



The 2003 Outsourcing World Summit

Conference & Exposition

Harnessing the Power of Outsourcing's Next Wave – Part I

Monday, February 24, 2003

1:00 – 1:30 PM

MICHAEL F. CORBETT

Conference Chair, President and CEO

MICHAEL F. CORBETT & ASSOCIATES, LTD.

Learn:

How outsourcing has become an essential tool in managing today's and tomorrow's organizations.

Business changes come as waves gathering shape, gaining energy and momentum, and then crashing across the companies that find themselves in their path. Those companies that anticipate and react quickly to these waves of change can often rise with the tide; those that don't are often crushed by the impact. Technology, reengineering, the Internet, globalization, terrorism, and corporate responsibility are some of the waves reshaping business today.

Outsourcing is another.

Michael Corbett welcomes Summit delegates and begins the learning with a clear and insightful analysis of outsourcing as a management tool. He will discuss what outsourcing is, how it came to be one of the most important topics in business today and the current state-of-the-art in outsourcing excellence.

Learn these critical skills:

- How to determine if outsourcing is right for your organization
- How to establish an individualized value profile
- How to identify the best outsourcing opportunities – using the experiences of companies around the world
- How to lead your organization through the enormous change outsourcing creates



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MICHAEL F. CORBETT

President & CEO

MICHAEL F. CORBETT & ASSOCIATES, LTD.

Michael F. Corbett is an internationally recognized consultant, author and lecturer on organizational structure and its powerful relationship to competitive advantage.

Mr. Corbett believes that for organizations to capture markets and increase shareholder value they must achieve best-in-world excellence born of specialization, strategically leveraged outside relationships, and constant innovation.

Mr. Corbett is best known for his pioneering work on the topic of outsourcing. This work includes training thousands of executives on the topic over the past ten years, producing and chairing the field's premier annual conference, *The Outsourcing World Summit*, forming and chairing *The Outsourcing Research Council*, producing and editing Firmbuilder.com, and authoring, since 1994, annual management briefs on outsourcing for Fortune Magazine. He is President and CEO of Michael F. Corbett & Associates, Ltd., a research and training firm dedicated to advancing outsourcing as a powerful management discipline.

Outsourcing has changed the world of business and with it the business of management. Outsourcing is not simply a by-product of the need to reduce costs. It is an integral part of an organization's strategy for excellence. Outsourcing enables best-in-world performance. It creates breakthrough thinking through a clear focus on an organization's core competencies, combined with harnessing the unique capabilities of equally talented and focused outside partners. Seen this way, outsourcing becomes a powerful tool for organizational competitiveness.

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MICHAEL F. CORBETT

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Harnessing the Power of Outsourcing's Next Wave – Part

I

Michael F. Corbett

President & CEO

Michael F. Corbett & Associates, Ltd.

The 2003 Outsourcing World Summit

February 24-26, 2003

Palm Desert, CA

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Outsourcing Defined:

“A strategic, long-term relationship with an outside specialist for work traditionally performed within the company.”

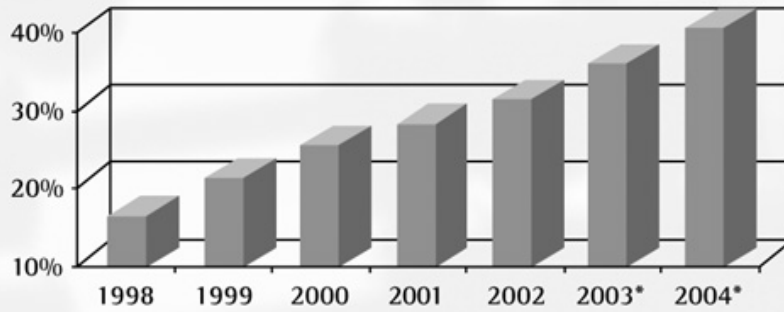
Outsourcing's Impact:

“Outsourcing is one of the greatest organizational and industry structure shifts of the century.”

