

Industry Leader Q&A

Xerox's Chief Process Officer Discusses Transformation and Affecting Change Inside Client Organizations

Frank Casale: Let's start with your role. What does a Chief Process Officer do?

Gregory North: It's a position we created to reflect what Xerox sees as a shift in the marketplace, with process at the center. Xerox has a long history of helping businesses to solve problems through a diversified portfolio of offerings and solutions. By increasing technology, we revolutionized the way the office was designed and how office work was executed, which was ultimately a very big shift in process.

The simplest way to describe a service offering is as an end-end process, from the initial meeting with the customer to the moment of service or product delivery. But all the things that happen in the middle are process steps.

As CPO, my job is to look at what we do through the lens of process and help the company to look at how we operate as a set of large scale macro processes, which is a strategic play for us moving forward.

Frank: So how much of that is customer facing for you?

Gregory: Much of my role is client facing. I work with clients to talk about not only how our processes work, and theirs,



but going outside of the four walls of their corporation and what the ecosystem of processes is in which both organizations are operating.

Very often we find that when we're thinking about how to optimize our offerings for a customer, we have to go into how they operate and how they work with their suppliers and partners. So, that's one aspect of it.

Another part of it is supporting our people who face customers by providing strategy in terms of the process that supports the customer.

Frank: So, I also know that, I've seen the T-word, transformation, a few times in your bio. And you know, my experience with transformation is often that technology is there, the capability is there, but what tends to get in the way, in many cases are people. And so, from your experience, what have been the lessons learned as far as being the guy leading transformation within an organization?

Gregory: That's a really big but great question. There are so many things you can talk about that are success factors, the five things you should never do, as well as the two or three things you should always do. But the longer I've been in the "capital T" transformation business, helping companies in electronics and financial services and in diversified BPO, the more I believe that some of the paradigms about transformation need to be shattered, and that if you adopt a different mental model about transformation, you can actually make some really cool things happen.

A good example could be people who resist change. I think people resist change when they don't understand it, when they're not sure how it

benefits them. But once the change is understood, those people become excited and they're out in front driving hard and wanting to be part of it.

Another paradigm is that "big things happen slowly" and the thought that if you're going to do a major transformation, whether it's our customers making a shift in how they move to a new service model, or we make a shift in terms of how we operate, these are things that take a very long time. However, in some cases, the biggest changes need to happen very quickly because people need to observe progress is taking place. You don't want to have the change engine start to run out of gas.

If you're going to make a major shift, a culture shift, an operating model shift or a business model shift, you might have to move very rapidly to make sure that top-down people realize rubber has met the road and that the train is moving forward. I think those are examples of instances that are very different than the way I believe people thought about transformation, let's say, five or ten or even 20 years ago.

Frank: When we were just preparing for this discussion, I talked about cost-saving and you said it's not just about cost-saving. And more and more people are looking for business value-add, so what

are you seeing out there as far as what your customers are looking for?

Gregory: Our customers are looking for exactly what you and I, as customers, are looking for: Value. There are two types of value, expected value and delightful value. Expected value is getting exactly what you expect, what you are used to. Delightful value, on the other hand, raises an eyebrow. It's innovative. It's "wow, I didn't expect that to happen." And in a marketplace that can drive us rapidly towards commoditization, as BPO can, there is a race to find ways to create innovative value and anticipate a customer need and create insight.

BPO firms have the ability to start capitalizing on all the data they have in their hands, also known as big data. Companies need to take big data and use it to help customers think about their customers, which is what we're doing, by asking: How do their customers buy? What do their customers value? What would their customers experience be like if they offered something new?

Our job as a BPO provider is to help our customers think about their world and what happens when their consumers walk through their doors and to help find a way to delight that consumer.

Frank: There are a handful of very good BPO players out there, a good many of those players come from an ITO background. Xerox comes from a process heritage, right? Does that give you an edge?

Gregory: We absolutely think it does. Very few companies have the long term commitment to invest in and capitalize on research that Xerox does. So we often introduce innovations that are game changers which are introducing technologies that take an entire business, or business model, to the next level.

In transportation, for example, we're well known for the work we do with our E-Z Pass offering. In this offering, we're introducing our state of the art

capability in optics, which recognizes your E-Z Pass tag, allowing you to simply drive through instead of stopping at the toll, creating an effortless toll lane experience for drivers.



These are things that we're doing that increasingly represent bringing all the power of Xerox's technology and innovation to that improve the "end-client" experience.

Frank: So, we talked about the "T" word before, "transformation". Let's talk about the "I" word now... "innovation".

