

# Outsourcing vs insourcing: trust innovation to the experts

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It's that time of the year again when key decision makers get together to scrutinise their business model. They'll be looking at how their service delivery models may need to adapt to meet changing business needs and customer requirements as they prepare to execute strategies for the next quarter.



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While the topic of outsourcing versus insourcing has been the fuel for much debate, it's time to recognise both methods of IT service provisioning for what they really are: the enabling force that drives business change, growth and development. Both outsourcing and insourcing have their respective benefits, and neither is superior to the other, except to the degree that it helps the business meet strategic goals and business objectives.

## A change in thinking is necessary

Even though we have seen the emergence of the bi-modal IT system where the traditional approach to enterprise technology (one that emphasises efficiency, stability, accuracy and scalability) can coexist with a second approach that focuses on agility, speed and innovation, we're still nevertheless fixed on thinking that the benefits are to the extent that outsourcing the 'house-keeping' component of IT will cut costs and free up resources so that innovation can be addressed in-house.

Essentially multi-sourcing can provide an organisation with the freedom to focus on developing new products, applications and solutions, which is undoubtedly important in today's highly competitive business environment. Being first to market is a significant differentiator, however, that doesn't mean it's best to keep this process in-house, as outsourcing the innovation might prove to be a smart move after all.

## It's not about superiority, it's about suitability

Because there are many driving factors that might influence a company's decision to outsource an asset or a service, arguing over which mode of delivery is better detracts from valuable time and effort that should be invested in innovation to engage with the business and its needs. At the end of the day, the debate shouldn't be over which is better, but rather which is more suited to business needs, which are as unique as each organisation.

Until recently, companies were generally inclined to look beyond their own IT departments in a number of scenarios - the first would be where the organisation would like to cut costs and have a competitive edge. In this situation, significant business changes are taking place and the company needs to look for short-term experts to address these changing needs and they would insource that function and keep it in-house while outsourcing the day-to-day IT activities.

The second scenario typically involves an organisation that has been around for a few decades with long-standing systems and policies already in place. By choosing a few key IT professionals to align with business, the rest of the work would be outsourced to a specialist service provider - tasks like managing infrastructure, applications and the like. This would enable the chosen key IT professionals to get on with the business of innovating.

Given that technology is changing faster than ever before, the issue of whether to outsource the business transformation aspects of IT delivery becomes more and more relevant. The best justification for outsourcing is that a company might not have the availability of all the skills needed, or they might want to replicate something that has already been done elsewhere and then it becomes simply a matter of finding the right outsourcing partner for the job to take advantage of the many benefits of outsourcing.

## **Benefits of outsourcing**

There is a general consensus that the perks of outsourcing can be expressed as a cost-benefit. This is because it's the outsourcing of a service that is already performed for other customers, which is where the scale and commercial advantage comes in. Companies get to make use of case studies and learn from the mistakes or successes in different usages and get assistance in determining whether international IT trends have local relevance.

There's also the critical benefit of access to skills, which can be difficult to hire and retain internally. Most importantly, by outsourcing the innovative aspects to a specialist, an organisation can speed up their get-to-market strategies, by looking at automation possibilities for large-scale innovation projects. In the same vein, smaller organisations can handover to outsourcing companies and in the process become more agile and responsive to market needs.

In conclusion, regardless of whether an organisation chooses to outsource, insource or multisource, it's important to bear in mind the goals and objectives of the business. While cost-cutting can be a benefit, it's critical that this is not the sole deciding factor. Organisations need to choose whichever mode of IT delivery that will help them to deliver a more seamless customer experience once they've won that customer over with their first-to-market innovative products and solutions.

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