

About Accenture HR Services

Accenture HR Services, an Accenture BPO business, provides human resources services to enterprises on an outsourced basis. Employing leading technology and best-in-class HR practices throughout our global delivery network, Accenture HR Services works in partnership with clients to transform the way they deliver HR services to their employees, supporting their drive to become high-performance businesses. Its home page is www.accenture.com/hrservices.

About Accenture

Accenture is a global management consulting, technology services and outsourcing company. Committed to delivering innovation, Accenture collaborates with its clients to help them become high-performance businesses and governments. With deep industry and business process expertise, broad global resources and a proven track record, Accenture can mobilize the right people, skills and technologies to help clients improve their performance. With more than 133,000 people in 48 countries, the company generated net revenues of US\$15.55 billion for the fiscal year ended Aug. 31, 2005. Its home page is www.accenture.com.

>
accenture

High performance. Delivered.

Contact us

Christian Marchetti
Managing director
christian.marchetti@accenture.com
+33 1 53 23 55 91

Michelle Adelman
Global Strategy, Sales,
Solution Management lead
michelle.r.adelman@accenture.com
+1 973 301 3014

John Hindle
Global Marketing & Communications lead
john.hindle@accenture.com
+44 7841 781535

Copyright ©2006 Accenture.
All rights reserved.

Accenture, its logo, and
High Performance Delivered are
trademarks of Accenture.



Client success story

BT's journey to high performance

>
accenture

HR Services

• Consulting • Technology • Outsourcing



As one of the world's leading providers of communications solutions, BT has to compete and win on a global scale against some of the most aggressive and innovative companies in the world.

Business background



Why BT outsourced HR

Achieving high performance on this demanding playing field requires non-stop innovation and a consistent drive to become more efficient. But technology and cost-savings are not enough – increasingly, the competitive edge for any global communications provider is people. As BT chief executive officer Ben Verwayen puts it: “BT is no longer a technology business – BT is a people business.”

Sue Gooch, BT's HR outsourcing director says that BT welcomes competition “because it drives innovation”, but adds: “We also need people who can cope in that environment. Attracting and retaining a highly-motivated and flexible workforce with world-class expertise is now a key differentiator for BT.”

Since 2000, BT has successfully used outsourcing to achieve these business goals. By outsourcing the transactional side of its human resources operation to Accenture HR Services, BT has improved and then sustained its performance at the transactional level. Senior HR executives have been freed

to concentrate on inspiring, motivating and developing employees as well as developing HR strategies to help BT achieve its business objectives.

Over its five year span, the outsourcing deal helped BT achieve cost savings of over 25 percent while outperforming on service level agreements and achieving high levels of customer satisfaction. The initial contract has also evolved over time as BT's business strategies change, with BT taking up new services provided by Accenture.

“Attracting and retaining a highly-motivated and flexible workforce with world-class expertise is now a key differentiator for BT.”

Sue Gooch, HR outsourcing director, BT

A new beginning and a global challenge

Although this was already one of the biggest and most successful HR outsourcing deals in the world, when the contract came up for renewal in 2005, BT's top management was eager to take its HR transformation to another level.

"We became a lot more sophisticated in our thinking about what we wanted from outsourcing," says Jenny Arwas, BT's group operations HR director. "Because we were very happy with a good relationship, our expectations were very high – and that made us more difficult to please."

BT came to Accenture HR Services with a challenging set of requirements if the relationship was to continue, including:

- Extending the contract beyond the UK to its global operations
- Driving costs down by a further 34 percent on a like-for-like basis
- Shifting pricing to a per-transaction basis rather than per employee
- Creating even more robust and rigorous service level agreements
- Introducing greater levels of governance, control and flexibility
- Maintaining BT's position as an organization with leading-edge HR practices

"Independent benchmarks said the pricing of the existing contract was excellent but we still wanted to do it for less," says Sue Gooch. "The only possibility of doing this was to maximize self-service and to use lower cost resources."

