

Stick or twist? What will be the right balance for outsourcing in the recession and beyond?

Dr Richard Sykes

Elected Board Member of Intellect, the UK Association for the Information Technology, Telecommunications and Electronics Industries



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Recession or No Recession: Four Transformational Realities



- Consumerisation
- Commoditisation
- Virtualisation
- Globalisation

'Moore's Law Time' Exploited

Four Transformational Realities

Consumerisation

Consumer Services (B2C) delivered as automated *Software-Enabled Services*

Commoditisation

Business & Technology Processes created & delivered as *Services* with security, reliability & commodity economics: the discipline of *Services Manufacturing*, encompassing both classic IT and Business Process Outsourcing

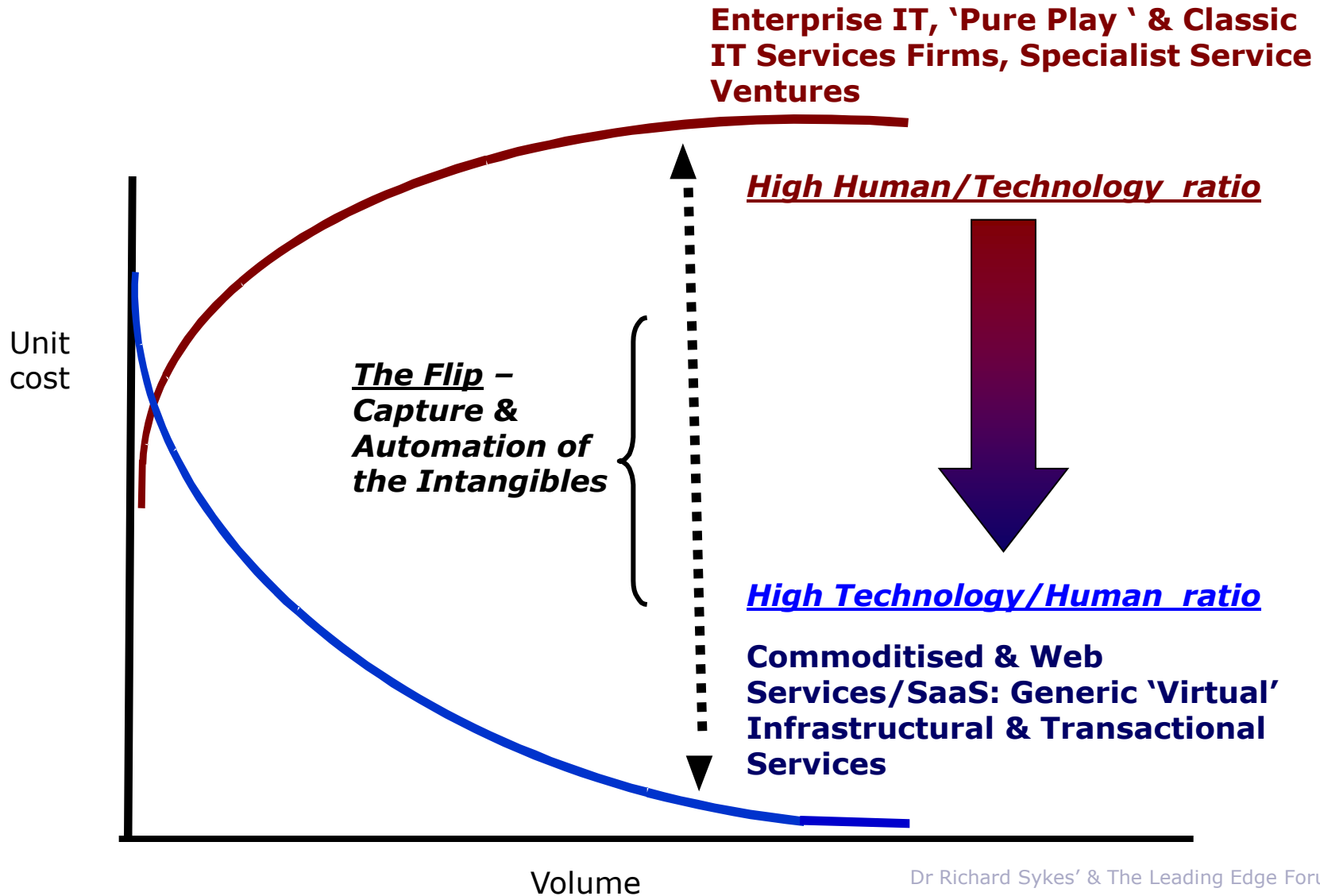
Virtualisation

Breaking the restraints of legacy technology systems – new freedoms to create, source, assemble business processes/services

