

# TOP 10

## OUTSOURCING SUCCESS MANTRAS

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# INTRODUCTION

Despite the run-away success of outsourcing, anchored on some finely evolved principles, standards and ethics, many of the organizations haven't seen the rosy picture yet; some just boarded the bus, as they feared being left out; others, the happier ones have managed that big grin with aplomb.

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The simple statement -- "outsourcing saves money" may be fatal and can lure businesses into outsourcing without considering both the faces of the coin. It is like going for the honey ignorant or rather ill-prepared for the excruciating bee stings. However, businesses that plan for the risk and growth are always rewarded. The digest here is simple again ---"Outsourcing saves money, but only if you get the deal right."

This whitepaper researches ten decisive strings that need to be pulled and tuned, to get what your stakeholders really wanted when they, after those long hours in the boardroom, decided to vote for outsourcing.

## **Whitepaper highlights:**

- A factual look into the success secrets of an outsourcing venture
- A step-by-step analysis of a successful outsourcing strategy
- Reality checks, recommendations, research, surveys, and expert opinions

## **Who is this whitepaper for?**

Is your business still mulling over the idea of outsourcing, or have you burnt your fingers before and want to tread with caution before you step out again? This whitepaper is for all the business owners and key decision makers who want to learn how outsourcing can make a big difference to their savings if done in the right way and with the right expectations.

## **Read on to escalate your business to the next level.**

So, are you ready to learn about the top 10 success mantras of outsourcing? After having served thousands of clients since 1999, Outsource2India brings to you the ultimate compilation of some of the key ingredients that have resulted in a successful outsourcing recipe for many of our clients.

# INTRODUCTION

# 01 KNOW THE TIPPING POINT

What is the tipping point to make that all important outsourcing move? The moment should be arrived at rather than decided to be so, after a casual board meeting. What we imply here, is the real need to be assertive towards the whole process of shortlisting your business to venture out with outsourcing.

According to Godeswar B and Vaidyanathan J (2008) what drives outsourcing may be classified into four groups:

## Organizational Drivers

- Achieve a greater focus on core business
- To increase flexibility to deal with ever changing business conditions
- To gain access to products, services and emerging technologies
- To assign operational issues to an outside expert
- To have a greater thrust on market positioning and new product development
- To redirect resources from non-core activities to greater focus in serving the customers

## Improvement Drivers

- To improve operating performance, quality, timeliness and productivity
- To obtain expertise, skills and innovative ideas
- To obtain technologies which otherwise will not be available
- To improve management and control of operational processes including risk management
- To improve credibility and image by associating with superior providers
- To eliminate the fixed cost of internal staff by moving the function to a supplier

## Financial and Cost Drivers

- To reduce investment in assets
- To reduce invested capital funds in non-core business functions
- To expand operations into a new geographical region
- To reduce or controlling operating cost
- To access an outside provider's lower cost structure
- To achieve cost reduction with enhanced performance
- To handle varying demand more efficiently because of economies of scale

## Revenue Drivers

- To achieve aggressive growth objectives by gaining increased market access
- To leverage on the service provider's best process, capacity and systems
- To expand capacity to design, test and build new products and services
- To stretch its limit in handling the increased volume of business
- To manage demand efficiently through outsider's automation, process maturity and the latest technology
- To focus on enablers of business growth and strategies to fulfill them

# 01 KNOW THE TIPPING POINT

These drivers may be overwhelming, like an array of benefit boxes lined up to be picked, but the assertiveness comes when you are clear-headed on the exact reasons you pick. This gains more prominence as it becomes more decisive when you base and scale your success and growth on these drivers. This implies that, if your objectives were revenue driven then the whole process of outsourcing, monitoring, gauging success and conducting reality checks must be revenue driven. You can also achieve an optimum mix of benefits based on the above drivers if planned properly right from the rudiments.

## Decide the right time to start

It is like understanding when you get to the point of saturation and when to kick in outsourcing as a means to step into the next level.

Using the **Transaction Cost Theory (TCT)** (Coase 1937) to determine whether to outsource the process or not would be a rationale approach – the theory helps you determine the cost involved for a business process under alternate environments and checks whether it is profitable to carry the same in-house or to outsource it while considering many environmental factors for its computation. TCT facilitates

analysis of “comparative costs of planning, adapting, and monitoring task completion under alternative governance structures.”

You also need to threadbare other implications like risk analysis and mitigation, transitional challenges and even conducting controlled outsourcing trials if necessary for a pragmatic assessment.

**One more easy way** to decide is to draw a 2x2 business matrix and populate operations to conclude (source: [www.hghyork.co.uk](http://www.hghyork.co.uk)).

### Explore

The possibilities of selling your expertise

### Keep

The core activities of your business

### Outsource

Activities which you are not good at

### Acquire

Skills that you need for your activities

## Recommendation:

Use the above indices to factually calculate risks and preparedness before deciding to outsource. Remember that the rest will be purely based on this decision.