James Brian Quinn, The Amos Tuck School, Dartmouth College

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Outsourcing as a Percentage of Budgets

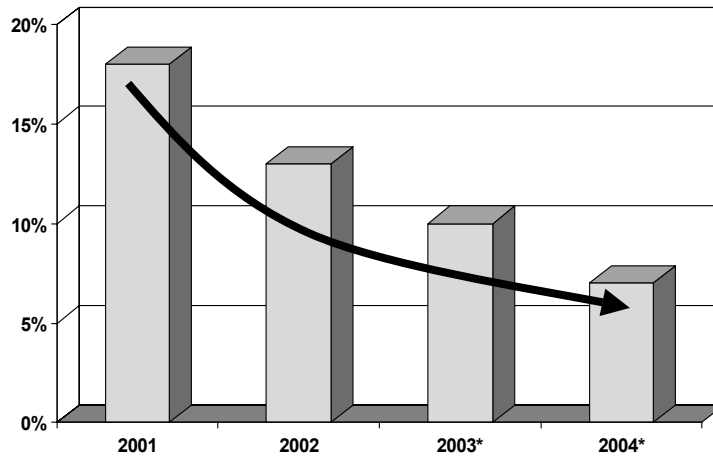


*Projected

Source: The Strategic Outsourcing Study, 1999—2002
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Percentage of Executives Not Outsourcing



Source: The 2001, 2002 Strategic Outsourcing Studies
Michael F. Corbett & Associates, Ltd.

*Projected

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“Chrysler outsources 70 percent of its parts, Ford and GM are not far behind.”

Industry sources.

“BP spends more than a \$1 billion a year on outsourced shared services activities.”

Ian Rushby, Vice President & CFO, BP

“Approximately 4,000 J.P. Morgan Chase employees and contractors will be transferred to IBM in the first half of 2003 as part of this \$5 billion, 7-year contract.”

J.P. Morgan spokesman, Michael Dorfsman

“Typical large-company CIO will outsource 50 percent of their budget by 2004.”

The 2002 Strategic Outsourcing Study, Michael F. Corbett & Associates, Ltd.

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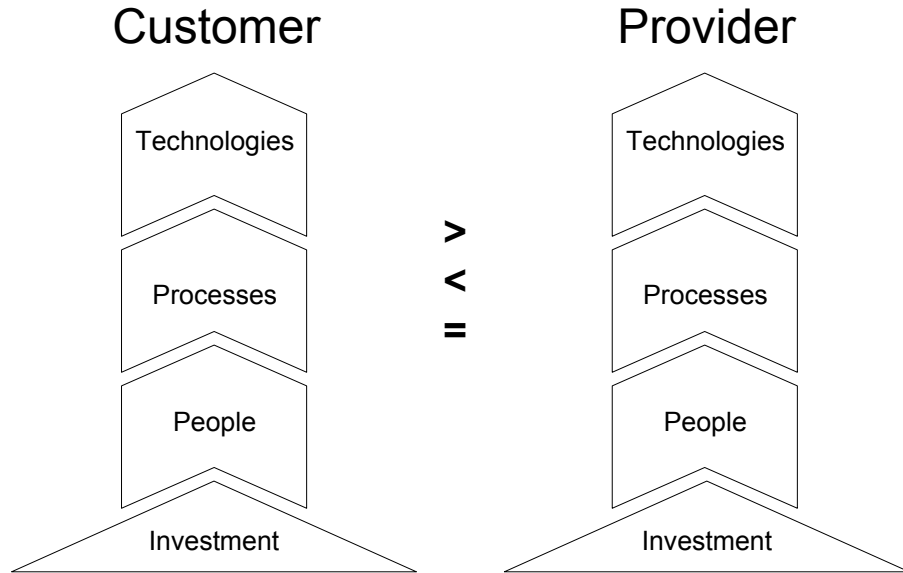
Outsourcing Begins With Three Simple Questions...

1. 1. If starting from scratch today, would you really do it yourself?
2. 2. Are you so good at it, that others would hire you to do it for them?
3. 3. Will tomorrow's leaders come from this part of the business?

If core competency, the answer will be yes to all three.

