



Transourcing™ Will Transform the Enterprise and Drive the Emergence of a Global Human Capital Market

What is Transourcing?

- Transourcing is the stage of market adoption when the enterprise has transformed itself from process owner to orchestrator, and outsourcing becomes so common that it ceases to exist as a distinctive practice.

What is driving adoption, and how will it happen?

- Transourcing will introduce widespread flexibility to the global enterprise at the business process level. It will isolate an increasing palette of business processes and execute them over quickly configurable partner networks. Notably, it will emphasize acquiring capabilities that companies will need to fulfill the needs of customers in emerging markets.
- The transformation of enterprise software is steadily reducing the IT barrier to change. Service-oriented architecture and Web services are being readily adopted by corporations and vendors.
- Large-scale human endeavors fail most of the time because we do not have the capacity to master the complexity of large projects. Iterative object-oriented software development methodology shows how we can succeed with large, transformational projects by adopting a different paradigm.
- Object-oriented development methods enable companies to change the rules of large projects. Object-oriented software is inherently interoperable when proper architectural principles are observed, and it enables large systems to be developed in stages. Therefore, large initiatives can deliver incremental benefits through cost savings and revenue enhancement. An iterative business process modeling and outsourcing approach can produce the same dynamic.
- The focus of a new breed of enterprise will be innovation, not efficiency, because world-class efficiency will produce comparatively less differentiation in the years ahead. The same tightly coupled organizations that deliver efficiency stifle innovation, which will overtake efficiency in the amount of value created in the knowledge economy. Enterprises can also increase efficiency by relinquishing control to partners.
- The practice of innovation is a critical component of competitiveness, especially when product/service life cycles are short. Innovation is an imperative.
- The global consumption of the world's products and services is rapidly becoming more integrated, but it will be unrecognizable within a few short years. The size of China's luxury market is already greater than Germany's, even though it represents a miniscule fraction of China's current population.
- Consumers in India and China are presently attracted to western goods, but this trend will eventually be tempered by a return to their cultural roots in order to integrate the global with the local.
- Western companies that supply global consumer markets will be incapable of developing the expertise internally to excel in these markets in the medium term. They will have to engage capabilities for marketing, product design, service and customer experience through local partners as they emerge.

Point of View Executive Summary

A new phase of outsourcing will help enterprises overcome their lack of adaptiveness and meet the imminent challenge of competing in emerging markets

How do I move now to take advantage of Transourcing?

Global leaders should make Transourcing a primary goal because it will increase efficiency and innovation. They should make the practice of outsourcing a core competence and incorporate it into their business strategies by sourcing new capabilities and by driving efficiency through partners. This should include new partner thinking: what core capabilities will be important tomorrow that partners can introduce to us today?