# 02 EVALUATE GEOGRAPHIC OPTIONS

DETAILED VIEW OF COUNTRY RISK & OVERALL GLOBAL OUTSOURCING RANK

The world is closer where all ends meet; businesses are viewing the market as a whole rather than markets with a divide. This makes our reach as wider as ever before in choosing the right vendors from the right locations to outsource and soar on jet fuel.

The new world order is not limited to the Asian giants like India and China but is rather dotted with more bustling economies which add their own flavor of benefits to the list. What is at offer is no more gauged by wage differences rather a 360-degree benefit line which radiuses from cost benefits to a plethora of other benefits like: language compatibility, cultural understanding, time benefits, infrastructural benefits, geographic closeness, security, risk mitigation, government support, strictness of outsourcing laws, and so on.

Though India is ranked no.1 followed by China in the **Global Outsourcing Index**, China gained superiority in the Future Outsourcing Index followed by India, US, Brazil and Russia as per the Global Outsourcing Report by Mark Minevich, Going Global Ventures Inc. and Dr. Frank Jurgen Richter, HORASIS.

RANK	COUNTRY	GEO-POLITICAL RISK	HUMAN CAPITAL RISK	IT COMPETENCY RISK	ECONOMIC RISK	LEGAL RISK	CULTURAL RISK	IT INFRASTRUCTURE RISK	OVERALL RISK RATING	IT OUTMARKET	GLOBAL COMPETITIVENESS INDEX	BUSINESS EXTERNAL INDEX	EXPERT OPINION INDEX	MARKET OPPORTUNITY RATING	COST	GLOBAL OUTSOURCING INDEX
1	India	3	1	2	1	3	1	4	2.1	1	3	1	1	1.8	2	2.02
2	China	3	1	4	1	5	4	3	2.9	1	3	1	1	1.8	1	2.16
3	Costa Rica	2	2	3	2	3	2	2	2.3	2	3	3	2	2.5	2	2.24
4	Czech Republic	1	2	2	3	2	2	2	1.9	3	2	1	2	2.0	3	2.26
5	Hungary	1	2	2	3	2	2	2	1.9	3	2	2	2	2.1	3	2.28
6	Canada	1	1	1	2	1	1	1	1.1	4	1	2	2	1.9	5	2.40
7	Latvia	2	2	2	3	2	2	2	2.1	3	2	3	2	2.3	3	2.40
8	Russia	3	1	2	2	5	3	2	2.4	3	4	3	2	3.0	2	2.40
9	Chile	2	3	3	2	2	2	2	2.4	1	1	2	2	1.5	3	2.42
10	Romania	2	2	2	3	5	2	3	2.6	2	4	4	2	3.0	2	2.46
11	Ireland	1	2	1	2	1	1	1	1.3	2	1	4	2	1.9	5	2.50
12	Singapore	1	2	1	3	1	1	1	1.4	2	1	1	2	1.5	5	2.50
13	The Philippines	3	1	4	3	4	1	3	2.7	2	4	2	3	3.1	2	2.56
14	Poland	2	2	2	3	3	2	2	2.2	3	4	2	2	2.9	3	2.56

# 02 EVALUATE GEOGRAPHIC OPTIONS

“ The Future Outsourcing Index forecasts the competitiveness of outsourcing destinations for 2015. The index is determined by GDP growth, population growth, labor pool and extrapolated analysis from results of an executive opinion survey that captures the opinions of 50 leading entrepreneurs, economists and other thought leaders. Future assessment includes the interpretations, predictions and expert review of language risk, internal political risks, global image risk, changes in global competitiveness, and change in origin of the work or service to be outsourced or off-shored. Furthermore, the global strategic enterprise demography is likely to change dramatically by 2020.”

- Global Outsourcing Report by Mark Minevich, Going Global Ventures Inc. and Dr. Frank Jurgen Richter, HORASIS.

## Excerpts from another report:

According to Click and Duening (2004) the top international destinations for BPO outsourcing are:

- India (Engineering and Technical)
- China (Manufacturing and Technical)
- Mexico (Manufacturing)
- United States (Analysis and Creative)
- Philippines (Administrative)

## Recommendation:

By virtue of these findings you can now take a well-informed decision. We recommend you to attach importance to these findings and also to use your native research and knowledge to finalize on your vendor's location.