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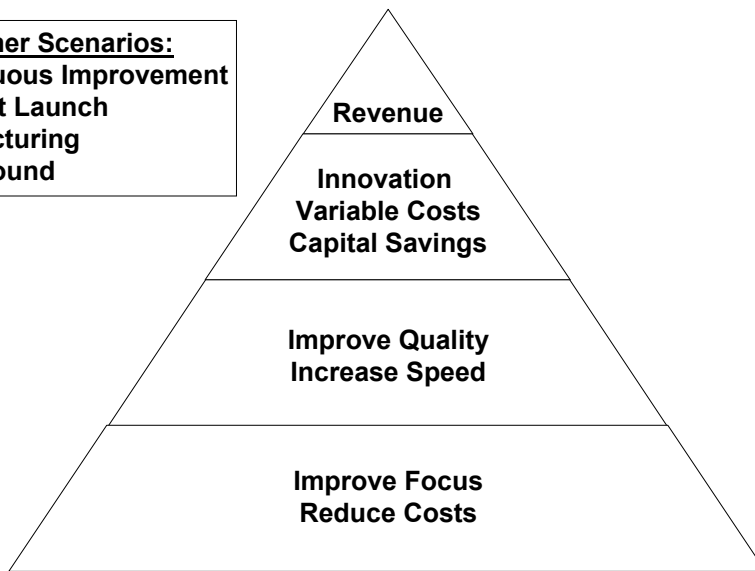
Market-Driven Analysis



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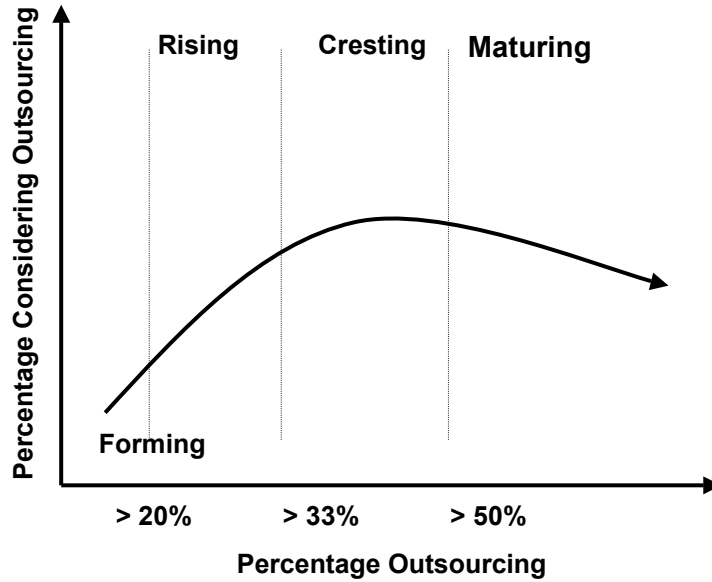
Outsourcing's Value Proposition

Customer Scenarios:
 Continuous Improvement
 Product Launch
 Restructuring
 Turnaround



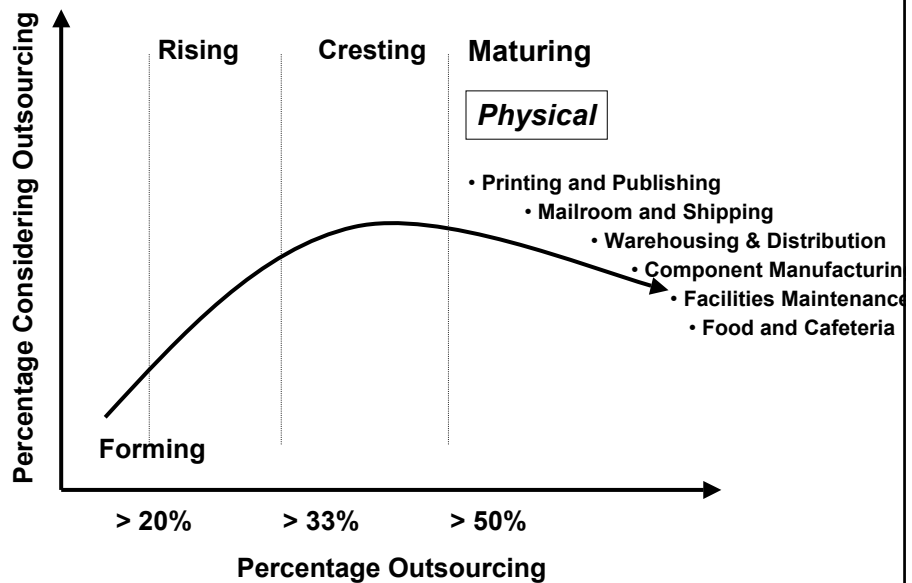
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Outsourcing's Waves



