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KPIT Cummins Infosystems Limited

White Paper - Outcome Based Business Model for Enterprise Software Support

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1. Introduction

The Outsourcing Industry has evolved from its nascent phase in the '90s to having a very mature delivery model now. Along with this evolution, there has been a significant change in customers' expectations. The economic downturn of the past 1 year has created tremendous pressure on customers to develop new business opportunities in the face of stiff competition, as well as increase profit margins by optimizing operating costs. As a natural outcome of this, the Outsourced partner's revenue is under pressure and the Partner needs to become leaner and more cost-efficient.

Back in the 90's, customers typically looked at Indian companies for on-site engagements, and the cost benefit in comparison to their local Contractors. Availability of a vast pool of skilled engineers was also an important factor. However, post Y2K and the dotcom burst, customers' interests have shifted towards project management and offshoring. Thanks to the external pressure, the current trend is that customers are ready to pay for only what they get as a 'final product' and this has created a significant demand for Outcome-based pricing.

This calls for a big change in the way the Outsourcing Industry works currently. It will have to be different in terms of competency and must demonstrate a strong value proposition to the Customer. It will have to reinvent itself significantly, and be prepared for major changes in basic competencies, especially in the following areas:

- *Strong rigor in basic processes like project, customer and process management*
- *Higher domain/product knowledge and the ability to understand customers and their issues*
- *Significant improvement in productivity through more efficient operating models*

All this calls for a significant change to the Outsourcing Industry's DNA, especially from the quality aspect.

To begin with, Delivery must be highly performance oriented, especially in the **Enterprise Software Support** domain where the Outsourced Partner works with the end-user of an Enterprise Product Company (the Customer) and delivers the required Product support.

To read the full white paper, please contact us on the following email:

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