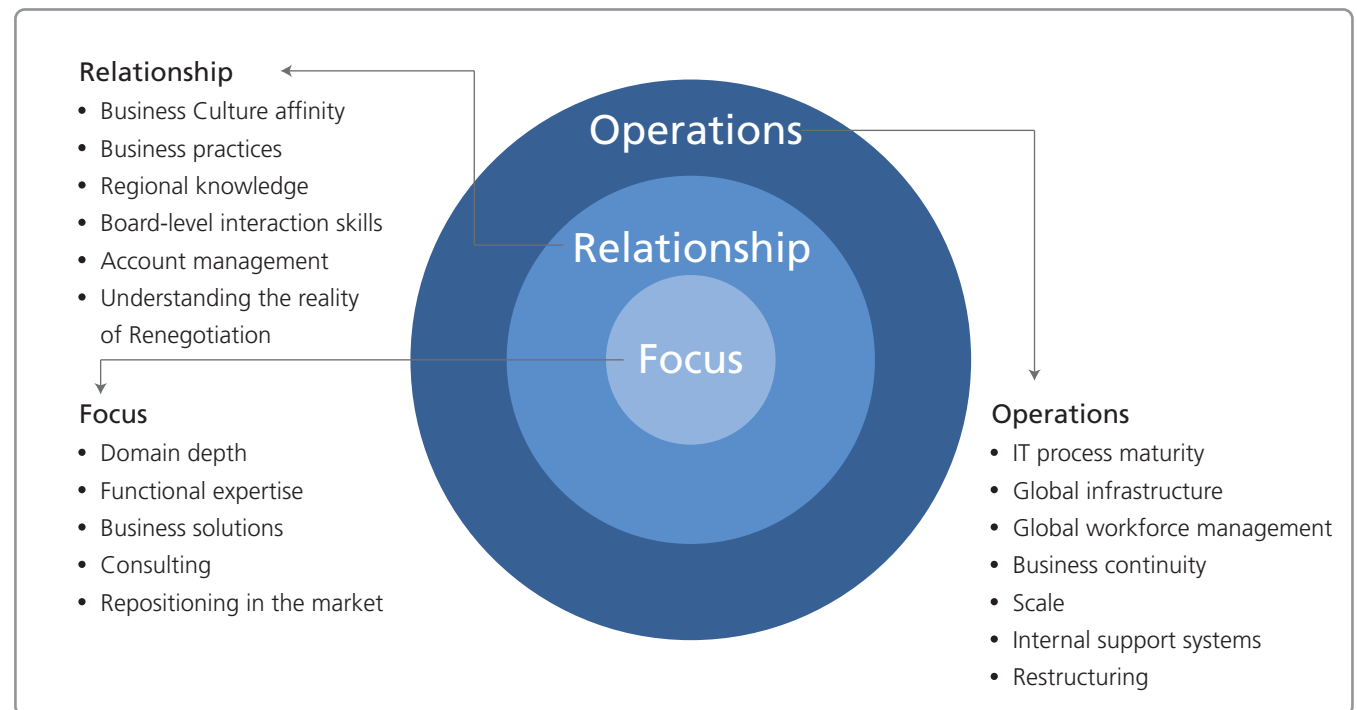
# 03 SELECT THE RIGHT VENDOR

After identifying your spot on the world atlas, the next thing is to zero-in on the vendor. This could well prove to be the most tiring and also the most rewarding process in the whole deal. You need not be worrying about the common factors like land laws, geographic advantages, language and so on, as you have already shortlisted them when you decided on the location.

The whole effort is to identify the vendor; who is better equipped in terms of skill, longevity, credibility, happy-client count, etc.

**The first step** is to develop an evaluation model in terms with the organization's outsourcing objectives and industry benchmarking and then look for the best fit.

As per a Gartner report, what the current marketplace is demanding from the leading global service providers is:



**Apart from these new age demands the process also needs to strictly assess the following to seal the deal:**

- **Relevant experience:** How many similar projects with similar objectives have been completed or run, and their success rates with proper credentials and feedback from the clients, is the best index to trust and sign in a vendor.

- **Vendor's financial health:** Financial viability includes an assessment of the vendor's overall financial health, the fiscal and practical success of the business unit, and the likelihood that the business unit in question will continue to invest in and offer the product within the vendor's portfolio of offerings (Source: Gartner).

- **Onsite visit:** This will more likely confirm all that was promised by the vendor. Make sure to carry a check-list of things to clarify and try to read the real situation by discarding all the cosmetic facades of professionalism.



# 03 SELECT THE RIGHT VENDOR

## Kepner Tregoe Model

This is a well-respected rational model that can be used to arrive at a conclusion for selecting the best possible vendor if not the perfect one.

1. Prepare the decision statement
  - Write the desired result and the action needed
2. Define
  - The strategic requirements (must have) and operational objectives (want to have)
3. Rank the objectives and assign weights
  - Here must haves will gain precedence
4. Now list the available alternatives
  - List the best vendors from the selected geography
5. Score each alternatives
  - Remove vendors who fail the must haves
  - Score the others against the must haves and want to haves on a scale of 10
  - Now multiply the weight of each objective with a satisfaction score and come up with a total weighted score for each vendor
6. Choose the top two or three vendors
  - Based on the weighted scores
7. Now consider potential problems with each vendor
  - Weigh them against each negative probability and its implications

