

How much Outsourcing can a company tolerate?

The advantages and downsides of outsourcing

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- 5 years Lafarge PerImooser (Infrastructure)
- 5 years IBM Austria (Infrastructure)
- 18 years Erber Group (CIO)
- 5 years DSM Group (Cluster Lead Site Services)



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- OPEX instead of CAPEX
- Concealing of employees
- “Rightsizing” of IT services



Advantages of Outsourcing

- ✓ **Using a commodity** (high standardized and easy exchangeable)
- ✓ **Sharing resources** (7 x 24 demand)
- ✓ **Accessing specialist skills** (firewall, security)
- ✓ **Covering peak load** (projects)
- ✓ **Extension to own resources** (vacation, sick, leave)



- ❖ Generally more expensive (You get what you pay for / control deliverables)
- ❖ Wrong assumption to offshore
- ❖ Lack of reach through
- ❖ Missing loyalty
- ❖ Service is designed to the minimum
- ❖ Dependency on the outsourcer
- ❖ Interfaces increases exponentially (communication, training)



Best approach

internal

- Identify / define the reason for outsourcing
- As better you define the scope, as better the outsourcing works
- A minimum critical amount of internal employee with efficient skills is required to steer/train/control the outsourcing
- Define consequences if agreed service fails - penalty / EXIT strategy
- Control mechanisms must be introduced to avoid exorbitant prices due to dependencies
- Establish continuous know how transfer to own employees



Advantages:

Risk shifting

Enabling of complex changes (resistance)

Get support with the voice of the consultant

Better transparency on expenses

Disadvantages

Intransparency about the external teams

Advantage of re-evaluation is not lived

Challenge when projects are part of general outsourcing (Win11 upgrade to workplace outsourcer)

Partial exit is not foreseen

Scope difficult to define, because targets are moving – consider potential changes within contract

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