

BYRNE
WALLACE

YOUR
LEGAL
BUSINESS
PARTNERS



OUTSOURCING IN 2010

RECENT TRENDS & KEY ISSUES FOR IRISH BUSINESSES

What is Outsourcing ?

What can be Outsourced?

Why Outsource ? Key Benefits

Who Is Outsourcing ? Recent Deals

Irish Outsourcing Market 2010

Outsourcing Process & Key Issues

What Can Go Wrong & How to Avoid ?

**MAKING
THE
DECISION**

**IMPLEMENTING
THE
DECISION**

WHAT IS OUTSOURCING?

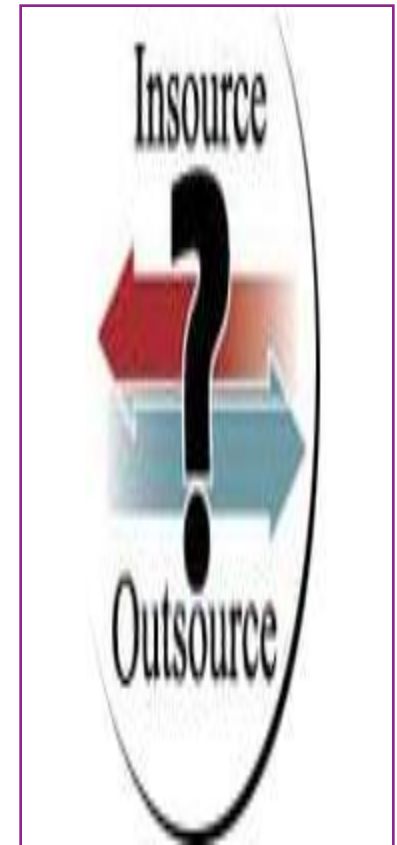
What are Outsourcing & Insourcing ?

OUTSOURCING

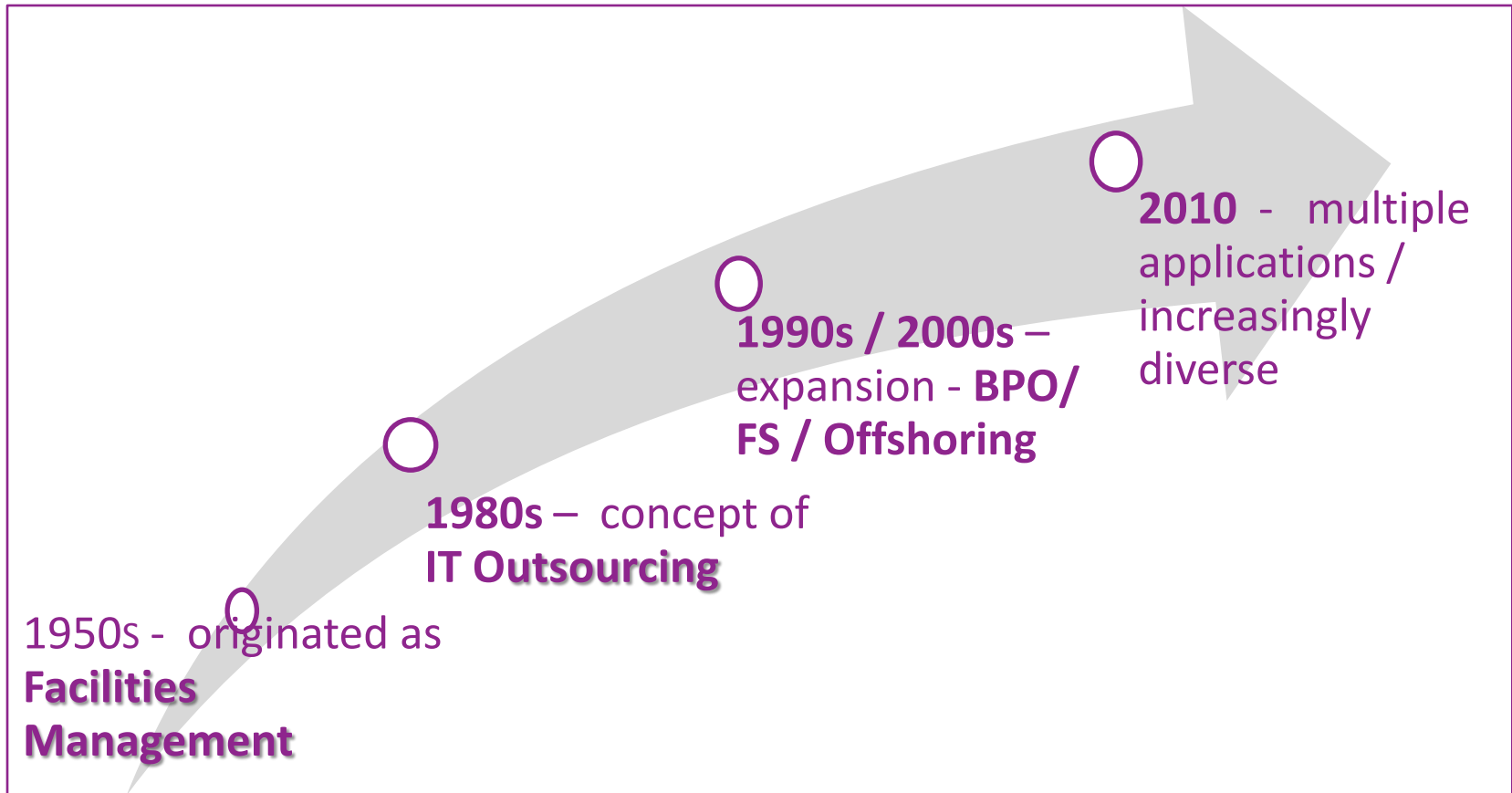
- Transfer of responsibility for internal service, process or activity to an external service provider

