

How Outsourcing Can Help You “Go Digital”

By Prashant Ranade

Whether we are ready for it or not, the digital age is upon us. Not a day goes by without reading or hearing about some digital disruption in today’s global economy, as more companies build their business models on next-generation technology.

While it has created new opportunities, digital also forces CEOs to understand how to effectively use technology in today’s fast-paced, on-demand world.

To truly “go digital” requires seamless end-to-end technology integration, not just a wanky front-end app, because “anytime,” “anywhere,” and “always-on” are the true barometers of a digital enterprise.

For the CEO, this poses a complex challenge: how to improve efficiency, agility and speed to market, reduce run-the-business costs and channel this savings into change-the-business efforts.

Clearly, the central challenge of digital modernization is adapting to change, but at its core, digital is like any other technological innovation.

Innovation can enable us to do something completely new, such as in the case of air travel, x-ray technology and television. In the digital age, this is exemplified by the payments industry. Anyone can now process credit

cards, buy a coffee using just their phone, or even pay for items as they are placed in a shipping basket.

Innovation can also enable us to do something more easily, more efficiently, or more elegantly. Examples from the past include more efficient travel via automobile or more convenient communication by mobile phone.

In today’s travel industry, the core products and services — like reserving and purchasing airline tickets or rental cars — have not changed, but mobile technology has now enabled an easier, more convenient, and more elegant way to manage travel.

The fundamental job of a CEO is to look at their business and decide the “what” and the “why” of the business and figure out how to create a differentiated offering. The CEO then needs to ask the question: Do I want to do something completely new, do I want to make my existing business more elegant or efficient, or strike a balance between the two?

Once that is decided, it is time to engage your outsourcing partner.

How Your Outsourcing Partner Can Help

Here are some ways an outsourcing partner can help CEOs navigate the digital landscape:

1. Stay current on the latest technology.

Your company may operate an airline, issue credit cards, provide banking, investment or insurance services, or manufacture a product—and it’s the CEO’s job to focus on this core business. With the rapid pace of change in the digital age, it’s almost an impossible task for a CEO or their teams to stay current on numerous complex technologies. Moreover, digital technologies are constantly evolving, and the “latest and greatest” tech may not be mature enough for your business. Your outsourcing partner’s core business is technology. Let them do the research, training, and heavy lifting. They should explore how new technologies can benefit, damage, or otherwise affect your business.

In the face of digital disruption, there may be a point where you need to make tough decisions on which systems to retain and manage, which to migrate to new platforms, and which need to be re-invented and modernized completely. A trusted and experienced partner can help walk you through this decision, and a strong ecosystem of partners can improve reliability and speed to market.

2. Provide the scale you need to support your business.

While it has created new opportunities, digital also forces CEOs to understand how to effectively use technology in today’s fast-paced, on-demand world.

The mantra today is lean and efficient, both for staffing as well as for skills. Hiring and training is expensive, so let your partner bear the risk and burden of keeping enough staff on hand to handle peaks and valleys in demand — it is their business. They should be able to provide recommendations to build human and computing architectures that can scale as you grow. Above all, be intellectually honest. Tell your partner where you want the business to take you, and ensure that their plan can scale for the long-term, not project by project. It’s best not to enter the discussion with preconceptions of “how big” or “how much” of any resource will be required. Experienced partners can employ strategies like managed services and automation to create scale where you thought there was a bottleneck.

3. Manage the cultural and communication aspects of technology projects.

The challenges of managing complex projects over long distances and long time periods are well-documented. If you had to invent a process and methodology from scratch for every project, nothing would ever be finished. Be sure that your partner is well versed in the latest methodologies.

As a CEO, you must clearly communicate the business needs, and let your partner recommend a suitable approach to achieve your goals. There are new development techniques like Distributed, Scaled, Offshore Agile or Ogile® can virtually erase geographic differences and bring teams from all across the globe together for a project.

With nearly two decades of experience as a CEO as both a user and a provider of outsourcing services, here is what I have learned:

1. It’s easy to get drawn into the technical or operational aspects of any project. Stay focused on the end game, and be clear about the outcomes you hope to achieve, not the “nuts and bolts” of a project.
2. Know what aspects of your business are outsourced, but retain your overall ownership of the project and be sure it is aligned with your business strategy.
3. When engaging with any kind of outsourcing partner, step back from the details and identify the business challenges that you want to solve or overcome. Remember that ultimately, you are responsible for the “what” and the “why” of the project.
4. Communicate these goals early and often, and let your partner do what they are best at — the “how.”

There are many reasons to outsource in the digital age—technological, operational, cultural—but the visionary CEO will take a close look at their business to understand how best to use digital disruption to their advantage. Whether it’s finding a new way of doing business or simply an easier, efficient, or more elegant way of running current processes, CEOs must stay true to their business, focus on their core competency and see the big picture. Everything else is just ones and zeroes.



About the Author:

Prashant Ranade is the Vice Chairman and former CEO of Syntel Inc., a global provider of digital modernization services. Prior to that, he served as President and CEO of Siemens Logistics & Assembly Systems, Inc. and Siemens Medical. His areas of expertise include Strategy, Technology, Client relationships, Leadership development and Operations for global businesses covering products, projects and services businesses.