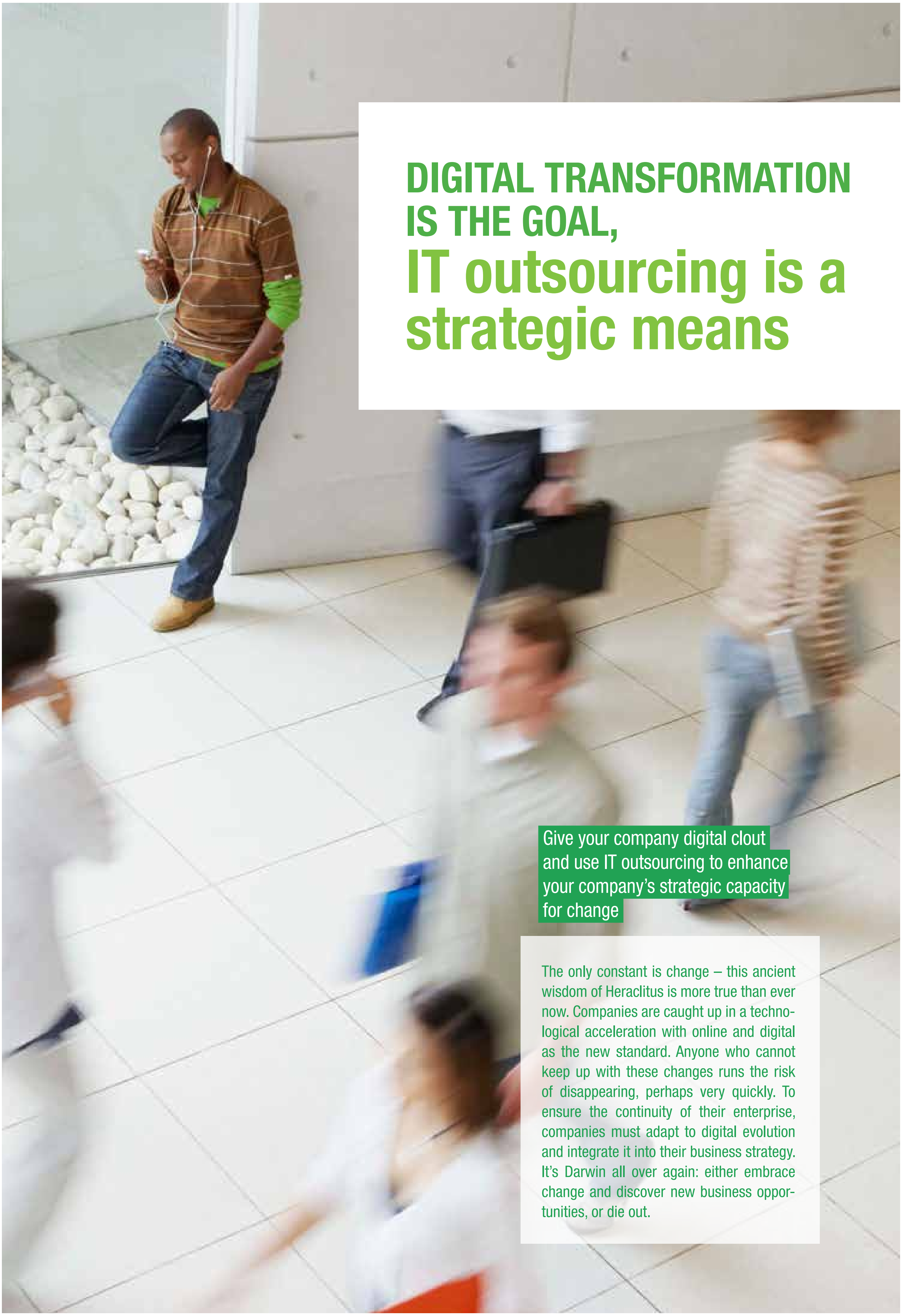


DIGITAL TRANSFORMATION IS THE GOAL, IT outsourcing is a strategic means

Give your company digital clout and use IT outsourcing to enhance your company's strategic capacity for change

The only constant is change – this ancient wisdom of Heraclitus is more true than ever now. Companies are caught up in a technological acceleration with online and digital as the new standard. Anyone who cannot keep up with these changes runs the risk of disappearing, perhaps very quickly. To ensure the continuity of their enterprise, companies must adapt to digital evolution and integrate it into their business strategy. It's Darwin all over again: either embrace change and discover new business opportunities, or die out.

TRANSFORMATION
versus inability to change

According to the research firm Forrester, the digital transformation era is already here. It is seen in virtually every sector and is driven by a number of movements, including mobility, cloud computing, big data and social media. More and more companies now understand the significance of digital transformation and are putting it on the agenda. They realize that they have to change to a new organization model.

Companies embrace digital transformation for various reasons: they want to improve their operational processes, develop new business models, or enhance customer experience. The last aspect in particular – customer experience – touches the core of the digital transformation. There is a new trend where customers (now more assertive) increasingly determine how things are done. Newcomers understand this very well and focus their business strategy explicitly on the customer and the customer's total experience. Uber, Airbnb and their ilk, as well players like Apple and Google, are in that camp. They are totally committed to the innovative potential of digitization. This is a disruption that more conventional companies must learn to deal with. It challenges them to think differently, and in the best case it leads to a transformation – or in the worst case it exposes their inability to change.