INSOURCING

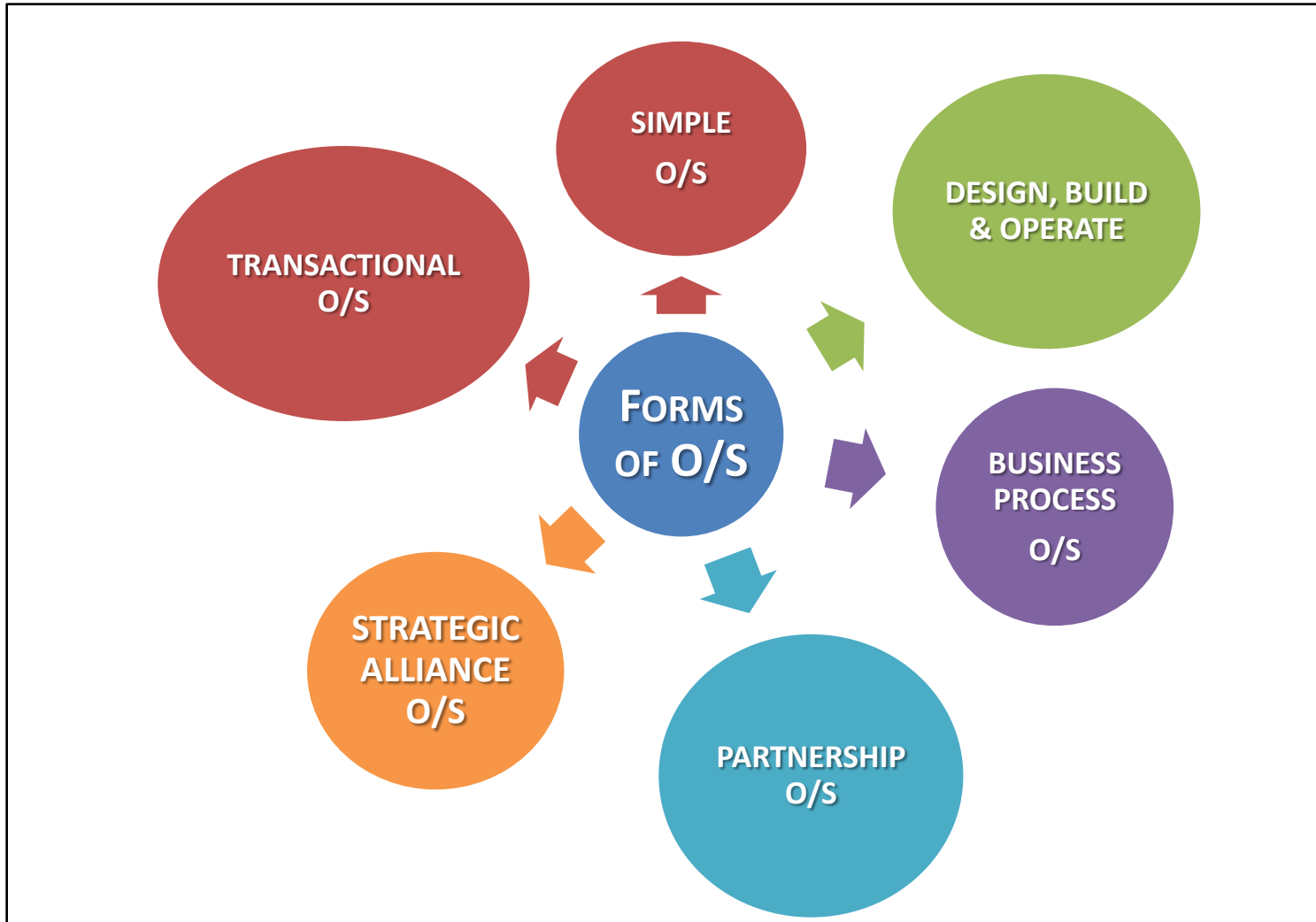
- Bringing previously outsourced services back in-house or moving services to another location but retaining ownership



