

After the boom

CIO Agenda talks to Dan Lang, The Sutherland Group's senior vice-president for global markets, about strategic outsourcing in a changing economy.

In 2001, Gateway Corporation and several other key US companies decided to outsource technical support for the US market. A higher value 24-hour service was needed to ensure the best possible satisfaction, but at a cost saving for these companies. The Sutherland Group, a firm based in India and the USA specialising in process outsourcing, took on the service, dividing it between San Diego, California and Chennai, India. A major hurdle was the need to engineer a high-performance voice and data network for the system to work in Chennai. However, within just six months, the necessary wideband voice and data communications systems were in place, enabling smooth 24-hour operations. At present, Sutherland handles more than half a million customer interactions every 30 days for Gateway, Sony, Xerox, Pitney Bowes and Hewlett-Packard.

Dan Lang, senior vice-president for global markets, is proud of the 'near-shore/offshore' capability of The Sutherland Group. It reflects a very different delivery model, which uses offshore facilities and high technology to reduce costs, and gives Sutherland a unique market position among most business process outsourcing companies. 'It's a two-stage process, first we transition the operations out of the client organisation into our organisation, then we have to engineer the delivery from halfway around the globe. This way we are up faster, run better and the client gets the maximum value in the shortest amount of time.'

'We aren't interested in traditional IT outsourcing,' he continues. 'What we do instead is take on the burden of running capital intensive, human resource and network intensive operations, whether it is a customer service operation or a back-office function. We work with a company and take responsibility for driving hard financial and strategic business results.'

This level of involvement and accountability must be viewed as a major reason for the company's ongoing success. Growth has been measured at around 50 per cent per annum since the company's inception in 1986. Sutherland is poised to be the fastest growing company in the India market sector. It was also recently

listed in the top five New York-area companies and has achieved the rare accolade of having been a top ten company in upstate New York for seven consecutive years. How has the company proved so robust given the economic uncertainties of recent years?

The changing market

The success of Sutherland can be analysed in terms of the different benefits that prudent and successful outsourcing can bring to companies in different economic circumstances. 'During the boom markets, companies came to us for specific initiatives that they didn't have the time to do internally. We were part of the economic growth activities of our clients. Today, companies want to hive off stranded capital assets and under-leveraged human resources,' Lang explains. 'Clients want "more for less" and we help them gain internal focus.'

However, 'internal focus' is more complicated than it might seem. Lang continues: 'Generally, the question put to me is: "How can your organisation give me the ability to get my people to focus on other objectives?" It's an understatement to say clients want to focus on core competencies; they want to get focus back onto various initiatives. Doing more with less internally is a big, big driver.'

A corresponding trend has been the increasing involvement of other senior executives in decision-making. 'The CFO is much more active in the buying process now – hand in hand with the CIO,' observes Lang. In the changed economy, financial executives prefer to see outsourced activities in terms of reducing variable costs, rather than adding to fixed costs.

On this basis, outsourcing continues to be a valuable strategic option. But in these harder times, Lang is keen to stress that, although Sutherland Group's expertise can help, it remains a two-way process. 'Outsourcing isn't about putting your initiative onto autopilot with your supplier. There's a heavy requirement from the client to be an active participant in the process from inception well into multiple years of management.'

Further information

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