Within our network, it's tough for me to have a discussion with a member without the term innovation coming up. I can tell you that most buyers, what they discuss, it's more from a perspective of them being frustrated that they claim that their service providers aren't bringing enough innovation to the table, however, I cannot get three buyers to agree on what it is, how it's measured, or who should pay for it. How does innovation play into your discussions and some of the things that you're bringing to the table for your customers?

Gregory: I would say there are three levels in which we create value for our clients through innovation.

The first level is innovation in our offering. So whether it's technology infusion in the offer, or innovative business models, contract models, or ways in which we actually provide service, we

need innovation embedded in our offer.

The second level is innovation in how we help our customers to think about what they do. We spend a significant amount of time with customers through dreaming sessions and innovation workshops designed for them to open the aperture and think big about what's happening in their marketplace, how they operate and what they could do differently, and bring all those insights that Xerox has available, to bear.

The third level urges clients to think about what innovation really means and work on that as a process. In the banking industry, these are the clients that are asking, "What's the branch of the future going to be?", and as they work through that, they want to actually contribute innovative thoughts and ideas. In some cases, they might want to be doing some work themselves. They might want to co-innovate. They might want to create a point of view around how business architecture is shifting by asking: "is it shifting within a certain set of platforms?", or "is it shifting across any given market?". Xerox is a company that loves to partner with innovation.

Frank: We're seeing robotic process automation, some call it autonomics, having a significant

impact on this business model, both on the ITO side and the BPO side.

Are you seeing that, and how do you see this playing out to your offers?

Gregory: Absolutely. We see it and we're driving that curve. If you think about it in terms of asking, "is this something new that companies just heard about?", you know the answer would be "of course not". We've been automating our business processes both in technology and services for a very long time. So instead you should be asking, "how much can be automated?" and "how rapidly and how elegantly can that happen?". So, in terms of a progression, automation, and its impact in BPO over most of my career in services, it has been more arithmetic. Recently it's becoming more geometric.

I think fairly soon we'll see a shift upward occur in the curve again, and it could become exponential. When that happens, there's going to be two kinds of providers in BPO: the ones that understand and drive that curve, and the ones that are going to have a real challenge with the shift in the business model. For us, the most exciting part is what the shifting means in terms of the value that our customers are going to get. That kind of automation creates new types of value that, heretofore, weren't available, and we've got to think of it not in terms of whether it is a threat

to our business model, but more of if it opens the door to creating new ways of doing business that our customers can take advantage of. And we're going to be right there with them, making it happen.

Frank: So, my next question has to do with how familiar is the market with Xerox as a leading BPO player. So we have over 70,000 members globally, and I would bet you that they all know the Xerox name. I wonder though how many of them really know the business that you're leading?

Gregory: When you have a brand that is as associated with a printer or business machine as Xerox has been for many years, with one type of industry as you're shifting, it takes time. I think we made great progress. Xerox is doing remarkable work in BPO. We are the largest and most diversified of the BPO players with a broad global footprint.

We have a broad portfolio of services in BPO including finance and accounting, human capital services, customer care, communications marketing and transaction processing. But if you rotate it 90° we add deep industry insight through where we have dedicated focus such as financial services, healthcare and transportation. Our operating model gives us perspective on two dimensions in a very, very significant way.

Frank: My parting question is, what is your advice to companies out there now that are considering either taking on business process outsourcing centric engagement, or they have an incumbent in place and maybe they're thinking about getting out there, in the marketplace, and fishing around for a new player. What do you recommend to them?

Gregory: My belief is, and my direct recent experience has been, that some of the most sophisticated customers in the BPO space are ones that double-click out until they see the whole picture. They're trying to understand an end-to-end process, which five or ten years ago, was a really new idea.

Now they're trying to see an end-to-end operating model. And they're thinking about their operating model as a process that can be optimized, and they're asking themselves, "what would shared service models be like in this corporation?", "what would that look like?", "how would it change not only what our cost structure would look like, but what would the value to our internal employees be like?", and "what would the value to our external customers be like?"

Because they're thinking in a very macroscopic way like that, they're now opening the door to some very new value that they can generate for their shareholders and for their customers. That's where we believe the great strength in BPO is going forward. It's at the top right of that value transformation equation. And if customers have that sense

of how big the transformation potential can be, then they can look in terms of their total business model.

They can think about their total geography model they have to operate in. They can do some very exciting things to change what their bottom line results look like and they can do it a lot more quickly than when many companies historically believe major change can happen. We love to be part of making great things happen quickly.



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