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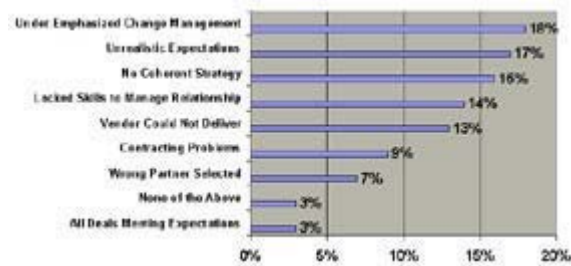


On October 10, 2006, IAOP held its first-ever Executive Forum, bringing together many of the association's Founding and Corporate Members for a full-day of discussion and debate on the key issues facing our management practice, industry, and profession. The meeting was hosted by IAOP Founding Member, Simmons & Simmons, in its Lisbon, Portugal offices.

Over a series of panel discussions, covering topics as diverse as current outsourcing trends, outsourcing and technology, outsourcing in the world, and outsourcing in society, a number of important trends and ideas emerged.

Duke's ORN (Offshoring Research Network) – Early Findings from Year 3

• Outsourcing by the Numbers



"The fault, Dear Brutus, is not with our stars, but with ourselves" is certainly the most famous and one of the most appropriate quotes used for turning our attention inward when searching for the root cause of a problem. And, according to delegates to the last Outsourcing World Summit, it is a particularly appropriate statement for customers when asking why an outsourcing relationship is failing to produce the value anticipated.

In fact, the top 4 reasons – representing 2/3rds of all the responses given to a live audience poll - are all directly under the customer's control. Inadequate change management, inappropriate expectations, lack of a coherent outsourcing strategy, and a lack of relationship management skills topped the list. Number 5, given by 13% of the respondents, was that the vendor could not deliver on the services levels, followed by contracting issues (9%), and picking the wrong vendor (7%). By the way, only 3% of the respondents said that all of their deals were delivering the expected value.

[Click the image above to view the full-size chart.](#)

• The 2007 Outsourcing World Summit Program will Feature Top-Notch Presenters and Unprecedented Networking, Social and Learning Opportunities



Join us February 19-21, 2007 at the Hyatt Regency Lake Las

Chris Disher of Booz Allen Hamilton and Jeff Russell of Duke shared preliminary findings from the third year of Duke University's global outsourcing study. The single, most compelling finding is that companies report their initiatives are maturing from labor arbitrage (taking advantage of lower cost labor) to talent arbitrage (taking advantage of the best talent wherever it is located.). Organizations also believe there is a tightening of this supply of talent – not only in highly developed economies like the U.S. and Western Europe, but in areas once thought to have almost a limitless supply, like India.

Other major findings are: a marked shift in how companies are globalizing their operations – away from captive centers toward outsourcing as the preferred model; a growing recognition that the timeframe between services globalization and meaningful business process redesign is not 12 to 18 months as many would like to believe, but closer to 2 to 3 years before the strategy truly begins to impact how the business operates, and; that two-thirds of offshore outsourcing initiatives in the U.S result in no significant job loss but instead in the redeployment of the U.S. employees to even higher value activities.

Developed Economies Are Not Ready for Globalization

Although corporations in the U.S. and Western Europe have been the primary drivers of globalization, the question that remains unanswered – and the one that is at the core of most of the public debate and fear globalization enjoins – is whether or not the developed economies are really ready for the change. For example, little is known about how much of the GDP of developed economies is now attributable to globalization, let alone its short- and long-term implications. Similarly, there are few answers as to what types of jobs, skills, and capabilities workers in developed economies will need in order to flourish in a global economy. Nor is there an understanding of what a 'broad middle class' looks like when the idea is expanded on a global scale.

Being able to answer these questions and others like them is, however, essential to preparing developed economies for globalization. Not only are they important questions in their own right with broad economic and social implications, but real answers are needed if we're to keep corporate and government policies from being increasingly shaped by reactionary responses to what might be labeled the 'Dobbs' effect.

