

TOP 5 CONSIDERATIONS
for CIOs

With digital transformation, what is a...

healthy split between internal capability and outsourcing?

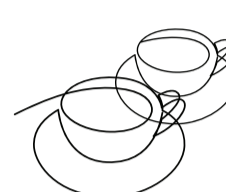
Core Competencies

Pilates reinforces
the need for a strong core

Having one
helps ensure better body function

Developing core competencies and strategic differentiators is essential. Building internal expertise sees organisations retain control, innovation, and agility to maintain a competitive edge in the market.

Bottom line: If your core is weak it can be exploited and fail to support the business. Maintaining core competencies enables you to preserve unique capabilities and competitive advantages critical to your success. It allows for greater control, quality assurance, and alignment with strategic objectives (M.Porter).



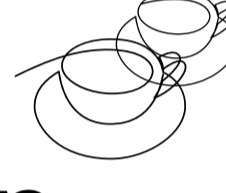
Non-core Functions

Getting match fit
is doing the work

Having the right expertise
on hand will only help

Choose to outsource areas where specialised expertise is required. This allows access to specialised skills, resources, and technologies often not available internally, enabling faster implementation, reduced costs, and enhanced scalability.

Bottom line: Finding the intersection between core and non-core capabilities is where the magic happens. Outsourcing the non-core activities lets businesses focus on their prime competencies, driving innovation and strategic growth.



Time-to-Market and Speed of Execution

Doing it right takes time
but you can't take forever

Your company's DNA
is the great informer of which way to go

Building internal capabilities provides greater control and customisation but may be limited by resource constraints and scalability challenges. Outsourcing offers flexibility and scalability by leveraging external resources and expertise on-demand, allowing quick adoption to changing business and market dynamics.

Bottom line: Think globally, act locally. If your core competencies dictate performing in a globalised market, then leverage globalised skills to achieve your local goals quickly. As Jack Welch once noted **"Outsource everything that is not your core competency"**.

“After 30+ years of experience...
If you are managing to a contract, you've probably missed the essence of outsourcing or have the wrong partner.
Outsourcing is about building relationships, confidence and trust and together demonstrating value across the spectrum of your digital transformation.
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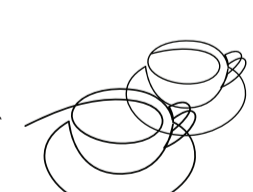
Cost Considerations

They've refined their models
to within an inch of their lives

Unless you can do the same
think twice about staying internal

Building internal capabilities involves higher upfront costs in talent acquisition, training, infrastructure, and technology development. Outsourcing offers cost savings in reduced overheads, access to global talent pools, and pay-as-you-go pricing models.

Bottom line: PwC found outsourcing can reduce costs 30% to 40%, as it allows better leveraging of resources. I think Peter Drucker summed it up best: **"Do what you do best and outsource the rest."**



Risk Management

Trying to overly derisk
a venture usually costs more

Know how outsourcing works
and pay for outcomes, not widgets

Building internal capabilities involves risks such as talent acquisition challenges, technology obsolescence, and project delays. Outsourcing may pose risks related to vendor reliability, quality assurance, and data security.

Bottom line: A healthy balance between internal and external capabilities should always be achieved. No single organisation knows everything or has expertise in every area. Like Madonna said, **"Strike the pose"** and get on with it.



Like to delve into, dissect or draw on my experience over a coffee — let's set up a time...