IT as a driver

A company's capacity for change plays an important role in its chance of survival because it is what distinguishes the company from its competitors. CIOs know better than anyone else that IT is a significant business enabler for this. They also realize that change has a dramatic impact on the IT organization, especially when conditions are changing faster and faster. The pressure on IT to align with the business is high, but IT must also be agile enough to evolve with the business and enable the change process. Otherwise the consequences can be disastrous.

Bring IT out of the shadows and go for user experience and satisfaction

Studies show that 63 percent of CIOs in the Benelux are confronted with departments in their company that purchase their own IT products and services or have them developed without the involvement or approval of the IT department. The main reason employees use this sort of "shadow IT" is that the IT department cannot meet the needs of the business. Trends like "bring your own device" (BYOD) and cloud computing are significant factors in this regard. The end effect is that CIOs are faced with a heterogeneous or even unmanageable IT landscape. Not to mention the security risks and the amount of time and money that has to be invested in this. Did you know that on average, 16 percent of IT expenditures are for shadow IT?

In this whitepaper, we outline the role of IT outsourcing in the digital transformation era. Changes – including technological changes – are occurring rapidly. They confront companies and CEO's with new challenges, but they also create opportunities to develop new products and services. IT outsourcing can help to shape these opportunities. By this we mean the new style of outsourcing, aimed at agility and simplification.

The "fix first and then argue" generation goes beyond cost savings (the conventional reason for outsourcing) and targets value creation by innovation and strategic growth. This demands new forms of cooperation between outsourcers and their technology partners – ecosystems of trusted partners striving for co-creation, critical mass and shared risks.

You can allow diversity without any restrictions, but then you need a lot of skills to support that landscape. Alternatively, you can take control of the situation, but then your IT department must have enough creative agility to effectively assume the role of business enabler. Your employees need this – not because they want to make things difficult for your CIO with their wish lists, but simply because they want to do their jobs productively and efficiently. And they are perfectly willing to allow the IT department to manage things as long as the department listens to them and responds sensibly to their needs. Here again what matters is the user experience, but in this case the users are your internal customers. They are significant players because they are essential for the digital transformation.

Agility and the potential role of IT outsourcing

Agility is the keyword, and it is doubtless something you do your best to achieve. However, you also know that skilled IT talent is scarce, so it is essential to deploy your talent properly. Do you use your people to maintain the status quo, or to create innovation? If you opt for the latter – which is a smart choice – you might not have enough resources to handle the former. That is a good reason to think about outsourcing your IT – or at least part of it, starting with you commodity IT: the PC landscape , the software, the servers, server security, and so on. These are things that simply have to be there, and an external partner can offload them for you by providing specialized services.

DISRUPTION **IS A FACT;** THE QUESTION IS WHETHER OR NOT **YOU WELCOME** DIGITAL **TRANSFORMATION**

Here the potential benefits of IT go beyond to cost savings – the conventional reason for outsourcing. By outsourcing the operational management of your IT environment to an external partner, you can focus on innovating your own IT environment in order to provide a platform that allows your business to grow. You can position your IT organization closer to the business, so it can respond better to the needs of the business and ultimately convert them into innovations faster.

Agility requires vision and strategy

No matter why you opt for IT outsourcing, you want it to be successful. As the CEO, you are therefore well advised to put your IT outsourcing in a broader strategic perspective. What does IT mean for your organization now, and how does it fit with your future vision and your mission? How much does IT support your current business processes, and how flexibly can it deal with change and the potential complexity of change? By asking these questions, you will be in a better position to judge what you should keep in-house and what would be better implemented by outsourcing. It can be a good idea to get advice on these questions from external experts, without making a direct commitment to actual outsourcing.

HAPPY
USER
=
PRODUCTIVE
USER
=
ENGAGED
USER

Jeroen Tas, CIO Philips 2012

Various methods are available to help you prepare your strategy for the business landscape and the supporting IT landscape. Gartner says that enterprise architecture is the foundation of a successful digital strategy, and rightly so. Enterprise architecture provides insight into the mutual relationships between the business model of your enterprise and the IT landscape. It identifies the current and future situations and ensures that the path between them is always aligned to your strategic business objectives. Enterprise architecture gives you the strategic roadmap that enables you to transform your organization, in a controlled and future-proof manner, from what it is now to what it should be.

GENERATION Y

There's a new generation of employees now. The so-called millennials – born in the early 1990s – grew up with internet and technology and have a completely different vision on work and cooperation. The US Bureau of Labor Statistics forecasts that these millennials will make up 75% of the working population in 2030. This generation is a force to be reckoned with.

The ultimate goal is to effectively implement the strategic objectives. One of the tools for driving this is strategic portfolio management. What this means is putting together a high-level portfolio of projects, processes and activities that are necessary for moving from the present situation to the future situation in an efficient and profitable manner. The portfolio is constantly weighed against the enterprise architecture and the prevailing business priorities, including budgetary priorities. Managing this portfolio is complex matter, particularly when you consider that it has to be done in an operational environment that cannot be stopped arbitrarily. For this reason, efforts are made in consultation with Service Management to define transition architectures – stable interim states that facilitate the change you want to implement. Iterative management of the overall process is vital in this context – including reporting, monitoring and adjustment, as well as financial management, resource planning and risk management. Portfolio management is actually a continuous process with the goal of keeping track of what is happening and deploying available resources to achieve the greatest possible business value.

