Serco Global Services – outlining the strong opportunities for our BPO division
Agenda

2.30pm  **Serco and BPO:** Andrew Jenner  
**Global Services overview:** Susir Kumar and Tom Riall  
**Regional CEO introductions:**  
Steve Sieke (Americas), Bhupender Singh (AMEAA), David Poole (UK&E)  
**UK&E Private Sector:** Jerry Benson (MD, UK&E Private Sector)  
**UK&E Public Sector:** Jonathan Prew (MD, UK&E Public Sector)

3.45pm  Break

3.55pm  **Offshore BPO delivery:** Chandramouli Baskaran (CEO, Offshore Operations)

4.10pm  **Contract breakouts:**  
Shop Direct - Dave Rumble  
Barclays - Rupa Nathani  
Child Maintenance Group - Garry Robinson

5.00pm  **Q&A with all presenters**

5.30pm  Refreshments with management team
Serco and BPO

Andrew Jenner
Finance Director
Serco Group plc
The BPO market is large and growing

Serco’s growth in the BPO market is a natural evolution of our strategy

Providing middle and back office services meets the increasing needs of customers

We are building a global BPO business that is truly differentiated with significant competitive advantages

Serco expects BPO opportunities to enhance both growth and margins

**BPO represents an excellent opportunity to enhance Serco’s investment proposition**
Strategic rationale for BPO expansion

- Builds a balanced portfolio across markets, sectors and service lines
- Fast growth, higher margin markets enhance Group outlook
- Addresses customer demand for integrated solutions (frontline + BPO divisions bidding and working together)
- Scale and depth reduces cost and improves efficiency in middle and back office operations
- Achieves a truly global footprint for a broad range of end-to-end business services
- Develops world class shared services for Serco

Core to the Serco group strategy, BPO supports building a balanced portfolio and accelerates our growth opportunities around the world
Timeline of developing our global BPO business

- Bradford Council IT
- Businesslink.gov portal
- e-Borders
- Cambridge Council ICT
- Southwark Council ICT
- Ealing Council ICT
- Derby Council ICT
- Glasgow ACCESS joint venture
- East Sussex extended
- Peterborough City Council ICT
- Derby Council ICT
- Peterborough City Council ICT
- Hertfordshire County Council partnership
- Enfield Council IT Services
- Peterborough City Council strategic partnership
- Anglia Support Partnership
- Shop Direct
- AEGON
- easyJet
- Centrica
- $1bn+ revenue

2005
2006
2007
2008
2009
2010
2011
2012

- ITNET
- Cornwell Consultants
- Infovision
- SI International
- The Listening Company
- Intelenet Global Services
- Excelior
- Launch of Global BPO division
- Vertex public sector

Our current strong position is the result of an eight year journey
Serco Global Services provides BPO services direct to private and public sector customers, and supports the frontline divisions for larger integrated customer solutions.
Serco Global Services is delivering

**Creation of a world class BPO business**

- 2012 revenues will be approximately $1.2bn: now ranked amongst the top BPO suppliers globally
- Excellent 2012 expected revenue growth: c40% total; c10% organic; c30% underlying*
- Strong progress in improving margins
- Clearly demonstrating capability in our chosen verticals, horizontals and geographic markets
- Excellent structure and working relationship with Serco frontline divisions
- Competitive advantages and differentiated services being delivered upon
- Medium term goal to continue a 10%+ organic revenue growth CAGR and further operating margin progress

* Underlying is organic growth after excluding the transfer of the Bradford education contract and previous work for the Regional Development Agencies

Well positioned in a global growth market
Serco Global Services overview – strategy and positioning

Susir Kumar
Executive Chairman
Serco Global Services
Serco Global Services – capabilities

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<tr>
<th>Services</th>
<th>Consulting</th>
<th>Technology</th>
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<tbody>
<tr>
<td>Contact Centre</td>
<td>Operational Strategy &amp; Transformation</td>
<td>Knowledge Management</td>
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<td>- Customer service</td>
<td>- Designing and implementing knowledge storage, access and maintenance</td>
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<td>- Sales</td>
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<td>- Collections</td>
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<td>- Technical &amp; product support</td>
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<td>- Loyalty, retentions &amp; complaints management</td>
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<td>Transaction Processing</td>
<td>- Operating strategy, operational reviews and benchmarking</td>
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<td>- Application processing</td>
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<td>- Rule set processing</td>
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<td>Accounting Services</td>
<td>- Service and operating model design</td>
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<td>- Underwriting &amp; invoice processing</td>
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<td></td>
<td>- Account creation &amp; maintenance</td>
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<td></td>
<td>- Complaint handling</td>
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<tr>
<td>e-Services</td>
<td>- Advanced analytical problem-solving, optimisation and simulation</td>
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<td></td>
<td>- Chat, e-mail &amp; SMS support services</td>
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<tr>
<td>Banking, Financial Services &amp; Insurance (BFSI)</td>
<td>Knowledge Services</td>
<td>Application Development</td>
</tr>
<tr>
<td>Retail</td>
<td>- Financial modelling, due-diligence, model audits &amp; financial planning</td>
<td>- Bespoke or custom software development, deployment and maintenance</td>
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<tr>
<td>Travel, Transport &amp; Hospitality (TTH)</td>
<td>- Data Analytics</td>
<td>- ERP implementation and maintenance</td>
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<tr>
<td>Telecom</td>
<td>- Business and Economic Research</td>
<td>- Application consulting</td>
</tr>
<tr>
<td>Healthcare</td>
<td>- Organisational change, assessment and effectiveness</td>
<td>- Infrastructure Management</td>
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<tr>
<td>Public Sector</td>
<td>- Organisation design</td>
<td>- Design-process-install-handover</td>
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<td>Utilities</td>
<td>- Human Resources</td>
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Breadth and depth of capabilities that are well invested, innovative and often market leading
Serco Global Services – fast facts

- $1bn+ Global Business Process Outsourcing (BPO) business
- Excellent 2012 expected revenue growth: c40% total; c10% organic; c30% underlying
- 50,000+ employees servicing 250+ clients
- 100 delivery centres across 12 countries – UK, India, Australia, USA, Poland, Philippines, Guatemala, South Africa, Mauritius, Dubai, Singapore, Germany
- Very high client recommendation rate
- Over 600m calls and 60m back office transactions annually
- Focused on 7 verticals – BFSI, Retail, TTH, Telecom, Healthcare, Public Sector, Utilities
- Won 16 awards this year and ranked within top 10 providers in 7 industry surveys
- Servicing in over 25 languages

Demonstrable capability in our chosen verticals, horizontals and geographic markets, delivered through a location agnostic service platform (strong onshore, nearshore and offshore)
Global BPO market is large and growing

Global BPO - geographic split (2012)

<table>
<thead>
<tr>
<th>US$bn</th>
<th>2012</th>
<th>CAGR</th>
</tr>
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<tbody>
<tr>
<td>United States</td>
<td>158</td>
<td>4.9%</td>
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<tr>
<td>Central &amp; Latin America</td>
<td>19</td>
<td>18.1%</td>
</tr>
<tr>
<td>UK &amp; Europe</td>
<td>106</td>
<td>8.2%</td>
</tr>
<tr>
<td>Middle East &amp; Africa</td>
<td>6</td>
<td>16.3%</td>
</tr>
<tr>
<td>India (Domestic)</td>
<td>6</td>
<td>13.3%</td>
</tr>
<tr>
<td>Australia</td>
<td>5</td>
<td>9.2%</td>
</tr>
<tr>
<td>Others</td>
<td>85</td>
<td>9.1%</td>
</tr>
<tr>
<td>Total Global BPO Market</td>
<td>385</td>
<td>7.7%</td>
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</tbody>
</table>

Global BPO - vertical split (2012)

- BFSI: 24%
- Public Sector: 17%
- Manufacturing: 13%
- Telecom: 13%
- Others: 13%
- Retail: 12%
- Healthcare: 8%
- TTH: 5%


- Offshore 15-20%
  - 2006: 15%
  - 2010: 19%
  - 2015: 31%
- Onshore <5%
  - 2006: 85%
  - 2010: 81%
  - 2015: 69%

Global BPO - horizontal split (2012)

- Customer Relationships Management: 40%
- Human Resource Services: 34%
- Payments: 12%
- Finance & Accounting: 8%
- Others: 5%
- Transactions: 8%
- Supply Chain Management: 1%

Large market opportunity requiring diverse set of BPO services across sectors; substantial headroom to grow; fastest growing area is offshore BPO

Sources: KPMG, Datamonitor, Ovum, Everest
Competitive landscape and development

Big players in the BPO space have invested in creating strong global brands.

IT-BPO players have operations and technology coupled with platform based solutions and consulting/analytics services.

Market assessment supports the need for global BPO reach with a local advantage, driven by strong brand, agility and personalised service delivery.

**Sources:** KPMG, Datamonitor, Ovum, Everest
Serco Global Services
- competitively advantaged in an attractive market

- Scale across onshore, nearshore and offshore
- Global customer reach
- Strong brand
- Capabilities across front, middle and back office
- Serving both private and public sectors
- Efficient cost structure
- Customer-centric solutions
- Culturally aligned to clients

A leading global BPO business in a large and growing market
Serco Global Services strategy

- Be the BPO supplier of choice in its chosen verticals and markets as an end-to-end provider of middle office and back office services
- Deliver balanced profile across public/private and onshore/nearshore/offshore
- Position portfolio to high growth market segments
- Drive strong position in attractive regional markets
- Enter compelling new geographies
- Achieve strong organic revenue growth and further margin progress

To achieve a leading position in the global BPO market by building a business of significant scale and depth, that broadens the Group portfolio and enhances its growth
Serco Global Services is unique amongst major BPO providers in its balanced profile, particularly public: private and delivery across onshore, nearshore and offshore.
Portfolio transformation

Current Serco Global Services portfolio

Target Serco Global Services portfolio

Continue to re-align the portfolio to leading positions in high growth segments of the market

Current Revenue Contribution

Target Revenue Contribution

Note: UK Private cluster includes BFS, Insurance, TTH, Retail & Telecom
## Regional market opportunity