A SHORT HISTORY OF OUTSOURCING

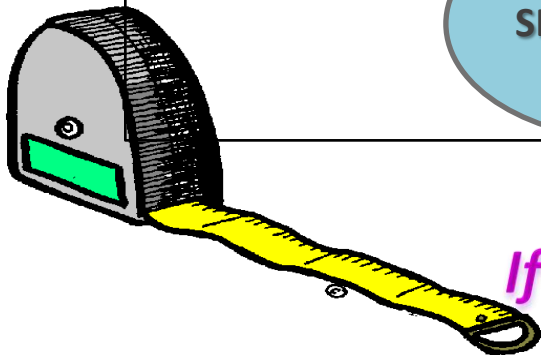
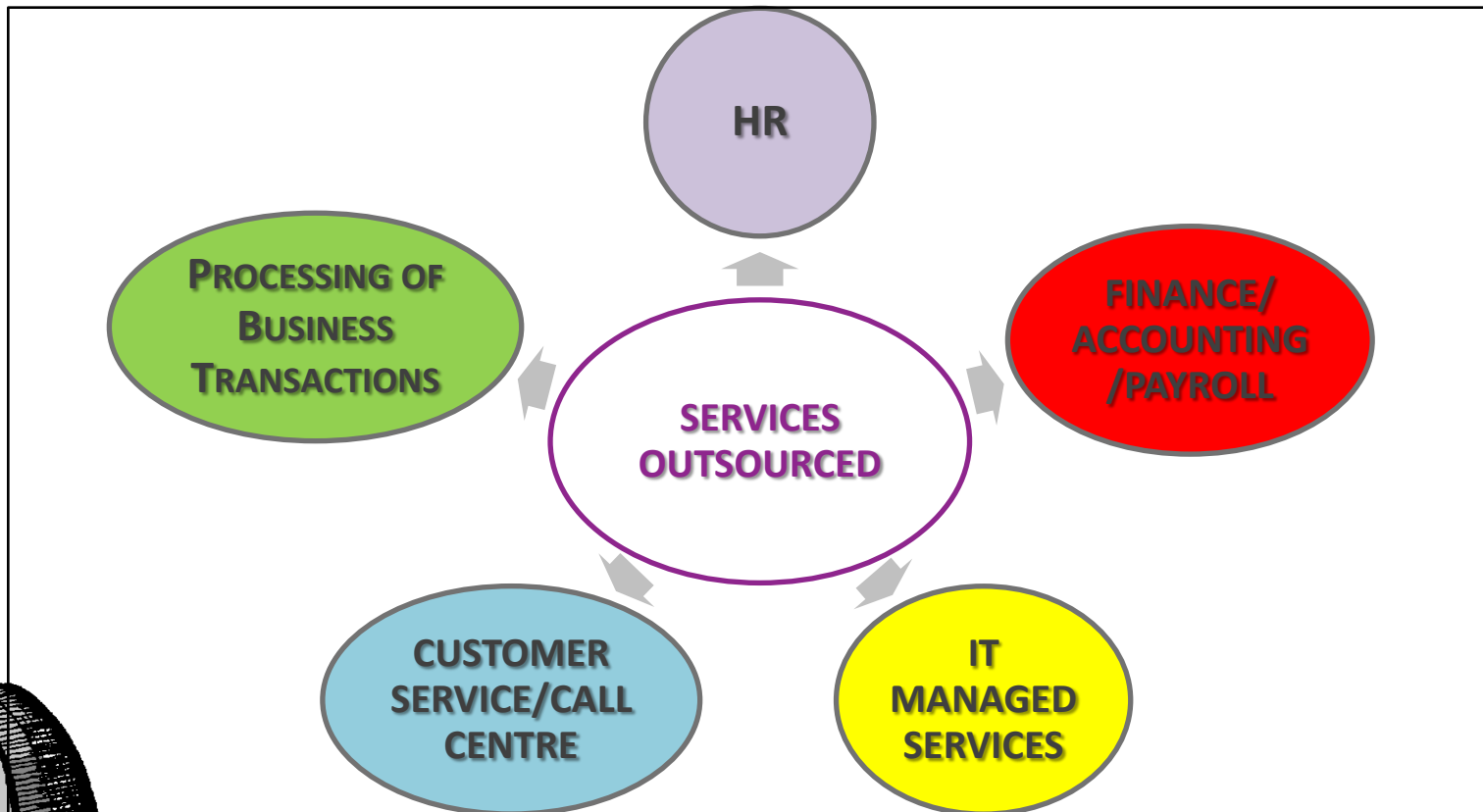