According to Sue Gooch, another key factor was Accenture's ability to support BT around the world as it grows its international presence. "Accenture's global footprint closely matched our own," she says. "As the international proportion of our business increases, we will need a consistent technological platform and delivery approach on which our HR services can grow."

The new contract, which commenced on 1 August 2005, will last for 10-years, and is valued at \$575m. It considerably extends the scope of the original project: from 87,000 employees and 180,000 pensioners in the UK to more than 102,000 employees and 182,000 pensioners world wide.

HR Services will be provided in over 50 countries and in multiple languages, including English, Dutch, French, German, Italian, Japanese, Spanish, and Mandarin. In addition to the expansion in scope and geography, Accenture HR Services continues to deliver end-to-end HR services covering the entire employee lifecycle, including recruitment, workforce performance, compensation and benefits, employee services, and customer contact services. In all, Accenture provides BT with nearly 200 standard and optional HR services based on the groundbreaking transactional pricing model.

Delivering the new contract required the transformation of HR processes from a single country to a global delivery model, while upgrading to a new and more sophisticated technology platform. BT's operating countries will migrate from in-house HR functions to a standardized outsourced model using Oracle's PeopleSoft 8.8 software.



"As the international proportion of our business increases, we will need a consistent technological platform and delivery approach on which our HR services can grow."

Sue Gooch, HR outsourcing director, BT

How Accenture HR Services helped



Global network underpins international delivery

BT's new contract with Accenture HR Services represents a substantial increase in both the scale and scope of the delivered HR services, and the key to its success is Accenture HR Services' worldwide network of global, regional and local delivery centers.

This combination of delivery centers seamlessly provides both first- and second-tier HR support, while ensuring transactions are processed both in the most appropriate location and at the lowest possible cost. For example, Accenture's multi-language, multi-client service delivery centers in the United States, Eastern Europe and India now

provide services to BT's operations across Europe and North America, while delivery centers in the UK and US provide contacts, casework and subject matter expertise on a regional basis. Where necessary, these are supplemented by smaller local service delivery centers which provide the high-value, high-touch HR services that demand face-to-face contact or a more localized approach for specific operations.

One of the critical success factors during transition was the onboarding and training of the new staff in the regional centers while keeping existing personnel informed about the new structure and processes. This required the deployment of the full range of Accenture HR services' industry-leading

communication and training techniques. These range from audio-visual conferences and webcasts to one-on-one "buddy" training between delivery center staff and local teams, ensuring effective knowledge transfer and the detailed capture of work instructions.

Alan Davis, chief HR officer global services, BT, comments, "We tasked Accenture with an unprecedented challenge: rolling out a standard HR process to over 15,000 employees outside the UK. Accenture has risen to the challenge and delivered on it with over 80 percent of our employees transitioned to date with zero impact on business continuity."

At the same time BT was also upgrading its HR technology platform to Oracle's PeopleSoft 8.8, a "net-centric" evolution of the HR system which underpins the drive to self-service. Using the new system's net portal, BT employees and managers can perform more HR tasks for themselves. For other queries, a single-toll free number has replaced a multitude of help desks, with the goal of resolving all enquiries in a single transaction. For more complex cases, there is a team of skilled HR professionals to apply a "higher touch" hands-on approach.

The continual simplification of complex HR processes and shift of more transactions to immediate self-service and contact centers will further drive down BT's HR costs, while increasing employees' satisfaction.

Accenture HR Services will be delivering services to BT in over 50 countries.