8. Now consider the pros and cons based on the above findings and choose the best vendor

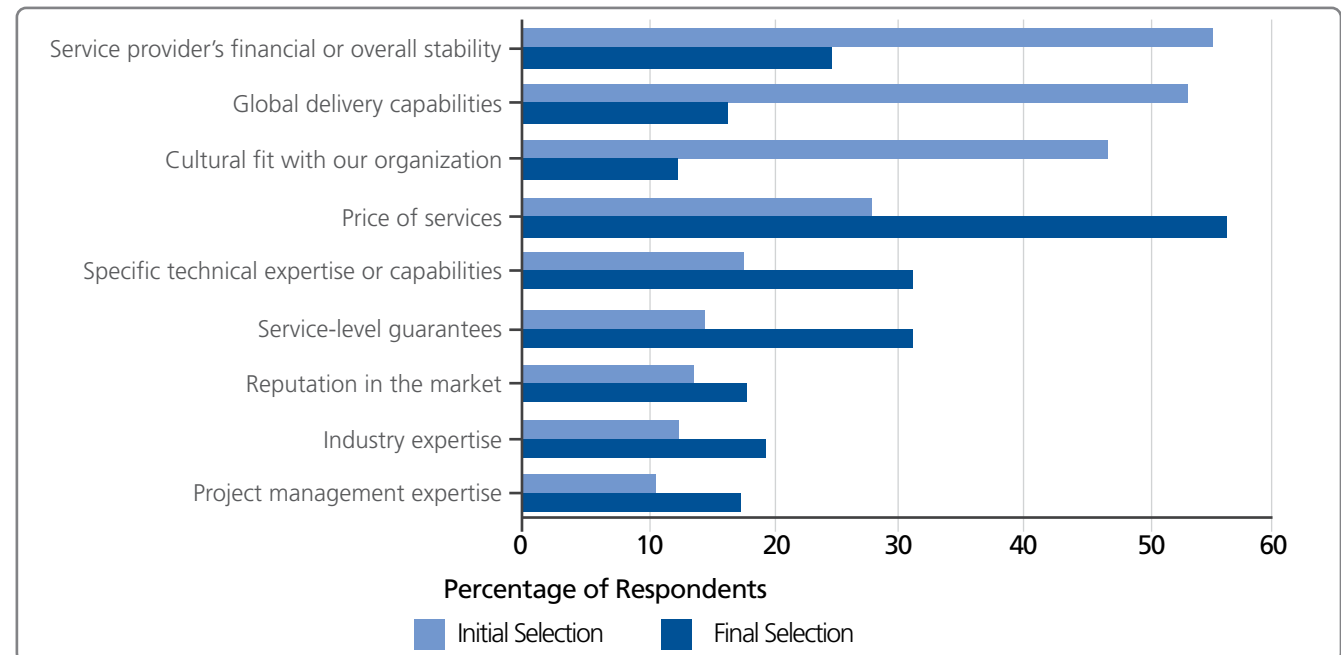
These simple steps can help you get to your vendor in a mathematical calculation.

## Another Gartner study (excerpt)

The respondents were surveyed at two stages of vendor selection

- Initial stage where they decided to go for a vendor
- Final stage where they were closing in on a vendor

The results are interesting and thoughtful, look at the below survey table:



## Recommendation:

Don't just give in to the vendor's tall claims, evaluate logically, cover all bases, use your gut, and be a good judge.

# 04 SELECT SPECIALISTS

Does it make sense to look for a specialist even after going through the rigorous process of vendor selection, which looks like a foolproof process? The answer is yes, sometimes you may have to. This is an area where you have to step aside from the macro-scope and look with a microscope instead.

Big vendors may get through all the selection criteria but there may be small vendors or experts who exclusively specialize in a single domain and may deliver you the best-in-class service. But if you are only outsourcing processes which are very common you can skip off this process of finding a specialist. Only go for it if the nature of service demands it. This is also a platform where an expert freelancer can step in and get the job done for very less.

**Define the nature of the service:** This is the key aspect, once you have done this and if you earnestly feel that this can only be done by someone with a truckload of experience then never think twice on finding a vendor or an expert resource who has done it all before.

**Evaluate your vendor/resources:** Interview them, talk to their existing clients or see how they have handled similar accounts before.

As specialist vendors are used to handling processes of similar nature, they really mature, innovate and become domain experts/industry leaders in that area of expertise. Consider these three issues about domain expertise:

- **What they offer?** This refers to the provider's depth and quality of relevant experience and expertise in terms of the customer's technical, industry/sub-industry or geographic needs.
- **Why it matters?** If replacing an organization's internal staff with outsourced personnel, the latter must have equal or greater capabilities. Frustration occurs, and relationships deteriorate, when the provider cannot leverage technology skills, in-depth industry expertise, or current knowledge of geographic needs or challenges.
- **What to look for?** Test the capabilities of providers across all three dimensions (technology, industry, geography) before and during engagements. Does the provider challenge your beliefs about some aspect of your industry viewpoints and bring new ideas or industry best practices? When staff is deployed with/for you, you must have an assurance that their domain knowledge is consistent with the promises made and skills professed before you signed the contract.

## Recommendation:

If you have a specialized job to outsource, do not think twice to find experts and hand them the mantle. Do not settle for mediocrity in the name of other glossy unimportant reasons.

# 05 KNOW THE LAWS OF THE LAND

A serious thing to consider before jumping in and then looking for a reprieve after all the damage is done. Understanding the legalities of the vendor's land and more specifically the laws of outsourcing with due diligence before signing off the contract is crucial. Common issues to consider are:

**Taxation:** Get the percentages and numbers right before you decide to go by the general information floated by the vendor's policy manuals. Get legal advice and get all the tax implications and tax benefits right, as different countries follow different taxation policies.

