



Maturing Outsourcing Market – Impact on the Suppliers and Sourcing Advisory Markets

Everest's Outsourcing Support Services are designed to address the changing market and provide alternatives for suppliers

By Rick Lucas, Director, Outsourcing Support Services

Market trends clearly indicate that many companies are now outsourcing smaller scopes of work, renewing or extending contracts, adjusting scope up or down more frequently, and seeking to do more with their current supplier base.

In addition, outsourcing is a maturing marketplace. Over time, as organizations have continually gained experience and knowledge from multiple outsourcing efforts, they have increased their internal sourcing and legal capabilities. Many buyers now have the capabilities to pursue and manage most of their outsourcing efforts.

Together, these trends have led to an increasing number of buyer organizations developing internal strategic sourcing organizations or outsourcing centers of excellence (CoEs).

Implications of trends for suppliers

At Everest, we see three primary implications for suppliers arising from these trends.

1. Over the years, suppliers have developed relationships with consultants and advisory firms. With buyers now developing CoEs, they are assuming the role of an advisor, and suppliers need to start developing relationships with these strategic sourcing organizations and CoEs.
2. As buyers gain understanding in how to effectively consolidate their outsourcing arrangements and seek to do more with their current supplier base, it changes the game plan. Suppliers need to understand how to position themselves in this effort.
3. The change to smaller-scope deals and frequent scope adjustments up and down creates a need for suppliers to be more flexible and provide more modular offerings.

Buyers' traditional decision-making approach is changing

There is another impact on suppliers resulting from these market trends. The important but smaller-scope, non-transformational outsourcing initiatives don't provide buyers the return on investment in full-time consulting services that larger, transformational efforts provide.

At Everest, there is an increased demand from many of our clients for us to provide targeted information and advice at a cost in line with smaller initiatives to adjust scope and consolidate work with fewer suppliers. They want to leverage proven tools or have access to best practices and market data without having to invest in full-time consulting services more in line with a larger, complex outsourcing effort.

As our clients’ needs change, we create new ways of delivering services and products that meet those needs. Recognized as a pioneer in outsourcing methodology, thought leadership, and decision-support tools, we have responded to the demand for more flexible services and have created a new offering: Outsourcing Support Services (OSS).

As illustrated in **Exhibit 1**, Everest’s OSS offerings for buyers are in three categories: tools, decision support, and workshops. All OSS offerings are founded upon the same industry-leading proven tools and data that Everest consultants use.

EXHIBIT 1

The tools, decision support, and workshop offerings can be purchased individually or packaged to meet your specific needs

	Benefits	Examples	
Tools	<ul style="list-style-type: none"> Starting points which save time and allow effort to focus on tailoring to your situation Available for entire outsourcing process and all BPO and ITO functions 	<ul style="list-style-type: none"> Data collection templates Statements of Work (SOW) and Service Levels¹ Change management toolkit Supplier profiles 	Purchase individually or in bundles
Decision Support	<ul style="list-style-type: none"> Access to market expertise and data that informs and validates critical decisions Customized to meet your specific situation 	<ul style="list-style-type: none"> Offshore leverage diagnostic Benchmarking Supplier short-listing Proposal & contract review 	Remote assistance for critical decisions
Workshops	<ul style="list-style-type: none"> Targeted support which can be accessed at a pace fitting your organization’s plans Standard agendas, plus ability to tailor to the audience and situation Allows you to tap into Everest’s experts 	<ul style="list-style-type: none"> Project planning Outsourcing best practices Pricing model design Negotiation planning Governance design 	Access to analysts for problem solving and advice

1. Versions of these tools are available for major functions (HR, IT, F&A, etc.) at the process level (accounts payable, payroll, time & expense, data network management)

OSS provides an array of decision-support tools, robust data collection on topics of greatest relevance to decision making, and in-depth, up-to-date market knowledge. Buyer organizations can use the OSS components separately or in combinations as the need dictates. They allow buyers to pursue their outsourcing efforts at their own pace, purchasing only the niche information they need, and pay as they go.

From strategy and planning, design to implementation, to ongoing governance, and to benchmarking and contract renewal, our Outsourcing Support Services are designed to augment the capabilities of buyers' COEs and strategic sourcing organizations for decision making throughout the entire outsourcing life cycle. Buyers can tap into Everest's expertise when and where needed.

Suppliers also benefit from the OSS offerings. If an existing or potential client is bogged down on a particular point or decision, suppliers can be proactive, objective, and demonstrate a partnering approach by directing the client to the OSS niche information they need. A significant benefit to suppliers is that these products won't affect the pace or control of the project and won't impact the timeline or the solution.

The tools, decision support, and workshops provide an unparalleled source of information that protects suppliers and their clients from missing opportunities for capturing greater value and sharpens the ability to identify and mitigate risks as they structure new outsourcing arrangements.

We continue to take great interest in assisting suppliers and buyers in securing the best terms and conditions that will maximize the mutual benefit of their relationships. Our new OSS services can uniquely assist in that decision making process.

We invite you to explore our OSS offerings at <http://www.everestresearchinstitute.com/Services/OutsourcingSupportServices> and learn how you can benefit from working closely with your clients to help them find the information they need.

About Everest Group

Everest Group is a global consulting firm that assists corporations in developing and implementing leading-edge sourcing strategies including captive, outsourced, and shared-services approaches. Everest helps companies create strategies and sourcing relationships that deliver total value – improving performance and results while managing risks.

Everest's value proposition and services focus on reducing the complexity and the risk associated with making organizational transformation decisions which involve numerous sourcing alternatives. Everest methodology is based on the concept of "Joint Design," which involves stakeholders in exploring the strengths, weaknesses, and risks of multiple options, thereby helping to build optimal solutions.

Since 1991, we have forged hundreds of major outsourcing relationships, advising clients on complex sourcing issues in more than 30 key business processes worldwide. Our experience spans numerous Fortune 1000 clients in banking, insurance, retail, healthcare, manufacturing, telecom, media & entertainment, and hospitality sectors, among others.

Our breadth and depth of experience enables us to deliver expert analysis and strategic results. Our flexible, collaborative approach analyzes the specifics of each sourcing challenge. Throughout the process, we encourage collaboration between buyers and suppliers to spark creativity and lay the groundwork for long-term outsourcing success. The result is a solution that recognizes the strengths, weaknesses, and strategic objectives of both parties.

Everest Group established its research arm, Everest Research Institute, as a commitment to provide thought leadership and fact-based insights about the outsourcing and offshoring marketplace.

Everest Group is headquartered in Dallas, Texas, and has offices in New York, Toronto, London, Amsterdam, New Delhi, Melbourne, and Sydney. Please visit www.everestgrp.com for more information.

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