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Marc is a principal with Deloitte Consulting LLP and leader of its Federal Business Model Transformation practice. With more than 25 years of commercial and federal experience, he serves commercial and federal enterprises in the areas of M&A, transformation, shared services, process robotics, contact center, and the effective use of third party contractors. Marc also a Captain in the US Navy Reserve, including duty with NATO and on the ground in Afghanistan.



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## Key insights from Deloitte's 2014 Global Outsourcing and Insourcing survey

2014 marked our second biennial Global Outsourcing and Insourcing survey. The results indicated that outsourcing as a business practice continues to see growth across all functions surveyed.

### Why is your survey referred to as the "Outsourcing and Insourcing" survey? Why not just "Outsourcing"?

Despite the prevalence of outsourcing as a business model, many people still have different understandings of what outsourcing, offshoring, and insourcing mean. To help build a common understanding of these models, our survey tries to uncover plans for both outsourcing, referring to the use of third party service providers to deliver services that were previously performed in-house, and insourcing, referring to moving work back in-house that was previously outsourced. In our practice, we advise clients in both areas. In fact, over the past five years there has been an increase in insourcing driven by service quality, business priority changes and cultural reasons, among other factors.

### What are some of the more interesting findings from the 2014 Global Outsourcing and Insourcing survey?

2014 marks our second biennial Global Outsourcing and Insourcing survey. This year, we looked to uncover not only what executives' outsourcing plans are, but also their opinions and predictions on the subject. Some interesting findings include:

- Organizations are overwhelmingly opposed to regulation designed to curb the use of offshoring. Seventy-five percent of respondents believe regulation to curb offshoring should NOT be enacted. The results did not skew materially when looking at individual countries or regions. Respondents also indicated that there would be a business impact if such regulations are enacted. Some indicated that their top line revenue would suffer, while others noted that cost increases would be passed on to end customers. Government incentives to move work back onshore had little impact.

- A second tier of sourcing locations will experience rapid growth. When asked where they currently receive service and what locations they would consider for future service delivery, respondents indicated there is interest in moving into countries such as Romania, Mexico, Brazil and Malaysia. The Philippines, which is currently popular especially for voice services, also fell into this second tier of geographies.
- Vendor management was noted as one of the top areas respondents would spend more time, the next time around, indicating that VMO is recognized as a key success factor in an outsourcing deal. At the same time, respondents felt challenged by vendor management tooling and staffing, as well as Service Integration and Supplier Risk Management.
- Vendors can deliver the work, but they need to bring the innovation. Most respondents wanted more pro-activeness and innovation from their vendors. While vendors are meeting SLAs, they are still struggling to deliver the perception of service quality.
- Finally, we learned the vast majority of respondents felt that advisors added value or added significant value to their outsourcing deals.

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