<table>
<thead>
<tr>
<th>Regions</th>
<th>Market size &amp; CAGR</th>
<th>Market opportunity</th>
<th>Serco’s position</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK &amp; Europe</td>
<td>$106bn c.8%</td>
<td>- UK ($20bn; CAGR 7%) is the largest BPO market in Europe, followed by Germany &amp; France ($18bn each)</td>
<td>- Tier 1 Status in CRM</td>
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<td>- BFSI ($23bn, CAGR 7%) is the largest vertical followed by Telecom ($12bn, CAGR 7%), Retail ($9bn, CAGR 7%) and TTH ($4bn, CAGR 6%)</td>
<td>- Deep domain expertise in BFSI &amp; TTH</td>
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<td>- BPO spend by UK Local &amp; Central Govt. is growing at c10%</td>
<td>- Strong presence in the UK local government – opportunity to be the market leader for public sector BPO</td>
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<tr>
<td>AMEAA</td>
<td>$79bn c.10%</td>
<td>- India ($6bn) offers high growth opportunities (CAGR 13%) in BFSI, Telecom, Media &amp; Public Sector</td>
<td>- Largest BPO player in India with dominant positions in Telecom, BFSI &amp; TTH</td>
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<td>- Australia ($5bn) is expected to grow at CAGR of 9% with focus on BFSI, Telecom and Public Sector</td>
<td>- Largest BPO provider to the Australian Public Sector</td>
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<td>- ME &amp; Africa ($6bn) emerging as a growth market (CAGR 16%) across BFSI, Telecom, and public sector—largely voice-based services</td>
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<tr>
<td>Americas</td>
<td>$200bn c.7%</td>
<td>- US ($158bn, CAGR 5%) dominates the BPO market in Americas, with LatAm ($19bn) expected to grow faster at a CAGR of 18%</td>
<td>- Strong positions in Credit Bureau (within BFSI) and across TTH</td>
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<td>- Public Sector ($32bn, CAGR 6%), BFSI ($48bn, CAGR 6%), Telecom ($23bn, CAGR 5%) represent large BPO market verticals; Healthcare ($11bn, CAGR 7%), is faster growing, with Utilities ($7bn, CAGR 6%) and TTH ($7bn, CAGR 5%)</td>
<td>- Offshore delivery capabilities for US Healthcare</td>
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<td>- Customers in select verticals are looking for end-to-end capabilities</td>
<td>- Opportunity to grow in Brazil</td>
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</table>

Source: KPMG, Datamonitor, Ovum, Kable

Well positioned in attractive regional markets
Serco Global Services focus areas

<table>
<thead>
<tr>
<th>Regions</th>
<th>2012e revenue mix</th>
<th>Focus markets</th>
<th>Focus verticals</th>
<th>Focus horizontals</th>
<th>Strategic delivery locations</th>
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<tbody>
<tr>
<td>UK &amp; Europe</td>
<td>c77%</td>
<td>UK</td>
<td>Public Sector</td>
<td>CRM</td>
<td>UK</td>
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<td></td>
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<td></td>
<td>BFSI</td>
<td>F&amp;A</td>
<td>India</td>
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<td>TTH</td>
<td>Procurement</td>
<td>Poland</td>
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<td>Telecom</td>
<td>HR</td>
<td>ME</td>
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<td>Retail</td>
<td>Analytics</td>
<td>Middle East</td>
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<tr>
<td>AMEAA</td>
<td>c15%</td>
<td>India</td>
<td>Public Sector</td>
<td>CRM</td>
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<td>Australia</td>
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<td>Africa</td>
<td>Telecom</td>
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<td></td>
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<td>China</td>
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<tr>
<td>Americas</td>
<td>c8%</td>
<td>US</td>
<td>TTH</td>
<td>CRM</td>
<td>US</td>
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<td></td>
<td>Brazil</td>
<td>Healthcare</td>
<td>F&amp;A</td>
<td>India</td>
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<td></td>
<td>BFSI</td>
<td>Procurement</td>
<td>Guatemala</td>
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<td></td>
<td>Utilities</td>
<td>Analytics</td>
<td>Philippines</td>
</tr>
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</table>

Aspire to widen and deepen capabilities and enter new geographies

- Existing presence
- Potential expansion area
Summary – strategy and positioning

- Breadth and depth of capabilities that are well invested, innovative and often market leading
- End-to-end, integrated offering across frontline services through to middle and back office
- Deep domain knowledge and expertise in our focused vertical and horizontal markets
- Location agnostic with a uniquely positioned model that is strong across onshore, nearshore and offshore
- Developing significant scale advantage and global footprint
- Leading provider to both the public and private sectors and dominant position in many areas
- Truly customer-centric, with excellent advocacy and referenceability
- Large growth market with excellent opportunities for Serco Global Services

*We are building a global BPO business that is truly differentiated with significant competitive advantages to deliver attractive growth and margins*
Serco Global Services overview – Operations Introduction

Tom Riall
Divisional CEO
Serco Global Services
Serco Global Services provides BPO services direct to private and public sector customers, and supports the frontline divisions for larger integrated customer solutions.
Serco Global Services key achievements to date

- **Wins & Rebids**
  - Won contracts worth >£1bn TCV across 23 new clients
  - Secured key rebids – National Rail Enquiries in UK, Australian Tax Office, Vodafone in India

- **Integration / Transformation**
  - Serco BPO operations fully integrated, with acquisitions performing to plan
  - 8,000 additional employees from acquisitions and to support wins
  - Completion of SAP roll out in India
  - ‘Conquest’ rollout - proprietary operational efficiency programme
  - Transition of all Serco internal F&A process to Global Services

- **Industry Recognition**
  - Serco ranked at #9 amongst the top 15 BPO exporters in NASSCOM
  - Won the single largest global BPO deal in H1 2012 (Shop Direct)

- **Development of Markets**
  - New verticals – Health, Central Government, UK Life & Pensions, Media
  - Significant expansion – Retail, TTH
  - New locations – South Africa, Germany; evaluating others

Excellent achievements delivered since Serco BPO and Intelenet initial integration in July 2011 and further accelerated through Serco Group reorganisation to create Serco Global Services in 2012
### Serco Global Services key wins in 2012

<table>
<thead>
<tr>
<th>Service Description</th>
<th>Total Contract Value</th>
<th>Total Contract Value</th>
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</thead>
<tbody>
<tr>
<td>Sales, services and business intelligence</td>
<td>£430m</td>
<td>£55m</td>
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<tr>
<td>Customer contact and support services</td>
<td>£170m</td>
<td>£18m</td>
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<tr>
<td>Full range of support services &amp; facilities mgmt</td>
<td>£120m</td>
<td>£17m</td>
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<tr>
<td>Tax related advice, enquiries and refunds</td>
<td>£90m</td>
<td>£15m</td>
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<tr>
<td>Customer service, sales, payments, emails</td>
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<tr>
<td>Customer service, sales, escalations and refunds</td>
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<tr>
<td>Sales and customer services</td>
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<td>Multi-channel contact centre services</td>
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*Won deals worth more than £1bn across new contracts in 2012; pipeline of opportunities remains very strong and currently stands at £4bn*
## Serco Global Services integration of capabilities

**Serco**
- Brand recognition
- Financial strength and expertise
- Large scale TUPE capability
- Industry and customer knowledge

### Domain

<table>
<thead>
<tr>
<th><strong>Serco Global Services</strong></th>
<th><strong>Knowledge</strong></th>
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<tbody>
<tr>
<td>UK onshore delivery</td>
<td>Scale in offshore delivery</td>
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<td>Leading voice services</td>
<td>Middle and back office, F&amp;A</td>
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<tr>
<td>New client relationships</td>
<td>Leading Indian domestic BPO</td>
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<td>The Listening Company</td>
<td>Intelenet Global Services</td>
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<th><strong>Excelior</strong></th>
<th><strong>Vertex</strong></th>
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<tbody>
<tr>
<td>Australia Domestic BPO</td>
<td>UK public sector expertise</td>
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The combination of different BPO capabilities and deep domain knowledge has been successfully brought together and driven significant wins.
Serco’s global delivery capability

Global footprint

- 42 centres in India, 40 in UK, 7 in Australia, 2 in USA & Poland, 1 each in Germany, Guatemala, Philippines, Mauritius, UAE, South Africa & Singapore

- ‘Rightshoring’ model to support different regions, languages and time zones

- Strategic intent to expand further in Africa, Middle East, Brazil, India, China and Philippines

100 delivery centres in 12 countries with more than 50,000+ employees; ‘rightshoring’ to support differences in time zone, culture and over 25 languages
Serco Global Services has won more than 20 awards and accolades this year and is ranked as a leader in 7 industry surveys.
Serco Global Services sector summary

We have more than 50,000 employees delivering world class services to 250 clients from 100 delivery centres in 12 countries, handling 600m calls and 60m back office transactions annually

But what can Serco Global Services do for John?
Serco Global Services is currently providing Human Resource services for 11 major clients.

We process **80,000 résumés annually**

We process **600,000 payrolls annually**

John Smith (Accountant)

You’re Hired

John needs a safe place for his money
Over 9,500 employees delivering services to 35 major BFSI clients

John needs a bank account
We handle 14m calls and 26m banking transactions

John gets more than a bank account
We generate outbound insurance sales worth £1.2m per month

He also buys insurance
Finance & Accounting

4,000 employees providing F&A services to 40 major clients

F&A and back office support

Procure to Pay, Travel & Expense

Order to Cash

Accounting, closing & reporting

Decision support and F&A

Risk Mgmt, & Payroll

John works his way up and excels with the support to his role

- 75k travel & expense claims £30bn payables
- 15m invoices £1.4bn of receivables
- 62k ledger transactions 12k reconciliations
- 3,000 management reports
- Payroll for 130k staff 3,800 key controls

4,000 employees providing F&A services to 40 major clients
Telecom and Utility

We manage 30m calls monthly for Telcos

Around 2,500 employees work in the utilities vertical

John wants to stay in touch and buys himself a new iPhone and also uses it to pay his utility bills

16,000 employees provide services to 14 major Telecom clients across UK, US, Australia, Middle East & India
Travel & Hospitality

We handle **12m** calls and **7m** data transactions for Travel & Transportation.

We service **4m** Customers and fulfilled **1m** bookings.

John likes to travel and feels he’s due a well deserved holiday.

his travel company fix an adventure break.

3,500 employees provide services to 28 major clients in UK, US, Australia, Middle East & India
but John has an accident

Luckily for John he has health insurance

and makes a complete recovery

Over 1,500 employees support Healthcare clients manage their patients
Retail

We process payments worth £3.5bn annually

So John takes himself shopping and when he’s tired he carries on online and only stops when the card is maxed

3,500 employees across 23 major clients in the retail space globally
Credit Bureau & Mortgage

Credit Check

We handle **15m** transactions and calls for Credit Bureaux

Mortgage

We process **£600m** worth of mortgages per month

John wants to buy a new home for all his new gadgets and needs a credit rating for his new mortgage

John feels increased pressure on his finances

**Over 9,500 employees delivering services to 35 major BFSI clients**
Collection & Fraud Management

Collections

we handle 400,000 first party collection connects a month

Fraud Detection

Advances Fraud team saves over £1m per month

Is John in serious debt?

Does he consider credit card fraud or something else to pay off his debt?

What becomes of John?

Over 9,500 employees delivering services to 35 major BFSI clients
Serco Global Services sector summary

We have more than 50,000 employees delivering world class services to 250 clients from 100 delivery centres in 12 countries, handling 600m calls and 60m back office transactions annually.

