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Introducing a Build Operate Transform Transfer (BOTT) Model to Accelerate Global Shared Services Delivery

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Introduction

Competence in all areas of business is challenging to achieve for any company and to scale up fast enough to keep up with the competition is nearly impossible.

The ever-changing technological landscape requires skill sets that morph too rapidly and often unpredictably. This reality is changing how the market perceives and purchases services necessary to run critical business functions.

Experience has shown that transformation can be a struggle for many businesses. Adapting to disruptive market forces and rapidly changing needs of the organization may require innovative service delivery models that balance the development of in-house capabilities with the utilization of external expertise. Implementation of a Build Operate Transform Transfer (BOTT) model can assist and facilitate sustainable transformational change. In this article, we will delve deeper into what is a BOTT strategy and how it enables this for your company.

What is the BOTT Model of Global Shared Services Delivery?

The BOTT Model for global business services delivery has opened a radically innovative concept in the world of outsourcing.

It allows client organizations to tap into the expertise of a service provider to set up, optimize, and transform their IT and business functions, all while ensuring that the operation can be transferred back to the organization as a shared services center. By leveraging secure physical space in low-cost countries such as India, this model allows for the ready availability of seed technology, operational talent, and leadership to jump-start the shared services journey for the client organization.

In the BOTT model, the service provider hires and deploys operational talent and leadership to serve the client organization exclusively. These resources are subject to the service provider's own talent standards but are seamlessly integrated into the client's teams, following their ways of working, methods, and processes. The service provider also deploys leading practices and outside perspective to transform the processes, delivering efficiencies through process and technology transformation initiatives like RPA.

However, what really sets the BOTT model apart is its commitment to a long-term partnership between the service provider and client organization. Within defined periods, the service provider will work to build capabilities and talent that can be transferred to the organization, culminating in the client organization offering employment to the service provider's operational resources and leadership on an agreed schedule. This creates a true win-win situation, where the client organization gains the benefits of a shared services center while the service provider is rewarded for their expertise and contribution to the client's success.

How Does BOTT differ from Traditional Shared Services?

While traditional BPO models may seem like a quick fix for outsourcing services to gain efficiency, they fall short in terms of providing real value and true collaboration between the service provider and client organization.

BOTT, on the other hand, represents a radical departure from this outdated model by providing a true partnership agreement where both parties share governance and management control. This innovative approach allows for full integration of talent with the client's businesses, creating a more dynamic and responsive relationship. Additionally, the BOTT model offers higher transparency in pricing and margins, giving the client organization more control over their finances. With BOTT, clients are not just outsourcing services, but are investing in a long-term strategic partnership that will drive real business value and transformation.

Additionally, in a traditional BPO model, the service provider owns the Automation & Digital Infrastructure developed by the service provider for transformation and the scope of transfer is limited and is dependent on Licensing agreement between the parties. However, the BOTT contract is tailored so that client organization will eventually gain full control of automation, digital tools and IP developed, making the necessary investments throughout the contract.

The graphic below highlights the differences between Traditional BPO Model and BOTT Model:

Key Differentiators	Traditional BPO Model	BOTT Model
1 Nature of the agreement	Vendor services contract	Joint partnership agreement
2 Governance and management control	Vendor	Client or Vendor
3 Integration with the enterprise	Third-party; Contractual	Integrated; Colleagues
4 Pricing transparency and operating margins	Margin not disclosed (pay for contracted service)	Full margin transparency and flexible scope
5 Operating control (1) (e.g., recruiting decisions)	Limited	Full control; (e.g., hiring to client specification)
6 Automation, I/P and digital infrastructure(1)	Owned; Limited transfer	IP is tailored and built with intent to transfer; Licensing for infrastructure
7 Talent transfer (1)	Limited rebadging	Seeded/Hired to specification with intent to transfer

(1) Applies to BOTT

Key Considerations for BOTT Model

Deciding to go with the BOTT model can be a complex undertaking that requires careful planning and consideration.

Success of BOTT is highly dependent on initial solution developed by service provider in partnership with the client. Here are some of the key considerations to keep in mind when setting up a BOTT:

1. **Archetype**: Assisted, greenfield or white label model
2. **Location**: The location of the delivery centers is an important consideration, as it can impact factors such as cost, talent availability, and language skills. Companies should consider locations with strong service provider presence that can offer favorable tax and regulatory environments, a large talent pool, and access to necessary infrastructure. Factors like time zone differences, language proficiency, and cultural similarities should also be considered.
3. **Facility**: The facility in which the shared services center will operate is another key consideration. It is important to ensure that the facility is fit for purpose, with the necessary infrastructure, equipment, and security measures in place. Certain decisions such as buying vs. leasing the facility and title ownership will need to be made as the organization embarks on the BOTT model.
4. **Financial Terms**: The service provider and client organization should align on the financial terms underpinning the model (e.g., different cost headers associated with setting up and operating the center, who will pay and when). Typically, “Pay as Incurred” model have been widely adopted where client pays for the services and investments as they are made by the service provider.
5. **Intellectual Property Ownership**: Intellectual property (IP) ownership is another important consideration for shared services centers. Companies must determine at the outset who owns the intellectual property developed by the center and how it will be utilized after the transfer of the processes back to client. By sharing the gains from efficiency with the service provider and ensuring any investments are borne by client organization, the ownership of IP can be retained by client.
6. **Scope of Services**: The client must determine the scope of services which encompasses the functions and domains of technology related services to be delivered through the center based on skilled talent availability, cost-effectiveness, complexity of services and areas of strength of the service provider.
7. **Scale**: Finally, the scale of the center is a key decision that both client and the service provider should decide on early to ensure appropriate decisions are made regarding facility buildout, technology setup and financial terms.

The choice between a BOTT model, pure play outsourcing or setting up their own shared service center (captive) depends on several factors such as the presence of organization in low-cost countries with abundant talent availability, long-term goals of the organization, budget, and the degree of control desired by the organization. While pure play outsourcing provides a quicker solution for organizations looking to cut down on costs and reduce the burden of managing non-core functions, it can also lead to a loss of control over the outsourced processes and potential quality issues. Conversely, a BOTT and captive shared services model allows organizations to have more control over the processes and build an organization that will enhance its own capability to deliver services. However, these models require more investment and resources upfront and a longer-term commitment. A thorough evaluation of the potential benefits and drawbacks of each approach should be conducted to ensure that the chosen model aligns with the organization's goals and overall strategy.

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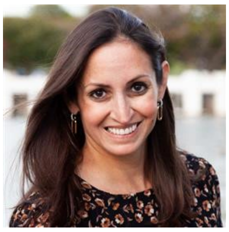

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