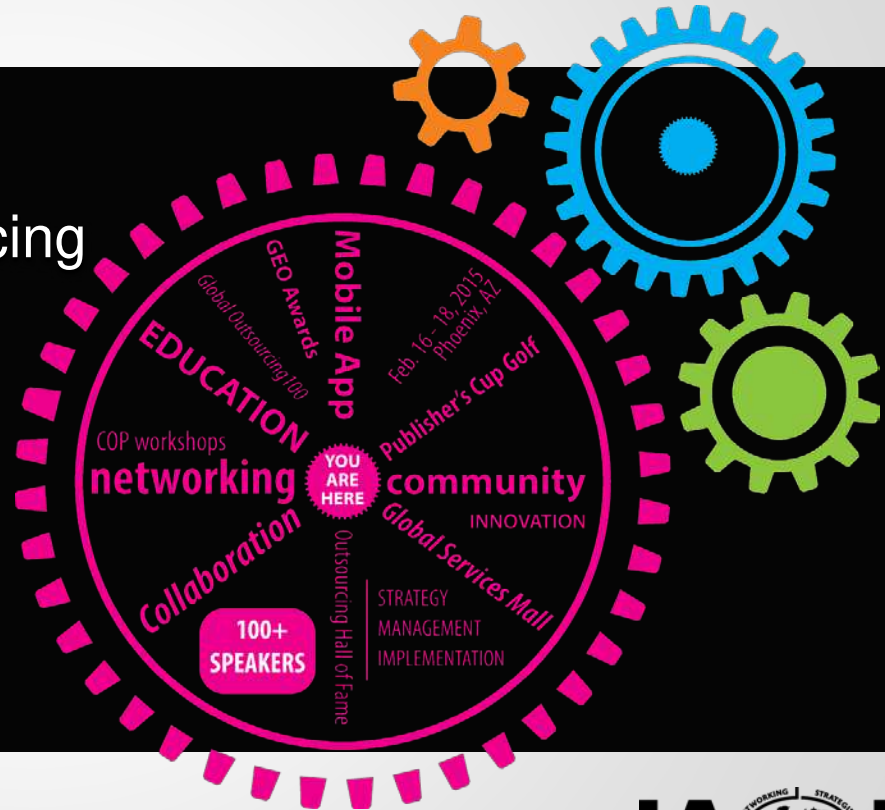


The **2015** Outsourcing World Summit®
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Business Case for Impact Sourcing

Mamadou Biteye | Managing Director
The Rockefeller Foundation

Eric Simonson | Managing Partner, Research
Everest Group



Today's panelists



- **Tim Hopper** | Responsible Sourcing Manager | **Microsoft**
- **Curt Swaggart** | Senior Offshore Vendor Manager | **Ancestry.com**
- **Michael Chertok** | Chief Business Development Officer | **Digital Divide Data**
- **Mark Pfeiffer** | Executive Vice President | **Teleperformance**

Why should you care about Impact Sourcing?



Creates business benefits

- **Costs and performance comparable** to traditional BPO
- **Attrition rates 15-40% lower** and stronger employee engagement
- Where applicable, provides **greater access to local markets** and culture which can enable business opportunity

Helps Impact Sourcing workers

- **Who**
 - Economically disadvantaged: low income areas, lack access to jobs
 - Socially disadvantaged: minorities, gender groups
 - Persons with disadvantageous life circumstances: disabled, health limits
- **Results**
 - Income increases 40-200%
 - 3-4 family members benefit
 - Communities strengthened