**Heterogeneous legal systems:** As the laws governing the outsourcing company and the vendor may be different, there exists a heterogeneous legal system to the whole deal. This needs to be carefully addressed with proper legal binding and also implementing two different legal systems to take care and define the modalities.

**Dispute settlement:** As either group is bound by the laws of their respective lands the dispute may get deadlocked and the deal jeopardized. This calls for greater clarity as to what procedures and laws to follow in case of a dispute and ensure that both parties adhere to it.

**Define clear contract agreement:** Make it as exhaustive and thoughtful as possible to cover for all known legal and procedural issues. Gellings (2007) lists typical contract clauses used in business process outsourcing contracts:

- Service level agreements
- Penalties and rewards
- Pricing
- Benchmarking system
- Change requests
- Renegotiation options
- Liability and insurance
- Dispute resolution
- Exit management
- Auditing

**Legal risks:** This can be summed up as a combination of weak IP rights, lackluster legislation, bad legal system, improper adherence to legal policies, red-tapism, piracy, and so on.

**Political risks:** Nature of the government-huge democracies like India where democracy is preached but ill-practiced, frequent intervention by elected public representatives, rampant corruption at all levels, religious, ethnic and political issues - both chronic and created, etc.

## Situation in some of the major countries

**India:** A land of great opportunities and bulging inconsistencies - it has an overdose of democracy on paper but the over-weighing legislation marred with corrupt politicians makes it a heaven and also hell for many business players. However, the situation over the last decade is showing signs of improvement and the openness of the people and the ambitions of the companies are attracting

more and more organizations to outsource their business processes to India.

**China:** This communist nation is slowly becoming the true owner of "world is made in China" tag. But with its strict government policies and control and a weak IPR protection and a copy-cat label (inputs from Global Outsourcing Report) China needs to make some radical changes to meet this growing scale of outsourcing opportunities.

**Other countries** with relatively stable government, legal policies and conducive business eco-system include Czech Republic, Hungary, Canada, Chile, Ireland, Philippines and so on. (Inputs from Global Outsourcing Report)

The good thing about all these is the hard hammered fact that most governments are now gearing to the global competition and making their homes more and more conducive and competitive to get a lion's share.

## Recommendation:

Do not get too much caught up in these issues as a pro may be countered by a con. So it's sensible to follow the way industry is handling these issues in general.

# 06 DEFINE COHERENT PROCESSES

As you have now eased into the process and are ready to get going, ensure that all the hard work gets the wings of efficiency and effectiveness. This is where designing and defining processes that would overlook and guard the very objectives of the whole process comes in. Do not maintain status quo and take all that is dished out by your vendor, rather, clearly define processes and procedures that would make for an enduring business relation and achieving desired objectives. Classify your processes into:

## **Work procedures and protocols**

It would be natural for the vendors to inherit existing common work procedures followed for other clients, and trying to establish the same for your account. This is where clearly and specifically designed procedures, manuals and documents should be thrown in and asked to be followed.

These are some of the most handy and often used procedural and process documents:

- Work flow documents and user manuals
- Customer interaction protocols
- Communication protocols
- Reporting procedures
- Escalation procedures
- Procedures to handle emergencies
- Fallback plan

Another important aspect when designing processes is to categorize processes based on process modularity and end-to-end processes. End-to-end processes are straight operations like customer makes the payment and the product is delivered (here the effort should be to keep things simple and easy with set time frames for execution). On the other side process modularity refers to the sub processes of a parent process which needs separate documentation, for e.g., order taking may involve several sub-processes. Here you should be careful and lenient enough to allow refinement and re-engineering to these sub-processes by the vendor and at the same time maintain coherence with the other processes.

## **Evaluation procedures**

- Evaluating the process capability of the vendor
- Quality approvals and inspection procedures
- Checking customer satisfaction index
- Periodic checks and audits

## **Process enhancements**

- Restructuring policies for more effectiveness
- Re-engineering processes
- Constant and feedback based improvement policy
- Benchmarking standard procedures

# 06 DEFINE COHERENT PROCESSES

A vital area to consider here is that of process re-engineering, which is becoming very crucial to the overall success of outsourcing. Davenport and Short (1990) define business process re-engineering as the analysis and design of workflows and process within and between the two parties in co-operation. This also signifies the importance and cooperation of the vendor in formulating and effectively implementing these policies for increasing the overall effectiveness.

## Relationship management and governance

- Relationship management structure
- Joint governance structure

The role of good governance structure is the real key in maintaining a healthy and profitable relationship.