Globalisation

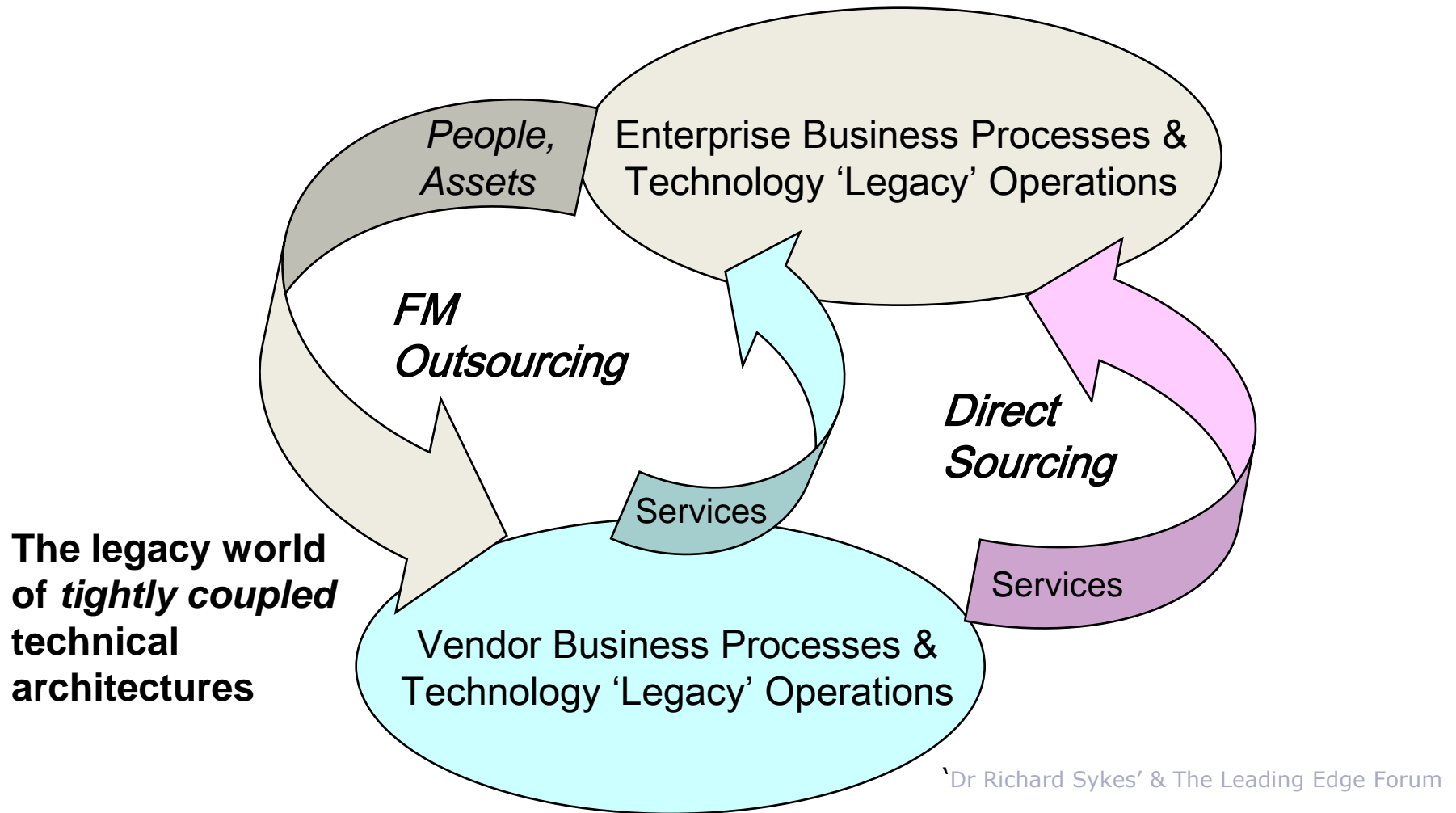
Competitive access to white-collar global talent pools: open networks speed development of trade in *technology-enabled business services*

