

# Information

## Infosys eyes next round at Rio

Paul Smith

Debt-laden mining giant Rio Tinto has confirmed it is well advanced with plans to outsource internal business processes, with leading Indian technology company Infosys understood to be in the box seat to pick up some of the work.

In December last year Rio revealed it planned to slash 14,000 jobs from its global workforce, sell some of its assets and put sweeping changes to its computing platforms on hold. The measures formed part of plans to pay down debt by \$US10 billion (\$12 billion) before the end of this year and cut capital expenditure in half.

At the time it said it would step up

### KEY POINTS

- Business process outsourcing is gaining some advocates.
- Infosys and Rio have worked together on outsourcing before.

its information technology outsourcing program, having awarded Infosys a contract worth \$50 million over a period of several years.

The initial Infosys agreement covered maintenance and support of some software systems but was also understood to include trials of business process outsourcing.

Business process outsourcing is not yet as popular in Australia as IT

outsourcing, but a number of groups, including National Australia Bank, have embraced the practice.

The next round of outsourcing in focus at Rio is related to functions including procurement, accounts payable, accounts receivable and general ledger. It is understood that Infosys and Accenture have been considered for some of the service provision.

Rio was unwilling to provide much detail when contacted about the latest round of outsourcing, but a spokeswoman confirmed it was continuing to look at further plans as part of the debt-reduction push.

The director of offshoring consultancy Mindfields, Mohit Sharma,

said it was a logical evolution of Rio's earlier deal with Infosys to award the new contracts to the same company, as it had already tested its capability.

He suggested, however, that Rio was missing an opportunity to make money from the internal processes it had developed over time.

"The best outcome for Rio would have been to transform their cost centre into a value centre, which can be done by consolidating the processes into a separate entity and selling it to vendors to run in a back to back contract," Mr Sharma said.

"In the current global financial crisis, vendors are desperate to buy revenues and the list of carve-out transactions keeps growing."