Is Technology Outpacing Outsourcing?

Vegas for IAOP's annual event. [Click here](#) to download the full program.

The theme for the Summit is Winning in The Global Knowledge Space. Participants will explore how businesses are using outsourcing to attract the best partners and tap into top minds globally - enabling them to synthesize and deploy new ideas and innovative ways of doing business.

The following visionaries will help you develop a clear roadmap forward for success in this new world of business:

Michael F. Corbett, Executive Director, International Association of Outsourcing Professionals (IAOP), *Winning in Today's Global Knowledge Space*

Marta Foster, Vice President Business Solutions, Procter & Gamble, *An Ongoing Shared Service Evolution*

Oren Harari, Author, Business Expert and Visionary, *Breaking from the Pack in Today's Copycat Economy*

David Barrett, Partner & Head of Technology and Outsourcing, Simmons & Simmons, *Outsourcing's New Global Deal Model*

Atul Vashista, Chairman & CEO, neolT, *How Services Globalization is Futurizing the Corporation*

Chris Disher, Vice President, Booz Allen Hamilton, *The Power-Link Between Innovation and the Globalization of Talent*

The Summit will also feature the new main session COP Roundtable called **How Outsourcing is Changing Where and How People Work** chaired by Jag Dalal, COP, Principal of JDalal Associates and including Cynthia Kearney, COP, Vice President Global Pharmaceutical R&D, Johnson & Johnson PRD L.L.C., Jean-Francois Poisson, COP, GM Contract Management, Bell Canada and John Maher, Executive Vice President, Corporate Solutions, Colliers International.

Special incentives for Early Registration are still available until November 30th. [Click here](#) to find out more.

• Ethics are Paramount to Becoming a COP

"The respect that leadership must have requires that one's ethics be without question. A leader not only stays above the line between right and wrong, he stays well clear of the 'gray areas.'" - G. Alan Bernard

"Relativity applies to physics, not ethics" - Albert Einstein

It's a well know fact that to become a [Certified Outsourcing Professional \(COP\)](#) one must have the experience and knowledge to ensure consistent, high- quality results for the organizations that rely upon them to design, implement, and manage their outsourcing contracts. What's also key to note is that in order to become a COP, one must agree and sign off on the *Code of Ethics and Business Practices Standards for Outsourcing Professionals*.

This *Code of Ethics and Business Practices Standards for Outsourcing Professionals* was developed by the Outsourcing Standards Board (OSB) and was adopted for use by IAOP in 2005. It represents a comprehensive, yet easy-to-follow guide for ensuring that: outsourcing professionals adhere to generally accepted business standards for ethics and conduct; accurately communicate their and their organization's capabilities to others; take responsibility for the outcomes of their work; work to continuously enhance their own professional skills and abilities;



It goes without saying that technology, especially the global information infrastructure of the Internet, is a key enabler of outsourcing.

But what's not clear is whether or not outsourcing is driving ever wider adoption of newer technologies, or, in fact, has become so focused on immediate cost benefits as to actually be falling behind the technology investment curve. For example, how many companies really want to take on the risk of simultaneously outsourcing and transforming their technology? Does outsourcing then often reinforce current technologies as opposed to accelerating the adoption of new ones? And yet, isn't technology the key to creating value through outsourcing that goes beyond simple labor arbitrage?

Some of the technologies identified that may be at the center of this debate in the future are massive data mining that could enable service providers to increasingly predict their customers' needs and service volume demands better than the client itself. (An example of this thinking offered was Google's ability to better predict 'box office success' for a new movie through its data mining capabilities than might a studio using traditional methods.) Another was the ability of shared customer-service provider technology platforms to give all parties immediate, direct access to service levels, bottlenecks, and root causes across the joint operations of the organizations involved.