- **Travel, Transport & Hospitality**: Around 3,500 employees across 28 major clients
- **Banking & Financial Services**: Around 7,500 employees across 25 major BFS clients
- **Insurance**: Around 2,000 employees across 10 major clients
- **Utilities**: Around 2,500 employees across 13 major clients
- **Public Sector**: Around 3,500 employees across 15 major clients
- **Retail**: Around 3,500 employees across 23 major clients
- **Telecom**: Around 16,000 employees service across 15 major clients
- **Healthcare**: Around 1,500 employees across 10 major clients
Serco Global Services management structure

Depth and breadth of management team for growing the Global Services division
Americas – Factsheet

Overview

Current position

<table>
<thead>
<tr>
<th>Fargo</th>
<th>Campbellsville</th>
<th>Guatemala</th>
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<tbody>
<tr>
<td>28,000 sq ft</td>
<td>18,000 sq ft</td>
<td>17,000 sq ft</td>
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<tr>
<td>287 Seats</td>
<td>180 Seats</td>
<td>360 Seats</td>
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<tr>
<td>380 FTEs</td>
<td>350 FTEs</td>
<td>270 FTEs</td>
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<td>Orbitz Corporate</td>
<td>US Air Cargo</td>
<td>Greyhound</td>
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<td>Orbitz Leisure</td>
<td>Pegasus</td>
<td>Orbitz Sales</td>
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<td>Amex</td>
<td>Amex</td>
<td>Orbitz for Business</td>
</tr>
<tr>
<td>Orbitz Fulfillment</td>
<td>Orbitz Sales</td>
<td>Classic Coach</td>
</tr>
</tbody>
</table>

Sales: package sales, hotels, car, air, cross sell, upsell reservations, customer retention

Back-office Services: fulfilment, ticket printing, refunds processing

Key future plans

- Strengthening existing account relationships and expanding services
- Invest in Business Development and Solutions teams to build robust pipeline in focused verticals
- Fill capability gaps and expand geographic footprint
- Develop new propositions in current /adjacent markets that leverage across front/middle/back (e.g. utilities/fleet management, hospitality/asset management)

US is the largest BPO market from which we can expand our presence supported by leadership in other markets and leveraging the wider Serco presence
Americas – developing our market presence

Strategic actions:
- Building on strengths in TTH to develop compelling services for small to medium size hotel groups, and grow into related sectors such as Logistics
- Strengthen end-to-end capabilities in Utilities and Healthcare
- Leverage dominant market position in US credit bureau market and global banking and insurance expertise to enter into related BPO markets (e.g. commercial insurance, legal)
- Enter fast growing markets such as Brazil both for the market opportunity and delivery capabilities

### Priority segments | Focus areas | Strategic rationale
--- | --- | ---
**US** | TTH, Utilities/Logistics, Healthcare, BFSI | The US is the single largest geographic market ($158bn, CAGR 5%)
 |  | Market leading position in Credit Bureau within the wider BFSI market
 |  | Strong US credentials in TTH
 |  | Offshore delivery capabilities for US Healthcare
 |  | Healthcare & Utilities are amongst the fastest growing verticals followed by BFSI & TTH

**Latam (Brazil)** | Telecom, BFSI, TTH | Brazil is the largest BPO market in Latam ($11bn by 2013)
 |  | CAGR of 19% making it one of the fastest growing BPO markets
 |  | Opportunity in our priority verticals
 |  | Leverage our strengths in CRM

**Opportunity to further develop from some strong positions particularly in the credit bureau and travel markets, and to explore emerging South America markets**
AMEEAA – Factsheet

Overview

Current position

- Extensive service delivery footprint with 42 centres in India, 7 in Australia, 1 each in Philippines, Mauritius, UAE and Singapore
- 18,000 seats and 32,000 employees – c30% of Serco Group’s headcount
- Focused on BFSI, Telecom, TTH and Healthcare across horizontals such as CRM, F&A and HR services outsourcing
- #1 BPO player in the India market; dominant position in Telecom, BFSI and TTH
- Top 5 on-shore BPO in Australia and largest BPO provider to the Public Sector
- Entry into the nascent Middle East market with plans to expand beyond the UAE
- Multi-lingual solutions to 80+ clients
- Manage 8.6m Outbound and 35.2m Inbound calls per month

Key future plans

- Geographical expansion: by early 2013, we would have successfully entered South Africa and Saudi Arabia as part of our strategy to tap into nascent markets in Africa & ME; longer-term plans to consider China to serve local and international clients
- Capability expansion: plan to invest in enhancing our capabilities in high margin, technology-enabled platform BPO services

AMEEAA possesses the scale and depth of BPO capabilities to pursue excellent opportunities in this high growth region
## AMEAA – capturing high growth opportunities

### Strategic actions:
- Leverage dominant position in India and continue to add marquee domestic and international clients
- Position as experts in captive business transformation for large public and private sector organisations
- Develop Middle East, Africa and Asia entry – fast growing BPO markets and attractive offshore delivery locations

### Priority segments

<table>
<thead>
<tr>
<th>Priority segments</th>
<th>Focus areas</th>
<th>Strategic rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>BFSI, Telecom, Travel</td>
<td>Strong position across Telecom, BFSI and Travel&lt;br&gt;Estimated market size of $6bn&lt;br&gt;One of the fastest growing BPO markets (5 year CAGR of 13%)&lt;br&gt;Position our portfolio to higher margin business</td>
</tr>
<tr>
<td>AsPAC</td>
<td>Public Sector, Utilities, BFSI &amp; Travel</td>
<td>Strong presence in Public Sector and growing in utilities&lt;br&gt;Strong captive transformation track record&lt;br&gt;Market expected to grow at CAGR of 9% to reach $6bn by 2013</td>
</tr>
<tr>
<td>Middle East &amp; Africa</td>
<td>BFSI, Public Sector, Telecom</td>
<td>BPO market in Middle East estimated at $2.8bn (CAGR 17%)&lt;br&gt;South Africa is the largest market in the African region (nearly $1bn) but also a preferred location to service the UK market</td>
</tr>
<tr>
<td>China</td>
<td>Telecom, BFSI</td>
<td>Market expected to reach c$18bn by 2013, growing at a CAGR of 14%&lt;br&gt;China is ranked as 2nd most attractive global delivery location</td>
</tr>
</tbody>
</table>

### Opportunity to become leaders in Public & Utilities sectors in Australia, BFSI and Telecom in India, and dominant positions in BFSI and Public Sector in ME & Africa
Current position

- 10,000 employees onshore across 40 delivery centres and 10,000 off and nearshore
- 2,000 employees transferred to Serco on the acquisition of Vertex delivering additional customer contact services in the public sector
- Provide the broadest range of value-added back, middle and front-office outsourced services as well as technology and consulting services to the public and private sector
- Revenue split c60% public and c40% private
- Major wins this year include: Shop Direct, Freemans, Ideal Shopping, easyJet, Sky Germany, Department of Health, British Gas, AEGON
- Serco noted as “a major new entrant in the UK commercial sector” in the Nelson Hall 2012 BPO Index
- Top of the Nelson Hall contract signings league table for H1 2012

Key future plans

- Improving quality of sales through account management, third party adviser and BPO industry analyst relations and more emphasis on offshore capabilities
- Margin improvement through ‘productisation’ of services and strengthening Serco IP, together with cost reduction efficiencies including property rationalisation and shared functions

Scale and depth of BPO capabilities in both private and public sectors, with unique opportunity to leverage Serco relationships
UK & Europe – leveraging our strong market position

Strategic actions:

- Leverage strong client relationships and middle and back office capabilities to deepen our market position both in the private sector and public sectors
- Exploit joint opportunities with the UK&E frontline division
- Capitalise on our industry background, process expertise, programme excellence and our integrated view of delivering uncompromising service across a customer’s organisation
- Focus on those markets where changes in demographics and consumer/citizen behaviour are driving transformation

<table>
<thead>
<tr>
<th>Priority segments</th>
<th>Focus areas</th>
<th>Strategic rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK &amp; Europe Private Sector</td>
<td>BFSI, TTH, Retail, Media/Telecom</td>
<td>$48bn market, CAGR 5-9%, of which around half is UK-specific</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tier 1 CRM BPO provider</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Major transformational opportunities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Strong domain expertise and existing customer relationships</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Significant breakthroughs in the BFSI, Retail and Travel sectors</td>
</tr>
<tr>
<td>UK Public Sector</td>
<td>Local Govt., Central Govt., Health</td>
<td>UK government spend c£46bn on front/middle/back office</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Strong and leading brand in the public sector</td>
</tr>
<tr>
<td></td>
<td></td>
<td>End-to-end processing capabilities and complex case management</td>
</tr>
</tbody>
</table>

Source: KPMG, Datamonitor, Ovum, Kable, HM Treasury Budgets and company estimates

Further developing leading positions in the UK public sector (both central and local government) and a dominant position in BFSI, Travel and Retail
Serco Global Services – UK&E Private Sector

Jerry Benson
Managing Director
Serco Global Services, UK&E Private Sector
Attractive markets with excellent opportunities across our chosen sectors
- Retail
- Telecommunications/Media
- Banking, Financial Services, Insurance (BFSI)
- Transport/Travel/Hospitality

Differentiated proposition, derived from the combination of Serco, Intelenet and The Listening Company
- Customer-centric service delivery transformation
- Rightshore capability
- Technology and platform agnostic
- End-to-end solutions

Strong reputation based on our public sector heritage

Excellent organic growth this year across all sectors – including largest BPO deal and first move into Life & Pensions

Future opportunities are clear with strong pipeline

Serco Global Services is competitively advantaged and positioned to grow its private sector BPO operations
## Our private sector BPO journey

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>Acquisition of ITNET</td>
</tr>
<tr>
<td>2006</td>
<td>Integrated FM and property management services for State Street Bank and VW</td>
</tr>
<tr>
<td>2008</td>
<td>Acquired Infovision, IFM services for Coca Cola, Learning and technical services for VW</td>
</tr>
<tr>
<td>2010</td>
<td>Customer Journey Product through Business Links, Experiential product from Experience Lab, Process re-engineering</td>
</tr>
<tr>
<td>2011</td>
<td>Acquired The Listening Company, Acquired Intelenet</td>
</tr>
<tr>
<td>2012</td>
<td>Aegon, Shop Direct, FGH and Ideal, easyJet, SKY Deutschland</td>
</tr>
<tr>
<td>2013</td>
<td>Large scale fully outsourced CRM, Middle and back office penetration with standard product set, IT-enabled CRM</td>
</tr>
</tbody>
</table>

### A more recent journey from frontline facilities management to now operating fully customer-centric BPO for private sector customers
Combined capabilities driving growth

Serco
- Assured transition
- Proven transformation
- Citizen centric approach
- Experiential expertise
- Industrial relations
- Analytic approach

The Listening Company
- Blue chip customers in chosen sectors
- Multi-channel capability
- Sales, satisfaction, retention approach
- Reputation for innovation
- UK only approach

