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## STRATEGIC OUTSOURCING AND SHARED SERVICES

By Fabiano Rosa

### OPINION

# What do digital, automation and outsourcing have in common?

As we come back from holidays, we tend to reflect on what 2016 will bring, trends and upcoming changes on how buyers and service providers engage. Recently a lot has been said and written about two prominent trends: digital and automation. However little has been discussed about the commonalities between these prominent trends and the outsourcing industry.



CIO | Jan 8, 2016 10:31 AM PT

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Digital and automation are two of the most prominent trends influencing the outsourcing industry.

Below are some ideas and considerations organizations may wish to consider before placing emphasis on one versus the other:

- **The organization's strategy sets the direction:** Having a clear understanding of the organization's strategy and goals will directly determine the linkage between digital, automation and outsourcing. As simplistic as it sounds, a balance between these can be hard to achieve. A good way to approach this is to think digital as the environment, automation as an enabler and outsourcing as a way to deliver services. As part of this approach, organizations will also require higher emphasis in other important pillars such as governance, risk and internal staff skills.



• **Digital is a reality organizations shall not ignore:** Service providers are supporting transformation by and large, as it does increase their portfolio of services and organizations, the implications of a digital environment to services, if well implemented, tend to be positive. The biggest challenge lies on the organization's community and clientele. For example, let's think about the recent trends in retail banking and the opportunities digital will continue to bring with direct positive impact on operational costs. Other industries that may benefit from digital are insurance and telecom, as those have usually higher volume of services and effort associated with their service delivery models. A recent article released by The Economist magazine titled "Tech pundits' tenuous but intriguing prognostications about 2016 and beyond" provided some mind boggling predictions, including the following: "By 2020, predicts IDC, a third of today's IT companies will no longer exist in their current form, swallowed up in a wave of mergers and takeovers. And although demand for cloud computing will soar, many smaller contenders will fall by the wayside. Within five years the market will be dominated by perhaps half a dozen global giants, from American ones such as Amazon and Microsoft to Chinese ones like Alibaba."

• **Automation is evolving rapidly:** There is no doubt automation will continue to grow and evolve over the next few years. As service providers opt to automate vs. labor in, commodity services are already in high demand to be transformed through automation. In my latest CIO article I wrote about BPO being renamed as BPA – more can be found by clicking here. In a nutshell, the benefits associated with automated services can help organizations to realize value in a much faster and effective way – while services providers minimize their existing labor risks. Another important factor to consider is that machines now can "learn to execute" with little guidance and oversight from humans. A very interesting article published by Shivon Zillis provided a very insightful picture of the current state of machine Intelligence across different industries:



