



Indian Infrastructure Seminar

EPC & Contracting

10 October 2013

by

Introduction and Purpose of Today

Indian-OECD Infrastructure Dynamics

India Infrastructure is a Priority Opportunity for OECD Companies

There are Emerging Export National Champions from India

Demand Conditions are Converging between India and Other Countries



Objectives for Today

- Introduce you to OC&C's Infrastructure Practice and our expertise
- Share with you some insights on trends currently affecting the global infrastructure services market...
- ... and emerging rules of the game

OC&C serves a wide range of B2B clients, leveraging its expertise in different areas

B2B Services – Areas of Expertise



OC&C's Business Services practice is well established with a global reach

We work in many different (sub-)segments and across the value chain...



Sector coverage

- **Broad range of areas...**
 - We are active in amongst others Infrastructure and Buildings; BPO; Energy & Utilities; Government Services; Professional services; Facilities Management; B2B-2C consumer services; and IT services
- **...in a context of increasing convergence between sectors...**
 - Increasingly, winning client propositions may combine any combination of services, technology, advice and capital of Serco, Capita, IBM, Balfour Beatty
- **...serving clients across the value chain**
 - Our clients include B2B, B2G, and B2C players and range from raw material providers to final products and services providers

...helping our clients with problems on varying levels...



Our Services

- **Broad range of strategic consulting services**
 - Corporate strategy
 - Business unit strategy
 - Operational improvement (sourcing, workforce productivity, cost, organisation design)
 - M&A (both buy and sell-side target identification and diligence)
- **Common principles, varying propositions**
 - Principles: differentiated expertise through significant Partner time; longer term partnering with clients not transactional
 - Propositions: variety of team structures, risk/reward arrangements welcomed, depending on task