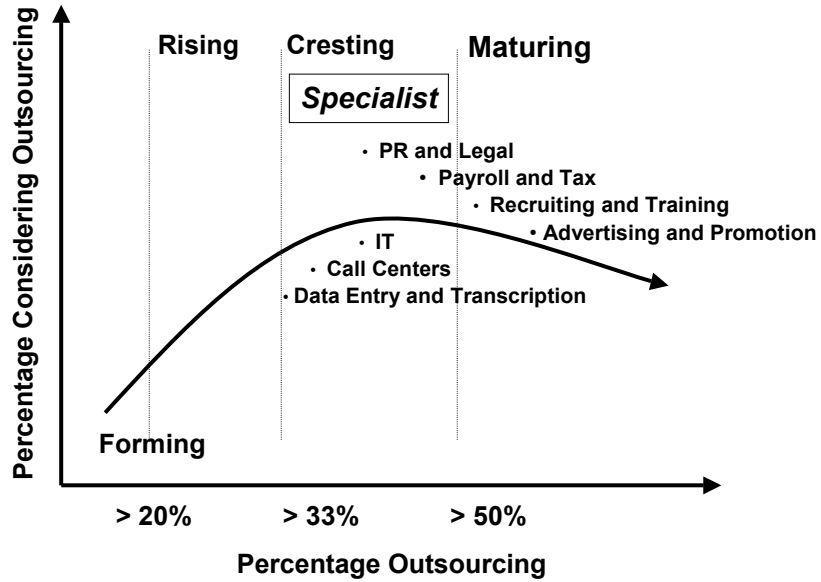
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Outsourcing's Waves



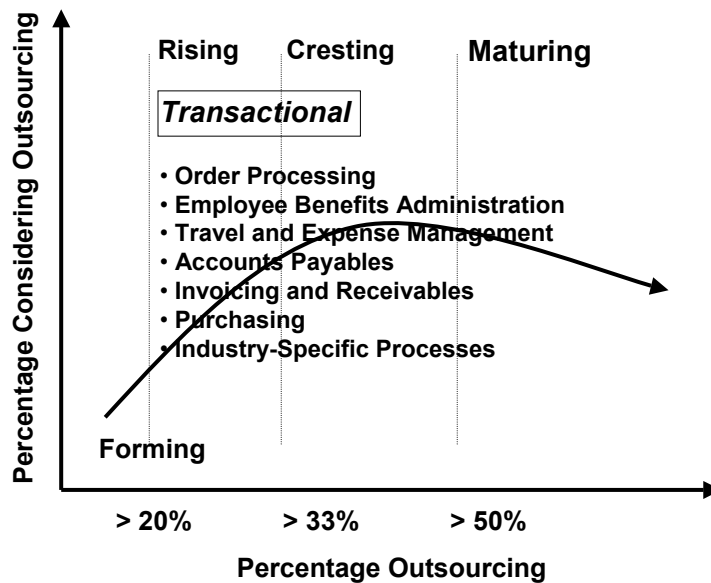
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Outsourcing's Waves



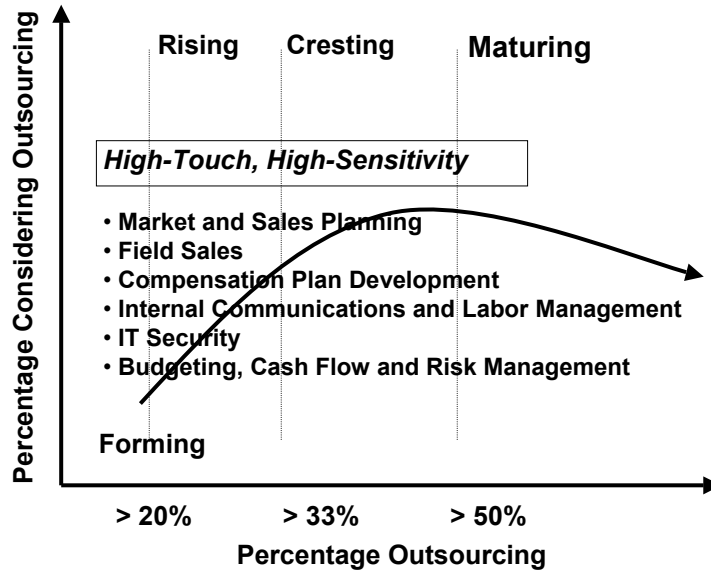
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Outsourcing's Waves