FORMS OF OUTSOURCING



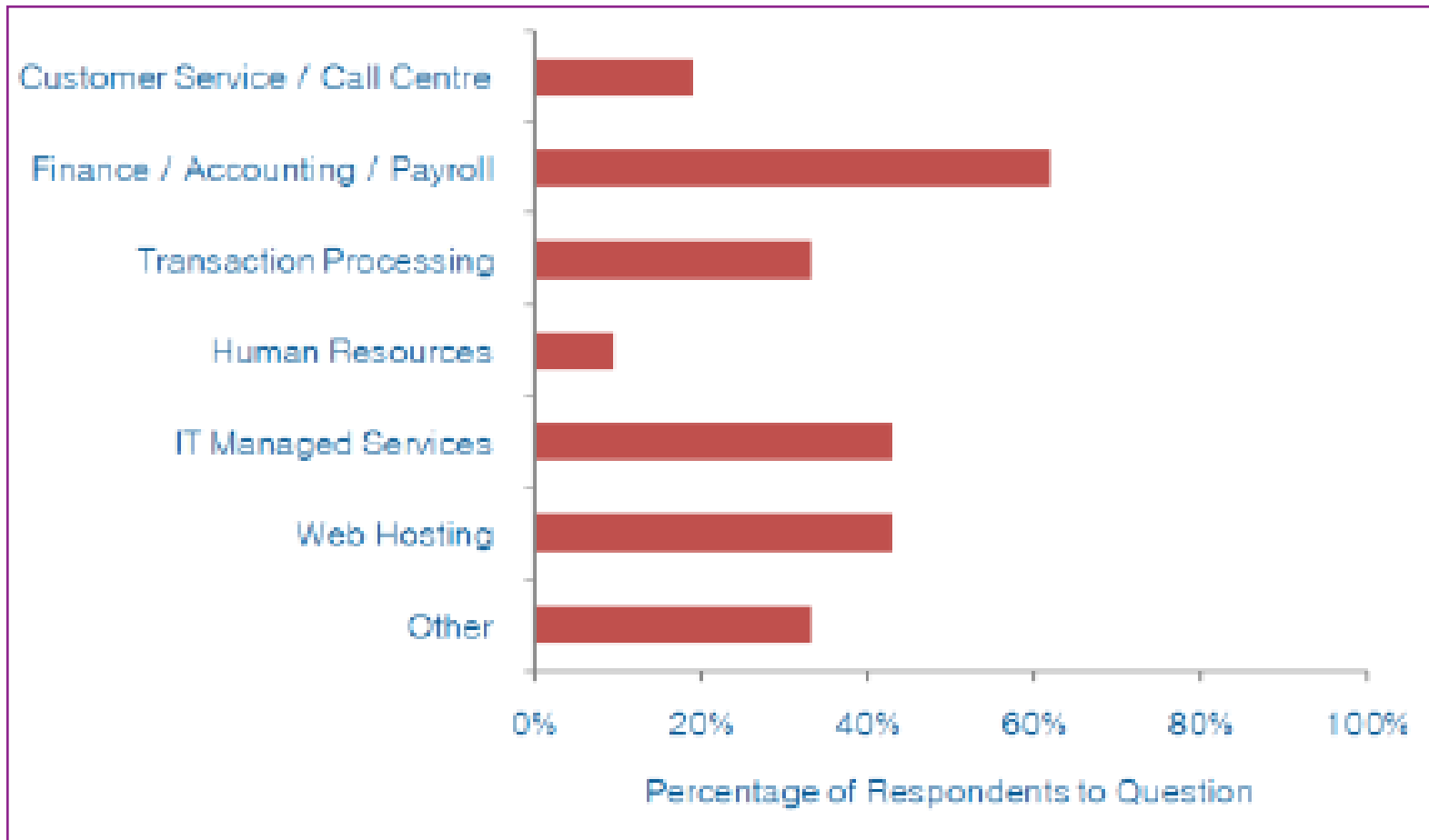
WHAT DO BUSINESSES OUTSOURCE?

