

# Editorial

## Outsourcing resolutions – be agile, automate, multisource



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Outsourcing, whose origins can be traced back 200 years to the industrial revolution in the 18<sup>th</sup> and 19<sup>th</sup> century, is a tried, tested and well-oiled model of globalization, that evolved significantly with the dawn of internet and computers becoming the mainstream in the later part of the 20<sup>th</sup> century. Since the early 21<sup>st</sup> century, technology has enabled companies across the globe to architect the foundations of Global Business Services (multi-faceted outsourcing model).

Companies are not only outsourcing functions like IT, Finance, Payroll, Procurement, etc., but also DevOps, Master Data, HR, Security, Operations, etc. using single or multiple suppliers, captives within companies or in nearshore/offshore destinations. Agile is being deployed to not only shorten the outsourcing selection process, but also change organization structures to address incoming demand.

As these resolutions keep evolving outsourcing, there is a continued emphasis to improve the entire process (not only parts outsourced), perform analytics on underlying process data and build controls to ensure data processed externally is safeguarded against fraud and meets required regulations.

Today, the total spend by global companies on technology and business process services is in excess of EUR 1 trillion and employs over 16 million people (directly and indirectly), which is estimated to be reduced by 2% in 2022. This reduction in workforce is being attributed to attrition, reduced outsourcing spending (some due to political changes) and the advent of digitalization. Jobs are evolving from low-skilled workers performing transactional activities to medium and high-skilled workers undertaking more cognitive tasks. The latter means that companies in the modern marketplace have to work harder to attract and retain specialists, increasing the importance of the Chief Human Resource Officer.

Organizations are rapidly transforming into agile enterprises, working in squads and tribes. They are increasingly looking for partners on equal footing as they embrace agile development and DevOps approaches. Outsourcing to gain the highest degree of labor arbitrage is no longer the main objective. Customers demand the ability to adapt, irrespective of the location where the work is performed.

In this edition, we invite you to walkthrough some trends in the tidal wave of change in all facets of outsourcing, covering a perspective of the originator, supplier and advisor in an outsourcing transaction. These trends are mainly stimulated by technological advancements, but influenced by political change, adoption of non-human intervention (automation) and ultimately selecting the best method (make or buy from one or multiple suppliers) to continue doing trade.

As outsourcing is global, our intention is to spread the word through this Compact edition globally in English. We thank the contributing authors (and outsourcing practitioners) and hope you (the reader) enjoy this edition and explore these trends further, through contacting the authors and us.