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Innovation, collaboration & trade for a digital future

MELBOURNE

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# Asia Pacific Digital Innovation Summit

## Business Process Outsourcing

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# The changing playing field requires a different approach

- Today the business environment is changing faster and more aggressively:
  - Global financial crisis
  - Low cost economies
  - Skills and labour shortage
  - Generational change
  - Energy costs
  - Workplace relations
- The traditional approach to cost, quality and margin management (eg shared services, function outsourcing etc.) only provide a short term point solution;
  - it keeps you in the game but not in a winning position.

# The changing playing field requires a different approach

To win the game requires a strategic reposition:

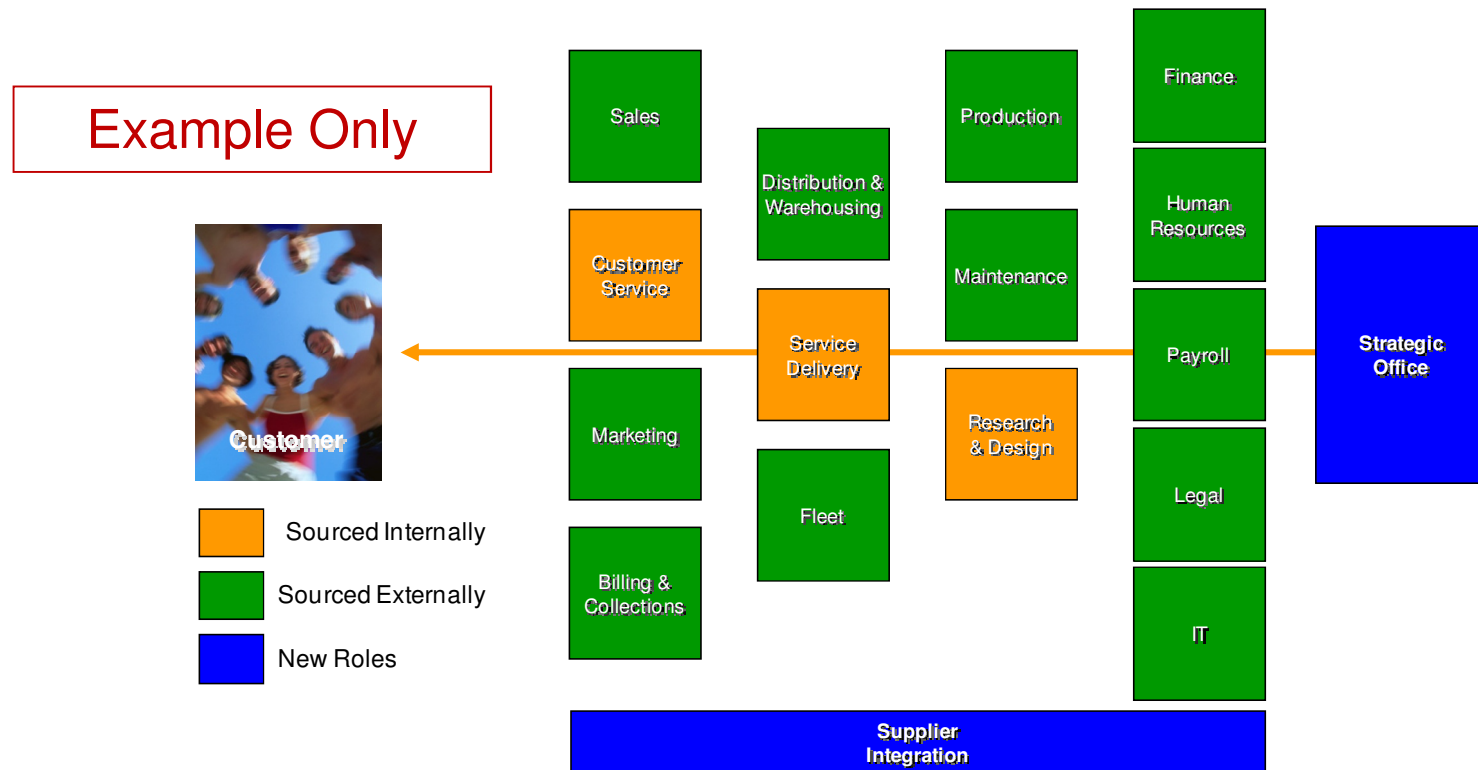
- It requires an organisation to challenge the existing organisational boundaries, to determine whether the activity required to deliver a return for the business can be sourced elsewhere for a better price, better quality and a better outcome.

The solution of the future requires a new way of looking at the business model, creating an ability to leverage the inherent strategic strength.

# The Lateral Organisation leverages strategic supplier integration to create service differentiation

A lateral organisation sources supporting services from multiple suppliers and when combined **delivers a better outcome to a customer, at a better margin.**

A new **Strategic Office** drives intellectual property and key customer relationships, whilst **Supplier Integration** oversees the development and management of key supplier relationships.



# Value is generated through intellectual property and key relationships (e.g. Suppliers and Customers).

- It brings with it a number of benefits:
  - Expertise is developed and delivered by specialist organisations that have the capability.
  - Performance is measured and managed based upon commercial contracts.
  - Cost of delivering outputs is commercially managed and benchmarked through tenders.
  - Management remains focused on the strategic proposition, as suppliers focus on operational delivery.
- Success requires:
  - Demonstrated ability to maintain "Control" of the service outcome.
  - Cultural alignment and integration.
  - Vertical integration of technology.
  - Innovation to maintain relevance and competitive edge.
  - Maintain a balance between cost, quality and outcome.



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