Argentina
Australia
Austria
Belgium
Brazil
Canada
Chile
China
Columbia

Cyprus
Czech Republic
Denmark
Ecuador
El Salvador
Finland
France
Germany
Hong Kong

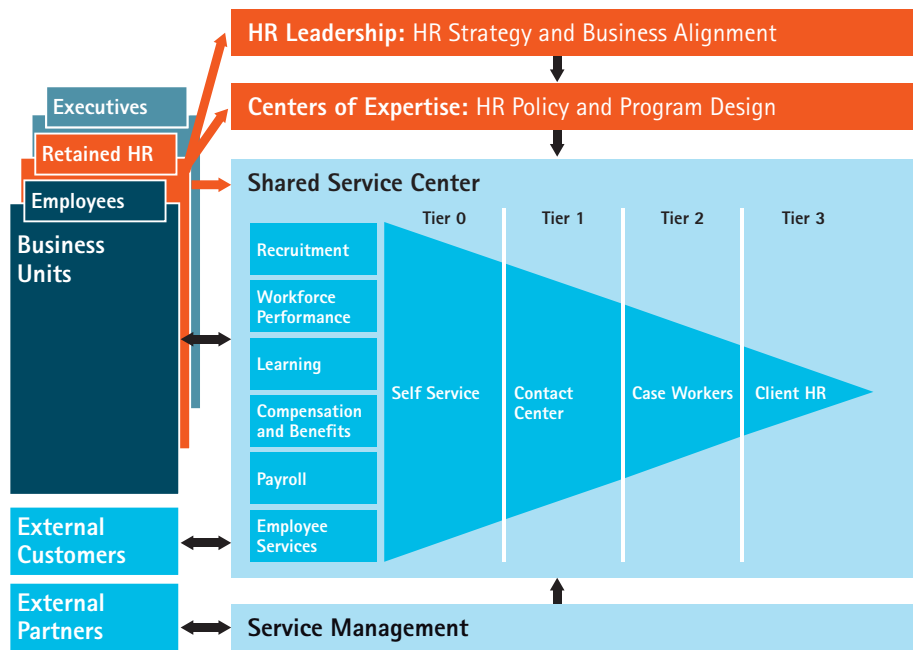
Hungary
India
Ireland
Israel
Italy
Japan
Luxemburg
Malaysia
Mexico

Morocco
Netherlands
Norway
Pakistan
Philippines
Peru
Poland
Portugal
Russia

Singapore
Slovakia
South Africa
South Korea
Spain
Sweden
Switzerland
Taiwan
Thailand

Turkey
United Arab Emirates
United Kingdom
United States





Accenture HR Services' delivery model

Operational excellence and world-class services model

Standardized HR policies and practices can now be implemented in all of BT's operating countries. Accenture's world-class delivery system ensures that these are provided both with consistent high quality and with the optimum mix of local presence and lowest cost.

"We know every HR transaction will be dealt with in exactly the same way, whether requested at 9am on Monday in the USA or 5pm in Germany on a Friday," says Jenny Arwas. "The global delivery model may have reduced costs, but we get exactly the same service and the same results as before."

Accenture HR Services' service delivery model is backed up by management and operational excellence programs which not only ensure consistent and superior services, but also guarantee the quality and continuity of those operations.

Mark Trepanier, executive, global operations, Accenture HR Services explains: "Our service model rests on the foundation of continuous training, open communication and joint service management, allowing us to deliver services which are measurable, predictable and repeatable".

"Our service model rests on the foundation of continuous training, open communication and joint service management, allowing us to deliver services which are measurable, predictable and repeatable."

Mark Trepanier, executive, global operations, Accenture HR Services

Driving continuous innovation

One of the most revolutionary aspects of the new contract was BT's request to move away from the previous "people-in-post" pricing model.

"We wanted more clarity of cost and also to encourage more intelligent buying from our in-house people, so we asked to move towards more transactional pricing," says Sue Gooch.

Under the new contract, more than 90 percent of all services are charged on a per-use basis according to a formally agreed tariff list, accessible to all line managers through the web portal. This fully transparent set-up allows for perfect predictability and cost control, whether providing advice and support to a single employee or running an assessment center for hundreds of graduates.

Moreover, continuous improvement and innovation is built into the contract by a radical system of risk and reward sharing. While there are remedies for BT attached to underperformance, rewards encourage Accenture to over perform against targets. A rigorous set of Service Level Agreements cover the delivery of each HR solution, ensuring that Accenture is encouraged to both innovate and to continually reduce costs while maintaining a consistently high quality of service.

