



Overview

In today's highly-competitive environment, companies are continually exploring ways to keep their enterprise ahead of the competition. In recent years, companies have outsourced IT development and operational activities as a means of lowering cost and keeping pace with best practices.

During the 1990s, outsourcing was primarily involved with tactical and immediate solutions. A decision to outsource development activities was about doing the same for less. During the 2000s, outsourcing evolved into an important strategic initiative, with providers establishing themselves as key business partners versus vendors focusing on business processing outsourcing (BPO) offerings.

The decision criteria for companies involved with an outsourcing model assessment commonly address:

Value Chain and Non-Critical Processes
Labor Arbitrage & Productivity
Provider Credentials and Competencies
Provider Facilities and Technology
Quality and End Customer Satisfaction
Provider Fees and Expenses
Intellectual Capital and Knowledge Transfer
Risk Management & Information Security
Service Level Agreement (SLAs)

Market Challenges

Market intelligence reveals that about 25% of outsourcing deals fail. The primary reason is an obsession on saving money rather than outsourcing the right activities. Experience has shown that the key challenges facing companies considering an outsourcing mode take account of:

- Why and what should we outsource?
- Where and when should we outsource?
- How do we create and maintain a successful strategic outsourcing model?
- How do we mitigate or minimize offshore outsourcing risk?
- What are the characteristics of a reputable professional provider?
- How do we structure and negotiate the outsourcing contract?
- How do we manage the provider on an on-going basis?

TKCI Approach

The TKCI Offshore Outsourcing Planning and Management Services are mapped to the TKCI Outsourcing Lifecycle Model.

Individual services comprise:

Business Case, ROI & Risk Analysis
Market and Key Competitor Research
Goal and Strategy Development
Provider Interaction & Process Design
Due Diligence Investigation
Formal Procurement – RFP Process
RFP Proposal Evaluation
Contract Negotiations
Service Level Agreements (SLAs)
Quality Reviews
Project Management
On-going Outsourcing Provider Monitoring

The Bottom Line

Important benefits resulting from TKCI professional assistance include:

- Collapse time to evaluate the appropriateness of developing and approving an outsourcing strategy and model.
- Identify and minimize exposure and risks associated with the offshore transition of the corporate IT development or business process activities.
- Identify and select a best-in-class offshore business provider partner that is regarded as reliable, quality-centric, and trustworthy.

A successful offshore outsourcing project implementation should realize the below benefits:

- Reduction of costs and improvement of cost predictability.
- Freeing-up key employees to focus on mission-critical activities.
- Transference of capital expenditure risk to provider.
- Mitigation of retraining and recruitment risks.
- Collapse of 'time-to-market' for new products and service introduction.
- Improvement of customer touch point quality and professionalism.