



Outsourcing Advisory: Helping Clients Deliver Business Outcomes

Published on April 26, 2021

Alvarez & Marsal | Management Consulting | Professional Services

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Outsourcing, whether IT or BPS (Business Process Services), offshore, nearshore, or onshore, is a fact of life for many of our clients. However, optimizing the use, integration, and governance of outsourced services remains a challenge for many firms. The market for outsourced services is dynamic: new entrants and M&A activity constantly reshape the landscape. Moreover, the trend towards normalization of remote work, accelerated by the COVID-19 pandemic, has helped many organizations overcome a common objection to outsourced services and pave the way for even greater adoption.

In our latest insights, we explore the current outsourcing advisory landscape and how to leverage best practices.



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CORPORATE PERFORMANCE IMPROVEMENT

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Market Background

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Outsourcing Advisory: What is it and Who Needs it?

Selecting providers and contracting for outsourcing services (IT, BPS) can seem similar to standard selection and contracting activities traditionally driven out of an organization's procurement team. However, outsourcing deals are expensive, complex, and full of specialized terms and structures. Understanding the specific nuances and best practices associated with outsourcing arrangements can improve the likelihood that business needs will be met, without added risk.

Most often, we encounter clients who have existing, underperforming outsourcing relationships and who require help with remediation or optimization, rather than selection of totally new providers. A&M brings deep experience across the full range of outsourcing models and a range of "lenses" that help our clients understand and attack their issues, including:

- Balancing best of breed and generalist providers
- Managing and optimizing Capital and Operating expenses and leveraging "as a Service" options
- Balancing risks associated with global delivery and blended models
- Achieving the necessary transparency to manage risk and regulatory oversight (if applicable)

Know Your Starting Place. Know Your Value Levers.

Businesses looking for outsourcing services generally fall into two categories: those who are at the outset of an outsourcing journey and those looking to fix an existing arrangement. In our experience, the approach and levers for success will depend greatly on which of the two categories your organization falls into.

Considering outsourcing for the first time:

Rationale/strategy – Outsourcing is most effective when the client is "buying" some aspect of the supplier's operations that cannot be replicated internally.

Q: *What are the reasons behind the desire to outsource? Is it an attempt to shift internal issues?*

Q: *What capabilities does a supplier offer that will be better to "rent" than to acquire via other means?*



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