



Outsourcing 4.0

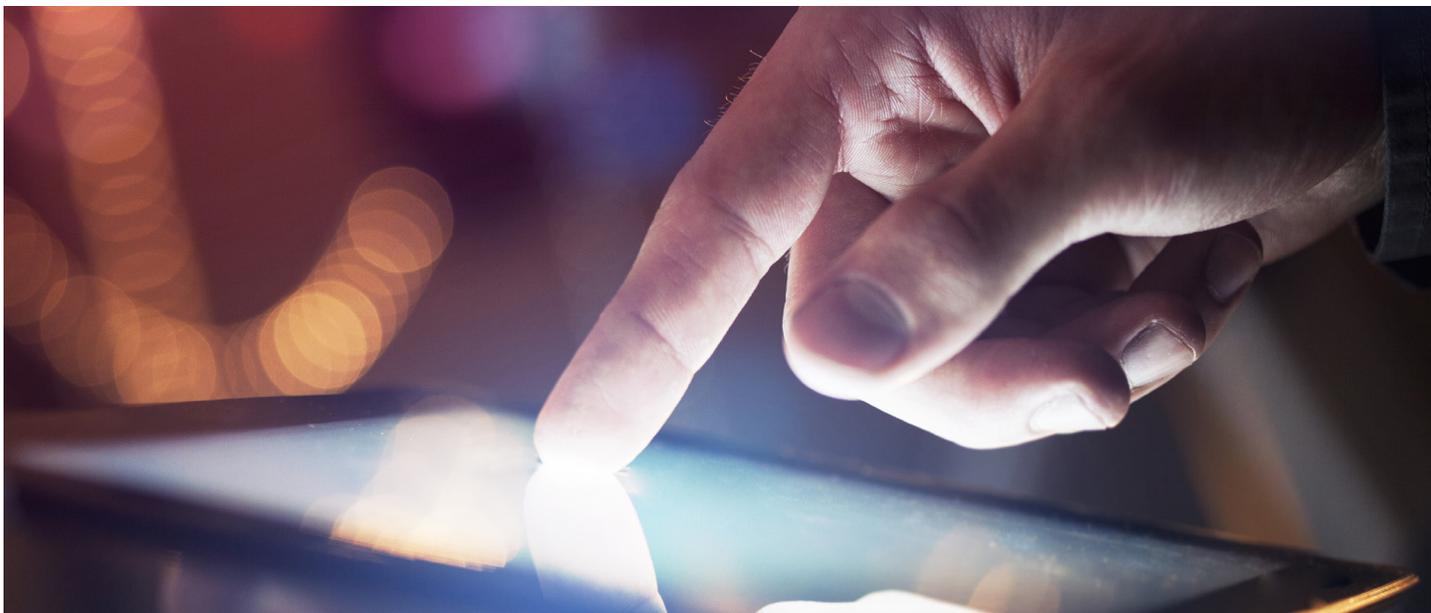
Adding value through trusted relationships

The outsourcing game has changed

While slow and steady may win races, it's rarely the right strategy to grow your business in an increasingly competitive marketplace. To gain market share and mindshare, and to establish your business as an industry leader, you need to lead the pack rather than be content to just keep pace with the competition.

We help companies discover, understand, and embrace the benefits of Outsourcing 4.0 solutions, by developing the strategies that help organizations leverage business relationships to acquire the innovation, capabilities, and talent they need to effectively compete in today's rapid, innovation-driven environment.

Outsourcing 4.0 is designed to unleash marketplace speed by leveraging strategic relationships. The successful organization of the future will be able to collaborate quickly to develop new capabilities, integrate them to create value, and drive that value into the business.



How we can help

Companies often view outsourcing as little more than a way to reduce costs and overhead by hiring outside vendors to do work or to provide services that they themselves no longer should do, either because it does not fit within their core capabilities or because their own internal cost of delivery has become prohibitive.

