



Optimum OutsourcingSM

The Engine for Business Model Innovation and Maximum Business Performance

By Richard Crespin
The Delve Group, Inc.

Outsourcing as a business strategy has reached a new plateau. Combining and concentrating the outsourcing of multiple inter-related business processes is the formula for gaining sustained global competitive advantage. This optimum outsourcing play changes the global business game because it rewards first movers with dramatic cost and cycle time savings that translate into magnitudes of competitive advantage. It creates a new, innovative model for business on a global scale.

Optimum outsourcing (O₂) is like oxygen, a breath of fresh air in an otherwise commoditized marketplace. It is the breakthrough innovation that CEOs hunger for. By changing how businesses focus their resources and core skills, O₂ fundamentally alters the way companies operate, compete and drive shareholder value. It is central to business model innovation, the unique new ways of doing business that separates global market leaders from also-rans.

O₂ is the formula for gaining sustained global competitive advantage.

Value to an organization can be created anywhere along the complex supply chain from partners to allies to vendors. It is no longer necessary or even desirable for a firm to own its non-core functions. In many ways the company that orchestrates the interplay of resources, relationships and raw materials best – wins.

By efficiently outsourcing back office and non-core functions, companies eliminate costs and distractions, leverage critical points of differentiation and empower themselves to focus on core competitive differentiators. O₂ is a critical component of a business ecosystem that globalizes and flattens corporate structures by rebalancing resources in service to continuous process improvement.

O₂ gives its first movers a 30 percent savings in cost and cycle time on the down stroke. This forever changes base-line cost factors and gives them dramatic flexibility to price and promise service delivery to customers in ways that competitors cannot touch. By standardizing and outsourcing processes and applications across enterprises, industries and geographies, costs are cut, labor is arbitrated and continuous performance improvement is baked in. Leveraging the synergy between related businesses processes, Optimum Outsourcing combines people, process and data efficiencies in ways that make a quantum difference and opens up a game-changing lead.

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O₂ is evolving out of the relentless search for business efficiency and effectiveness that has driven global businesses since the 1950s. It has been accelerated by the widespread use of the Internet, the deployment of sophisticated technology and the ability to find and engage skilled labor at variable price points. The availability of affordable technology and labor are vital levers in service to business strategy.

O₂ promises to create understanding and empathy among people all over the globe.

Globalization of labor markets and widespread adoption of outsourcing over the last 10 years has convinced market leaders that the bigger the scale the bigger the payoff. Now the most effective competitors will increase the scope of outsourcing to yields optimum rewards in terms of cost, competitiveness and

performance. Perhaps the value of outsourcing will reach a point of diminishing returns in the future. But today it remains a fundamental strategic initiative.

Moreover Optimum Outsourcing redistributes wealth on a global scale, builds connective tissue between and among peoples and cultures and contributes to peaceful resolution of political or cultural differences. It is the sinew that binds together a world shrunk by technology. And it promises to create understanding and empathy among people all over the globe.

Conclusion

This is more than just a new take on outsourcing. It is a fundamental shift in business strategy that will put the early adapters far ahead of their global competitors by giving them the ability to move faster and charge much less. The challenge for C level executives seeking to prosper in this environment is to embrace this new strategic paradigm to champion it to shareholders and employees and to find the right partner to implement O₂.

About the Author

Richard Crespín is the CEO and co-founder of The Delve Group, Inc. Mr. Crespín's extensive experience allows Delve to help clients improve their brands to increase profitability, customer loyalty, sales, and operations. Delve's strategic rigor and creative insights ensure clients build strong brands that last across all customer touch points. Delve's clients include companies in the Global 1000, international and non-governmental institutions, non-profit organizations, and agencies of the U.S. Federal Government. Mr. Crespín is an alumnus of both the George Washington University and the Harvard Business School. Mr. Crespín can be reached at rcrespín@delvegroup.com. You can learn more about Delve at www.delvegroup.com.

About The Delve Group, Inc.

The Delve Group specializes in positioning and perception for business-to-business companies. Using its industry expertise and strategic creativity, Delve creates positioning and perception for its branding, marketing, & communications clients. With comprehensive competitive and market intelligence services, Delve measures and analyzes how effectively companies achieve their desired positioning and perception among target audiences. The combined value ensures Delve's clients accelerate growth, strengthen brand awareness, and create lasting advantage.

Headquartered in New York City, Delve operates throughout the United States and in the European Union. Learn more at www.delvegroup.com