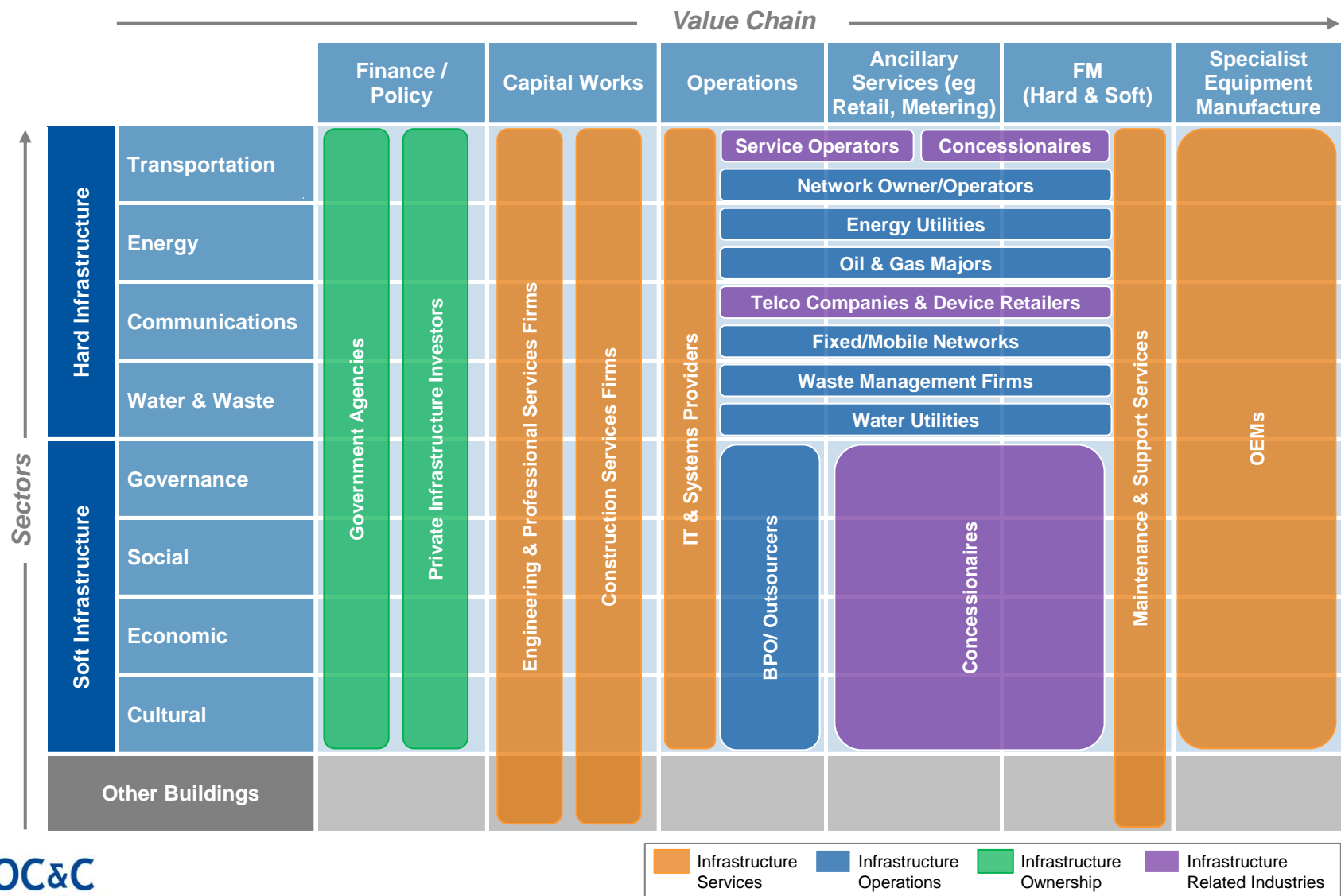
... in geographies around the world



Scale and Geographic Reach

- **OC&C unique amongst major strategy firms in the importance of B2B Services**
 - Practice established over 10 years ago
- **Global reach with 16 Partners around the world part of our International B2B Sector practice, especially in:**
 - Infrastructure and buildings including construction and FM
 - Oil & Gas
 - People services
 - Government services
 - Often work as part of multi-national teams in our core geographies and beyond e.g. recently Scandinavia, Turkey, Baltics, Iberia

OC&C has significant experience in both infrastructure and capability-led organisations across the value chain in all types of hard infrastructure