NEW PRIORITIES in a time of growth

Studies confirm the importance of IT and its constantly increasing role in the implementation of the strategic growth plans of enterprises. They also find that the level of automation of IT management is constantly rising. There is growing demand for IT outsourcing in these two movements. For example, a study by Whitelane Research in 2015 showed that 46 percent of the 1,416 respondents intended to spend more in the following years, while 36 percent of the companies did not expect any change in their expenditure budgets. Only nine percent said they would be spending less. Twelve percent did not know.

According to another forecast, within less than five years virtually all medium-size companies will outsource at least their basic IT infrastructure. The reason given for this is that in many cases the knowledge and experience necessary to keep up with market developments cannot be assured with in-house resources (including human resources).

This rising trend in IT outsourcing is confirmed by KPMG's eighth Service Provider and Performance Satisfaction study, although it also identifies a significant shift in emphasis in the relative value of this, which KPMG calls "new priorities in a time of growth." The economy is starting to flourish, so enterprises are focusing on growth again. Now that the crisis appears to be over, they are willing to loosen the purse strings and invest in transforming their business and making it agile. They will do this with IT as the primary facilitator, with the outsourcing emphasis gradually shifting from cost savings to providing services and innovations with added value for the business. The KPMG study also shows that along with cost savings, more and more drivers for outsourcing are emerging: improving quality, access to knowledge and skills, financial flexibility, and a shorter time to market for new services.

> "By 2020, 80 percent of all jobs will require at least basic digital knowledge."
>
> Alexander De Croo, Minister for Digitization xii

RATIONALE FOR IT OUTSOURCING PLANS FOR NEXT 2-3 YEARS

source: The KPMG Difference, July 2015

DIGITAL TRANSFORMATION AT THE BUSINESS/ IT INTERFACE

It therefore appears that the digital transformation will take place at the interface of business and IT. Although many companies think that the focus of the digital transformation is on technology, it is more than just a technology issue. IT needs to be aligned to the strategic goals of the company. The digital transformation is actually a business transformation in which digital technology is a driving force. The key is to find a perfect balance between two opposites: change and innovation versus stability and continuity. This means not only optimal deployment of new technologies, but also keeping existing systems operational, and in some cases modernizing, replacing or even discontinuing existing systems.

The dual nature of IT

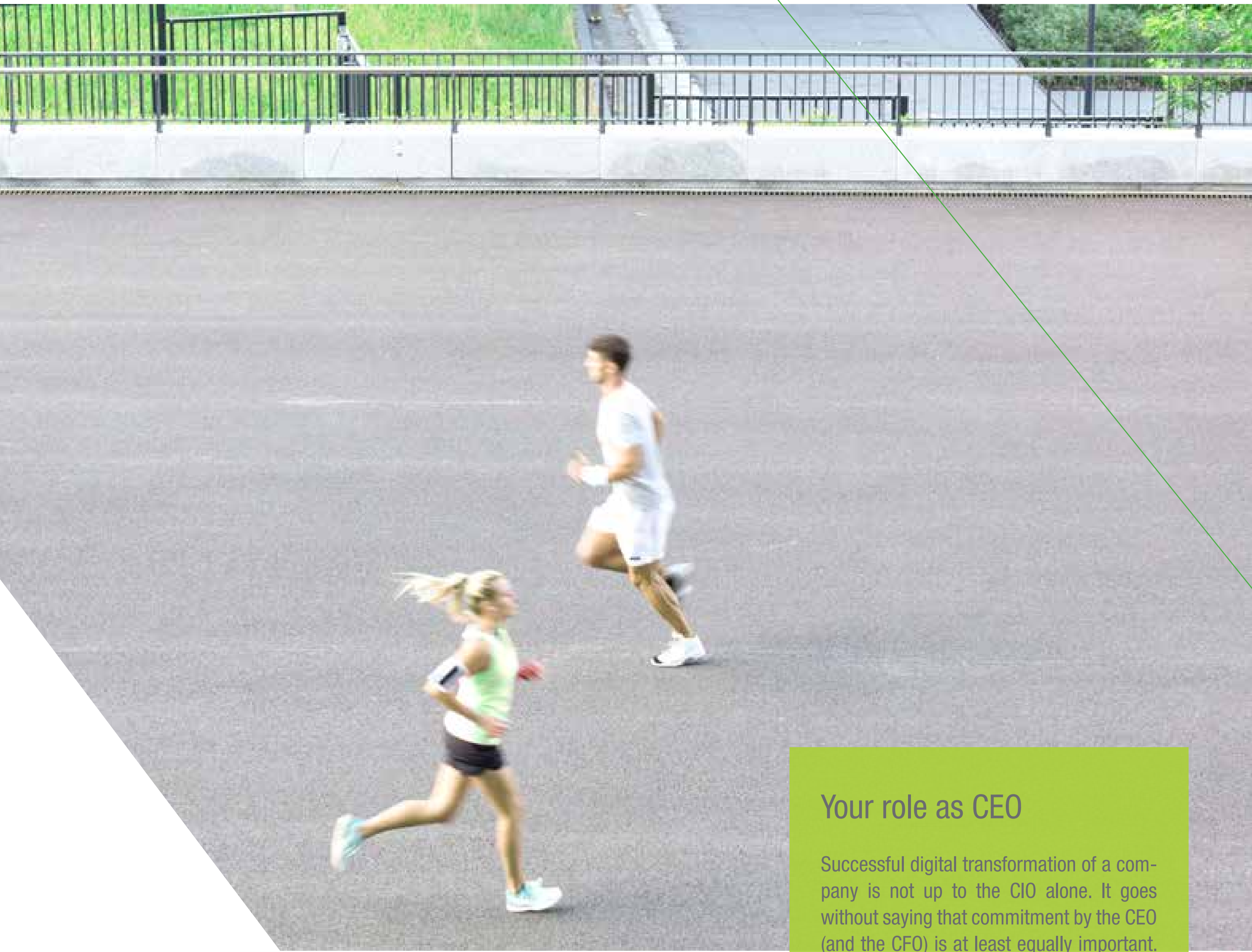
The research firm Giarte says "stable and fast is the new standard," and Gartner talks about "bimodal IT." No matter what you call it, the action sphere of IT works at two different speeds: ensuring long-term stability and integrity on the one hand, while facilitating quick and agile acceleration on the other hand. A common pitfall in this dual approach is giving too much attention the latter, to the detriment of the former. Both modes are necessary in the process of business change. Speed is certainly necessary, but it should not always be the only consideration. Amazon's webshop is updated every 11.6 seconds. Websites like Instagram and Pinterest have a thousand new code deployments per day . These speeds are totally different from the semi-annual release cycle of the average CRM or ERP system, and rightly so.