TYPES OF SERVICES OUTSOURCED

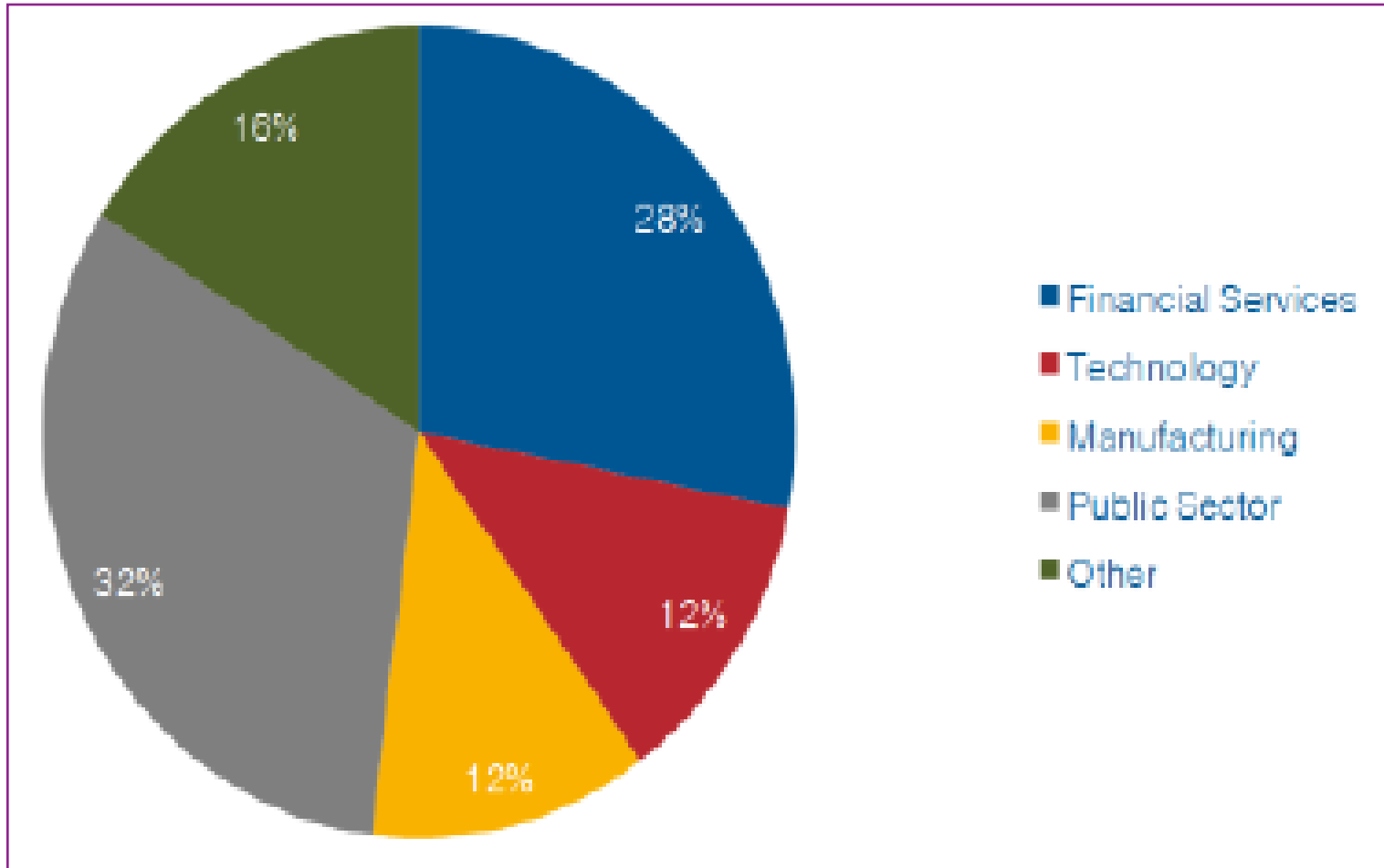


If it can be measured, it can be outsourced !

