

CORE Business Function

Non-CORE Business Function

Create Global In-House Center

When...

- Will grow to significant percentage (50%+) of your total organization
- Upfront investment in money and time aligns to long-term business strategy and does not significantly affect short-term resource needs
- Business benefits justify and outweigh risks

Outsource To Service Provider

When...

- Will grow to less than 20% of your total organization size over 24 months
- Need specialty skills that are cost-prohibitive to develop internally
- Have sustained need of “bubble capacity” to address fluctuations in project resource needs

Engage With Provider In Virtual Captive

When...

- Need access to specialty talent and/or process excellence but want to retain majority of management and control
- Looking for long-term collaborative commitment with percentage of investment and ownership of risk shared by provider

Selectively Outsource Projects/Deliverables

When...

- No clear benefit in long-term commitment to outsource, or interest is to try out before making longer-term commitment
- Immediate need for lower cost project resources and help with delivery processes
- Intermittent need for “bubble capacity” without evidence of sustained need

From a strictly cost point of view (Example is India)

Observations

- GIC and VC show lower initial costs
- ODC higher labor rates, but removes risks and costs of office facilities and people management (from hire-to-replace)
- Other factors that need to be considered:
 - ❖ Geo-political risks
 - ❖ Currency fluctuations
 - ❖ Labor fluctuations
 - ❖ People attraction and retention
 - ❖ Technological skills vitality

