

The International Association of Outsourcing Professionals (IAOP)

Global Standard-Setting Organization and Advocate for the Outsourcing Profession.

Addressing the challenges that come with greater levels of outsourcing is going to take a new breed of outsourcing professional.

www.outsourcingprofessional.org



Dr. Adel Danish:

Next Generation of Outsourcing: Smartsourcing

The logo for Xceed, featuring a stylized blue 'X' followed by the word 'ceed' in a blue sans-serif font.

Different Sourcing

Smartsourcing: Increases **innovation** throughout the range of process from core to non-core, allowing organizations to focus on their most critical areas of differentiation and customer value, while also achieving high levels of innovation in non-core operations.

Offshore Outsourcing:

a type of business process outsourcing (BPO), is the exporting of IT-related work from one country to other developed countries to areas of the world where there is both political stability and **lower labor costs** or tax savings.

Multi Sourcing:

(Gartner Definition)
Multisourcing is the **disciplined provisioning** and blending of business and IT services from the optimal set of internal and external providers in the pursuit of **business goals**.

Strategic Sourcing:

an institutional **procurement process** that continuously improves and re-evaluates the purchasing activities of a company. It is one component of supply chain management.



Smartsourcing



Is About....

Economy of Scope
Competency
Partnership
Innovation
Smart, Educated Workers
Here to stay
Outsourcing is only one facet



Is not About...

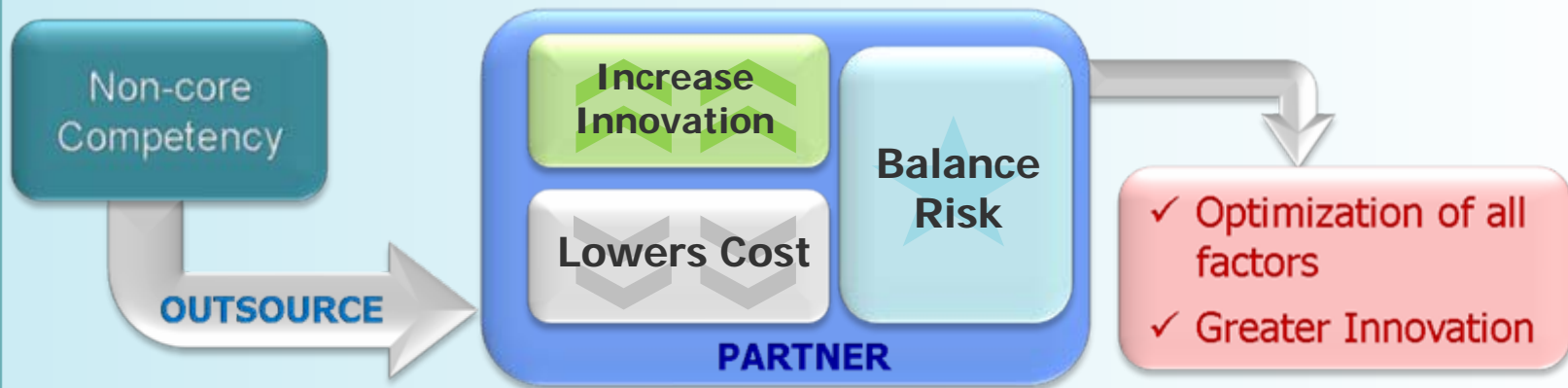
Economy of Scale
Just Technology
Ownership
Cost (Lift and Shift)
Cheap Labor
Episodic
Just Outsourcing