What's new about speed differences in IT?

You might ask whether speed differences of this sort have always been a characteristic feature of IT. Perhaps they are more apparent now because the changes are happening faster. What matters more than ever now is for CIOs to chart the right course. They need to establish a structured approach that ensures speed as well as stability. An interaction with outsourcing is a valid option in this scenario, because few companies nowadays have all the skills and resources in-house that are necessary for carrying out a transformation.

Innovation at the periphery

By the way, the best place for successful innovation is at the periphery of your organization, with short cycle times, in an internal incubator or in a separate start-up . Or as KPMG puts it: don't be afraid to let go of big-bang IT projects. In their study, they point out that along with looking at the future IT landscape, companies need to learn from current start-ups. These entrepreneurs work in small experimental groups using venture capital and smart digitization. Contrary to conventional business models, they integrate the ultimate customer experience into their business models.



Your role as CEO

Successful digital transformation of a company is not up to the CIO alone. It goes without saying that commitment by the CEO (and the CFO) is at least equally important. As CEO, you must have a good feel for which digital changes your company is facing and how they affect your business model, and at the same time you must create a company climate that provides room for technological experimentation and new forms of cooperation. This room is necessary to enable acceleration. However, according to KPMG more than 50 percent of CEOs are not sufficiently committed. Nevertheless, a BPI Network survey indicates that CEOs do intend to use technology to accelerate the transformation of their company. This illustrates the conundrum of intention versus commitment: CEOs who convert intention into engagement create enormous added value for their company. Senior management must jointly draft the digital project: CIO, CEO and CFO.

FROM SUPPLIER TO TRUSTED PARTNER

The IT outsourcing landscape is in a state of flux – not only on the outsourcer side, but also on the service provider side. Service providers are increasingly expected to be proactive and do more than just "hold the fort," while the technology partners are taking a more customer-oriented attitude and a no-nonsense approach. What is needed is a new form of cooperation: trusted partnerships that look for ecosystems that foster co-creation, critical mass and shared risks.

Trust means confidence

In any case, mutual trust is a basic condition for successful cooperation. Investing in trust may appear simple-minded because it is not objective, quantifiable or codifiable, but all parties concerned benefit from a good cooperative relationship and active relationship management pays off.

The research firm Giarte has defined a number of benchmarks for measuring the presence of trust. They are divided into two categories: trust based on a mature relationship and trust based on a mature partnership. Outsourcers and service providers alike can use these benchmarks for self-analysis or as terms of reference for establishing and organizing future cooperation.

A mature PARTNERSHIP

is based on relational trust, which arises from the personal commitment of the service provider and the provider's employees. This sort of behavior cannot simply be enforced, but striving for a mature partnership is now more important than ever before.Service providers who only do what is agreed lose ground. Intrinsic willingness and good intentions create a lot of trust and are the accelerators in this cooperation. A healthy "fix first and then argue" approach by the service provider is fundamental: first resolve the issue, then talk about what happened – the cause, consequences and items for improvement. A mature partnership is characterized by equality and parity, including commercial matters. Empathy is a key factor. The ability to understand the other party's situation is a prerequisite for parity. Open agendas and transparency about the operation of your own organization are crucial for a mature partnership. Openness between people and organizations is an important factor for the constructive resolution of issues or conflicts. Keeping agendas as open as possible is also worthwhile from the cost and speed perspectives.

A mature RELATIONSHIP

is based on rational trust. This type of trust is formed on the basis of experience and arises from the competence and trustworthiness of the service provider, which means keeping agreements and demonstrating expertise. Good, correct and recurrent communication is also important for creating trust.

It should be clear that technology expertise is an important aspect of IT outsourcing, but a lot of other things are also important. It pays to give careful thought to setting up the cooperative relationship. More and more companies are taking the user experience into account and even including user satisfaction as an additional key performance indicator (KPI).

From prescriptive SLAs to inspirational XLAs

There's a new breeze in IT outsourcing in the Netherlands. Large companies (including KLM) have recently taken all the steps necessary to convert traditional SLAs (often better called "secrets, lies and assumptions" than service level agreements) into XLAs (experience level agreements), which focus on the relationship experience. This breeze is bound to reach Belgium as well.

