Transformational Outsourcing
The New Educational Challange

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1.Introduction (1) – Outsourcing, Offshoring and Rightshoring®

- **Outsourcing** – the relocation of business processes, not being the core business of the company, to external providers

- **Offshoring** – outsourcing or relocation of business activities (IT and services) and jobs to countries overseas (farshoring) or within Europe (nearshoring)

- **Rightshoring®** - the most optimal choice of outsourcing locations and services

Introduction (2) – Transformational Outsourcing

- **Outsourcing to <u>transform</u> critical functions and processes.**
- **Developing and managing IT and business process infrastructures that <u>adapt</u> to changing strategy.**
- **Combining cost saving with enhanced IT <u>flexibility</u>**
- **Targeting rapid, substantial, <u>sustainable</u> improvement in enterprise-level performance**
- **Focusing on "<u>measurable strategic business outcomes</u>" and "<u>value creation</u>".**
- **A true <u>partnership</u> between client and vendor.**

Source: Capgemini Outsourcing Benelux BV

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2. Innovation – how to fathom it ?

- **Types of innovation**

  - **Business Model Innovation** (changing the way business is done in terms of capturing value)

  - **Marketing Innovation** (new methods of promotion, pricing, product design etc.)

  - **Organizational Innovation** (alteration of business structures)

  - **Process Innovation**

  - **Product Innovation**

  - **Service Innovation**

  - **Supply Chain Innovation** (purchasing of input products from suppliers and the delivery of output products to customers)

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3. Innovation versus: invention, collaboration, co-operation and coordination

- **Invention** – is an object, patent, process or technique which displays an element of novelty.

- **Collaboration** – right mix of people and companies allowing to achieve collective results that the participants would be incapable of accomplishing working alone

- **Co-operation** – obtaining mutual benefits by sharing or partitioning work, saving time, resources and equipment

- **Coordination** – the organization of efforts of different parties to reach a common goal by harmonizing tasks, roles and schedules

Innovation = Invention + Collaboration + Co-operation + Coordination

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4. How is Transformational Outsourcing Different ?

- **Not a discrete offering like ITO or BPO**
- **Not just offloading non-core functions**
- **Not simply leveraging economies of scale**

- **Is a value-adding, higher level outsourcing engagement**
- **Is focused on measurable strategic business outcomes**
- **Is a "relationship" rather than a service**

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5. Traditional versus Transformational Outsourcing
Source: Capgemini Outsourcing Benelux BV

Traditional	Transformational
Operational Focus	Business Focus
Cost Reduction	Value Creation
Improve Control	Manage Uncertainty
Static Business Processes	Changing Business Processes
Economies of Scale	Adaptability/Flexibility
Optimization	Innovation

6. Transformation "Triger" Events

7. Experience Environment

…"Managers are discovering that **neither value nor innovation** can any longer be successfully and sustainably generated through a **company-centric, product-and-service-focused prism"…**

…"An **experience environment** can be thought of as a robust, netwerked combination of company capabilities (including technical and social capabilities) and consumer interaction channels (including devices and employees), flexible enough to accomodate a wide range of individual context-and-time-specific needs and preferences"…

Source: C.K..Prahalad & Venkatram Ramaswamy, MIT Sloan Mamagement Review, vol 44, No4

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8. What to teach ?

- Corporate Finance
- General Management
- Supply Chain Management
- ICT
- Social Sciences
- Legal
- Econometrics
- Systems Theory
- Large Scale Control Systems – to name but a few

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9. Closing Remarks

- Transformational Outsourcing can only happen within Experience Environment
- Education of outsourcing specialists is scattered around many institutes and has not been recognized as a main stream activity
- Every Outsourcing project requires a team of at least four specialist: CF, ICT, GM and Legal, educated with a strong focus on Outsourcing
- Transformational Outsourcing is a "Never Ending Story" requiring diversified specialists in diversified phases of transformation

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Knowledge gap
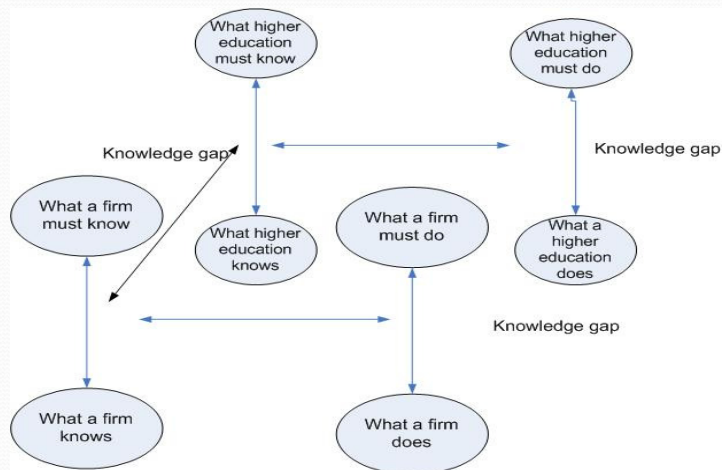
Stellingen

- Voor het kennisgat maken de vakgebieden ITO, BPO & KPO geen verschil
- Outsourcing moet een integraal onderdeel worden voor de opleidingen bedrijfswetenschappen en IT-opleidingen of
- De opleidingen moeten eigenlijk alleen faciliteren in algemeen onderwijs, de bedrijven zullen volgens wel specifieke kennis zoals outsourcing aanleren.
- Outsourcing heeft invloed op het huidige curriculum.
- Door het outsourcen van IT-werk verandert voor de IT-er de rol van manager/adviseur naar regisseur.