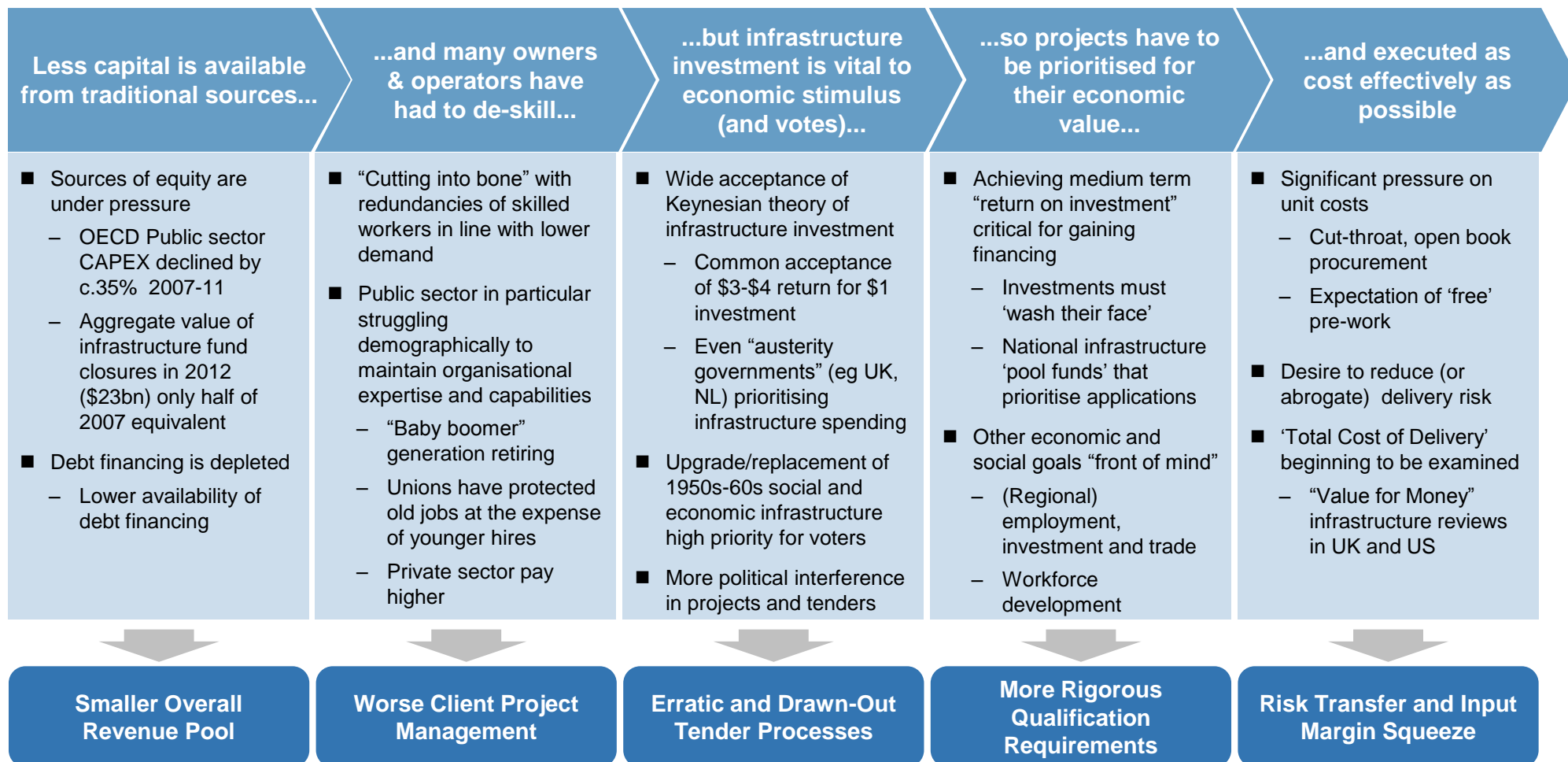


OC&C has a strong track record of working with world leading companies and national champions across full spectrum of the infrastructure environment

Example Credentials	
Infrastructure Ownership & Operations	
Infrastructure Services	