The advocate and founder of the XLA concept is Marco Gianotten, Managing Director of the research firm Giarte. Gianotten has a clear vision on the difference between XLAs and SLAs. Put briefly: “XLAs are about emotion and what really counts: the non-functional requirements. SLAs are about technical, lifeless matters. You don’t know how it affects the user, and that’s what has to be changed. IT departments and service providers need to think more about the impact on end users and the business, instead of just supplying what they think they should supply.”

Of course, SLAs are developed with the best of intentions. They specify the expected services down to the last detail and provide a firm point of reference for customers and suppliers. However, most SLAs are essentially prescriptive documents full of rules, procedures and penalty clauses. They put both parties in a sort of standoff situation: the customer encourages calculated behavior from the service provider, and the service provider stays within the lines of the SLA and does only what is specified, without looking at the bigger picture.

As a result, strict reward/penalty SLAs do not lead to better or innovative provision of services, and they may have the opposite effect. By contrast, intrinsic motivation yields more. It increases commitment where it actually matters: helping the business shift to a higher gear. Outsourcers want service providers who think proactively instead of simply following the rules and constraints of an SLA. Meaning, recognition and autonomy are important motivational factors for improving performance, and understanding the context is crucial in this regard. Clear performance benchmarks for the entire chain help to clarify this context: how your contribution helps to achieve the shared goals. It is important to use KPIs that are oriented to the business, with the weight of a non-conformance based on the impact on the shopfloor and end customers instead of abstract percentages. This approach puts the emphasis on perception and user experience, rather than IT performance.

SIAM

An IT governance framework is crucial for IT outsourcing. A sound governance framework goes much further than SLAs or XLAs. It specifies the responsibilities and decision authorities of both parties (outsourcer and service provider). Furthermore, current trends are more oriented to multisourcing than simple outsourcing. More and more companies are outsourcing different parts of their IT to different external partners, each with its own specialization: cloud provider, data warehouse manager, telecom provider, etc. However, aligning a group of providers to your business vision requires effective and process-driven project management. A logical consequence of this evolution is the emergence of new process models, which now brings us to SIAM: Service Integration and Management. Governance models are not really new, but the risks that come from ignoring governance increase with the complexity of the project. Modern SIAM models focus on managing the entire services life cycle and specify the responsibilities of the outsourcer as well as the service provider. The main thing you should remember about this is that SIAM is the main control room where all tasks, responsibilities and issues converge from all possible departments of the outsourcer and the service provider.

BENCHMARKS FOR A MATURE RELATIONSHIP	BENCHMARKS FOR A MATURE PARTNERSHIP
COMPETENCE	**WILLINGNESS**
RELIABILITY	EMPATHY
communication	**openness**

Source : Outsourcing Performance 2016

CLOUD = IT OUTSOURCING, IT OUTSOURCING = CLOUD

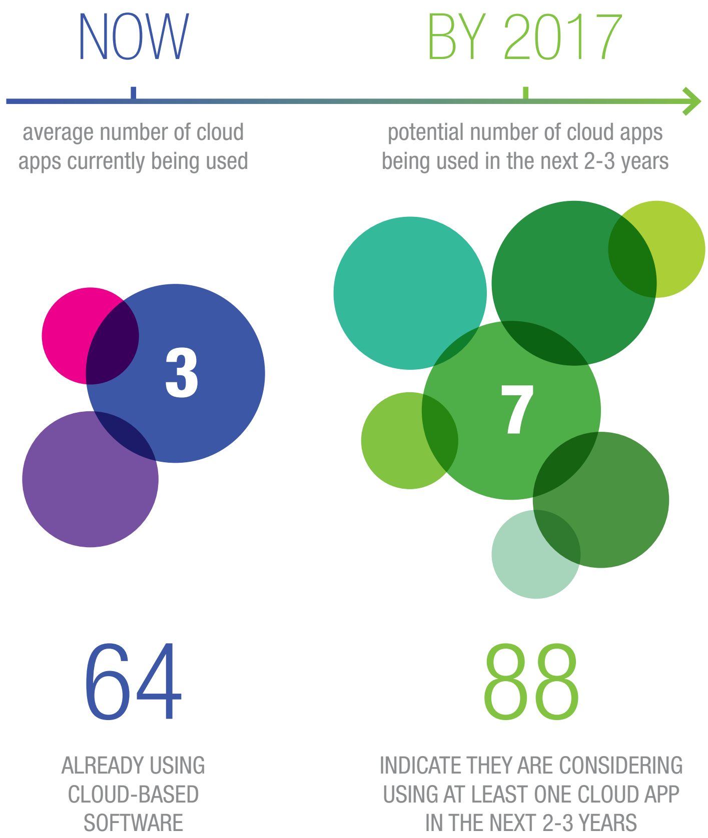
According to Forbes, the workload handled by cloud solutions will double by 2017. The Gartner Hype Cycle report indicates that presently 10 to 15 percent of companies have adopted a hybrid IT strategy. Hybrid cloud computing will be mainstream within two to five years, according to the same report.

All statistics agree that more and more companies will start using some combination of cloud solutions: private cloud, public cloud and/or partner cloud. Why? Suppose you buy a new accounting package for your finance department and only pay for the 8 hours that your employees actually use the package. You pay by the month, or even by the hour. That is only possible with a scalable cloud subscription, either in a public cloud (Microsoft Azure, Google, etc.) or in a partner cloud of your service provider. However, you also want to shield your sensitive data from the highly diverse privacy regulations in various countries. This means you want to keep that data on premises in your own infrastructure.