Ireland 2010 - Services Currently Outsourced

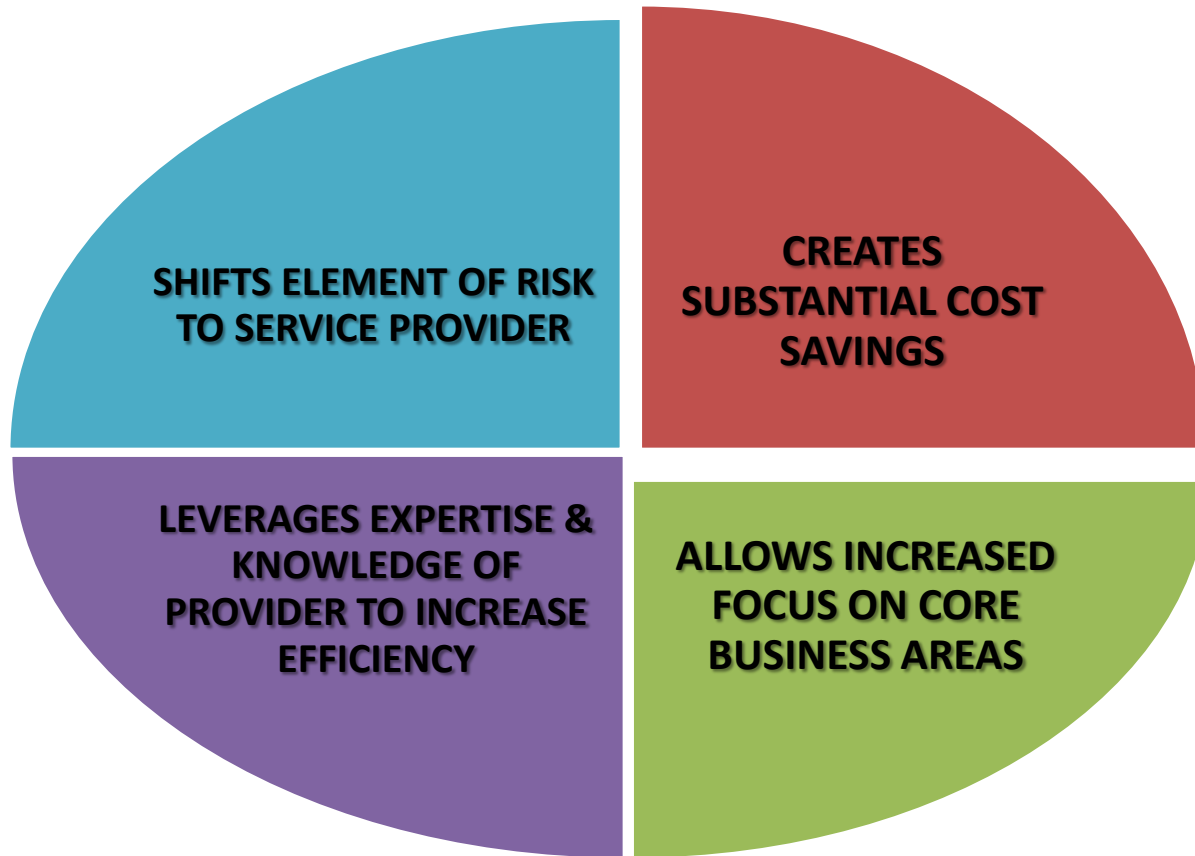


