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# HOW & WHY OF OUTSOURCING

A manual for both Client & Provider

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**How & Why of Outsourcing (Extract)**

Reasons to outsource include reduced costs, enhanced performance, an ability to access superior expertise and industry best practices, and focus on core businesses. A third-party service provider may provide better performance at a lower cost than in-house providers because of economies of scale, specialization and tactical focus.

The choice of which activities to outsource is often determined by the strategic value of the activity and its level of operational performance. Generally, the less strategic the activity and the lower the level of internal performance, the more likely it is considered for outsourcing. Outsourcing is generally prevalent in industries that are manual process intensive and are facing pressure to reduce costs due to increased competition or budgetary constraints and those under regulatory pressures.

The organization, must at the outset be clear about its outsourcing requirements. The next step is to identify an offshore destination from the prominent ones around the globe. From the country of interest, search for offshore companies providing services of interest. Initial shortlist of number of companies need to be prepared for further evaluation.

**Step One-** Know thyself- First step, requires a clear vision of what you're looking for. Companies should evaluate their own operations, understand their strengths..**CONTD**