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## MACHINE INTELLIGENCE 2.0

AUTONOMOUS SYSTEMS						
PERSONAL	OS INTERFACES		AIR	GROUND	SEA	INDUSTRIAL
facebook, large, assistant, awesome, meekhan, fuzaj, machines, hrm, hse	xiaoice, Siri, Cortana, VIV, molu, bo, eplai, Coopix, Google Now		SDR, VERTICAL, AMINDO, SKYD, Airware, LILY	Google, TESLA, CRUISE, ADASWORKS	LIQUID ROBOTICS, bluefin data, DIMENSIONAL, BlueOptics	AVIA System, HIRVEET, CLEARPATH, AVISBOT, ENERGO, refock, SRET, OSARO
ENTERPRISE						
SECURITY / FRAUD	HR / RECRUITING	SALES	MARKETING	CUSTOMER SUPPORT	INTERNAL INTEL	MARKET INTEL
Sentinel, graphistry, NIGHT (redst), drawbridge, CYCLANCE, Airtelnet	textio, SpringRole, URIVIVE, hta, erudite, GIGSTER	Seenso, Plead, Vidaris, @insightart, infer, Prim, VISO, sentiant, Gainight	Liftniter, RADIIUS, referos, brightland, AUPRR	CLARABRIDGE, ACTIONIQ, FRAMED, DigitalGenius	Alation, Palantir, ranked, SKYFLAG, Digital Marketing, ADATAD, saplo, kaid, SKIFFLAG, Digital Marketing	Qual, Data, PREMISE, mattermark, betterlife, origina, CB
PLATFORMS						
RESEARCH / AI/ML	FULL STACK	MACHINE LEARNING	INDUSTRIAL IOT	AUDIO	VISION	DATA ENRICHMENT
OpenFL, Google DeepMind, Cytara, TICKETS, INTELLIGENCE, VICARIOUS, Numanta, Cytara, TICKETS, INTELLIGENCE, COGNITIVE INTELLIGENCE	context relevant, CCopilot, NVIDIA, QUADRAW, relevant, TRAPEZ, NEVADA	DataK, cortico.io, amazon, NO DIGITAL, SKYTRIS, repitimer, AYASDI, AZURE, PredictIO, Mapster	ThingWorx, Albusium, UPTAKE, Planet OS	Grayscale, vocaioq, nuance, Expert Labs, popPardive	ORBITAL INSIGHT, Desires Labs, cortica, darifi, Metalist	diffbot, TRIFACTA, Work, CrowdFlower
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KNOWLEDGE, coursera, turnitin, KIMACADEMY	HAUTO, FRETECKT, taleris	Bloomberg, Dataminr, SENTINEL, alphaSense	DOMINO, Sense, yensy, Outlier, DataRobot, kaggle, sense	Cortana Analytics, Watson, Anodot, fuzziyo, GADATA, K, SPARKRECH, indico, AthemAI, omlab, HANKEYLEARN, SIGOPT		SKYTRIS, seldon, Caffe, theano, DL4J, SciKit, CGT

SHIVONZILIS.COM/MACHINEINTELLIGENCE

Shivon Zillis

### Machine Intelligence 2.0

- **Manage the organizational changes associated with these trends:** It is common to see the excitement big transformational trends such as digital and automation bring to an organization. For those who live and breathe change, this might be heaven. For others, this can be a very stressful time in which future is somewhat unclear. As such, organizations should not underestimate the level of effort required to manage changes associated with these trends. The key here is to, from internal clients to service providers and the organizations clientele, monitor and manage changes appropriately so that the organization’s strategy can be adjusted accordingly.
- **The importance of governance and risk management should not be understated:** With multi-sourcing becoming more evident and increased regulatory pressures, organizations will continue to need to invest heavily on appropriate governance and risk management practices. Notwithstanding the fact automation and digital are new trends, there is a bit of learning curve for both organizations and services providers taking place. The fact of the matter is that, when determining value for money, organizations should factor in the service providers ability to deliver services



while complying with the set organizations' governance and risk protocols for their [Sign In](#) | [Register](#)  
At the same time, organizations shall be able to effectively assess their risk  
protocols and reputation so that the desired outcomes can be realized. What  
organizations should not compromise is their ability to comply with their respective  
regulatory requirements, as this can have a significant impact to the organizations'  
reputation and bottom line.

- **The importance to invest on the organizations staff skills:** While organizations invest to enable digital and automation, they should also invest on their internal staff skills and capabilities required to effectively manage and support their transformation. Many times there is a consent this should be considered a priority, however it usually tends to get lost – as it is hard to execute any type of business transformation. If we take into account the organization's team as a critical element for success, it is imperative that internal staff have the right skills and knowledge to effectively execute their roles going forward. As much as learning while executing is possible, organizations should not place themselves in situations that could represent a higher than normal level of risks or with significant impacts to their clientele.

**The conclusion:** 2016 is going to be an exciting year for the outsourcing industry, with great opportunities for buyers and services providers to collaborate and contribute on how to best enable their digital environment, use automation as an enabler to promote services and continue to use outsourcing as a way to obtain and deliver services. Stay put.

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