Intelenet
- Strong processes in a regulated environment
- Metrics driven approach to improve quality
- Nearshore and offshore capability
- Strong referenceability in middle and back office

Wins in 2012 worth £0.8bn TCV
Key wins

### Key wins 2012

<table>
<thead>
<tr>
<th>Company</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales, services and business intelligence</td>
<td></td>
</tr>
<tr>
<td>Customer services, sales and retention via multiple channels</td>
<td></td>
</tr>
<tr>
<td>Contact centre services, payments and order processing, collections</td>
<td></td>
</tr>
<tr>
<td>Customer service, sales, escalations and refunds</td>
<td></td>
</tr>
<tr>
<td>Sales and customer services</td>
<td></td>
</tr>
<tr>
<td>Customer services, sales, F&amp;A, fulfillment, emails, IT helpdesk</td>
<td></td>
</tr>
<tr>
<td>Customer contact and support services from underwriting through to claims</td>
<td></td>
</tr>
</tbody>
</table>

*Wins across all our sectors driven by leadership in CRM and transformation. Currently bidding £2bn of further opportunities*
Customer portfolio

- We serve a growing range of customers across our markets with increasing contract size and scale
- 7,200 staff onshore, nearshore and offshore, dealing with over 100m customer interactions p.a.
- Typically delivering 30% cost savings, as well as sales and profit uplift to our customers

Diverse customer base across four broad sectors
Location agnostic business model meeting customer requirement to benefit from blend of onshore and offshore
# Capability matrix

<table>
<thead>
<tr>
<th>Voice / Web Operations</th>
<th>Non-Voice Operations</th>
<th>Transactional Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer Acquisition</strong></td>
<td><strong>Risk Management</strong></td>
<td><strong>F&amp;A &amp; HR</strong></td>
</tr>
<tr>
<td>Tele / Web Marketing</td>
<td>Early Stage Collections</td>
<td>Full employee lifecycle</td>
</tr>
<tr>
<td>Campaigns</td>
<td>Early Risk Indicators</td>
<td>Payroll Processing</td>
</tr>
<tr>
<td>Applications</td>
<td>Late Stage Collections</td>
<td>Accounts Payable</td>
</tr>
<tr>
<td>Verification</td>
<td></td>
<td>Accounts Receivables</td>
</tr>
<tr>
<td>Cross Selling</td>
<td></td>
<td>Return Mail Management</td>
</tr>
<tr>
<td>Vendor Support</td>
<td></td>
<td>Interchange Settlements</td>
</tr>
<tr>
<td>Customer Service</td>
<td>Rebates/Refunds</td>
<td>Reporting &amp; Reconciliation</td>
</tr>
<tr>
<td>Order Taking</td>
<td>Dispute Resolution</td>
<td></td>
</tr>
<tr>
<td>Queries and Complaints</td>
<td>Customer Surveys</td>
<td></td>
</tr>
<tr>
<td>Online Support</td>
<td>Add On Services</td>
<td></td>
</tr>
<tr>
<td>Disputes Resolutions</td>
<td>Post Sale Support</td>
<td></td>
</tr>
<tr>
<td>Registration Support</td>
<td>Credit Extension</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Back Office</th>
<th>Middle Office</th>
<th>Warehousing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Order Process</strong></td>
<td><strong>Underwriting</strong></td>
<td><strong>Inventory Support</strong></td>
</tr>
<tr>
<td>Billing</td>
<td>Premium collection</td>
<td>Mailroom Process</td>
</tr>
<tr>
<td>Credit Authorisation</td>
<td>Policy servicing</td>
<td>Stock Reconciliation</td>
</tr>
<tr>
<td>Delivery Tracking</td>
<td>Claims management</td>
<td>Invoice Clearance</td>
</tr>
<tr>
<td>Letters/email</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goods Return</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Forecasting and Planning**

*A breadth of capability across all our sectors*
A multi-channel, personalised future

A leading position in creating a customer-centric digital future
Economic environment driving transformational deals

**Market Drivers**

Customers seeking support to:
- Maintain profitability in challenging economic environment
- Deal with structural shifts in their own customers’ habits
- Allow them to re-focus on their core business

**Market Needs**

- Cost base reduction
- End-to-end accountability
- Contact model transformation
- Rightshore delivery
- Management realignment
- Legacy infrastructure removal
- Increasingly digital

**Market Opportunity**

- A reduction in operating costs up to 40%
- Full digital enablement
- Voice activity to self-service or online
- Full accountability for delivery including subcontracts
- Multi-skilled staff able to work across channels
- Germany, Poland, India - optimal delivery solution
- Partnership Board

**Improved service and cost savings through customer-centric process design and ‘right shoring’**
Focus areas

- Targeting 4 market verticals and 5 horizontals
- This private sector UK & Europe BPO market is estimated to be worth approximately $48bn, of which around half is UK-specific
- These areas are forecasted to grow at a 5-9% CAGR

<table>
<thead>
<tr>
<th></th>
<th>BFSI</th>
<th>Telecom</th>
<th>Retail</th>
<th>TTH</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CRM</strong></td>
<td>9,300</td>
<td>8,000</td>
<td>6,000</td>
<td>2,000</td>
<td>25,300</td>
</tr>
<tr>
<td><strong>F&amp;A</strong></td>
<td>1,300</td>
<td>630</td>
<td>500</td>
<td>300</td>
<td>2,700</td>
</tr>
<tr>
<td><strong>HR</strong></td>
<td>7,800</td>
<td>3,300</td>
<td>2,300</td>
<td>1,400</td>
<td>14,800</td>
</tr>
<tr>
<td><strong>SCM / Procurement</strong></td>
<td>100</td>
<td>80</td>
<td>50</td>
<td>40</td>
<td>270</td>
</tr>
<tr>
<td><strong>BFSI specific services</strong></td>
<td>4,500</td>
<td>80</td>
<td>50</td>
<td>40</td>
<td>4,500</td>
</tr>
</tbody>
</table>

**Targeting market areas that are large and growing with a primary focus on the UK**

Data sources: KPMG, Datamonitor, Ovum, Everest
## Market overview – Banking, Financial Services, Insurance

### Market developments
- Increasing competition and regulation
- Rise of the multi-channel consumer

### Serco success
- Aegon
- esure

### Our approach
- Transforming processes to deliver continuous service improvement
- Mutually beneficial new commercial models
- Onshore, offshore, nearshore locations
- Enabling IT technologies

### Future opportunities
- Strong pipeline of organic growth with existing and new customers
Aegon UK - No. 4 UK Life and Pensions Business

Client Overview
- International life assurance, pensions and asset management business headquartered in the Netherlands
- AEGON UK - significant pension business with a commitment to the life protection market and focus on high net worth individuals
- The life assurance product sold largely to end customers through Independent Financial Advisers and is predicated on excellent customer service
- AEGON also have a small “closed book” of life and pension policies where the focus is on efficiency of delivery

Case Snapshot
- The UK life and pensions market is highly competitive, and heavily regulated
- Growth challenges include pressure on consumers’ disposable incomes and perceived lack of value for money delivered by life and pensions products
- Key to success is effective marketing and product distribution strategy, as well as operational efficiency and high quality service supported by a robust risk and compliance framework
- AEGON UK looking for delivery of sustainable cost efficiencies in its life protection product and volume growth

Processes Handled
- Serco operates the end-to-end insurance processing service for AEGON UK’s life assurance business including IFA and customer contact, underwriting, medical assessment, policy issuance, policy maintenance, claims management, commission payment, premium collection and claim payment
- Manage the run off of a specialist closed book of AEGON pension policies
- Policies under management are circa 0.5 million and growing
- Developing the Lytham St Anne’s site into an operational centre of excellence focused on the Financial Services sector

Benefits
- Supporting cost savings and volume growth through a flexible commercial model aligned to AEGON UK’s short and long term goals
- Service framework which maintains the high level of customer service and ensures that improvements are delivered over time
- Serco is investing in a 3 year Transformation Programme which incorporates investment in IT, People, Process and Organisation
Market overview – Travel, Transport and Hospitality

Market developments
- Continued pressure on household budgets
- Cautious corporate discretionary spending
- Increasing competition
- Rise of multi-channel consumer

Serco success
- easyJet
- ebookers
- First Group

Our approach
- Transforming processes to deliver continuous service improvement
- Onshore, offshore, nearshore locations
- End-to-end integrated front, middle and back office services
- Multi-lingual capability

Future opportunities
- Organic growth with existing and new customers
- Focus on airlines and broadening other transport operator footprint
### Client Overview
- easyJet is the UK’s largest and Europe’s 4th largest airline
- Operates from 130 airports across 29 countries
- Has 7,000 employees operating from 19 crew bases across UK & Europe

### Case Snapshot
- easyJet’s contract with their existing Customer Contact Centre providers ended this year
- Serco won the contract following a competitive tender (£6m p.a. – 3 year + 2 year contract)
- 4 key themes were attractive to easyJet from our proposal
  - low cost competitive solution
  - world class service and improved customer experience
  - innovative ideas and commitments to reduce call handling times
  - flexible to meet short-term changes to client volumes (e.g. disruptions)

### Processes Handled
-Serco provides inbound and outbound contacts via telephone, email/web forms, white mail and facsimile
- Delivery is across five core languages from 2 locations:
  - English (250 staff) in Mumbai, India
  - French, German, Italian and Spanish (250 staff combined) from Krakow, Poland
- We also provide a specialist team of 25 – 30 staff managing customer complaints, group bookings, special assistance, disruption resolution, etc

### Benefits
- Recruited over 600 staff in a 3-month period and over 250 of these with strong European language skills in Krakow
- Delivered a very low risk transition to the customer through joint UK & E / India collaboration
- 80%+ customer satisfaction within 4 weeks of go-live in both locations, ahead of expectations
- By partnering with Serco the customer is benefitting from economies of scale and improved costs
- Potential to expand to further language support in the future
Market overview – Telecom & Media

Market developments
- Market maturing in more developed European economies
- Pressure to improve margins increases potential for outsourcing
- Increasing competition

Our approach
- Transforming processes for continuous service improvement
- Onshore, offshore, nearshore locations
- End-to-end integrated front, middle and back office services
- Multi-lingual capability

Serco success
- SKY Deutschland
- O2
- BT

Future opportunities
- Significant pipeline of organic growth with existing and new customers
Sky Deutschland - fastest growing pay TV

- Sky Deutschland and Sky Austria operate Pay TV platforms for the distribution of audio-visual content via satellite, cable and internet
- With over 3m subscribers, Sky's growth over the past year has been above market predictions in a strong non-Pay TV culture demographic
- Sky delivers multiple products options including, HD, 3D, Sky+, multi-room and Sky-Go
- Sky's customer service was voted No 1 in the Pay TV sector albeit their ambitions aim higher than sector recognition only