With a hybrid cloud approach, you can exploit the advantages of each solution and combine them to form a tailored solution for your company.

A major driving trend in this regard is consumer power: consumers expect to have their wishes and needs fulfilled. This leads to self-service for consumers. In a modern company, a new employee starts with an empty PC and personally chooses the applications and tools they need for their everyday work – applications in a cloud or in the local infrastructure. This is the future model for all companies.

However, hybrid cloud also presents a major challenge: the complexity of a hybrid architecture. Integrating different cloud solutions with regard to connectivity and security is not easy. In addition, your present private cloud must be future-proof if you want to use it in a hybrid solution. It is therefore a good idea to thoroughly analyze the current situation before you switch to cloud solutions.
No matter how you look at it, the future is hybrid. In this context, Gartner mentions four trends that originated a while ago and are gradually becoming permanent features of our world: mobility, social media, big data and cloud. They all point in the same direction: the future of digital business, the Internet of Things. If you want to be part of the first three trends and you want to convert your business to digital, you can't do without the cloud.



source: Forbes

WHERE
DOES THE CFO FIT IN?

In this section we take a closer look at the role of the CFO in the IT outsourcing decision. Can the CFO be a leading factor in this decision? As the CFO, what questions do you ask yourself when the IT department (or part of it) is outsourced? And what about the capex versus opex issue?

By now it is clear that the IT department must be a business enabler and outsourcing can create the necessary room for this. Nevertheless, cost saving will remain a driving force for outsourcing. Even if it is no longer the most important driver, it can still have a significant weight. And when you talk about costs and budgets, you are in CFO territory.

TCO, capex and opex are terms that get juggled a lot, either intentionally or unintentionally. To avoid confusion, let's briefly describe what they mean for us.

TCO

According to Gartner's definition (http://www.gartner.com/it-glossary/total-cost-of-ownership-tco/), TCO is "a comprehensive assessment of information technology (IT) costs or other costs across enterprise boundaries over time." For IT, TCO includes hardware and software purchases, management and support costs, communication, end-user costs, downtime costs, training costs and so on. TCO therefore consists of capital expenditures (capex) as well as operational expenditures

Capex

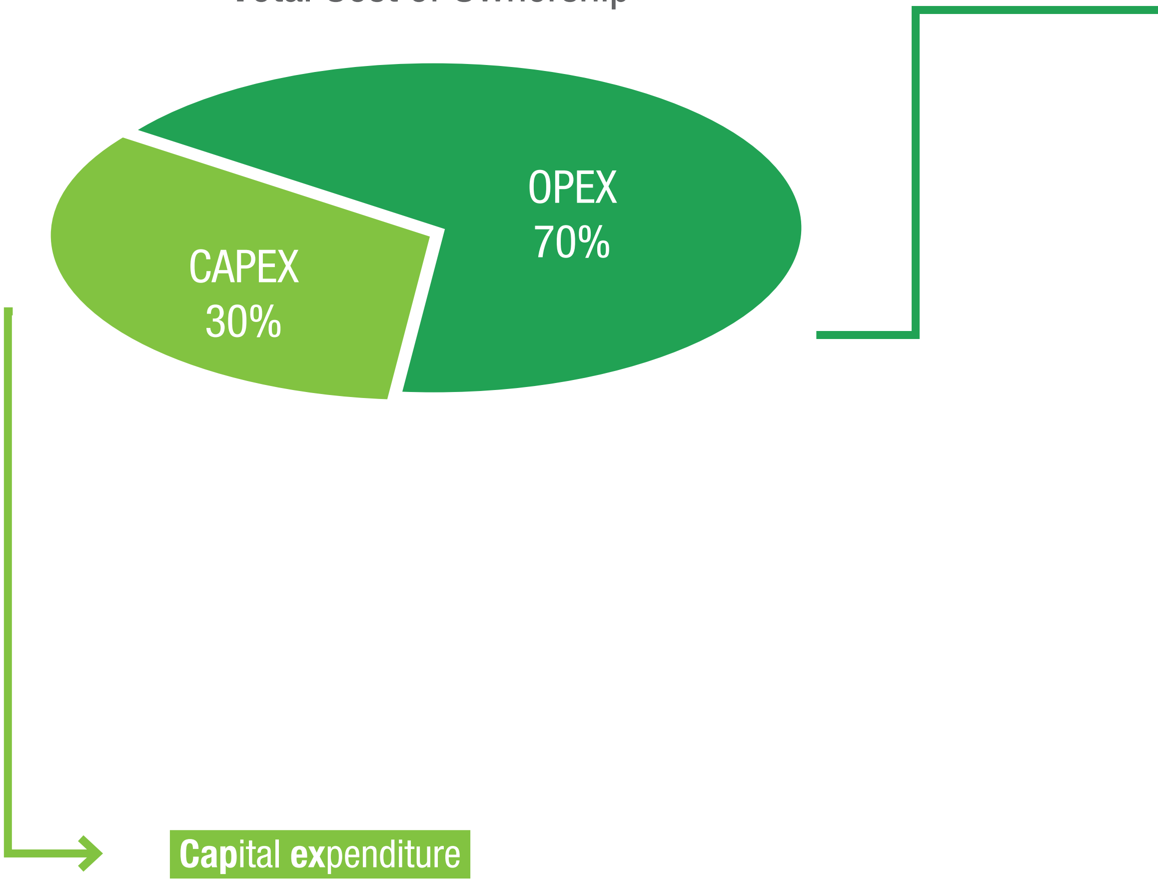
Capex (capital expenditures) are one-time investments. For IT, this includes hardware, license purchases, installation costs and startup costs. This basically applies to items that are used for longer than a year, and the associated costs are usually spread over more than one year and amortized over several years in the profit and loss statement.