Infrastructure Related Industries	

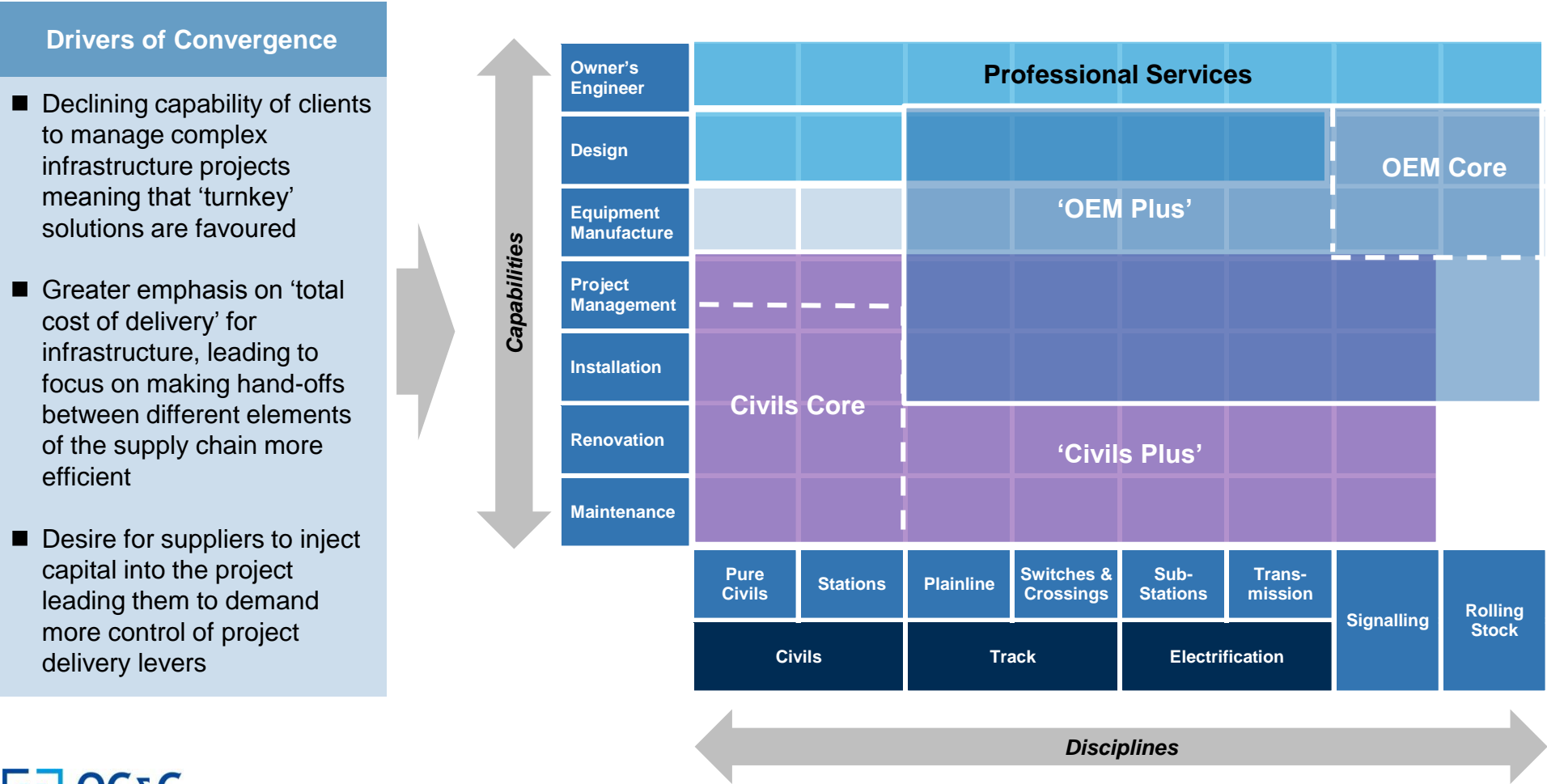
The Financial and Sovereign Debt Crises have had a profound effect on the nature of infrastructure demand in the OECD, presenting a significant challenge to services companies

