

## Building a Case for Outsourcing: From the Service Providers' Perspective

Due to the complexity of outsourcing, it is in the best interest of clients and service providers to focus on the true value that outsourcing can create, and the service providers' needs in order to deliver on the promise of value creation. The goal is to have both parties in an outsourcing relationship, focusing on creating a win-win situation.

### Value Creation

As the outsourcing marketplace becomes increasingly competitive, service providers ought to look deeply into their organisations and discover new ways to create value for their clients and structure relationships accordingly. In addition, the necessity to continue to innovate and revolutionise the industry is critical to the success of outsourcing as we know it. However, clients must also realise that in order to have a successful outsourcing arrangement, the service provider needs to make money on the deal.

Many view the term 'value creation' as 'consultantese', but the ability to differentiate your services from that of the competition is what drives value creation. Furthermore, as outsourcing increases in popularity, it will be increasingly important to offer services and structure deals that will not fall into the bucket of commoditisation. From a service provider's perspective, creating value means bringing a solution to the client that will meet or exceed his business needs at a price that will make his wallet smile. Given the current economic conditions, companies are trying to reduce costs as much as possible while meeting or increasing the quality of the service they receive from their current operations.

As service providers strive to increase the value of their relationships, it is critical for clients to structure their specifications and Requests for Proposal (RFP) in a way that will challenge the service provider to search for business value.


### Understanding The Service Providers' Needs

Although most clients envision their service providers as the enemy, in truth, their intentions are generally good. Most service providers will have the desire to bring a meaningful solution to their clients that will have true business impact on their organisations for years to come.

Recently, we have actually seen service providers begin to back away from deals that they know will not be viable or add value to the client in the future, that is deals that are not structured around business value. Deals that have a valid approach for achieving cost reduction and increased efficiency are destined to fail from Day One. The service providers know this. All the major service players are accountable to their shareholders; the only way to increase revenues and provide healthy profits is to sell and structure deals that work for both the client and the provider.

The bottom line is that service providers must share the rewards in order to continue to fund the innovation, training, and improvements they will use to decrease the clients' costs over time and add strategic value to the relationship. Shared learning and leverage are what give outsourcing its power in the marketplace.

Thus, to achieve the goal by having both the client and the service provider in an outsourcing relationship, focusing on creating a win-win situation, the following must be noted:

- Service providers need to be in a position to make money or the relationship will deteriorate
- The service provider's ability to participate in rewards helps the client by funding the innovations, training and improvements it needs to gain value from outsourcing.
- Clients must structure their RFPs and contracts to motivate service providers to deliver and create additional value.
- Service providers today will not bid on an outsourcing deal if they can see it will not add value and be viable in the future. 

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# Blue Chip Candidates

In an increasing complex business environment, competition for high calibre human resource has never been so intense. The need to adapt and change behaviours and attitudes is a fact of life for today's organisations. Thus, to assist you in exploring alternatives, we took the initiative to improve your ability to recruit potential human resource by furnishing you with extracts of the following candidates' profiles shortlisted from our Database.

These profiles have been prepared in good faith, summarised from details provided by the candidates and is supplied in the strictest confidence. All introduction of candidates are subject to our Terms of Business available from our office.


## ***BUSINESS DEVELOPMENT MANAGER (REF. NO. PC004)***

Has a degree in Economics with over 10 years experience in the training, cash management sales, corporate and institutional banking as well as project management. Successfully set up the shared services centre for a leading foreign bank with focus on business continuity planning and service standards. Other experience includes planning, designing and training in the area of cash management which includes developing training manuals and server based assessments in cash management across the Asia Pacific region. Was also a pioneer of cash management sales where responsibilities not only include selling and customising cash management solutions for corporate customers but also to establish cash management internally as a discipline, a niche product and investment of the bank with strong revenue generation potential. Responsible for the entire corporate spectrum of small enterprises, middle market, large multinationals and local corporations. Successfully sold cash and liquidity management solutions to some of the largest corporations in Malaysia and was awarded the 'Cash Management Deal of the Year' for successfully negotiating the sale of the first cash management payment product in Malaysia to a large multinational company.

## ***ADMINISTRATOR (REF. NO.641)***

Has an ABE Diploma in Business Administration with over 7 years experience in handling administrative functions. Experience includes handling, managing and overseeing the administration department, formulating procedures and internal control policies, preparation of payroll and other personnel functions, liaison with travel agencies, government authorities, suppliers and operating centres, procurement, coordinating and organising functions as well as customer service.

## ***IT SUPPORT EXECUTIVE (REF. NO. 633)***

Has a degree in Information Systems with over 4 years experience in maintenance, administration and technical support functions. Experience in troubleshooting both hardware, software and network problems as well as handling data backup and recoveries. Conducted research on RedHat Linux operating systems which include performing both hardware and software troubleshooting as well as setting up Fujitsu PCs and assembling / installing hardware components. A specialist in the maintenance and administration of SCO Unix / RedHat Linux operating systems, WAN / LAN network connectivity and management of software / hardware inventory. Also supporting end users on site and over the telephone, installing and troubleshooting software and hardware as well as being involved in multiple projects such as system migration, LAN upgrade, Internet connection, etc. 

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# Self Improvement Tips

## DIFFICULTY IN DEALING WITH AMBIGUITY

'Ambiguous' means having several possible meanings, interpretations or outcomes. Some people do not like ambiguous situations where new variables can pop up anytime, or where novel outcomes emerge rather than being designed from the beginning. It has to be 'Either / Or'. One way or the other. They get nervous in the face of the unknown. They will say: "Lets nail this down." "Lets choose one and go for it," way before an idea has been fully developed. At some point that approach may be necessary. But rigid people like to get closure on one meaning, one interpretation, one outcome, as early as possible. And often that approach leaves out the contributions of other people. It certainly leaves out the possibility of novelty and serendipity.

We are all being asked to tolerate more ambiguity these days. Technology is changing the nature of the work we do, or in some cases, whether we have any work to do. For the past 20 years we have been experiencing tremendous ambiguity in gender roles - what it means to be a man, what it means to be a woman.

If you are in a role of leadership or responsibility, there is no doubt you must make room for surprises and uncertain outcomes. If you are a person who has trouble dealing with ambiguity, you like to do routine things with familiar people who behave in traditional ways. Changes and surprises make you uncomfortable because they alter the routine.

If you recognise yourself in this discussion and feel that developing a greater tolerance for ambiguity would allow you the flexibility you would like to have, here are some tips:



# Morning Tea Talk Session:

April 24, 2003



John, sharing his views on Leveraging Outsourcing Solutions



Full concentration from the attendees



Nora Jamaluddin, HR & Admin Manager of Antah Holdings Bhd receiving the prize for innovative answers on the outsourcing questionnaire

Recently, we organised a morning tea talk session for both prospective clients and clients who completed the outsourcing solutions questionnaire which was sent out end of last year. In line with the answers and comments provided in the questionnaire, Mr. John Lau, the Senior Manager of Human Capital Group, Thomas International of Deloitte Touche was invited to share his views on outsourcing where he spoke about Leveraging Outsourcing Solutions.

Although attendees were encouraged to interact and share with others present, the ice was only broken after everyone had a good tea break where they were treated to a scrumptious spread of goodies. When the session recommenced, existing clients were invited to share about their experiences in using PM Resources services. The session ended with a prize giving ceremony where HR solutions software were awarded to those who provided the most innovative answers to the questionnaire. Those who shared their experiences at the session also did not leave empty handed as they were given a small token of appreciation.

We look forward to organising more added value sessions such as this, so look out for the invitation...