Accenture HR Services also ensures that innovation and best practice is applied throughout the contract term by applying lessons learned from other global business process outsourcing clients. By drawing on

industry and functional expertise and innovation from its wider consultancy, systems integration and business process outsourcing activities, Accenture thus ensures that BT's HR services are constantly refreshed and remain at the leading edge.

True partnership: joint governance framework

Underpinning the success of Accenture HR Services and BT's relationship is a strong focus on joint governance. Both parties have invested considerable time and effort in creating a structure that can both deal with day-to-day operational performance, and adapt to BT's changing business environment while continuing to deliver innovation.

"You can't make a relationship like this work if it's not completely open and honest," says Sue Gooch. "We are at the absolute limit of transparency in a commercial relationship – looking from the outside you wouldn't know who was from Accenture and who was from BT."

The Accenture and BT joint governance framework comprises regular forums that facilitate reviews at strategic, contractual and operational levels. For example, there are:

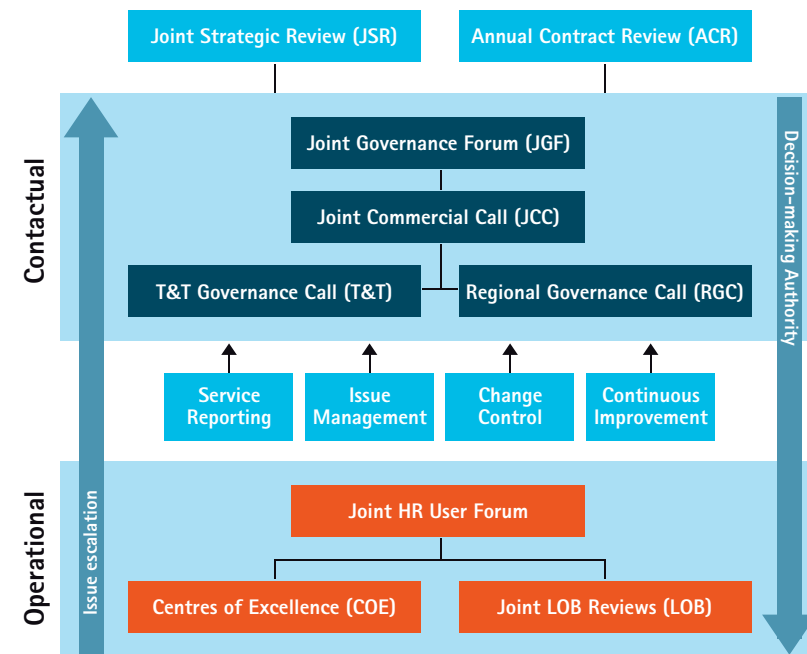
- Monthly governance forums to review global service and program performance
- Monthly commercial forums to review business issues
- Quarterly forums for each of BT's line business and geographic units
- Various weekly, monthly and quarterly service performance and issues reviews.

Elements of service reporting, issue management, change control, quality control, continuous improvement and decision making processes are also incorporated into the framework.

Many organizations fear that outsourcing will lead to a loss of control, but BT's flexible relationship with Accenture gives it far greater visibility and control over its HR operations so that change can not only be achieved rapidly but in a disciplined and coordinated manner.

"We are prepared to invest considerable senior executive time in explaining our business strategy to Accenture, knowing that they will respond with creative solutions to help us achieve those goals."

Jenny Arwas, group operations HR director, BT



The joint governance framework

High performance delivered



Research from Accenture's 2006 Human Performance Workforce Study shows that high performance businesses are also those which have provided the most effective HR support for their workforces, value their HR functions the most and place a high priority on attracting and retaining the best staff.

As a world leader in its field, BT recognizes that its continued journey to high performance depends on it being a leader in human resources management.