For today's most forward-thinking organizations, however, outsourcing can be so much more. Companies that have embraced Outsourcing 4.0 are creating competitive advantage through strategic relationships that provide them with new or enhanced capabilities, integrating these capabilities into their existing business models, and aligning with partners who can help them to propel their business forward. Most importantly, these organizations recognize that while cost is critical, even more significant value can be created through the speed that outsourcing can deliver since it is far faster to buy capabilities than to build them. Such speed drives competitive advantage at the product and revenue layer with greater enterprise effect than cost reductions alone can generate.

We work with C-suite executives to educate management about Outsourcing 4.0, and to provide insights and strategies to create outsourcing programs designed around advanced digital solutions. Our specialists, combined with Deloitte's proprietary

tools and methodologies, can help your organization use the latest thinking and trends to:

- Make thoughtful decisions on whether to outsource, including which specific elements of the enterprise should be retained or included within the scope of the initiative
- Set expectations and clear requirements between your organization and your chosen alliances, including the duration of the relationship
- Define the terms of the relationship (strategic, value-based, transactional), and incorporate the appropriate value measures, pricing, and service levels into your selection criteria
- Evaluate service delivery models and locations
- Manage risk around regulations, legislation, cybersecurity, and data privacy that could pose harm to your business

With Outsourcing 4.0, companies are becoming more flexible and innovative, and are increasing the pace at which they develop new products and offerings by leveraging the transformational benefits provided by the latest digital technologies—including Cloud and Robotic/Cognitive Process Automation—often at a lower cost than developing these capabilities on their own.

Outsourcing 4.0: Key considerations

As with any new initiative, companies must quantify and qualify the benefits that Outsourcing 4.0 can deliver for their organization and business. Some of the key questions that companies should consider include:

- Will outsourcing allow us to capture value from IT faster and more efficiently than we could on our own?
- What activities must be included in our IT outsourcing program to maximize that value?
- How do we negotiate the best deal possible from our third-party providers and, if outsourcing is going to be a core capability, how do we do it quickly and safely?
- How do we prepare our organization and our customers for any changes in service?
- Once the partner is engaged, what changes must be made to our internal organization's operating model to optimize this new way of working?

Why Deloitte?

Our team of outsourcing specialists has the experience and knowledge to help guide your organization through all the phases of implementing complex outsourcing agreements, from strategy development and negotiation to transition and vendor management. We work with vendors around the globe and have functional experience in all areas of outsourcing, including finance, procurement, IT, change management, tax, and shared services.

As your strategic advisor, Deloitte can help move your organization through all aspects of the outsourcing life cycle—from developing an outsourcing approach and customized outsourcing strategy to designing requests for proposals, supporting the negotiation of the agreement, supervising the transition of services, and helping you manage ongoing relationships.

Learn more

To learn more about how we can help, visit <https://www2.deloitte.com/us/outsourcing>.

Michael Stoler

Strategy & Analytics Principal

Deloitte Consulting LLP
mistoler@deloitte.com
+1 212 618 4634

Doug Plotkin

Strategy & Analytics Managing Director

Deloitte Consulting LLP
dplotkin@deloitte.com
+1 617 437 3788

The big idea

In this fast-changing market—where today's latest technology may be obsolete tomorrow—the most successful companies know they must continue to evolve and innovate to stay ahead of their competition.

By seeking out and collaborating with strategic third-party partners who can provide access to the most advanced technologies available, companies can create streamlined, efficient, and cost-effective processes that can help them lead their industries rather than watch others outpace them down the stretch.

Deloitte.

About Deloitte

This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor.

Deloitte shall not be responsible for any loss sustained by any person who relies on this publication.

As used in this document, "Deloitte" means Deloitte & Touche LLP, a subsidiary of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of our legal structure. Certain services may not be available to attest clients under the rules and regulations of public accounting.

Copyright © 2018 Deloitte Development LLC. All rights reserved.