- Key deliverables for Sky are to invest in products and programme content, increase number of subscribers and drive up average revenue per unit (ARPU)
- Core to this is to develop a customer service proposition seen as a differential that matches their innovative products and programming
- Sky’s cost to service is seen as too high placing a strong emphasis on self service and contact reduction strategies

- Serco have opened a new purpose built contact centre for Sky in Berlin. In phase one this is handling inbound customer and technical services for Sky
- In 2013 we will handle via multi skilled staff- inbound and outbound services, inbound and outbound sales and back office services
- Serco are working in partnership with Sky to develop a contact reduction and self-service strategy and also to develop a workforce management (WFM) service across their estate
- Part of our partnership with Sky is to be a ‘test and learn’ centre for service improvement initiatives

- Under an innovative model the Berlin centre has been opened with the option to transfer across to Sky in future years. As such the location and design of the site has been agreed in close partnership
- Serco are working with Sky on their future Service Provider strategy with the Berlin site very much seen as part of the in house rather than the outsourced estate
- The Berlin site is key to Sky’s strategic objective of developing a differentiated customer service proposition. By working with Serco it is possible for Sky to innovate and increase the pace of change compared against the inertia of their in house and outsourced estate

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Market overview – Retail

**Market developments**
- Continued pressure on household budgets
- Demise of high street versus growth of online channels
- Rise of multi-channel consumer

**Serco success**
- Shop Direct
- FGH
- Ideal Shopping

**Our approach**
- Transforming processes for continuous service improvement
- Onshore, offshore, nearshore locations
- End-to-end integrated front, middle and back office services
- Innovation in digital media

**Future opportunities**
- Organic growth with existing and new customers
- Deals of scale
Freemans and Grattan were acquired in 1999 by Otto group.
Renamed as Freemans Grattan Holdings (FGH) in 2009.
FGH’s business concentrates on e-commerce.
FGH operates various online marketplaces at freemans.com, grattan.co.uk and lookagain.co.uk – as well as women’s wear at sites including kaleidoscope.co.uk and curvissa.co.uk.

Retailers are experiencing dramatic changes in consumer behaviour, with significant increases in customer contacts by social media and significantly more sales are now online.
These seismic shifts are leading many retailers to re-think their customer service needs.
The primary strategic issues being pursued by FGH were:
- protect the employment of their staff
- identify ways to enhance the FGH customer experience
- optimise revenue growth and cost savings

Serco operates the FGH contact centre in Sheffield and is delivering all aspects of customer contact including customer enquiries, inbound and outbound sales, credit applications, payments, order processing, white mail and e-mail handling.
The new partnership has seen all 400 existing members of staff transfer to Serco supporting a combined total of 7m customer contacts each year.
Serco is also focused on driving improvements through introducing best-in-class working practices.

Within first 3 months we achieved record performance for 3 high priority KPIs:
100% of secondary sales KPIs experienced improvement.
Improved sales performance whilst simultaneously reducing the sales incentives costs.
Delivered competitively priced property and services contract.
Increased customer satisfaction and first time resolution.
Delivering insight, reducing returns and improving order taking process.
Demonstrated a real capability to add value by deploying new channel technology strategies.
Summary

- Challenging economic environment and changing consumer behaviour are driving our customers to seek transformational solutions to deliver their business objectives.
- Strong organic growth and significant new business wins across all our target sectors including largest BPO deal and first move into Life & Pensions.
- Differentiated proposition, derived from the combination of Serco, Intelenet and The Listening Company.
- Strong reputation for service transformation and customer journey based on our public sector heritage.
- Early opportunities beyond customer management have been converted:
  - Finance & Accounting
  - HR

Well qualified pipeline opportunities in excess of £2bn across our chosen sectors.
Video - what do our customers think?

- Andrew Langridge, Head of Vendor Management Team, Freeman Grattan Holdings
- Keith Basnett, Group Chief Operating Officer, Shop Direct Group
- David Beattie, Customer Services Director, Aegon UK
- Tommy Young, Chief Operating Officer, Aegon UK
- Jim Milby, Global Operations Officer, Barclays plc

- Supporting great customer service and being customer centric
- Interactive contact centre orientation, rather than call centre
- Doing the right thing with the customers’ people
- Expertise in new technology, social media and mobile channels
- Long-term partnership model
- Seen as an extension of the customer and their brand
- Global reach for expertise and resources, while a local operator
- True understanding of each industry and customer needs
- Fresh thinking, innovation and creativity
- Cost reduction while adding value and developing the business
- Sharing learnings from other customer industries
- Providing the benefit of scale
Serco Global Services – UK&E Public Sector

Jonathan Prew
Managing Director
Serco Global Services, UK&E Public Sector
UK Public Sector – Serco Global Services market position

- Attractive market with Local and Central Government and Health segments offering excellent growth opportunities
- We have developed and acquired a strong set of capabilities to meet market requirements
  - end-to-end transaction processing
  - complex case management and intelligent customer services
  - procurement and property rationalisation
- We have strong onshore presence as demanded by this sector
- Recent organic growth across our contracts demonstrate our competitive advantage
- Future opportunities are clear with strong pipeline

Serco Global Services is strongly positioned to grow its UK Public Sector BPO operations
Our public sector BPO journey

2008
- Glasgow ACCESS signed
- Derby City signed

2009
- Peterborough ICT won
- East Sussex extended

2010
- Enfield new contract
- ACCESS transition completed
- Hertford won
- Acquired RB Solutions
- ACCESS extended

2011
- Peterborough (PCC)
- Procurement
- Extended Hertford
- Acquired The Listening Company

2012
- Acquired Vertex Public Sector Ltd
- New contract Richmond
- Extended Job Centre Plus
- Secured ASP
- Extended Hertford

2013
- >£1bn pipeline
- ASP transformation
- New business cases for additional services for existing customers

A journey from ICT provider to public sector strategic partner offering fully customer-centric BPO for government customers
Capabilities

Public Sector BPO

- Health
- Local Government
- Central Government

Customer Services (contact services, complex case management, adult social care)

Transactional Services (HR & Payroll, Finance, Traded Services)

Revenues and Benefits (collection and benefits processing)

ICT (technical and operational support, IT enabled service transformation)

Procurement (supply chain management and rationalisation)

Frontline Services (estates management and refurbishment, integrated FM)

Delivering a comprehensive set of services across our three core market segments
Customer portfolio

- Broad customer base including Local Authorities, Central Government Departments and their Agencies as well as NHS Trusts
- 5,500 staff delivering services to more than 10m citizens
- Guaranteeing over £100m savings to our public sector customers

Sales percentage mix

Diverse customer base across three segments
Delivery centres matching customer requirements
Vertex and central government

Complex case management of non-automated child maintenance payments
Over 80k children benefiting
Receipts have increased from 700 to 3,000/day, FTE remains the same

Inbound call handling for Jobseeker Direct, National Insurance Number Service, and an out of hours National Benefit Fraud Hotline service
Helping 2.6m unemployed access help and guidance

Customer contact services for Defra Helpline, Poultry Register, Pet Travel Scheme and emergency call centre support in the event of animal disease outbreaks
Multi-channel advisory support on 80 topics answering over 200,000 queries each year

Telephone and email enquiry service providing information on a full range of services and procedures
1.3m calls per year, 93% first time resolution

Customer contact service for welfare-to-work programme providing multi-channel customer management
Over 2m calls helping people get back to work

End-to-end service delivery printing and despatching nutritional support vouchers
Producing £95m of Health Vouchers per annum
Management and operation of public health helplines

Customer contact centre service for 5 weeks during peak period for Clearing service
Helping 50,000 Students access University

Framework provider for claims processing and customer contact service
Additional new contract to provide insurance intermediaries claims processing services

Vertex has added new customers, new markets and additional capabilities
Economic and political environment

The budget deficit has worsened...

- Original estimate (June 2010)
- Additional challenge identified (March 2012)

Source: Office for Budget Responsibility

...while socioeconomic problems still persist

- 1 million Young people out of work
- 58% Record fall in NHS Satisfaction
- 1% GDP growth in last quarter
- 615,000 Adults in long-term unemployment
- 0.8% Forecast NHS productivity rate
- £35bn HMRC’s stated Tax Gap

Sources: Centre for Economic & Social Inclusion, July 2012; The Kings Fund/British Social Attitudes Survey, July 2012; Official National Statistics; Nuffield Trust/Institute for Fiscal Studies; HMRC, October 2012

Government Response

- Value for money
- Placing citizens at heart of public service for delivery
- Greater choice
- Competition
- Welfare Reform Act
- Health & Social Care Act
- Education Act
- Localism Act
- Police Reform Act
- Civil Service Reform & Open Public Service white papers

The economic and political environment is supportive of a drive towards increased use of outsourcing
Market and customer response

Market Drivers

- Rising cost of welfare and healthcare
- Wider approach to transformation
- ‘Thinking the unthinkable’

Market Developments

- Acute financial pressures
- Personalisation – putting the individual in the driving seat
- Leading to increased need to transform support services

Customer Requirements

- Highly cost conscious
- Focus on customer management capabilities and shared service platforms
- Wider interest in more radical models

Public sector customers are therefore increasingly likely to review opportunities for front, middle and back office outsourcing
Large and growing market

**Total Government Expenditure**

- Debt Interest: 6%
- Local Government: 15%
- Public Services: 25%
- Benefits & Pensions: 9%
- Capital Spend: 41%
- Devolved Regions: 6%

**Spending on Public Services**

- Service Delivery: 35%
- NHS, Nurses & GPs: 14%
- Schools & Teachers: 12%
- Universities: 19%
- Military Payroll: 5%
- Other: 12%

**Spending on Service Delivery***

- Front & Middle Office: 79%
- Back Office: 21%

**Front & Middle Office Activity**

- Customer Contact: 39%
- Case Management: 36%
- Income Management: 22%
- Purchasing: 11%

**Back Office Activity**

- IT: 61%
- HR: 16%
- Finance: 11%
- Procurement: 4%
- Comms: 4%
- Legal: 4%

**Current Outsourced Market**

- Front Office: 27%
- Middle Office: 10%
- Back Office: 63%

*Data sources: HM Treasury Budget 2012, Departmental Annual Reports (2011-12), Kable Market Intelligence, company estimates.

