THE OUTSOURCING EVOLUTION

Companies aren’t interested in hiring the least expensive outsourcing provider anymore. They want high-quality, innovative work, and they’re willing to pay for it.

ONE ARE THE DAYS when outsourcing simply meant hiring cheap offshore labor. Over the last several years, companies have realized that paying more for quality work and building long-term partnerships yields better results than outsourcing to the lowest bidder. “Companies aren’t trying to look for someone to come in and take over, and do it faster and cheaper,” says Michael Corbett, founder and chairman of the International Association of Outsourcing Professionals (IAOP), an organization that counts 100,000 outsourcing companies and individuals as members and affiliates. “Outsourcing is now part of a company’s fundamental strategy.”

This change in mindset has helped the outsourcing sector grow from a $70 billion business in 2004 to a $104 billion business today, according to Blasista. It’s also not just a manufacturing-focused industry anymore. Companies can now outsource nearly everything from food services and housing logistics to software development and employee relocation assistance. Executives have also realized that it’s better to work with a company that specializes in a particular area, so that they can focus on their own core competencies, says Corbett.

Finding Flexibility

As price points have evolved, so too have company expectations. Today’s executives want their outsourcing partners to offer flexibility. That could mean quickly adding or releasing staff, instantly jumping on a new project, finding short-term cost savings, and more. Companies want partners that can quickly adapt to our constantly changing world, says Corbett. “How many companies were on top, only to suddenly play catch-up because they fell behind in technological innovation?” he asks. “Companies need flexibility and the ability to reconfigure relationships so they can stay ahead.”

More than just flexibility, though, companies are looking for partners that can evolve with a business and help it grow long-term. That’s one of the biggest changes that Jeff Graevenhorst has seen in the outsourcing industry. The group CEO of iSS World Services, a Copenhagen, Denmark-based outsourcing company that specializes in facility services, says companies don’t just want people to clean the floor or make a meal anymore. They want to work with someone who can help them retain clients and create culture. “When it comes to food, it’s not just about getting something to fill your stomach,” he says. “Now we create a restaurant where people can socialize, and that helps retain and attract staff!”

Best at Business

As an increasing number of CEOs realize how outsourcing can add value to a company, outsourcing companies need to ensure that their own operations are running smoothly. An outsourcing partner “must be a good business in its own right,” says Corbett. That means having a good leadership team, strong management, and committed employees. (Continued on page 56)

Going Steady

In outsourcing, a long-term relationship can make all the difference.

One sign of a successful outsourcing partnership is longevity. Case in point: global IT outsourcing business Miratech Group has been working seamlessly with its client Genesys, a developer of market-leading customer experience and contact center solutions, since 2000.

Miratech is one of many outsource partners that helped Genesys grow to more than $860 million in revenue by developing applications, deploying products, and working with their end users, among other things. “They know our evolving needs, and they’re flexible in their business model,” says Genesys CEO Paul Segre (left).

One reason why Miratech has built such a long-lasting relationship with Genesys—and many other clients—is because of its cost-efficient Managed Competence Center, which allows companies to transfer responsibility for selecting and recruiting the best talent, and project delivery, says Miratech CEO Valery Kutsyg (right).

This allows clients to offload employee risk, quickly implement staffing changes, and more. It also helps Miratech to align with its clients: “We’ve worked to make Miratech part of the team,” says Segre. “There’s no doubt that this partnership will continue,” says Kutsyg, who hopes to help grow Genesys by leaps and bounds. “We’re helping them sell products and retain customers,” he says. “We want to be part of keeping Genesys customers loyal and happy.”