

Aligned Action Outsourcing Advisory



The steps a gymnast takes on the way to launching herself onto the vault set up the aerial techniques that will bring the highest scores from the judges. Alignment of each action is crucial.

The efforts a company puts into outsourcing strategy, negotiation, and transition serve much the same purpose. Most companies use a third party or outsourcer. Whether small and local, or large and global, there is a common bottom line for each relationship: "Are the services performed well at a fair price?" Successful companies have found that work done upstream during the strategy, negotiations, and transition to set the foundation can impact the outcome greatly in terms of price and service delivery.¹

¹ Based on Deloitte client engagement experience.



Whether positioning for new growth opportunities or restructuring to improve efficiency and reduce costs, a common desire among many businesses today is to improve their business performance. Deloitte's Business Model Transformation (BMT) services help drive the business and operating model changes required to help achieve an organization's strategic vision. Outsourcing Advisory is one specialty area in BMT. Visit www.deloitte.com/us/bmt for more on our other capabilities.

Alignment during the outsourcing strategy, negotiations, and transition sets the foundation to deliver services well and at a fair price.

How we can help

Deloitte's Outsourcing Advisory practice blends global reach with deep outsourcing and functional experience in crucial areas like finance, procurement, information technology, change management, tax, shared services, and offshoring and reshoring. We work with hundreds of outsourcing vendors worldwide and stay current with their capabilities and performance. This understanding of the vendor landscape can offer valuable insights into important market trends, the opportunities and the challenges companies may face going forward.

We align the elements in each phase of strategy, negotiation, transition, and vendor management to help deliver an environment where the services are structured to deliver effectively at a price that is both advantageous to the buyer and remain profitable for the vendor.

Ranked for four consecutive years on the list of The World's Best Outsourcing Advisors by the International Association of Outsourcing Professionals, we act as a strategic advisor to help companies navigate the complexities of outsourcing. This includes developing an outsourcing approach and designing the RFP, relationship management, and developing fit-for-purpose outsourcing strategies.

Outsourcing Advisory services include:

- *Strategy.* We can translate a company's executive vision and priorities into an actionable outsourcing strategy and specific related actions to facilitate execution.
- *Negotiation.* We develop requests for information and proposals, as well as developing, negotiating, and executing effective agreements with third-party vendors, emphasizing balance between service quality, operational outcomes, and pricing.
- *Transition.* We establish a transition plan that addresses governance, stakeholder buy-in, change management, and other factors that can lead to effective and sustainable outsourcing over time.
- *Vendor management.* We help clients establish a new vendor management function, or refine an existing one, so it can drive sustained, efficient service quality.

Potential bottom-line benefits

- A unified approach to outsourcing that aligns with business objectives and operating model
- Brand differentiation and competitive advantage
- Simplified navigation and of the vendor selection and contract negotiation processes
- Effective change management and implementation plans, processes, and resources
- Operational efficiency, and cost reduction
- Strong vendor relationship management and governance over outsourcing projects

Four ways to get more value now

Start with the basics. Effective outsourcing demands a clear understanding of business drivers and goals.

Be open-minded. Rhetoric aside, outsourcing doesn't necessarily mean offshoring. Many companies, in fact, are reshoring or bringing activities back on shore or to a nearshore location. Consider alternatives and determine which offers effective support for the business objectives and operating model.

Don't imagine it will be easy. The main challenge we hear from many clients is not that outsourcing presented unexpected challenges but that the magnitude of the challenges was significantly underestimated.

Understand the skills required to make it work. Like other complex business practices, outsourcing is a discrete business discipline requiring specialized skills that cannot be developed on the fly.



The big idea

Whether a company is a veteran or new to outsourcing, or whether it is outsourcing one activity or many, Deloitte's Outsourcing Advisory practice can help align the various elements of the outsourcing strategy with the company's business strategy and operating model.



Learn more

Business model transformation encompasses a broad range of strategic issues like outsourcing advisory. To learn more about how Deloitte can help, visit www.deloitte.com/us/bmt.

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