Opex

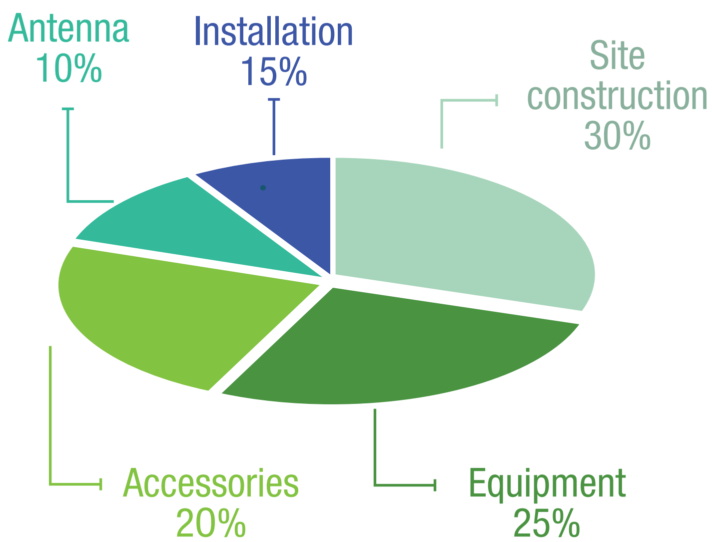
Opex (operational expenditures) are recurrent costs, which in the case of IT are the costs of using, managing and maintaining the systems as well as things like cloud subscriptions and pay-per-use costs.

It should be noted that companies are not free to define expenditures as capex or opex. There are clear fiscal and accounting rules at the European and national levels that determine which expenditures can be classified as capex or opex.

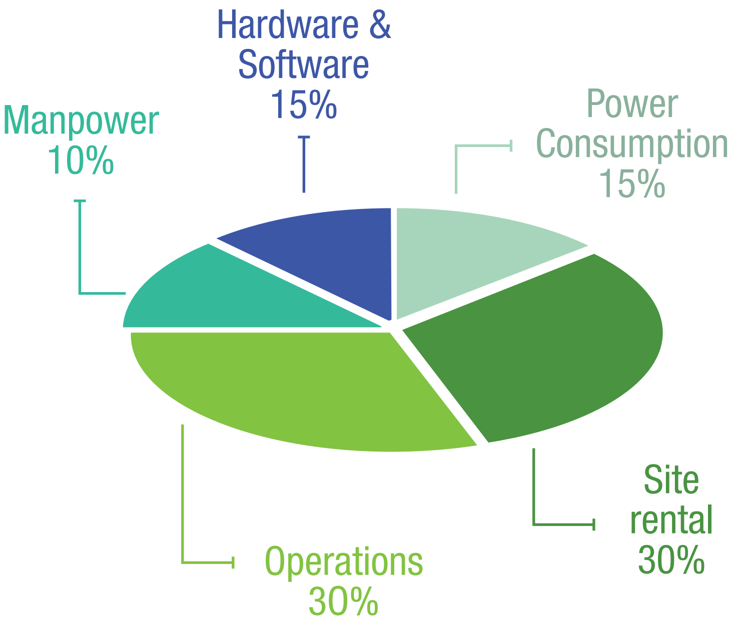
Total Cost of Ownership



Capital expenditure



Operational expenditures



IS OPEX BETTER THAN CAPEX?

Until a few years ago TOC reduction was the magic formula for IT and IT outsourcing. Anyone who wanted to cut costs in the IT department relentlessly drove down TCO. The easiest way to do this is to doctor the capex, which is why many companies had (and still have) a clear preference for capex. That way large purchases do not appear directly in the expenses for the current year, but instead get spread over several years.

However, there's also a tax side to capex. Companies do not like to pay taxes. If a company makes a lot of profit, it would like to have a lot of costs to reduce the tax burden. In that situation, it is not as attractive to spread costs in the form of capex, so the preference goes to opex.

As a result, customers and suppliers make agreements about what is capex and what is opex, within the limits of what is allowed by tax regulations. For most well-known services and products, such as purchasing laptops, setting up an IT infrastructure on premise or hiring in personnel, the regulations are fairly clear and an agreement can be reached quickly.

Some financial managers prefer capex because it yields stable figures for annual budget rounds. For example, purchasing software with a value of EUR 100,000 results in a cost of EUR 20,000 every year for five years – easy and predictable.

A social trend: THE SHARE ECONOMY

For a long time, TCO reduction was the main driver for IT outsourcing. However, it is gradually becoming clear that this is no longer sufficient to keep a business running successfully. The idea of outsourcing commodity IT at lower cost than on-premise IT – “my mess for less” as Giarte puts it in their 2016 yearbook – worked nicely for a few years.

Now IT has to take other routes if it wants remain a business enabler, which is what new license models such as software as a service (SaaS) and pay-per-use cater to.

First we have to clarify a couple of questions: when is a license capex for the customer, and when is a license sale revenue for the supplier? The basic rule is that when the customer purchases a license (owns the license) and has it on their system, and does not need the support or active involvement of the supplier to use the software, then the sale is revenue for the supplier. On the customer side, the license becomes capex on the download date. Any work the supplier does after that date to enhance the license (additional installations, integration, etc.) can also be capex for the customer and subsequently be amortized.

