Chris Dalton, President and CEO of Chicago-based Acquity Group, said his company exists in a “very exciting space,” especially as new market opportunities are created with newer, faster devices like the iPad. “Our clients want to reach global markets,” said Dalton, adding that Interactive Marketing will grow to \$55 billion and will represent 20 percent of all marketing spending by 2014. “There is no geographic boundaries,” he noted, citing foursquare as an example of the growing area of location-based marketing, which can help steer interested consumers toward businesses based upon their location and cooperative use of electronic devices.

The podium was retired for the last panel of the day, and three uniquely-qualified entrepreneurs offered informal tips to current and future business

owners. Described as a “bootstrapper,” a “high-class start-up executive” and a “hired gun” by Childs, the three men represented different approaches to business ownership in the IT industry.

Anil Kumar (the “bootstrapper”), CEO and Chairman of Quinnox, came to the U.S. as an immigrant 20 years ago and achieved success in a Michigan-based consulting services business which he and several others took public. However, despite generating over \$13 million in annual revenues, he and others “lost everything” in September 1996, transforming his career with the ultimate learning experience. “I realized in every failure there is something good you can take away,” said Kumar, who approached his next venture with partnership in mind. “You always have to have the interest of the other person above your interest,” he offered. “Believe in your partnerships – trust them much more than yourself.”

Lee White (the “high-class start-up executive”) went from being an IBM executive and KPMG Partner to Co-Founder of a technology-based consultancy, AnswerThink Solutions (now known as Hackett Group), which grew from scratch to \$250M, before taking on his current position as a Private Equity Operating Executive with Gryphon Investors. White noted that personal relationships and chemistry can play a key a role for entrepreneurs: “You’ve got to have shared vision,” he told the group. “The services business is all about people.”



## 2010 IT Services & Outsourcing Summit: Up Close & Personal (continued)

Attendees were entertained by “hired gun” Brendan Keegan, President and CEO of Worldwide TechServices as he related his tales of “fixing” troubled IT Services companies for equity investors. Having a plan ready, always offering up-to-date communication and setting specific completion dates for projects are just a few of the tips he offered. Keegan learned from experience not to “assume what worked at your last company is going to work at this one,” and that one of the first steps in solving problems is to listen, not to talk. While part of his job involved letting certain employees go, he also offered advice in handling this sensitive task: “I try to start by making everyone successful. Otherwise it would be like trying to bake a cake without the right ingredients.” (He ultimately ends up keeping about 80 percent of the original management team, he noted.)

Professionals from around the country agreed the forum offered a uniquely personal perspective on the IT Services & Outsourcing industry, with the “Entrepreneur” panel a particular highlight. “I enjoyed hearing from people who have been on both sides – some have transitioned and become investors” -- said attendee Shouvik Bhattacharyya, Chief Executive Officer of Adea Solutions in Dallas, Texas. “They were much more candid about their experiences and culture than I expected them to be.”

Ranjini Poddar, a native of India who is a Co-Founder of the mid-sized (over 4,000 employees) IT staffing firm Artech Information Systems based in Cedar Knolls, NJ, found the first panel’s

discussions of the Indian workforce and middle-management challenges of interest. As a busy business owner, she appreciated the chance to network and share ideas with like-minded executives. “This is a good way to see what is out there and what people are talking about.”

Moving forward, Childs and CTPartners are considering rotating the event to other geographic locations to meet national demand, transition to a bi-annual versus annual schedule and potentially mix-up the panelist approach with other presentation models. One thing remains certain -- that change in the IT Services and Outsourcing landscape will remain a constant, necessitating forums like this event to ensure a means to share best practices, anecdotal “war stories” and contacts.

### **For more information about CTPartners and Childs Advisory Group please go to:**

#### **CTPartners (Headquarters)**

1166 Avenue of the Americas  
3rd Floor  
New York, NY 10036  
[www.ctnet.net](http://www.ctnet.net)

#### **Childs Advisory Partners**

10 Glenlake Parkway  
South Tower, Suite 375  
Atlanta, GA 30328  
[www.childsadvisorypartners.com](http://www.childsadvisorypartners.com)