Xceed

Xceed

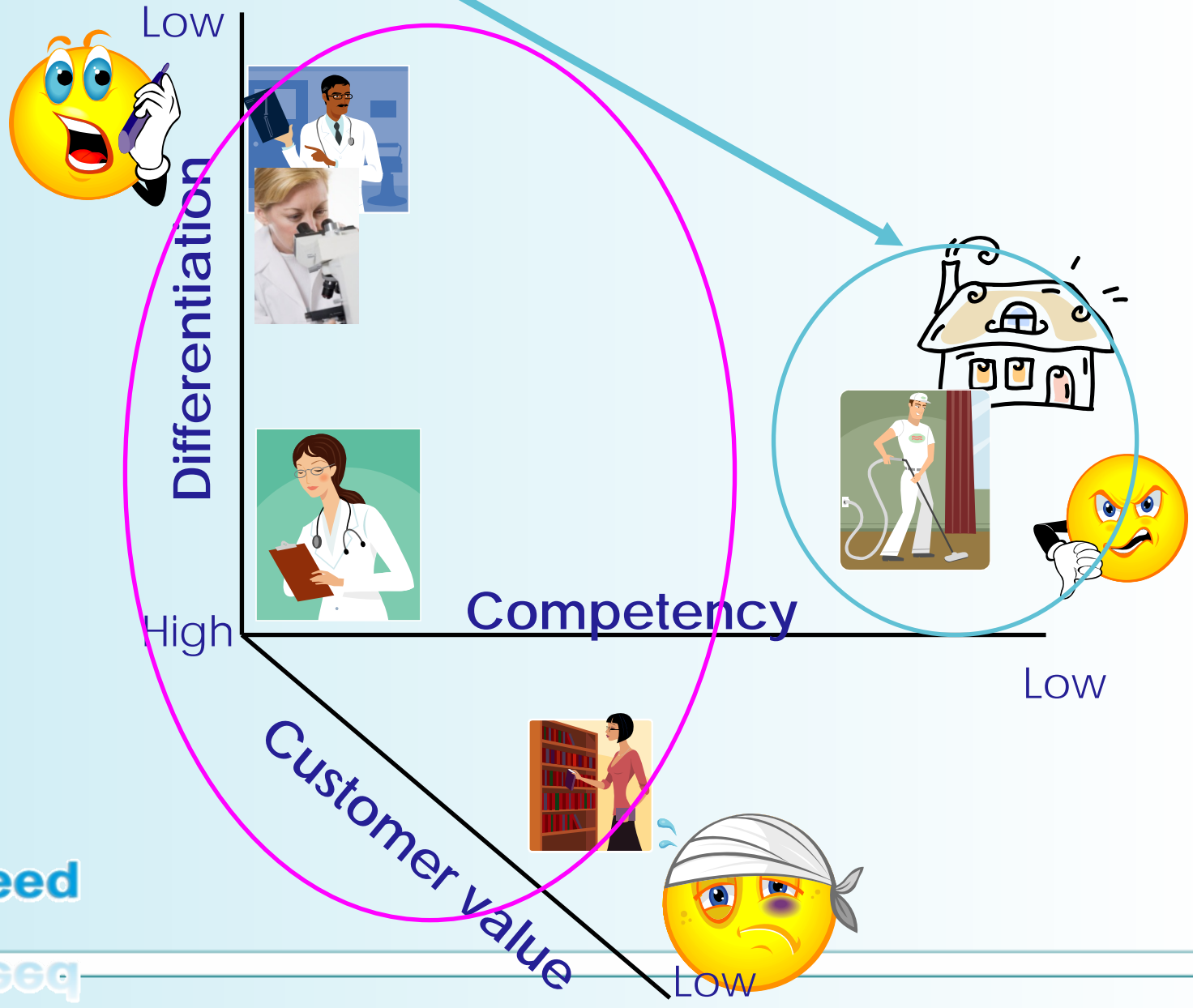
Smartsourcing Process

Differentiating between Smartsourcing as a process and the benefits from outsourcing.



Outsourcing / Off-shoring are essential components, paving the way for organizations to free up resources to focus on core competencies that lead to greater innovation.