* Including an allocation for Health and Local Government

Only 6% of service delivery spend is currently outsourced, with this forecast to grow at a 10% CAGR over the next 5 years.
Government service delivery capabilities

<table>
<thead>
<tr>
<th>Domain</th>
<th>Customer Contact</th>
<th>Case Management</th>
<th>Revenue Management</th>
<th>Purchasing</th>
<th>Back Office</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Estimated Spend in Government</strong></td>
<td>£8bn</td>
<td>£14bn</td>
<td>£13bn</td>
<td>£1bn</td>
<td>£10bn</td>
</tr>
<tr>
<td><strong>Capability</strong></td>
<td>Inbound Customer Management</td>
<td>Outbound Customer Management</td>
<td>Applications Processing</td>
<td>Claims Processing</td>
<td>Certifications Processing</td>
</tr>
<tr>
<td><strong>Definition</strong></td>
<td>The customer provides/reports information to the Government to process</td>
<td>The Government provides information to customers</td>
<td>The customer applies to the Government for permission/authorisation to do something</td>
<td>The customer applies to Government for arbitration/mediation</td>
<td>The customer applies to Government for validation/licensing of an activity/service</td>
</tr>
<tr>
<td><strong>Process Activities</strong></td>
<td>Appointments; Enquiries; filing information/records; reporting and; information services</td>
<td>Referrals and signposting; sending information to 3rd parties; notification services</td>
<td>Assessment; Document Management; Verification; Customer Contact; supporting services</td>
<td>Claims resolution; appeals; disputes handling; screening; inspections</td>
<td>Licensing; Assessment; Eligibility; Inspections; Verification; Screening</td>
</tr>
<tr>
<td><strong>Key Delivery Agencies</strong></td>
<td>rpa</td>
<td>UK Border Agency</td>
<td>Intellectual Property</td>
<td>NHS</td>
<td>The Insolvency Service</td>
</tr>
</tbody>
</table>


Serco Global Services’ capabilities are now strongly aligned with future potential areas of public sector outsourcing
# Market overview – Local Government

## Market developments
- Funding cuts and restrictions on reverse raising
- Shifting social demographic
- Changing citizen behaviours

## Serco success
- Peterborough £1m procurement savings delivered
- Glasgow grown by 40%
- Hertford grown by 35% in 18 months
- £1m extra revenue generated for Westminster Council

## Our approach
- Payment by Results
- Joint Risk Taking
- Standardisation & channel optimisation
- Focused on customer management

## Future opportunities
- Currently in early phases on 3 large outsourcing bids
- Organic growth through our business case model
- Leveraging IP into other geographic markets offers further grow opportunities
## Case Study – Hertfordshire County Council Strategic Partnership

### Contract factsheet
- Started April 2011. TCV £200m. Maximum 10 year term
- Guaranteed savings of at least £25m
- Customer Service Centre, ICT, Facilities Management, Transactional Finance, HR & Payroll, Occupational Health
- Includes framework covering Hertfordshire’s 10 District Councils and the Police Authority

### Customer challenge
- Financial pressures
- Ageing population
- Rising expectations of citizen

### Serco’s response
- A strategic partnership working with the Council to develop new and innovative approaches to minimise investment and maximise return
- Investment in transformation bringing new services into scope using a business case approach

### Outcomes
- Additional services include Social Care Access Service (Adult Social Care), Children’s Contact Service and Speed Awareness Training administration
- Improved back office support service for Council staff - ‘Ask Us’ is an integrated internal business support help desk concept providing a single point of contact and action for ICT, HR/payroll, FM and finance services
- To date 4 of the County’s District Councils are purchasing services through the framework

---

**Building on Serco’s previous relationship, the new partnership is delivering strong results and has already expanded to include additional services**
# Market overview – Central Government

<table>
<thead>
<tr>
<th><strong>Market developments</strong></th>
<th><strong>Our approach</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Addressing the deficit and departmental cuts</td>
<td>Payment by Results</td>
</tr>
<tr>
<td>Shifting social demographic</td>
<td>Joint Risk Taking</td>
</tr>
<tr>
<td>Changing citizen behaviours</td>
<td>Standardisation and channel optimisation</td>
</tr>
<tr>
<td></td>
<td>Focused on complex case management and the citizen journey</td>
</tr>
</tbody>
</table>

**Serco success**
- Acquisition and successful integration of Vertex Public Sector Ltd
- Contract extensions on UCAS and JCP

**Future opportunities**
- In discussions with a number of Government Departments and their agencies
- Qualified for DWP Child Maintenance Options Framework
Case Study – Job Centre Plus

Contract factsheet
- Started February 2009. Initial 4 year term, recently extended
- Managing 90,000 enquiries every week for JobSeeker Direct (JSD) supporting job seekers to access the right opportunities; National Benefit Fraud Hotline (NBFH) – helpline for whistleblowers on benefit fraud; National Insurance Number helpline managing enquiries for temporary insurance numbers

Customer challenge
- Financial pressure (Value for Money)
- Varying underlying demand for services
- Enhanced customer experience

Serco’s response
- The adoption of a strategic partnership approach
- A highly flexible service that matches the customer’s needs
- An operational solution focused on performance management and continuous improvement to achieve all SLAs

Outcomes
- A partnership that lead to recognition as DWP supplier of the year
- Operational flexibility and responsiveness leading to growth and development of three separate service lines
- Consistently outperforming on all SLAs

Strong partnerships delivering a high quality and flexible service for a key central government department
Market overview – Health

Market developments
- £20bn productivity saving to be delivered
- Steady rise in the incidence of chronic diseases
- Ageing population and demands for better social care

Serco success
- Anglia Support Partnership (ASP) agreement – initial £120m TCV
- New contracts added via framework structure with further in the pipeline

Our approach
- Specialist shared services centre (ASP)
- Joint Risk Taking
- Process Standardisation
- Integrated solutions with our frontline Health business

Future opportunities
- In discussions with up to 30 potential new customers to add to the ASP framework
- Trend to provide a fully integrated non-clinical offering
Health Case Study – Anglia Support Partnership (ASP)

Contract factsheet
- Started April 2012. £120m TCV over initial 4 year term
- Guaranteed savings to ASP customers of 20%
- Operational and specialist IT, finance operations, employment services, contracts management, procurement, primary care support services, occupational health, risk management, catering, estates and property
- Delivery of c60 support services contracts to a number of National Health Service (NHS) Trusts. Further 50 organisations able to access the framework

Customer challenge
- Financial pressures driving the need to focus resources on frontline clinical delivery
- Structural reform leading NHS Trusts to consider new ways of delivering back and middle office services

Serco’s response
- A partnership approach investing in service transformation to deliver efficiencies
- To manage and operate ASP to deliver savings to its customers

Outcomes
- New four-year framework agreements permit the call-off of additional services including: commissioning advice and related support services; cost reduction, efficiency advice and consultancy services; and patient administration.
- The framework enables all NHS organisations in the new Midlands and East Strategic Health Authority to access services equivalent to around 25% of total NHS spend.

Breakthrough contract in emerging NHS shared services market, recognising Serco’s strong combination of BPO capabilities and frontline health expertise
Summary

- This is an attractive market offering significant growth opportunities
  - cost reduction and reforming public service delivery will continue to be a key issue for the next 10 years

- Only 6% of Public Service Delivery spend is currently outsourced
  - an extra 2% would increase the opportunity by £1bn

- Serco has 6% market share
  - well established in local government with new footprint in health and central government

- We have a track record of growing and building relationships
  - our local government market share has increased from 2% to 14% over 4 years

- Serco’s approach is focused on deploying our domain expertise and end user insight developing innovative approaches to minimise investment and maximise return

* Pipeline opportunities in excess of £1bn with a strong mix of organic growth and new business*
Video - what do our customers think?

- Working with a strategic partner
- Integrating with the customer and other suppliers
- Combination of expertise and skills
- Saving money while improving service
- Challenging the customer and what is done
- Adding value through ideas and business case proposals
- Delivering new activity such as social care access
- Clear view of requirements and contract performance
- The mutual benefit of scale and growth

Matthew Lee  Deputy Leader, Peterborough City Council
Graham Farrant  Chief Executive, Thurrock Council
Sarah Pickup  Director of Health and Community Services, Hertfordshire County Council
Ashish Dasgupta  Non Executive Director, Cambridgeshire and Peterborough NHS Foundation Trust and Chairman, Serco ASP Strategic Partnership Board
Serco Global Services – Offshore BPO Delivery

Chandramouli Baskaran
Chief Executive Officer
Serco Global Services - Offshore Operations
Offshore BPO delivery

- Offshoring currently accounts for over 20% of the Global BPO market and is the fastest growing delivery channel with an expected CAGR of 15-20%

- Serco Global Services has a uniquely positioned model that is location agnostic, resulting in strength across onshore, nearshore and offshore

- Serco Global Services delivery by offshore currently accounts for around 18% of our mix, with this expected to double in the medium to long term

- Well positioned as a leading global offshore provider
  - breadth of verticals, languages, centres and clients
  - depth of knowledge and capabilities in our people and technologies
  - well placed to deliver highly complex services
  - leading people manager in a people business
  - track record of real business impact

Serco Global Services is strongly positioned to grow its offshore BPO operations
Offshore BPO market and Serco’s positioning

Serco Global Services has aligned its operations to maximise the advantage of offshore delivering growth. Currently 12,000 employees and 18% of our delivery mix - we expect this to double
Offshore capabilities blueprint

Key verticals
- Banking, Financial Services & Insurance
- Travel, Transportation & Hospitality
- Healthcare
- Telecom
- Retail
- Utilities

Key service lines
- Customer Lifecycle Management
  - Sales & Service
  - Data Management
  - Finance & Accounting
  - Business Intelligence

People and client segments
- Domain Experts
  - Retail Banking
  - Commercial Banking
  - Wealth Management
  - Mortgage & Insurance
  - Online Travel
  - Healthcare Payers
  - Online Retailers
- Functional Ensurers
  - Credit Bureau
  - Collections
  - Airlines
  - Rail Transport
  - Hotels
  - Healthcare Providers
- Delivery Makers

Compliance
- SoX
- FCRA
- ISO
- PCI
- SAS 70/ SSAE 16
- FSA

Technology
- CRM
- Workforce Management
- Dialer
- Voice Loggers
- Workflow Management
- PCMM
- Imaging & Optical Char. Recognition
- BI & Analytics Tools

Depth of knowledge and capabilities across service lines, people and technology
Increasing service complexity

**Voice**
- Reminder Intimations
- Status Request Management
- Enquires Management
- Tier I - Helpdesk
- Reservations, Bookings, Sales

**Data**
- Vendor Management
- Payment Processing
- Credit Processing
- Invoice Processing
- Queries Resolution
- Document/Reports Processing
- Fulfillment/Logistics
- Medical Coding & Transcription
- Payments Remediation
- Claims Repair
- Cash Reconciliation

**Low**
- Mailroom & Indexing
- Scanning & Data Entry
- Application/Order Review
- Creation of Profiles/Accounts
- Amendments
- Request Management

**Medium**
- Customer & Market Surveys
- Collection/Debt Recovery
- Lead Generation
- Customer regeneration
- Tier II - Helpdesk Management
- Customer Service & Maintenance
- Modifications & Cancellations
- Tracking & Tracing
- Billing Clarifications
- Loyalty Program Management

**High**
- Recall Campaign Management
- Retention & Resolution Desk
- Sales Through Service
- Refund Management
- Financially empowered service transactions
- Complaint, Escalation, Retention Management
- Fraud Management