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Outsourcing as a Core Competency



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The 2003 Outsourcing World Summit

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Harnessing the Power of Outsourcing's Next Wave – Part II

Monday, February 24, 2003

2:15 – 2:45 PM

MICHAEL F. CORBETT

Conference Chair, President and CEO

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Learn:

How operational excellence, commercialization and the offshore connection are redefining outsourcing for the 21st century.

Mr. Corbett concludes the opening main session of The 2003 Outsourcing World Summit with an introduction and analysis of this year's key conference themes – those ideas that represent outsourcing's next wave.

The first is *operational excellence*. The days of justifying outsourcing on the strength of the deal alone are gone. Today's customers expect their providers to back up the deal with sustainable, provable operational excellence over the life of the contract. The question we now face is how do providers create, maintain and demonstrate operational excellence that constantly re-justifies the outsourcing decision? Just as importantly, how do customers go about achieving operational excellence across the blended internal and external operations that increasingly define their enterprises?

Customers are also looking for more from the outsourcing deal itself, particularly opportunities for *commercialization* – creating new revenue opportunities — through outsourcing. Mr. Corbett examines the range of options increasingly being employed, including asset transfers, joint marketing agreements, and the creation of new business ventures, as ways to improve the value of the deal.

The third of outsourcing's emerging waves is *global sourcing*. Many believe that companies not leveraging the global talent pool may soon find themselves at a severe competitive disadvantage. But what does it really take to capture the anticipated benefits? Who are the top providers and where are they? Do they offer more than just cheap labor? These are just some of the questions examined.

These ideas, introduced here, are expanded upon throughout the three days of the Summit.



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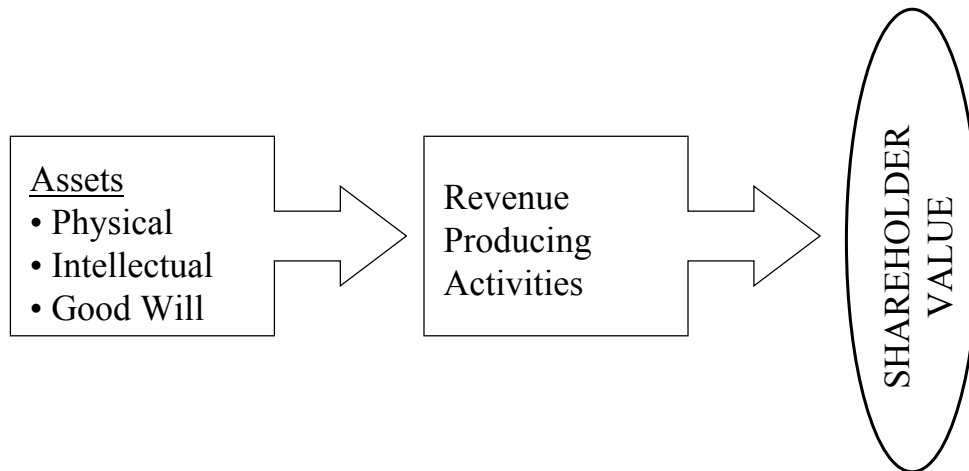
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What makes for operational excellence?

- Measurable standards of performance
- Continuous improvement
- Market-based peer assessment
- Ongoing investments in people, processes and technologies
- Cross-organizational dialogue
- Waves of innovation