Ireland 2010 - Outsourcing by Industry Sector

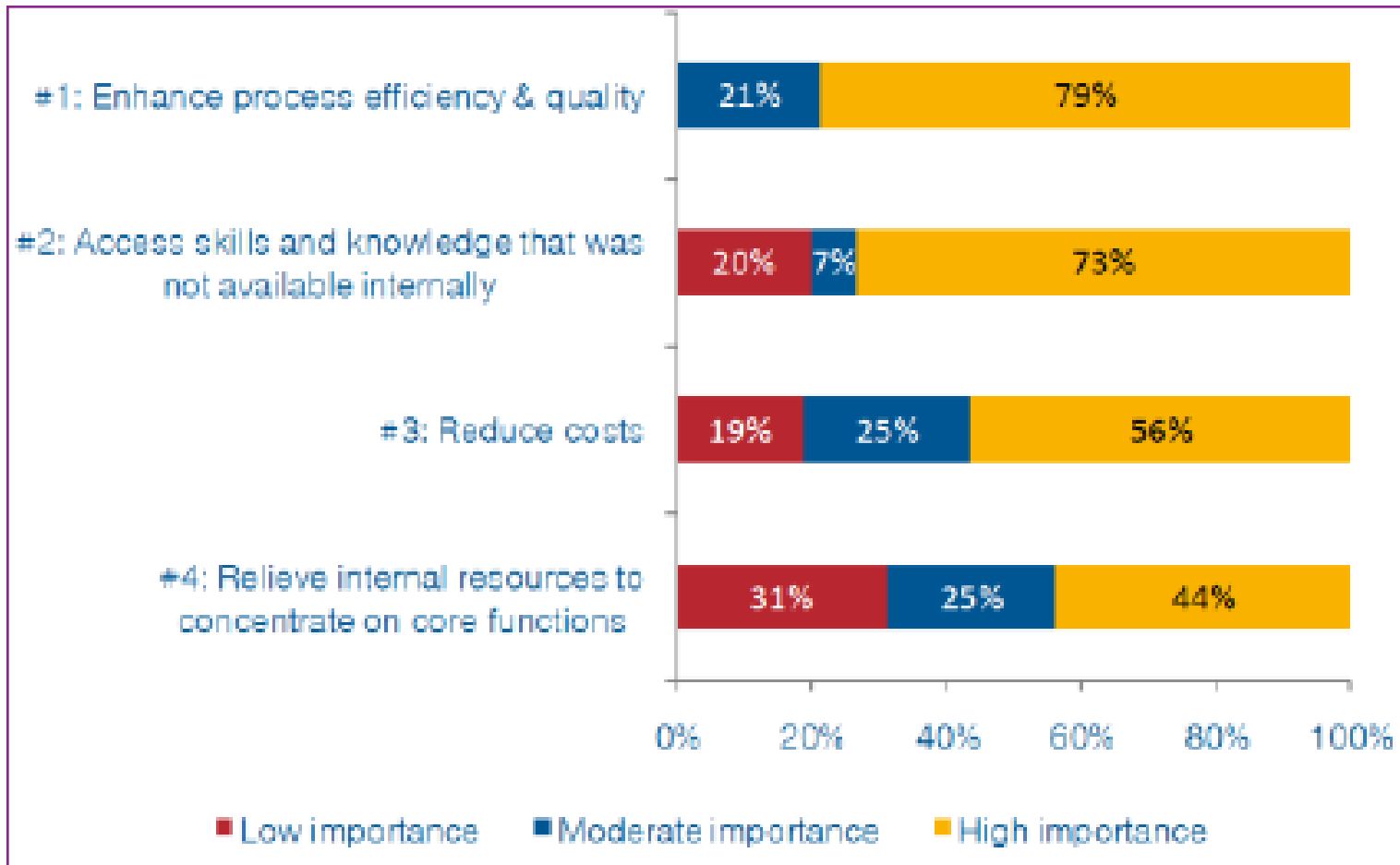


WHY OUTSOURCE?