By outsourcing the majority of its HR transactions, BT has been able to radically reduce the size of its in-house HR function, freeing those staff from day-to-day admin work to concentrate on more strategic issues, such as talent retention and development. BT now has a much clearer

understanding, not just of its current human resources, but of what it will need in the future – and flexible access to a full suite of HR services and innovative programs to help it acquire and manage those resources.

"BT is recognized as a world leader in HR. Without the ability outsourcing has given us to rapidly implement new policies and processes, we would never have been able to introduce many of these groundbreaking innovations," said Jenny Arwas, group operations HR director, BT.

Accenture HR Services has helped BT to achieve the following targets:

- Reduce HR cost by between 20 and 30 percent over the last five years
- Reduced its Total HR-Employee ratio from 1:17 to 1:100
- Established one core global HR System using advanced technology
- Established a common free phone mechanism for contact center access
- Reduced additional investment in HR operations
- Supported expansion overseas through a global delivery network
- Enabled a more nimble and scalable organization to support its strategic initiatives.



In addition to this overall business transformation, BT has also achieved a number of specific business benefits through its outsourcing partnership with Accenture HR Services and its associated ability to effect and control HR-related costs and benefits:

- Achieved higher productivity levels for all staff through reduced transaction times for basic HR administration, such as maternity and sick pay calculations, accident and incident reporting etc
- Reduced BT's absence rate by 33 percent in four years
- Recovered \$2.85 million in 3rd party claims over three years
- Contributed to 70 percent decrease of days lost due to accident-related incidents through supporting BT's health and safety strategies which included running an innovative safety training program
- Realized 100 percent satisfaction rating among candidates participating in the Graduate Recruitment campaign by the end of the assessment
- Achieved 100 percent retention, and functional achievement rates two-three times greater than the national averages in the BT Modern Apprentice (MA) scheme in 2004.

BT's decision to renew and refresh its contract with Accenture extends and expands one of the most innovative and far-reaching HR business process outsourcing relationships in the world. Building on the success of the original deal, with a step-change in scope and sophistication, this landmark deal sets the agenda for a new generation of HR innovation for BT.

The partnership between Accenture HR Services and BT establishes a new high-water mark, not only in HR outsourcing but in the creation of a global service delivery model to provide a single HR platform for a global organization operating and expanding across multiple countries.

In all, BT's approach to HR is one of the most successful, innovative and respected worldwide. As a Yankee Group analysis shortly after the extension of the BT-Accenture HR Services contract acknowledged:

"BT is ahead of the game. The company has clearly benefited from its earlier experiences from HR BPO. Signing a decade-long deal with Accenture validates their choice of supplier, and also the business and operational benefits they have received from choosing the HR BPO path."

Supporting the launch of new business

Created in January 2006, BT openreach is responsible for the lines that connect UK homes and premises to the national networks of communications providers. This 33,000-person organization was created by merging substantial parts of BT Retail and Wholesale.

Accenture HR Services supported BT openreach through an extensive management appointment program involving 2,000 BT employees, in addition to providing back-office services to the recruitment of 1,300 engineers.

Within four months, Accenture HR Services has advertised 570 roles, processed 6,425 applications and conducted 1,310 interviews to support the launch.



The future

Despite their considerable achievements, Accenture HR Services and BT know that the pursuit of high performance requires not only excellence in execution, but also the ability to tackle the challenges that are yet to come.

This will require dedication from both parties to continue to strengthen and refresh their relationship, ensuring the BT's HR performance is as relevant to the world of 2016 as it is to 2006.

"One of our biggest challenges is that we don't know what the next challenges will be," says BT's Jenny Arwas. "We need to anticipate and manage change, and work with a trusted partner who has the capability to adapt with us – whatever that change may mean."

"BT has gone through many incredible changes in order to remain the successful organization it is today, and the demands on the organization will continue to change. The challenge for us is to respond to those demands – on a global scale – through our understanding of BT's business and our transformational tools and services abilities."

Duncan Mears, client services director, Accenture HR Services