Others are already successfully using Impact Sourcing

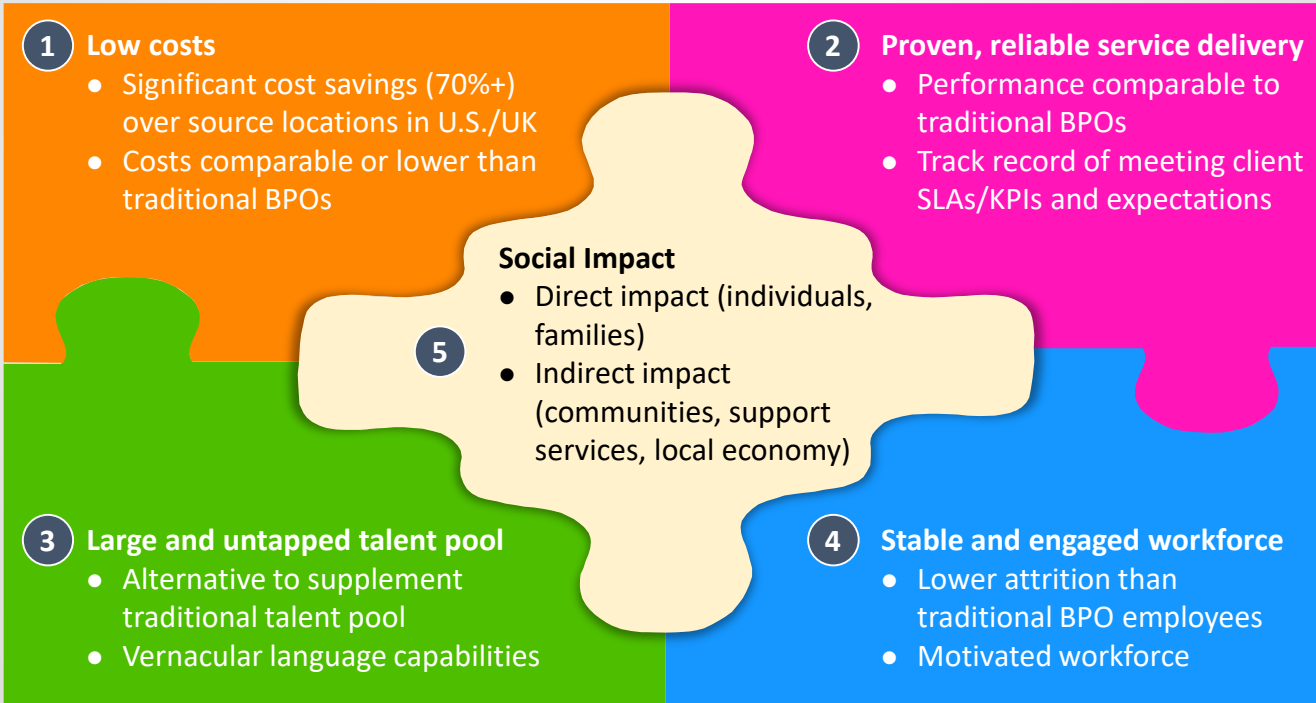
- **Leading ITO-BPO provider:** *“We have hired 2,500+ impact workers till date and attrition among these workers has been 20-35% lower than regular hires...”*
- **Buyer:** *“Our service has stayed the same or even improved”*

There are four segments of companies using Impact Sourcing



Buyers	<ul style="list-style-type: none"> ● Direct hiring of IS workers by the parent or shared services organization ● Indirect hiring by influencing service providers to use impact workers 	<ul style="list-style-type: none"> ● Metropolitan Health ● Microsoft ● First Rand Bank ● Standard Bank ● Ancestry.com
Traditional BPOs	<ul style="list-style-type: none"> ● Direct hiring of IS workers, largely unintentional ● Indirect hiring by using specialist IS providers through sub-contracting 	<ul style="list-style-type: none"> ● Aegis ● Fullcircle ● Infosys ● Serco ● Teleperformance
Impact Sourcing Service Providers	<ul style="list-style-type: none"> ● Pure play impact sourcing service providers (ISSPs) which employ only impact workers to serve their clients ● Service aggregators which act as a bridge between ISSPs and their clients 	<ul style="list-style-type: none"> ● Cloudfactory ● DDD ● Head Held High ● Samasource
Training Institutes	<ul style="list-style-type: none"> ● Training institutes that offer programs targeted towards individuals from disadvantaged backgrounds ● Could be either part of internal organizations or external 	<ul style="list-style-type: none"> ● Careerbox ● Harambee ● Impact Sourcing Academy

The value of Impact Sourcing is business process service delivery but with optimized enhancements