SaaS models disrupt this system. This trend can also be seen outside the IT realm; the disruption also occurs, and perhaps originates, in all branches of society. Just look at the rise of the share economy, with neighbors, communities and virtual groups borrowing each other’s ladders, drills, lawnmowers and even cars. Everything is heading toward a shared mode, and SaaS is a perfect example of this in the business world. Now if you need specific software for the coming year, you lease it for a year instead of buying it. That is unquestionably opex.

ECONOMIC FACTORS

At first glance, the current near-zero interest on savings appears to disfavor opex. If you don't get any return on your savings, wouldn't you be better off investing in durable assets? However, this is not reflected in the trend toward service models. The main reason for this is that in the current crisis period, companies use their cash flow to reduce current obligations instead of funding capital expenditures.

WHAT DOES THE CFO THINK ABOUT THIS?

This looks like a major switch for financial managers. In the future, only buildings will still be in a company's capex, and they will have to deal with the variability of opex. However, this trend dates back longer than we think. Most companies have long since sold their business premises and leased them back, which makes them opex.

One of the major advantages of this evolution is in cash flow. With lower capex, there is more cash available for other investments in innovation or in the business, which makes IT a business driver.

More and more companies are being managed at the cash flow level, and that makes service models the wave of the future. The younger generation of financial managers is more comfortable with the uncertainties of opex, and their policies help to stimulate this trend. Instead of drafting rigid yearly budgets, they make rolling forecasts. Most companies that are riding this trend now prepare budgets with a forecast term of 6 months and adjust them on the fly. Rolling forecasts with a term of 6 months can respond better to uncertain economic conditions, the current fast pace of (technological) change and the flexibility of service models.

Service models give customers another major advantage: you can quickly get into something new (software, for example), and you can get out just as quickly. This enables you to balance expenses and revenues better and faster. If you buy a software license for an SaaS product and the business for which the license is intended does not meet expectations, you simply cancel the license. You are not stuck with a capex amortized over many years without any corresponding revenue.

THE DOWNSIDE OF OPEX

Today's customers do not want to be contractually tied to a single supplier for 5 or 10 years. Nevertheless, stability and dependability are still important considerations for choosing a supplier, at least in the Belgian market. Despite all the rapid changes, companies are looking for continuity: when you buy a license for SaaS, you look for a supplier who will still be there 5 years down the road. This means it is up to the relatively large (and perhaps still conservative) companies to jump on the service & opex bandwagon and offer customers agility along with stability and local service.

Of course, the agility that customers demand and receive has a downside for the supplier. Offering SaaS requires a different sort of financial management and may increase the supplier's debt burden. If you want to rent out licenses, you first have to buy them. Although the supplier can also work with their supplier on the basis of a service model or leasing arrangement, someone in the chain ultimately has to make the capital expenditure for a license or a server. The solution to this, and the future trend, is unquestionably trusted partnership and co-creation. This means that the customer and the supplier share the responsibility (including the financial responsibility) and collaborate to make the project succeed.

WHICH CFO PERSONALITY IS RIGHT FOR IT?

CFO LEADERSHIP STYLE:

Visionaries

9%

Only 9% of CFOs are considered Visionaries,preferring to make decisions based upon experience and intuition.

CIOInsight

CFO LEADERSHIP STYLE:

Revolutionaries

19%

19% are considered Revolutionaries, embracing changes in corporate culture and structures. They take a maverick approach to data, happy to source it outside of designated business system.

CIOInsight

CONCLUSION:
THE CFO AND CEO ARE JOINTLY THE LEADING FACTOR

This brings us back to where we started, with the trend that also applies to the business: trusted partnership. The leading role in decision and governance processes is certainly not limited to the CEO and CIO. A study by Epicor, recently cited in CIO Insight Magazine, indicates that there is still a lot to be done.

This study shows that the leadership style of the CFO affects how much the CIO is able to make future-oriented and "disruptive" decisions for the IT department.

Aside from different leadership styles, in the new relationship between the outsourcer and the service provider the experience of CFOs makes them highly suited to play a strong role in drafting SIAM models and XLAs.

- During the analysis of the current situation, before you make the outsourcing decision, the CFO has the best knowledge of the figures and statistics needed for a sound cost/benefit analysis.
- When the tricky and often overlooked points of an outsourcing agreement have to be negotiated, such as a personnel transfer, the CFO can provide a financial framework for the transfer .
- Because the CFO is not as closely involved with the service provider as the CIO, the CFO can act as a moderator in defining the requirements and responsibilities of the SLA or XLA.

The CEO, CFO and CIO, each with their own strengths, can therefore play a clear role in the formation and governance of an outsourcing agreement, thereby making their individual contributions to the value chain.

Partnership extends beyond the outsourcer and the supplier; it also encompasses the managers.

i Outsource Magazine, No. 2 Volume 9
ii Outsource Magazine, No. 2 Volume 9
iii Giarte, Outsourcing Performance 2016
iv Smart Business
v Giarte, Outsourcing Performance 2016
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ix https://www.youtube.com/watch?v=oZd4B82B8fY
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About IT outsourcing

Realdolmen is your partner to take end-to-end responsibility for your entire IT environment. Together, we will investigate which departments you can and want to outsource. For more information, feel free to contact us at
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