Outsourcing

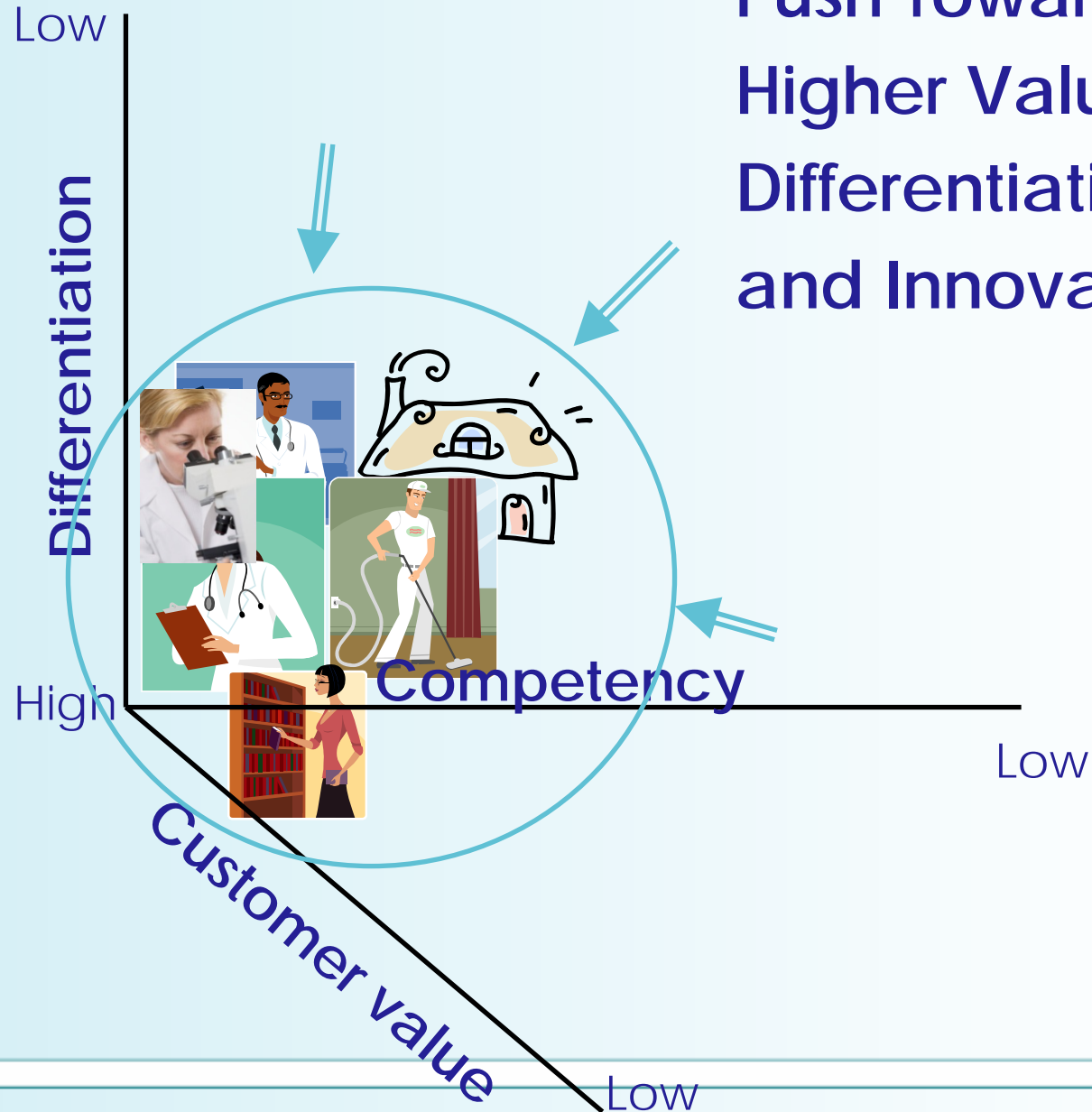


Xceed

Xceed

Smartsourcing

Push Towards
Higher Value,
Differentiation,
and Innovations



Xceed

Xceed

Competencies Investment Plan

People

The skills, resources and competencies to do the job:

- Do you have the right skills, training and competencies for this set of responsibilities?
- Is the infrastructure in place to support these people?