It is never too late to establish a best practice outsourcing governance team – as a lack of governance erodes the deal value by as much as 15 to 20 percent. (Source: EquaTerra)

## Gartner snapshot

Let's now take a look at a Gartner snapshot to develop a good vendor management process

Develop and Operate Program	Monitor and Improve Vendor Value
Establish vendor management (VM) goals and structure	Classify and optimize vendor portfolio
Develop an organizational model	Manage contracts
Establish competencies and roles	Manage performance
Measure and report VM value	Manage relationships
Establish vendor governance and communication	Link demand management

## Recommendation:

Keep it smarter, shorter and easier to implement and grow, be careful not to over create processes which are confusing and seldom used.

# 07 BE ON BOARD

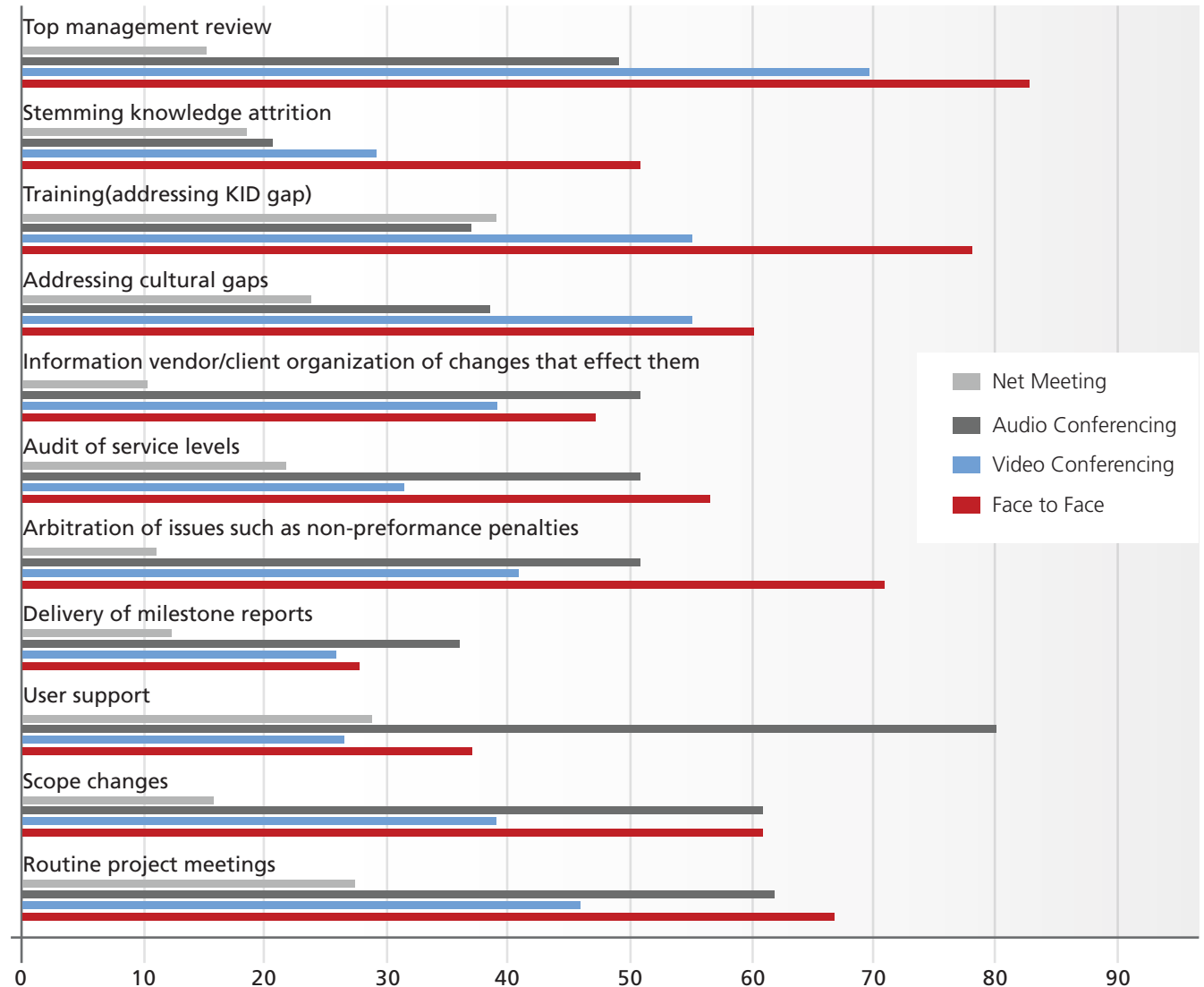
“It all ends once the work is outsourced” – oh no, wrong idea. The ends meet when two hands are involved. Your role as a process executor ends but your role as a process outsourcer begins. Communication and participation would be the ideal ideas to have for the whole deal to succeed. Just follow these simple steps for a profitable collaboration:

**Define communication goals:** The sole purpose of establishing this channel should be to understand and unify the most effective communication modalities which can deliver real-time information between assigned ends to fully augment productive work environment and operational efficiency.

