

**R**ECENTLY AN INSURANCE company brought its board to a meeting at Mumbai, India-based **WNS (HOLDINGS) LTD.** (WNS). The goal, say WNS executives, was to express the role that outsourcing must play in its strategy. “That’s where we come in,” says Neeraj Bhargava, CEO of WNS, a business process outsourcing (BPO) company. “It’s critical to embrace outsourcing. Without it, it will be very hard for companies to compete.”

WNS projects that by 2010 more than 2 million jobs will be sent offshore from the U.S. alone, generating savings of up to \$2 billion annually. WNS says it is prepared to help new companies explore BPO services. The company says it performs more than 600 business processes, including customer-relationship management, accounting and claims processing, servicing clients in travel, insurance, health care and retail, as well as financial, professional and legal services, at offices in five countries.

Bhargava, who co-founded WNS and became CEO in 2004, advises CEOs to determine which of their companies’ activities are core (and should be done internally) and which could be done by others to save time and resources. WNS, which reported net revenues of \$290.7 million in 2007, helps its clients with that task.

Bhargava, 44, received a BA in economics from St. Stephen’s College at the University of Delhi and an MBA from New York University’s Stern School of Business. He says he is excited to help his company take on more BPO activities. “I’m lucky to be in a place where I don’t have to worry about finding a place to grow,” Bhargava says.



# OFFSHORE ADVANTAGE

*WNS's Neeraj Bhargava says CEOs in all industries must embrace outsourcing to remain competitive.*

BY LAUREN DONALDSON

## » How should a CEO begin the outsourcing process?

First, review your company's strategy, market position and cost position to determine how your company stacks up against competitors and where it needs to make improvements. Separate your company's activities into two categories: core and noncore. Sometimes you'll find that it makes sense to keep some of your noncore activities in-house. For example, WNS recently examined its IT capabilities. We found that our delivery is cost-effective and good for the company. Although IT is not a core operation for us, it wouldn't make sense to outsource it.

## What other factors affect outsourcing decisions?

When we take on a new client, we look at two variables to assess what the company could outsource: core versus noncore processes and the potential risks associated with moving a particular operation to a different company or country. After completing these two assessments, we develop a road map that shows how the company can commence an outsourcing program, the necessary steps over a three- to five-year period and how to attain the ultimate goals.

It's important to consider the appropriate country for your outsourcing operations. India is a good choice, particularly for companies from the U.S. and the U.K., because the people are well educated, speak English and are hard-working. If you operate through other European

languages, you might consider countries like Romania. The Philippines is great for customer service. I think Africa will become a big player in outsourcing in the next four to five years.

## How did WNS develop expertise in multiple industries?

We initially started in the travel industry when British Airways set up WNS as a captive operation in 1996. Then we began providing insurance processes through an acquisition. That helped get us into banking. More recently, we've been working with retail investors. In a nutshell, our growth has resulted from a 12-year evolution. When we establish a new service line and

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attract a few marquee clients in an industry, we put a boundary around that group and form a new business unit with people who have a background in that industry. For example, we inherited our stake in the travel industry by acquiring a piece of British Airways. People who specialized in that industry run the travel unit and helped us drive that business from annual revenues of just over \$65 million in fiscal 2006 to more than \$100 million in fiscal 2008.

While the industries we serve have very specific domain knowledge, our business units need to operate as part of one company. We bind the groups together through common methodology. It's important to ensure that all teams have the same approach to conducting themselves. Keeping the processes in sync is what glues the company together.

## What are the biggest challenges WNS will face in the next five to 10 years?

Our challenges are the result of our growth. When a company spreads out geographically and takes on more activities, the complexity of its business increases. Dealing with growth and complexity at the same time puts a lot of demand on how a company structures its team. If there's anything that keeps me up at night, it's how to ensure we have enough of the right people to manage our growth opportunities.

## Outsourcing has become a sensitive topic for U.S. employees. How can CEOs justify the practice?

Studies of the U.S. economy have shown that outsourcing does not increase unemployment. It does the opposite. Moving noncore activities saves money that gets reinvested in growing businesses that create new jobs. In the 1970s and 1980s, the bulk of U.S. manufacturing jobs relocated to Asia. But over the past 15 to 20 years, the U.S. experienced phenomenal economic growth compared to other countries. The U.S. filled the void left by the migration of manufacturing jobs with new jobs in growing industries.

The real issue is anticipating what new jobs will be created and adjusting your skill base accordingly. This is hard to explain to someone who is losing a job, but ultimately outsourcing helps a country's economic advancement. ■