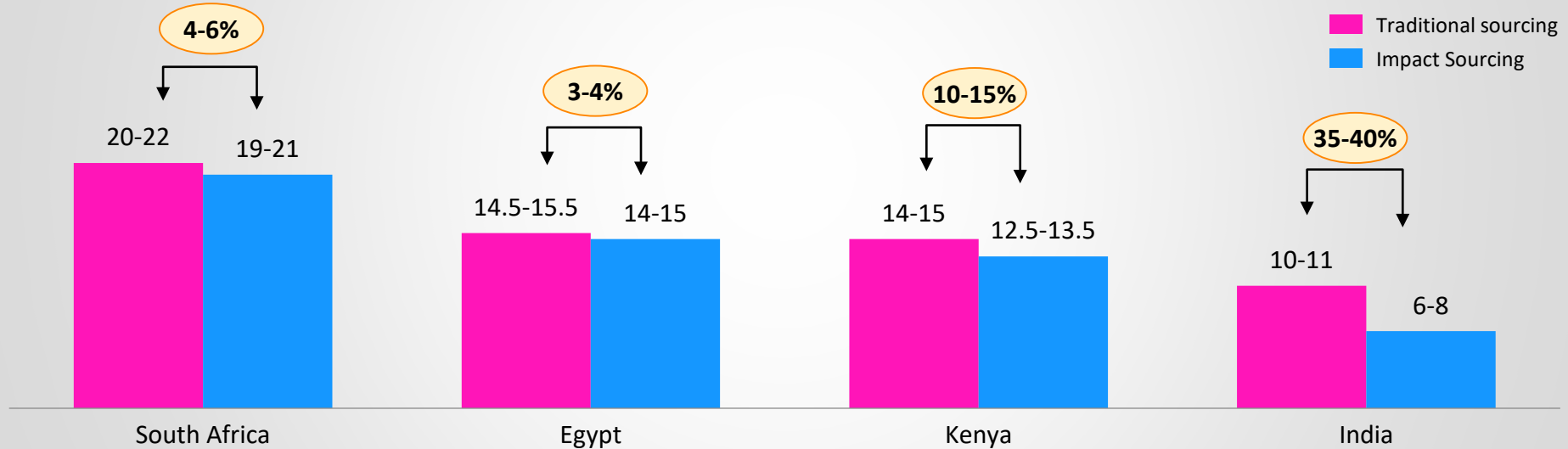
Impact Sourcing offers significant savings compared to traditional BPO

1



Fully loaded operating cost for English non-voice transactional BPO¹
2014; US\$ '000s per annum per FTE

DOMESTIC SOURCING EXAMPLE



Differences driven by lower rate of attrition for impact workers and location leverage (e.g., tier-3/rural location) – not lower compensation for individuals

Impact workers have 15-40% lower attrition than traditional BPO workers

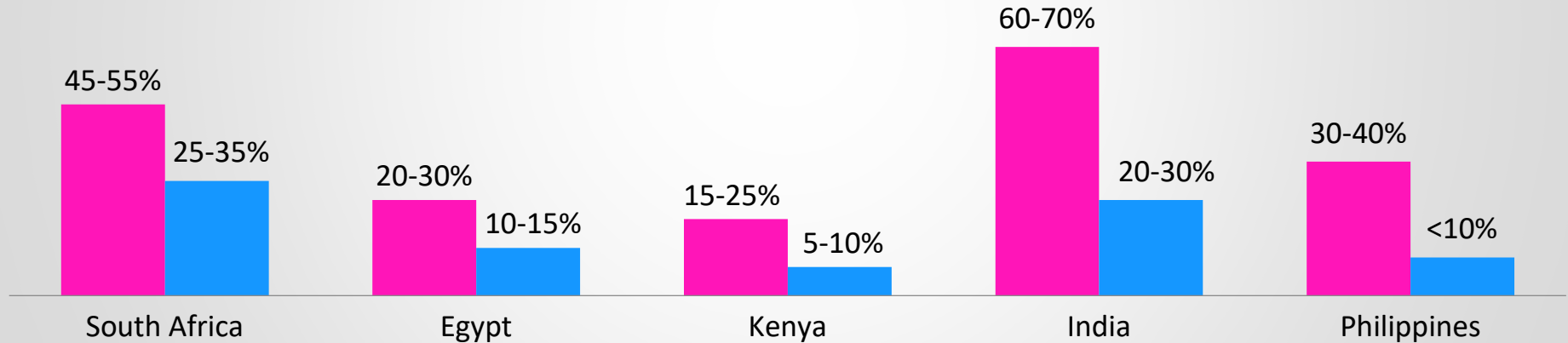
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Comparison of annual attrition rate¹
2014; Percentage