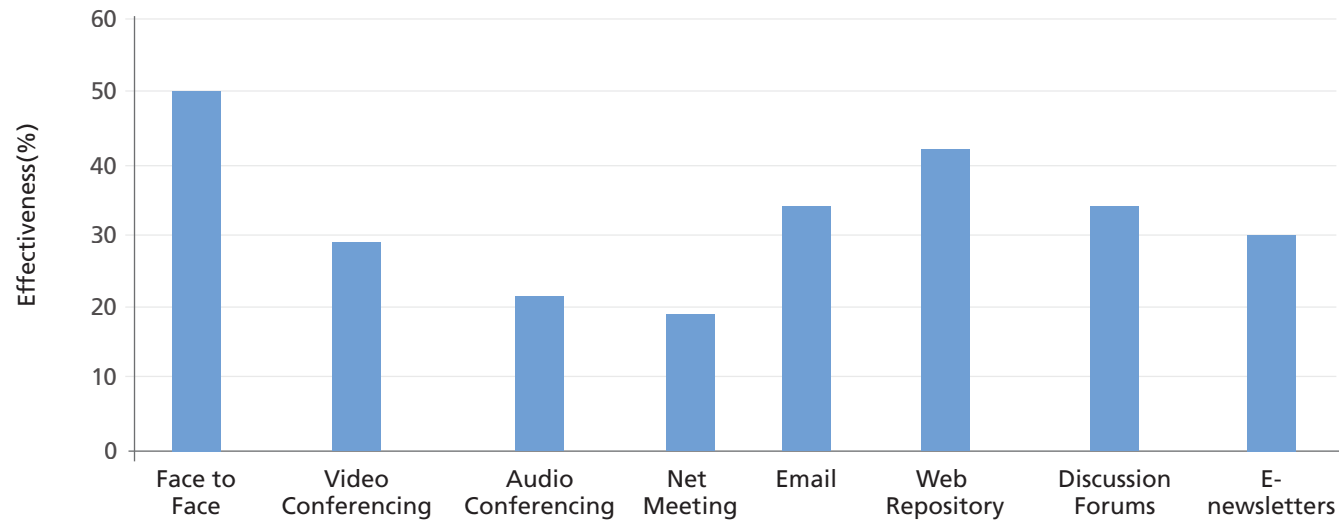
**Assign managers:** Assign vendor managers, who will be responsible to drive the set outsourcing objectives home. This will serve you as a single point of contact, for both internal managers as well as the external vendor.

**Establish communication channels:** The new team now shall design communication protocols and channels for the vendors and also the internal managers/stakeholders to deliver seamless, timely and noiseless communication.

The chart here shows preferred modes of communications in a survey conducted on Best Communication Practices for IT Projects (Ravi Sharma, SR Apoorva, Singapore)



# 07 BE ON BOARD



## Recommendation:

Your consistent involvement is necessary. Communicate and participate effectively to succeed. There is no other way.

**Address communication barriers:** Accent, cultural differences, body language and noise are all barriers to communication. Unless you clearly understand these communication bumps and devise ways to cut down the errors you may completely miss-communicate and make catastrophic errors.

**Participate and leverage partnership:** Common goals unite everyone – this analogy should be religiously practiced when working together with your vendor. He should become an extension of you, so it is like caring and working

for yourself. Participation can only bring in long-term association, understanding, effective solutions and enhanced growth to the fore; else it will just turn out to be mediocre and not a highly profitable proposition.

76% of respondents of the above mentioned study agree that the inability to communicate regularly and casually with the vendor/client can reduce trust.

# 08 TRAINING

Knowing your vendor and all related operations is crucial for a successful business association; the same applies for the vendor as well. Below diagram shows crucial areas where training can help and solve issues before they become actual barriers to growth.

## Training should be:

**Multidimensional:** Training should not be limited to making the vendor know your needs and objectives and what it takes to achieve them. It should also help your team to understand the vendor and the way they go about doing your business.

**Multileveled:** One doesn't fit all - training for vendor managers and specifically the end staff will be quite different from the training given to the stakeholders or top line managers, who are only worried about the profitability of the partnership. The former group shall have a greater understanding of all the relational factors and the latter group may not be much interested in the way the work is carried out by the vendor.

**Training consultants:** A training consultant may be engaged if training has to be given at various levels and depths, which the outsourcer cannot do it on its own. Factors like language, culture, religion and other environmental issues which are important may have to be addressed by engaging an expert or a consultant.

**Use LMS:** Make use of a customized LMS (learning management system) to make things easier. This automates and speeds up the process and is also not tied down by the need to depend on training schedules. This ushers real-time information exchange and augments growth.

## Recommendation:

Fill all known knowledge gaps with the right training and expect the best.





# 09 ANTICIPATE SNAGS

All the efforts are no guarantee for a smooth run, smartness is to anticipate snags and be well-equipped to sail through the rough. All factors environmental, personal, functional, political, legal, organizational, etc., can not be exhaustively considered and accounted for no matter how good you are; there may be inherent snags and blocks which are all part of the deal.

**Delay A to Z:** This is just to get your bearings ready for all the frequent and common delays right from deciding to go for outsourcing to meeting the objectives. These are snags like decision delays, budget allocation, evaluation, negotiation, execution and the wide verticals involved in a successful outsourcing venture.