Help Wanted: Vice President of Outsourcing

A number of participants noted that over the past year or so they've seen a growing trend toward a customer position of Vice President of Outsourcing. In many cases this is being led by financial services firms that need an executive focal point to collect and report against new regulatory requirements. In others, it's recognition – sometimes grudgingly – that there is value in outsourcing governance and as a result these positions are being used to bolt outsourcing governance onto the strategic sourcing organization.

But underlying the entire discussion at the forum on governance was the single word 'trust' – that all of the elements of outsourcing governance come down to creating an environment of trust. Key dimensions of trust being sought are: honesty, delivery, consistency, and the ability to transform an operation over time through incremental improvement.

Through these and many others ideas and trends examined, IAOP's Executive Forum proved to be an excellent venue for defining the key issues facing the field. The next step –

are effective advocates for outsourcing; and encourage identification and resolution of ethical and business practice issues if they occur.

"Sharing and advancing these standards is one of the most important things that Certified Outsourcing Professionals (COPs) can do to ensure that their colleagues and employers truly gain the business benefits intended through outsourcing while contributing to the long-term growth and success of the global community of businesses and people," says Michael F. Corbett, Executive Director, the International Association of Outsourcing Professionals (IAOP).

For a copy of IAOP's *Code of Ethics and Business Practice Standards for Outsourcing Professionals* [click here](#). To order a batch of bookmarks to distribute to your company, colleagues and customers email your request to the COP program administrator at copprograms@outsourcingprofessional.org.

• IAOP Chapter Meeting Calendar

IAOP's chapter network is an integral part of developing an effective global community of outsourcing professionals.

1. [Mexico Chapter](#), Wednesday, November 8, 2006, chaired by Diana Gomez, HP Managed Services Manager, Hewlett Packard Mexico
2. [Healthcare Business Office Chapter](#), Friday, November 10, 2006, via webinar, chaired by Suresh Yannamani, Executive Vice President, Healthcare Solutions, LASON
3. [Brazil Chapter](#), Tuesday, November 21, 2006, chaired by Flavio Grynzspan, Partner and Founder, Grynzspan Projetos e Serviços Empresariais

All IAOP members are welcome to attend any IAOP chapter meetings. Simply email beryl.sorensen@outsourcingprofessional.org to register. **Non-members** may attend one complimentary chapter meeting as a guest of IAOP. For information, click the chapter links above.

• Events and Resources of Special Interest to IAOP Members

IAOP is pleased to support the following events and organizations:

ITAA, the Information Technology Association of America, is holding its [2006 Executive Leadership Summit - The Global Race for Innovation Leadership](#) - on November 12-13, 2006 at the Boca Raton Resort & Club, Boca Raton, FL. Speakers include Steve Van Wyk, CIO, ING and Chuck Palazzo, VP of IT, Associated Grocers.

TiE Boston, the Boston chapter of the world's leading global organization for entrepreneurship, is holding its third annual [Global Sourcing Workshop](#) on Saturday, November 18, 2006 at Northeastern University, Boston, MA. James Champy, well-known author and Chairman of Perot Systems Consulting, will keynote the event which runs from 10:30 am to 7:00 pm.

****As a professional courtesy, IAOP Members can register for the events above at the respective organization's member rate. Please contact each organization directly for details.****

[BPO & IT Outsourcing Summit 2006](#)

November 28th, 2006

Level 6 Hong Kong Convention & Exposition Center David Barrett, Partner, Simmons & Simmons and IAOP founding member will represent IAOP as chair of the China chapter. For more information and to register, [click here](#).

which will shape future semi- annual meetings of IAOP's Founding and Corporate Members – is to take on these issues, delve deeply, and produce actionable deliverables for use by the association's members.

[BPO Market Watch](#) is a monthly print magazine catering to the information needs of professionals working in the process outsourcing industry. The magazine regularly profiles industry leaders, innovative companies, and attempts to address industry concerns through interviews and research-based articles.

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