Process

The processes and procedures to enable the competencies:

- Are standard processes developed and enforced to enable these competencies?
- Does a continuous improvement program exist to improve these processes?



Technology

The technology to support and enable the processes and activities:

- To what extent has technology been adopted to support these competencies?



Assess Your Organization's Essential Sourcing Management Capabilities

	People	Process	Technology
Program	M	M	L
Performance	H	M	M
Strategy	M	L	L
Demand	M	M	L
Services	H	H	H
Relationship	M	M	L
HR	M	M	M
Finance	H	H	L
Contract	H	M	L
Risk	H	L	L

**Example
Representation**

Gartner.

Outsourcing \neq Smartsourcing

“The key in the case of **Smartsourcing** is that you need to be as diligent and critical of defining and understanding the value of your *core competencies* as you are in defining and understanding the value of the processes you **outsource** and then creating innovation across the spectrum.”

T. Koulopoulos, <http://www.itbusinessedge.com/item/?ci=14270>

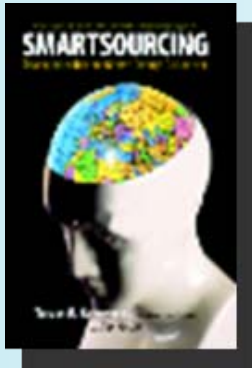


Takeaway

- Outsourcing isn't all about reducing costs
- Sending work offshore as a way to improve the onshore focus on their core strengths.
- Smartsourcing is about innovation and allowing partners to grow your non-core functions.
- *"Smart-sourcing advocates using partners who can help a company to focus on its core, balance risk and opportunity, lower costs, increase innovation **across all of its processes** and finally, put in place attitudes to optimize all of these factors," Mr. Thomas Koulopoulos .*
- *"Outsourcing and offshoring are essential components of this but only if they pave the way for organizations **to free up resources so they can focus on core competencies that lead to greater innovation,**" Mr. Thomas Koulopoulos .*



Smartsourcing Recommendations



- *Thomas M. Koulopoulos, Author of:
"Smartsourcing: Driving Innovation and Growth Through Outsourcing."*
- *"Companies must shed non-core business activities."*
- *"This type of outsourcing, smartsourcing, will allow companies to focus on innovation which at the end of the day is what differentiates one company from another."*
- *"Companies should view Smartsourcing as a way to drive growth and innovation rather than just a cost-cutting measure. "*
- *"It also requires companies to closely examine their processes to determine which ones it makes sense to Smartsourcing. "*

Closing Remarks

- Next Chapter Meeting Topic: “The Future of Outsourcing”
- Date: October 2008 *(TBD)*
- **North Africa Chapter:**
<http://outsourcingprofessional.org/content/23/162/1550/>
- **IAOP:** www.outsourcingprofessional.org

Thank You!
See you next time!!