**Running-in period:** This is an unavoidable snag in all outsourcing deals. It merely describes the initial delays in getting started off in full throttle. It includes delays like understanding the processes and procedures, objectives, protocols, customer readiness, etc. Once everything sets in then vroom you go.

**Legal and political snags:** Anticipate common delays like acquiring permissions, sanctions, registrations, and other legalities that may have an initial impact on the whole process. You have to follow extreme care as you are dealing with government and political bodies.

**Environmental snags:** This may range from infrastructural, political, religious, geographic, cultural and economic factors. These are mostly bound to the vendor's geographic regions and you may not impact these snags a lot.

**Loss of key resources:** You should anticipate this, as most growing economies are facing the problem of high attrition. This may at times put the whole process in the back burner. So diligence is to keep an eye on the key resources and try to avoid over dependence on certain resources and stabilize and anchor the processes instead.

**Team changes - knowledge transfer:** This could happen on two counts; one - if there is loss of a key resource and two if there is an overall reshuffling of teams resulting in new teams taking the chairs. Here the process of knowledge transfer to the new team may eat away quality time.

**Customer reluctance to accept change:** This is the real key if you outsource services or processes where the customers are directly involved with your vendor, as in customer support outsourcing. This phase can be really difficult as the customers have to get adjusted with service variance, language, and other cultural barriers.

## Recommendation:

Anticipate and be prepared; roses without thorns aren't natural.

# 10 IMPROVISE

You can stretch your imagination till it snaps and come up with processes, solutions and techniques to make the best of your outsourcing deal. Just remember not to tread risky and unnecessary paths to reach the zenith of improvisation. So stop thinking status quo and start venturing out.

According to a 2011 Forrester survey, 41% of outsourcing clients cited lack of innovation as the biggest challenge with their existing IT services relationships.

**Build a collaborative ecosystem:** Consider yourself and your vendor as a single unit, capable of launching high value services to your customers. This emanates from the feeling of togetherness and not based on the precincts that you are a client to your vendor and you demand their service and time.

**Help them challenge processes:** Extend your know-how and help the vendor challenge the set procedures and processes, this can often drastically help the overall relation and effectiveness of the whole process. Remember that good communication procedures and business relations can only nurture these kinds of information exchanges and idea honoring.

**Start multi-sourcing:** Find and source individualistic processes to experts instead of jamming everything onto a single vendor in the name of ease of management. i-sourcing may bring in excellence in all services and grow you in every outsourced niche and also help you understand diverse procedures.

**Gartner report, 2010 snapshot – sums it all:** This is what Gartner report says on what businesses should be like when talking outsourcing:

Less of this (traditional)	More of this (Improvisation)
Internal IT budget	External IT budget
Built/managed here	Bought/managed there
Custom vs. standard debate	Configuring components
Complex contracts	"I accept" configurable contracts
Technical integration	Process orchestration
Cost of labor	Value of talent
Generalists	Specialists
Proprietary	Open source
Single-application decisions	Platform health
Independence	Interdependence
Market Leader	Leading consortia
Me!	Us

Gartner's definition of a "Cool Vendor" is a small company offering a technology or product that is:

- Innovative — it enables users to do things they couldn't do before.
- Impactful — it has or will have a business impact; it's not just "technology for the sake of technology."

- Intriguing — it has caught our interest or curiosity during the past six months or so.

So either your vendor has to be a cool outsourcing service provider or you could trigger innovation in them and make them a cool vendor.

## Recommendation:

Always be on the lookout and don't ever completely fall back and relax.

# CONCLUSION

Before concluding let's take a quick recap on all the researched mantras in a logical sequence.

Innovate

Anticipate snags

Training

Participate and communicate

Define processes and procedures

Know the legalities and laws

Choose a specialist if needed

Choose the right vendor

Select the bet location to outsource

Know why, when and the need to outsource

The  
Big Grin

**While implementing these mantras, do remember the following:**

- Make an effective and collaborative use of these success mantras, and do not consider them as individual pointers to success. They mostly are effective when thought about and brought about in synchronization and through interdependence. So be smart enough to understand the finer nuances of profitable outsourcing for your company and then mix and match these suggestions for optimum results.
- Skip off success tips which are not useful or out-of-context for your business. Like, discard the need to worry about legalities and laws and choosing the right location if you are outsourcing in your own land.
- These pointers do not create the encyclopedia for achieving success in all your outsourcing ventures. New or improved techniques or solutions may prove to be faster and smarter than these.

# ON A FINAL NOTE

All the recommendations, surveys and studies are here to prove one thing time and again, that every venture or every association can only be successful if real reasons to succeed are thoroughly explored, acted upon and tweaked to bring perfection, collaboration, expansion, socio-economic growth and profitability.

We do not claim that these points will strictly help you in succeeding and driving more profits but can suggest that these are some of the best practices to attain reasonable success on outsourcing deals.

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## Found this whitepaper useful?

Feel free to tell us what you think.

Send us your opinions or questions at [whitepaper@outsource2india.com](mailto:whitepaper@outsource2india.com)

We will reply within 48 hours.

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