A Transformational Moment

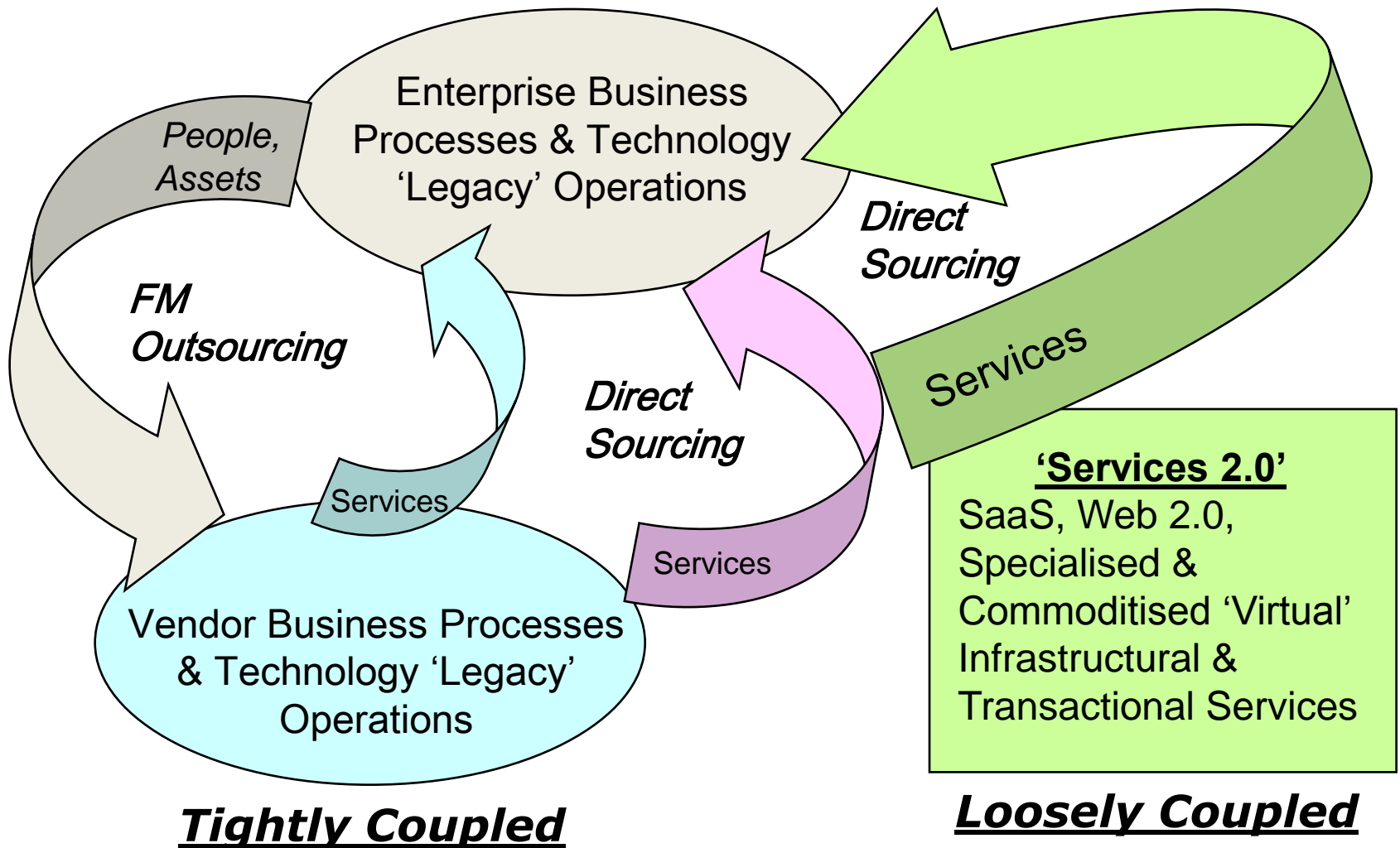


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Outsourcing – The Facilities Management (FM) Business Model