OECD Infrastructure Demand Trends and Impact on Suppliers 2008-?



These factors have led to increasing convergence between previously separate value-chain disciplines, leading to significant consolidation and the squeezing out of specialist players

Rail Infrastructure Case Study

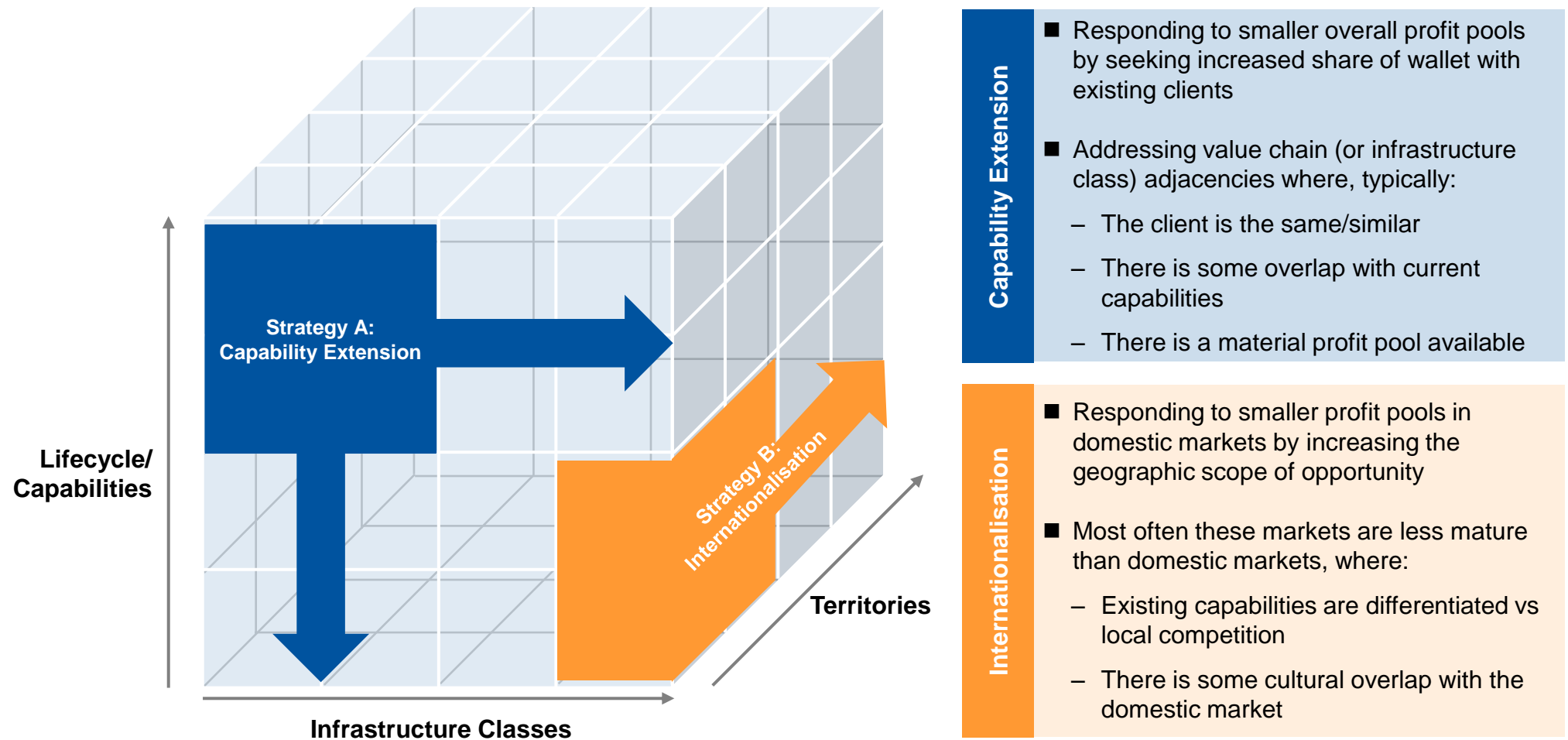


This has led to a new set of ‘rules of the game’ for infrastructure players

Infrastructure Players Golden Rules

Be Famous for Something	1 Prioritise Key Accounts and Pursuits Ruthlessly	<ul style="list-style-type: none"> ■ Maximise return on organisational bandwidth and bid engine ■ Maximise efficiency in delivery by winning work within known ‘sweetspot’
	2 Differentiate Beyond the Cost Base with Capital, Technology, IP or Service	<ul style="list-style-type: none"> ■ Early involvement in tenders as ‘The Only Game in Town’ ■ Avoidance of direct unit-cost comparison only
Take Ownership	3 Become a Trusted Partner to Clients	<ul style="list-style-type: none"> ■ Relationship based sales outside of formal tender processes ■ Early involvement in helping scope projects and draft tenders
	4 Plan to Take Delivery & Revenue Risk (Judiciously)	<ul style="list-style-type: none"> ■ Enhance potential project margins ■ Embed relationships by reducing risk for clients
	5 Maximise Overall Delivery Responsibility	<ul style="list-style-type: none"> ■ Gain control of key value-driving project development and management levers ■ Maximise share of client wallet
‘Flatpack’ Delivery	6 Develop Strategic Relationships with Partners and Subcontractors	<ul style="list-style-type: none"> ■ Increase project efficiency with greater co-working experience ■ Offer ‘turnkey’ delivery to clients
	7 Codify and Leverage Cross-Lifecycle IP at All Times	<ul style="list-style-type: none"> ■ Lower overall asset lifetime cost

Infrastructure players have adopted two diversification strategies in responding to these market conditions, often deploying both at the same time



Successful implementation of these strategies relies on using current organisational strengths to create a differentiated proposition

Hallmarks of Good and Bad Strategic Execution

International

- Prioritisation of key clients in a small number of territories
- Significant local presence with strong client relationships integrated into a global knowledge infrastructure and staffing model
- Focus on projects where knowledge from domestic markets can be differentiating



- Scattergun bidding across multiple territories and project types
- 'Fly In Fly Out' project approach
- Acquisition of local units that are run 'as usual' by existing management

Capability Diversification

- Acquiring capabilities that reinforce and differentiate the current proposition
- Integration into a client-facing structure that sells a full asset lifecycle 'solution'
- Taking on risk where all value-creation levers are understood and controlled



- Acquiring adjacent capabilities that conflict with the current proposition
- Maintaining separate service line-specific sales approaches
- Taking on excessive delivery risk in non-core areas

Well Executed

Poorly Executed

"Proposition Enhancement"

"Portfolio Diversification"

This has led to several common questions that all infrastructure services players are facing

1

Potential

- What capabilities do I possess that are valued in the market?
- Which geographic and service-line adjacencies could add value to my core capabilities?

2

Prioritisation

- Which are therefore the most attractive market niches to focus on within the infrastructure cube?
 - Which capabilities, in which sectors, in which geographies?
- Where should I be focussing my research and innovation spending?

3

Proposition

- What capabilities, credentials and relationships do I need to ensure a seat at the top table of an infrastructure project and what is required in terms of M&A and JVs to get there?
- How can I maximise full-lifecycle profitability for an asset, and how do I make sure I get rewarded for that?

4

Performance

- How can I best leverage my full knowledge of working with infrastructure whilst adapting to specific project needs?
- How should I structure my bid engine?
- How can I control costs?