**Rule Based Services**
- Issue Resolution
- Exception Handling
- Claims Administration
- Underwriting/Adjudication
- Denial Management

**Judgment Based Services**

*Well placed and already delivering increasingly complex services*
Offshore decision criteria and delivery approach

Client Decision Criteria

- Robust solution
- Capabilities
- Flexibility
- Culture fit

- Robust transition
- Knowledge transfer
- Partnership approach

- Review rigor
- Governance
- Security
- Business Continuity Plan

- Process improvement
- Value added services

Design
Bid Stage

Onshore
- Account Manager as a single point of contact
- Geography Subject Matter Expert

Offshore
- Partnership Manager to plan optimal solution
- Industry Subject Matter Expert

Transfer
Transition Stage

Onshore
- Account Manager is the single point of contact
- Update client with progress

Offshore
- Transition Manager to ensure adherence to plan

Deliver
BAU Stage

Onshore
- Dedicated Account Manager to interact or highlight any concerns

Offshore
- Operations Manager to deliver as per the SLAs
- Mitigate any identified risks

Transform
Improve Stage

Onshore
- Identify opportunities for improvement

Offshore
- Drive efficiencies and lean/six sigma projects for improvement

Location agnostic business model, working with the customer to design, transfer, deliver and transform best value solution
### People management

#### Key success factors

**Sourcing**
- Requirement gathering
- Job profile mapping

**Hiring**
- Résumé screening
- Competency & language assessment
- Personal interview
- Psychometric tests
- Background checks

**Training**
- Voice & accent
- Skills
- Process & SOP
- Mock scenario

**Development**
- Competency based career path review
- PMS audits
- Periodic skill/process tests

#### Differentiators

**Sourcing**
- Adopted common European framework
- Job profile mapping & internal job posting
- Pipeline of graduates
- Sourcing arena to resource capability mapping

**Hiring**
- Collaboration with British Council
- 4 hours turnaround time for generating offer letters
- Face-to-face interviews
- We hire for attitude rather than skills
- Mock scenario walkthrough

**Training**
- Classroom
- Mock environment
- Role plays
- Familiarisation trips
- On-the-job, one-on-one coaching, buddy system

**Development**
- Competency gap training
- Holistic training to manage future roles - SEED, STEP, LEAD
- Sponsored higher learning such as MBA
- e-Learning, I-Share (internal forum for best practices sharing)

### People management recognised as a key business competency, successfully managing labour market pressures
# Delivery impacts

<table>
<thead>
<tr>
<th>Commercial Implications</th>
<th>For a UK Bank, delivered sales worth £10m p.a. at 10% of the previous cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reduced operational loss for Retail bank from £500,000 to under £15,000 p.a.</td>
</tr>
<tr>
<td></td>
<td>Recovered Real estate dues over £20m in 6 months</td>
</tr>
<tr>
<td>Customer Experience</td>
<td>Reduced customer complaints for a US electronic retailer to 35% by first call resolution</td>
</tr>
<tr>
<td></td>
<td>For an Australian Utility provider we increased customer retention by 55%</td>
</tr>
<tr>
<td></td>
<td>Enhanced customer experience by reducing account opening time from 72 hours to 7 hours</td>
</tr>
<tr>
<td>Operational Transformation</td>
<td>Transformed paper-based manual processing of insurance claims to automated electronic processing</td>
</tr>
<tr>
<td></td>
<td>Created knowledge-based training tools which are now used onshore</td>
</tr>
<tr>
<td></td>
<td>Delivering load balancing dynamic call routing across geographies and languages</td>
</tr>
</tbody>
</table>

**Consistently delivering real business benefits in all partnerships**
Case study – National Rail Enquiries

Contract factsheet

- Started June 2004. Initial 8 year term. Renewed contract for 3 years starting 2013, TCV £7m
- Initially supporting only 12% of volumes
- Currently handling 100% of NRE’s inbound volumes (approximately 5m calls per annum) with over 240 FTEs across Mumbai and Delhi centres
- Managing Call, email and white-mail customer requests

Customer challenge

- Increasing total cost of ownership and vendor consolidation
- Inability to quantify and qualify Customer Experience
- Lack of SME insight into process resulting in knowledge gaps

Serco’s response

- Built an operations environment with ready infrastructure, capacity management, technology platforms and the leverage of offshore labour arbitrage in a transaction fee model
- Deployed the overall customer management methodology along with a home grown CRM tool (I-Resolve) and enabled IVR customer survey to capture client feedback
- Developed a Subject Matter Expert (SME) team on ICT (information Control Team) and taking ownership on migrating information from 3rd party vendor to client’s source knowledge base

Outcomes

- Delivered customer savings through implementation of new technology tools and 40% cost arbitrage
- Survey was offered to more customers and response rates more than doubled
- Further savings from building and maintaining domain knowledge base

Strong relationship and delivery leading to NRE recommending Serco Global Services as their call centre partner of choice to UK Rail Operators
Case study – Apria Healthcare

Contract factsheet

- Started March 2009, initial 7 year term TCV £56m
- Supporting client’s order to cash processes i.e. inbound order processing, claims management, collections and payment processing with over 1,000 FTEs across Mumbai and Delhi centres
- Handling over 4.7m transactions, 3m customer requests, and processing over $300m accounts payable per annum

Customer challenge

- Process inefficiencies due to physical paper work flow (200,000 prints per month) and a manual tracking system
- High cost of providing service in a non-revenue centre
- Inefficiencies in collections processes onshore, resulting in poor performance on metrics

Serco’s response

- Deployed a paperless solution by taking flat files as input and converting them to editable PDFs through Red Titan software. The system also achieved process efficiencies as each case was time stamped and worked upon using the first-in-first-out principle. This improvement in turnaround times enabled faster cash realisation and reduced backlog
- Centralised operations across 150 centres in 50 states that resulted in load balancing of work volumes and reduced the number or resources
- Deployed a rule-based decision making (by dollars, aging and payor bunching) prioritisation tool to enhance efficiencies and effectiveness of the collections processes

Outcomes

- Delivered savings of over $10m (over the contract period of 7 years) with the deployment of digital printing and workflow solution
- Reduction of costs due to efficiencies and labor arbitrage by 42% ($11m savings annually)
- Reduction in overdue portfolio from $30m to $18m over a period of 16 months
Summary

- Offshoring is the fastest growing delivery channel of the BPO market
- Serco Global Services has a uniquely positioned location agnostic model
- Significant offshore scale advantage already established
- 11 multi-language centres servicing over 30 clients across a broad spectrum of verticals
- Deep domain knowledge and capabilities in our people and technologies
- Well placed to deliver increasingly complex services
- Leading people manager in a people business
- Track record of real business impact

Serco Global Services is strongly positioned to grow its offshore BPO operations
Shop Direct Group - BPO strategic partnership

David Rumble
Serco Global Services Retail Partnership Director
**Shop Direct Group (SDG)**

### Client Overview
- UK’s leading online and home shopping retailer
- Annual turnover of around £1.7bn
- Over 5m customers
- Over 19m calls
- Over 53m items sold and dispatched per year

### Case Snapshot
- 10 year partnership, £430m commitment
- Driven by 5 client principles
- Transfer of 1,900 staff to Serco – July 2012
- Complex unionised sales and service operation
- Location strategy using a blend of onshore, nearshore and offshore

### Processes Handled
- Sales – reactive and proactive multi-channel
- Service – account management and support for service, claims management and credit support
- Shared Services – Planning, Reporting, Quality, Compliance, Change Management
- Infrastructure – IT, Facilities, HR, Finance

### Outcomes
- Increase sales revenue through digital services
- Re-designed customer journeys to reduce waste and cost
- Provide framework for continuous improvement
- Fully flexible operating model
- Regulatory compliant
## Our journey with SDG

### Sep 10 - March 11
- SDG contracted to The Listening Company for an initial 3 year agreement
- Component services for contact centre customer service activity
- Services delivered from TLC facility in Manchester
- Tested web-chat, social shopping and personal shopping

### Jul 11 - Apr 12
- SDG explore the potential to outsource significantly more services
- Eight vendors participate in the process
- Need demonstrable track record of intimate customer management
- Offshore delivery capability essential
- Credibility in delivering service transformation

### Jul 12 - Jun 22
- SDG contracted to Serco with a £430m 10 year agreement
- BPO service for customer management across Retail operations
- Services delivered from UK, South Africa and India
- Serco delivering transformation drawn from leveraging existing capabilities

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**Timeline**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sep 10</td>
<td>SDG contracted to The Listening Company</td>
</tr>
<tr>
<td>Mar 11</td>
<td>Serco acquires The Listening Company</td>
</tr>
<tr>
<td>Jul 11</td>
<td>Serco acquires Intelenet</td>
</tr>
<tr>
<td>Mar 12</td>
<td>Serco creates global BPO business</td>
</tr>
<tr>
<td>Jul 12</td>
<td>SDG contracted to Serco</td>
</tr>
<tr>
<td>Jun 22</td>
<td>Serco delivering transformation</td>
</tr>
</tbody>
</table>
Our SDG partnership approach

**Service Assurance**
- A people-focused approach
- Protect and improve sales performance
- Focus on brand and customer experience
- Service blueprint and standards
- Evidenced-based insight
- Regulatory compliance

**Transformation**
- Reduced customer effort through new channels and new technology
- Improved customer experience and sales
- Use of real-time intelligent insight
- Improved operational efficiencies and reduced costs

**Relationships**
- People valued and rewarding right behaviour
- Focus on evidence-based continuous improvement
- Leveraging learning and best practice
- Common vision and values delivering partnership flexibility

Reduce costs  Increase sales  Improve Quality  Actionable Insight  Rigorous Compliance
<table>
<thead>
<tr>
<th>People</th>
<th>Process</th>
<th>Technology</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support Team mobilised</td>
<td>Route to contract</td>
<td>Produce high level design architecture</td>
<td>Commence Cardiff build</td>
</tr>
<tr>
<td>Recruitment and training blueprint</td>
<td>Transition process mapping</td>
<td>Design service blueprint</td>
<td>Plan Cape Town solution</td>
</tr>
</tbody>
</table>

**phase zero**

- **Apr - Jul 2012**
  - Support Team mobilised
  - Recruitment and training blueprint

**phase one**

- **Jul - Dec 2012**
  - Transition services to Serco in time for peak
  - Stabilise and assure operational delivery

**phase two**

- **Jan - Dec 2013**
  - Multi-skilling across brands implementation
  - Skills ascension program introduced

**phase three**

- **Jan - Jul 2014**
  - Delivery of flexible service model
  - Establish continuous improvement program

**Innovation projects**

- Voice of customer improvement program

**Location**

- Undertake UK site rationalisation
- Extend Cape Town & commence Mumbai

**Fully blended and optimised estate across onshore, nearshore and offshore**
Innovation in retail

People

Workforce management on smart-phone

Process

Use of epiCentre – light CRM tool

Technology

Intelligent engagement – web-chat
Innovation in retail

Workforce management on smart-phone
Innovation in retail

Use of epiCentre – light CRM tool

Automation between client systems to increase efficiency and reduce handle time

- Client CRM
- Client Billing
- Other Client apps
- Client Sales Management
- Client Knowledge Base
- Client C-Sat Survey
Innovation in retail

Technology

Intelligent engagement – web-chat

Need help ordering?
Get help from one of our UK based experts.

