



Outsourcing vs SSC vs Hybrid: Make the Right Choice, Have a Strong Governance

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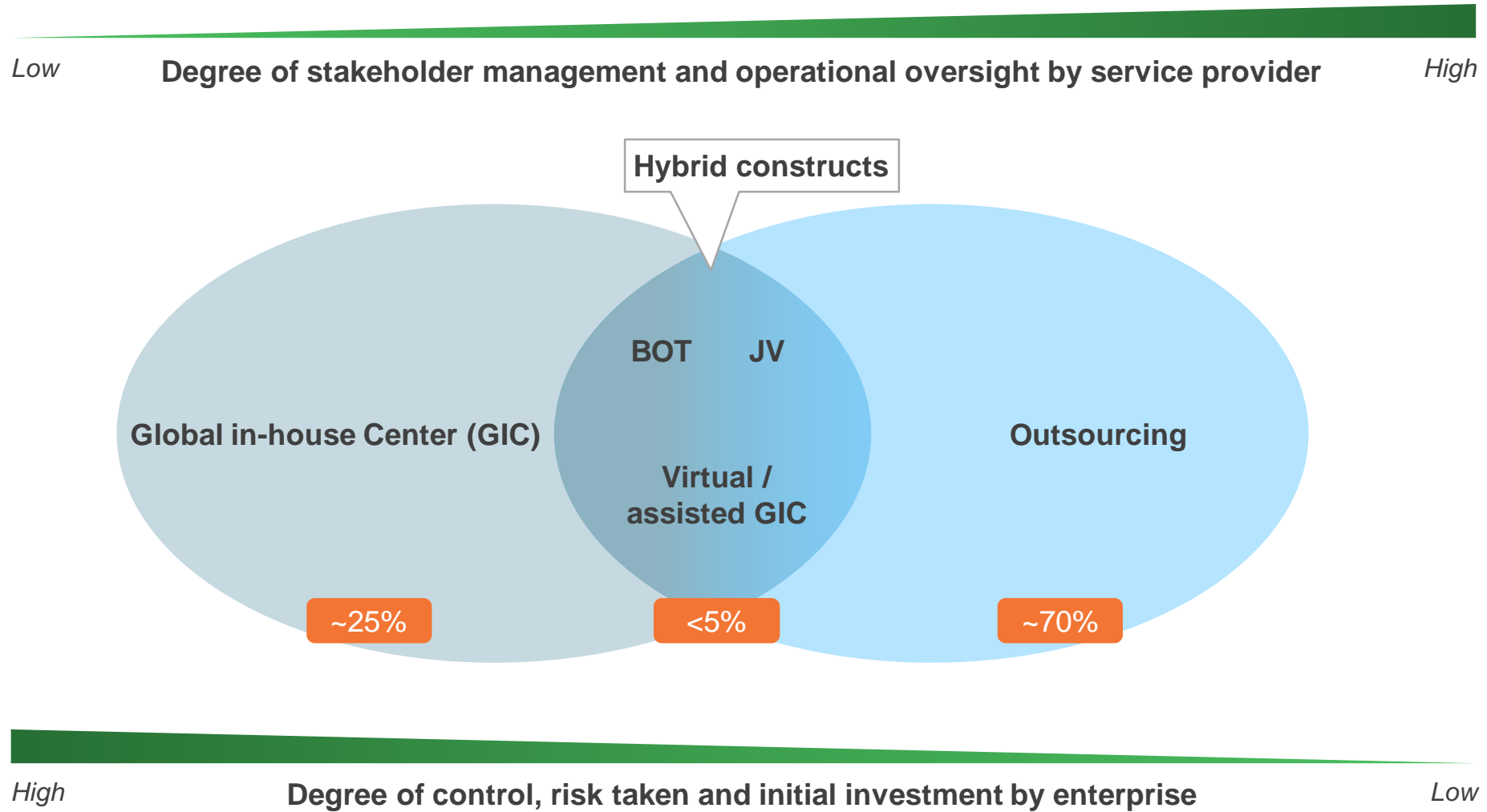
Introduction



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Enterprises use various sourcing models for delivery of global services

X% Share in global services (offshore/nearshore) market



One way to think about sourcing models is as an expanded set of options for organization design



What sourcing model configuration is best suited to meet the overall organizational objectives?

Appendix: Hybrid sourcing constructs – definitions

Build Operate Transfer (BOT)

Definitions

- Enterprise and service provider set up a Special Purpose Vehicle (SPV) and start the center in the name of the SPV
- Service provider provides capital and runs operations in initial stages
- Enterprise has the option to transfer the SPV in its name and take full control in return of a transfer fee to the service provider

Examples

- Aviva – EXL
- Aviva – 24/7 Customer
- MetLife – EXL

Assisted/virtual GIC

- Enterprise provides overall management control
- Service provider takes responsibility of service delivery and management of operational risks

- Citi – HCL
- Dow Chemicals – TCS

Joint venture

- Co-invested operations between buyer and service provider
- Shared responsibility for running the center and managing operational risks
- Both parties have the option to divest their stake in the JV at a later stage

- State Street – Syntel



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