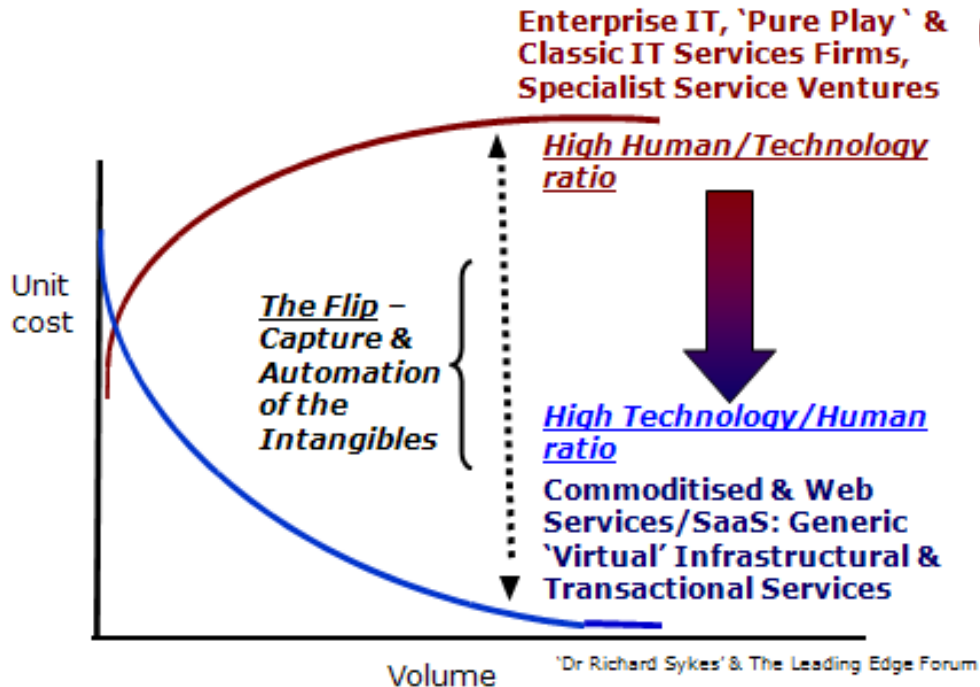
Outsourcing – The Directly Sourced Business Services (DSBS) Business Model



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Technology Enables – People Deliver

A Transformational Moment



'Bums on seats' valued for front line customer service/ intimacy with client's front line business/delivery of client's core competitive competencies or (government) delivery of key (complex) policy objectives

'Bums on seats' valued for management of automated service manufacture and standard service delivery – with full & integral *business assurance*

Directly Sourceable Business Services (DSBS) - the right balance

- Underlying computing & network requirements directly sourced as commoditised services available 'on demand'
 - Also generic back & front office transactional business services
 - *This is about taking jobs out & cost driven procurement of commodity business services*
- Focus on the delivery of front line & specialist core competencies vital to competitive survival (in the recession) & success (beyond).
 - *This is about value-delivery driven procurement*
 - *Focus the human contribution on where it is best leveraged*
 - *Development of 'outcome based' partnerships & agreements*

The right balance for outsourcing in the recession and beyond?

- Business logic: *shared transformational journeys*
 - Simultaneously engaging both Enterprise & Government as clients with the IT Services vendor community
- Enterprise *is* & Government *should be* motivated to speed these transformations in the current recession
- For established IT Services vendors - a possible motivation to resist/slow the transformations ?
 - Long established margins are at risk - creation of defensible new profit centres 'in the virtual' presents a major challenge

Thank You

'Dr Richard Sykes'

www.dr.richard-sykes.com

r.j.sykes@btinternet.com

+44 20 7917 1715