Start Chat

Can I help?
Get help from one of our UK based experts.

Start Chat
A platform for future success

- The Serco SDG contract is highly referenceable in the retail market as well as other private sector verticals
- Demonstrates that our deep service ethos can be delivered in a digital sales and service environment
- Firmly establishes our transformation credentials in a highly competitive private sector vertical
- Showcases relevant domain expertise in end-to-end BPO capability across different geographies
- Provides a repeatable and scalable solution that can be transferred to future Global Services clients
Barclays - BPO strategic partnership

Rupa Nathani
Head of Barclays Operations in Chennai
Barclays partnership - background and growth

4,500 People (English Language)

51 Processes (Voice & Data)

41m Transaction volumes
(over 16m calls handled and 25m transactions processed)

4 Business clusters
(Retail Banking, Corporate Banking, Credit Cards, Wealth)

Strategic partnership built over 8 years spanning 5 locations servicing multiple segments

2004 – 100 FTEs
- Support for banking software used by business customers transitioned
- Direct Channels – General Enquiries, Central Telephony
- Retail Banking Information Dissemination, Online Banking
- Started with customer support

2005 – 600 FTEs
- Mortgage Services
- Telephony
- Funds Control
- Added transaction processing & rule based decision making

2006 – 2,100 FTEs
- 2 Chennai centres opened
- Retail Banking
- Barclaycard Fraud Operations
- Corporate Banking
- Migration from two vendors
- Credit Card operations begin
- Expanded Voice Customer Services

2007 – 3,500 FTEs
- Commercial banking ramp ups
- Central telephony ramp ups
- Wealth operations
- Payments – sanctions, fund control
- Complete end-to-end work (integrated Services)

2011 – 4,500 FTEs
- Other geographies added - commences operations for Mauritius, Philippines and Dubai (Dubai Delivery Location: Mumbai, Chennai and Dubai)
- Net banking @ Manila
- UAE collections
- Payment Protection Insurance
- Multi-location delivery & discretionary decision making

Delivery locations
- Mumbai
- Chennai
- Manila
- Dubai
- Mauritius

Geography
- Barclays UK
- Barclays India
- Barclays UAE
- Barclays Mauritius
Relationship evolution – from offshore cost arbitrage to strategic partner

Original drivers

- Cost arbitrage
- Offshore delivery capability developed to give inherent business continuity
- Speed to market

Value adds

- Increased share of operations offshored & stabilised at a significantly lower cost
- Tactical solution emerged to bring about efficiency
  - Better seat utilisation
  - Achieved optimal staffing through cross skilling
  - Deployment of technology tools
- Process Initiatives
  - Aligned to voice of end-customer
  - Comprehensive risk analysis and mitigation, in conjunction, with business owners
- Value Added Services through
  - Process Transformation and Consulting
  - Techno-Business solutions & Technology Implementation Support
  - Data Analytics for Enhanced Customer Experience, Reduce Cost and Enhance control
- Compliance initiatives - FSA, Basel-II, SOX, FCRA etc.

Jan 2012 onwards

- Business owners share Strategy, Engagement with Enterprise-wide initiatives
- End-to-end visibility to Business Process. Not just operations off-shored to us
Serco delivery impacts

Customer first
- Disbursement of loans from 24 hours to 3.5 hours
- Customers banking accounts opened within 7 hours of documentation receipt
- Processed loans worth more than £7.1bn with zero customer complaints
- Reduced the turn-around time for fraud investigation from 21 days to 3 days

Process improvement for the Bank
- Helped improve collection of documentation procedure by 70%
- Payment stop rate brought down from 15% to 4.3% in the last 3 years
- 95% reduction in financial losses – from £500,000 in 2005 to £20,000 in 2011
- Zero breaches across 13 cut-offs and 84 different currencies
- Inventory of backlog transactions reduced by 30% for £1 trillion worth of payments
- Loan Calculation Tool developed offshore has resulted in 100% accuracy
- Training simulator developed offshore to have effective hands on experience without the risk of doing it in the live environment
- Detected fraud payments, leading to savings of £10m between 2009 and 2012

Sales
- From selling one product to generating total value of over £10m for the bank
- Retail customers - achievement of Barclays customer satisfaction scores of 85% (75% previous year) leading to higher customer retention and increased sale of the bank’s products
- Hired 500 people to work on validation of complaints within four months while maintaining quality of over 90%
Customer video
- strategic relationship beyond contract
Summary

- Key BFSI strategic partnership built over eight years
- Significant organic growth in service scope
  - more business clusters
  - more processes and volumes
  - more geographies
- Relationship evolved from offshore cost arbitrage to strategic partnership
- Substantial increase in more value-added and complex services
- Delivered substantial real business impacts in addition to cost savings
Child Maintenance Group
- Off System Case Management Services

Garry Robinson
Serco Global Services, Head of Government UK
Contract overview

- Clerical Cases Management Service to ensure that complex child support cases are managed effectively and sensitively
  - manage the influx of new cases from our customer The Child Support Agency
  - collect an initial payment and maintain regular payments
  - respond to change of circumstances

- Caseload continues to grow by approximately 100 a week
  - the service is delivered from our 800 seat delivery centre in Bolton

- Cases are managed on the customer’s system
  - supported by a suite of Serco’s IT tools

- Strong performance and customer relationship have driven service expansion
  - over 82,000 children benefitting, up from 12,000 at start of the contract
  - 280,000 citizens (parents) served to date
## Account journey

<table>
<thead>
<tr>
<th>Period</th>
<th>Transactional relationship</th>
<th>System issues</th>
<th>Inflexible and complex</th>
<th>Customer Relationship</th>
<th>Delivery</th>
<th>Commercial model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct 06 - Sept 07</td>
<td>Transactional relationship</td>
<td>System issues</td>
<td>Inflexible and complex</td>
<td>Key</td>
<td>Delivery</td>
<td>Commercial model</td>
</tr>
<tr>
<td>Sept 07 – Oct 08</td>
<td>Increased joint working</td>
<td>Improved performance against targets</td>
<td>Re-aligned to Agency targets</td>
<td>Customer Relationship</td>
<td>Delivery</td>
<td>Commercial model</td>
</tr>
<tr>
<td>Oct 08 – Mar 11</td>
<td>Strong at all levels</td>
<td>Strong performance against all targets</td>
<td>Commercial framework integral to success</td>
<td>Key</td>
<td>Delivery</td>
<td>Commercial model</td>
</tr>
<tr>
<td>Apr 11 – Mar 12</td>
<td>Move to partnership</td>
<td>New performance measure - customer experience</td>
<td>“True” Risk/Reward</td>
<td>Key</td>
<td>Delivery</td>
<td>Commercial model</td>
</tr>
<tr>
<td>Apr 12 – next 24 months</td>
<td>Development partnership approach</td>
<td>Continue to exceed targets and innovate</td>
<td>Build strong investment cases for innovation</td>
<td>Key</td>
<td>Delivery</td>
<td>Commercial model</td>
</tr>
</tbody>
</table>

**From transactional contract to strategic alignment**
Creating a centre of excellence for future growth

In May 2012 set up a 250 seat contact centre in less than 8 weeks

- Completed ahead of time and within budget
- Transferred agents and work from Stockport in line with customer’s request
- Space to rotate operations to complete a renovation programme
- Additional space for expansion
Over the term of the contract we have built a number systems that have proved to be critical to our successes

- Case Movement Database
- PAG database
- Accuracy database
- Post database
- Call logger
- Caseworker Connect
- TELEm
- Non Finance Directory
Innovation - revenue collection

January – March 2011 delivered the maximising performance project – recruited over 100 staff in less than 8 weeks and collected > £1.1m in less than 3 months

- New outbound team created
- Outbound campaigns ran out of hours
- Sent HMRC a list of selected non-paying non-resident parents to clarify whether employed and paying tax
- Strategy – collect initial payment and sign up for deduction of earning orders

CMG were challenged to think differently in order to increase collections. As partners we took on the same challenge
Innovation - process efficiencies

Since April 2010 delivered >90 FTE efficiency savings through improved processes and customer experience

- Used lean six sigma techniques to challenge every step of the many procedures we have
- Challenged the client on “policy and regulations” – many removed as they were actually just something they always did
- We identified a team of front end agents who always asked “why” when the process seemed too long – later these became the innovation unit

We are confident we can deliver year on year efficiencies
Innovation - process redesign

Designed and implemented a reengineered process for ‘Change of Circumstance’ reducing the end-to-end processing time by 7 working days and increased throughput per FTE, further improvements still to be delivered

- Used lean six sigma techniques to identify the bottlenecks in the process
- Worked with the client to challenge the elapse time between steps
- Reviewed the letters that were sent out
- Recommended and realised solutions to the way we managed the flow of the case

We pride ourselves in being seen as an innovative partner, who continually identifies and shares creative solutions.
Innovation - new technology

Deployed a call routing solution and created three Centres of Excellence, providing improved knowledge to front line caseworkers and improving first call resolution

- Call logger used to identify key call types
- Reviewed average handling time of each of these call types
- Reassured the customer following their initial objection to the use of a call routing solution
- Retrained agents to create pockets of expertise
- Ran a number of pilots to prove its success
- Implemented full roll out and realised savings from reduced repeat work

We want a customer service line not a switchboard – must realise a 90% first time resolution to queries
Summary

- We manage the most complex cases for CMG
- Our team have specialist skills and expertise
  - created end-to-end processes for complex case management
  - reengineered the customer journey
  - developed new systems to enhance service delivery
- We have delivered innovations which have
  - improved service levels
  - increased efficiency
  - improved outcomes for the customer and service users
- Developed a very strong working relationship through excellent operational delivery
- Achieved substantial organic growth in the scope of the contract
Closing remarks and Q&A

Andrew Jenner
Finance Director
Serco Group plc
Serco and BPO – the messages of today’s presentation

- The BPO market is large and growing
- Serco’s growth in the BPO market is a natural evolution of our strategy
- Providing middle and back office services meets the increasing needs of customers
- We are building a global BPO business that is truly differentiated with significant competitive advantages
- Serco expects BPO opportunities to enhance both growth and margins

BPO represents an excellent opportunity to enhance Serco’s investment proposition
Serco Global Services – outlining the strong opportunities for our BPO division

Serco Group plc
Investor and analyst event
11 December 2012