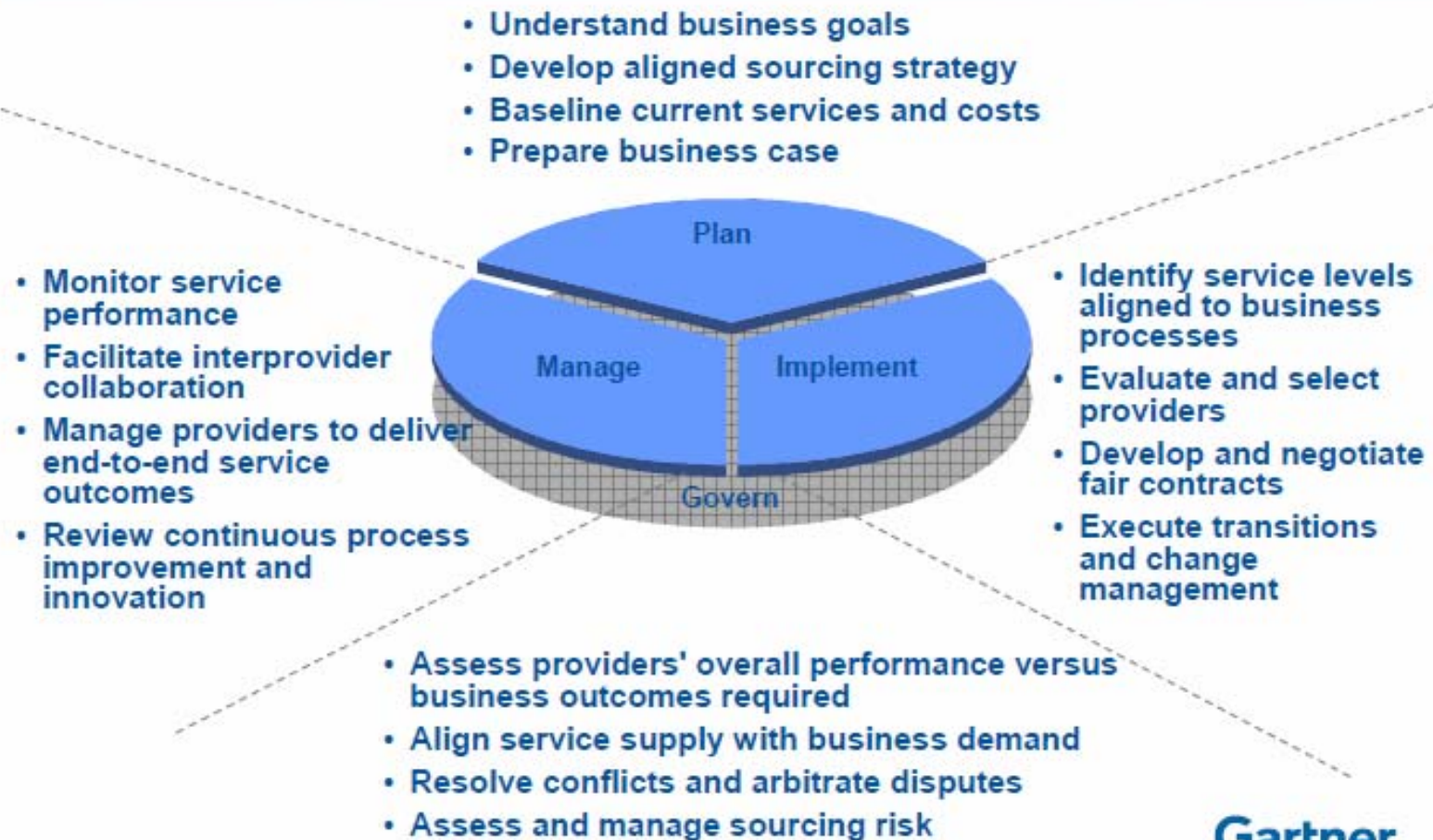


Smartsourcing

- Increases innovation in processes, from core to non-core and let the organization to:
 - Focus on their most critical areas of **differentiation, customer value** and **competency**
 - Achieve high level of innovation in non-core operations



Position Yourself for Outsourcing Success: Get the Basics Right



Gartner.

Buyer / Vendor Perspectives

Buyers (Client) Perspective

- Flexibility
- Choice
- Control
- Finding the right Partner
- Tactical Cost Savings
- Increase flexibility to meet changing business conditions
- Improving Core Competency
- Reduce the risk of core operations
- Higher quality service due to focus
- Faster setup of the function/ service
- Lower ongoing investment required in internal infrastructure
- Leveraging the experience of a dedicated provider
- Enhanced service delivery

Vendor (Provider) Perspective

- Preparation
- Planning
- Partnership
- Innovation Strategy:
 - Integrate GIS in Sales outbound sales to produce better results.
- Quality Assurance: COPC
- Automate Processes
- Creating Innovation
- Providing Education/ Training:
 - Culture, language, skills, technical
- Understanding Non-Core Competency
- Perfecting Processes Outsourced



Smartsourcing

The role
outsourcing plays
in Smartsourcing.