VOICE/TRANSACTIONAL BPO

■ Impact Sourcing
■ Traditional sourcing



¹ Based on attrition rates for voice/transactional BPO for steady state operations

Impact Sourcing provides substantial benefits to impact workers, related individuals and the broader economy

5



Benefits to community/economy

- Economic impact of 3.5-4.0x of direct income
- **Up to 3x increase in discretionary spending**
- Improved employability
- Increased spend on community development

Benefits to related individuals

- Benefit to 3-4 related individuals
- Increased in spend on family and household requirements
- **Higher investment in child health and education**
- Improved family relationships

Benefits to impact workers

- First time job opportunities
- **40-200% increase in income**
- Increase in personal expenditure and savings
- Professional development and opportunities for growth
- Increase in confidence levels
- Reduced tendency to migrate

There are multiple roles that impact sourcing can play in the global sourcing portfolios of buyers and BPOs



Enable further optimization in global service delivery

- Achieve lower costs
- Absorb demand fluctuations and provide flexibility
- Free up internal bandwidth for higher order work

Competitive advantage in domestic sourcing

- Access large, untapped talent pool with vernacular skills
- Achieve lower rates of attrition
- Support global companies entry into domestic markets

Provide geographic diversification

- Enable country diversification
- Enable diversification within a country (e.g., into tier-2/3/4 cities)
- Support entry into new business markets in developing world

Help achieve CSR objectives

- Achieve supplier diversity
- Create employment for disadvantaged communities
- Help improve CSR objectives

Summary messages



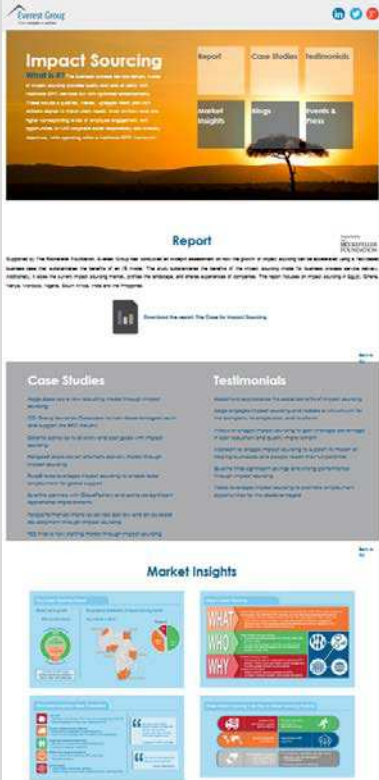
1 Impact Sourcing (IS) market is large accounting for ~12% of the BPO market and is growing faster than overall BPO

2 IS offers a unique proposition relative to traditional BPO anchored on attractive costs, comparable performance, access to an untapped talent, and opportunity to create social impact

3 Impact workers offer more stable and engaged workforce than traditional BPO workers

4 Impact Sourcing can play multiple roles in the global sourcing portfolios of companies

Resources available | research.everestgrp.com



Investor focused report

- Impact sourcing market landscape
- Customer and services segments
- Cost savings offered by impact sourcing
- Performance of service delivery
- Total economic effect of impact sourcing

14 case studies & testimonials

- Includes organizations such as:
 - Accenture
 - Aegis (SA)
 - Deloitte
 - Infosys
 - Microsoft
 - Pangea3
 - RuralShores
 - TCS
 - Teleperformance (SA)
 - Valeo

Materials available at: <https://research.everestgrp.com/offerings/impact-sourcing>

Contact impactsourcing@rockfound.org or info@everestgrp.com for more information

Reads blogs at: www.sherpasinblueshirts.com