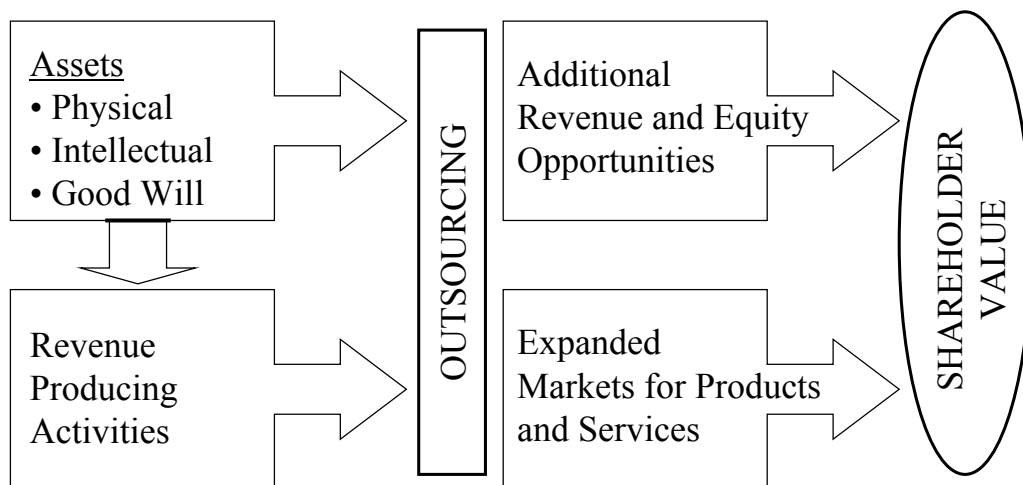
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Commercialization – Building Shareholder Value



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Commercialization through Outsourcing



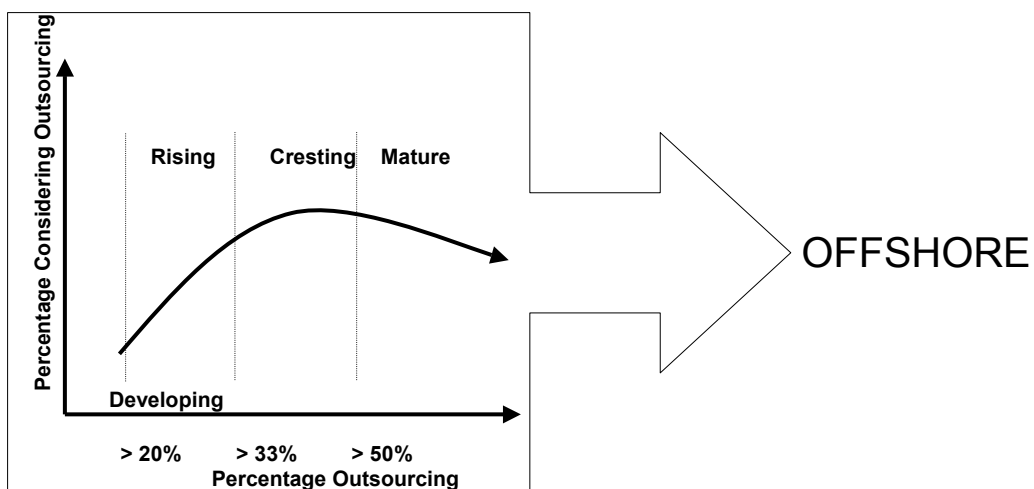
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Exciting Range of Possibilities

- Sale of Assets
- Joint Marketing Agreement
- Equity Client
- Joint Venture
- New Business

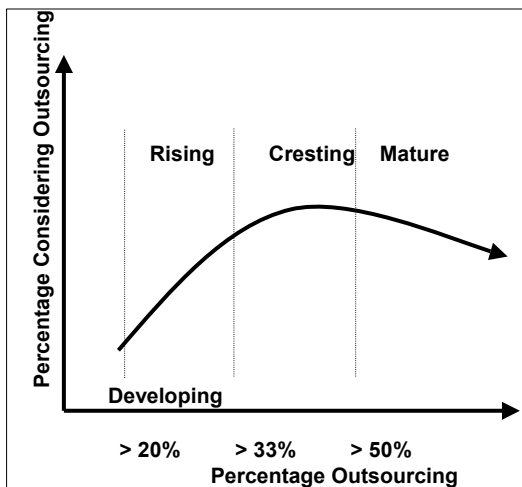
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Outsourcing's Other Wave



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Outsourcing's Other Wave



Offshore Advantage:

- China and India Graduating More Technical BAs than U.S.
- Wage rates of 1/5th to 1/20th
- Much of the Work is 'Placeless'
- Providers Developing Deep Capabilities

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