WHY OUTSOURCE ? KEY BENEFITS



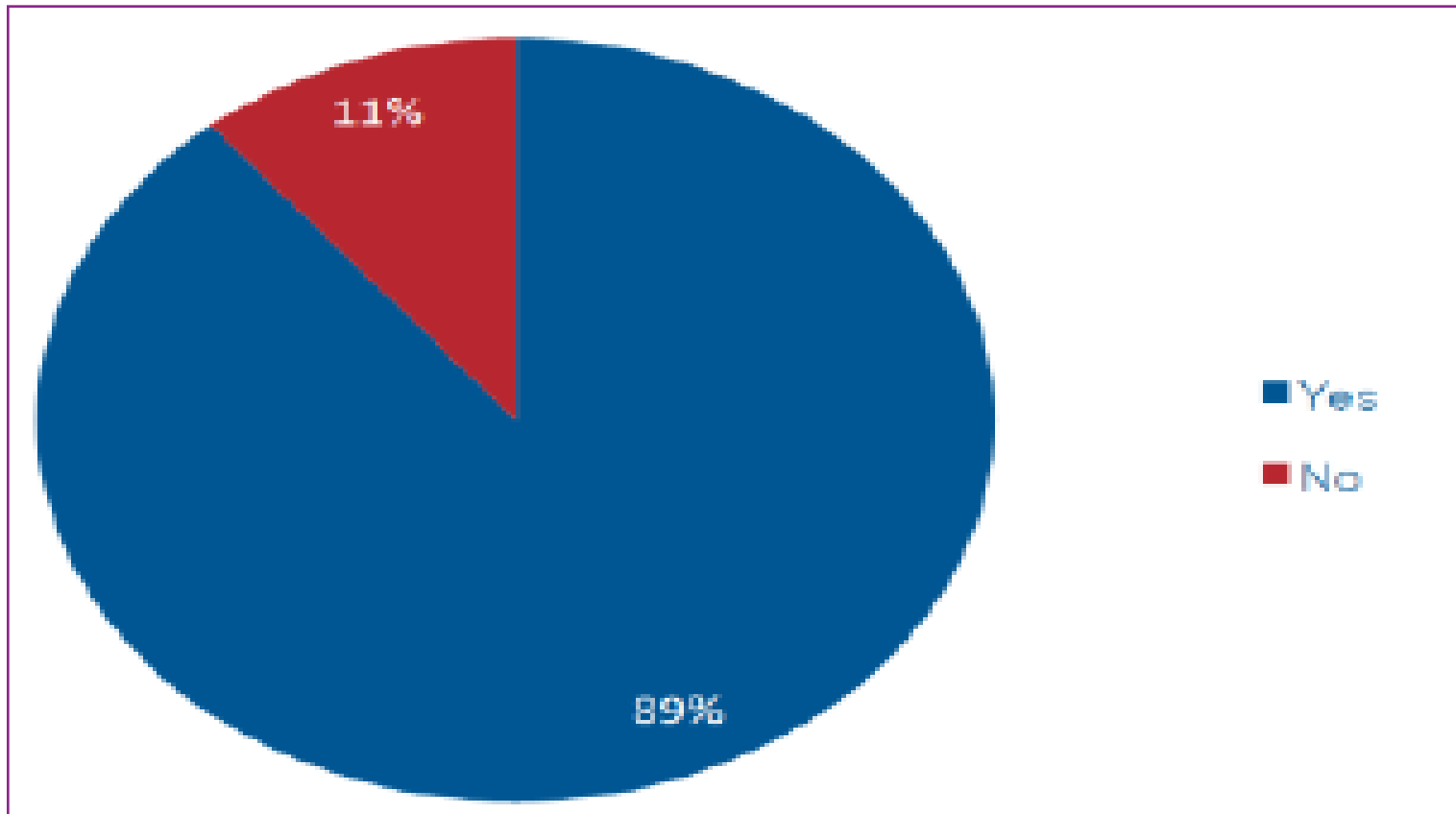
Ireland 2010 – Key Drivers to Outsourcing



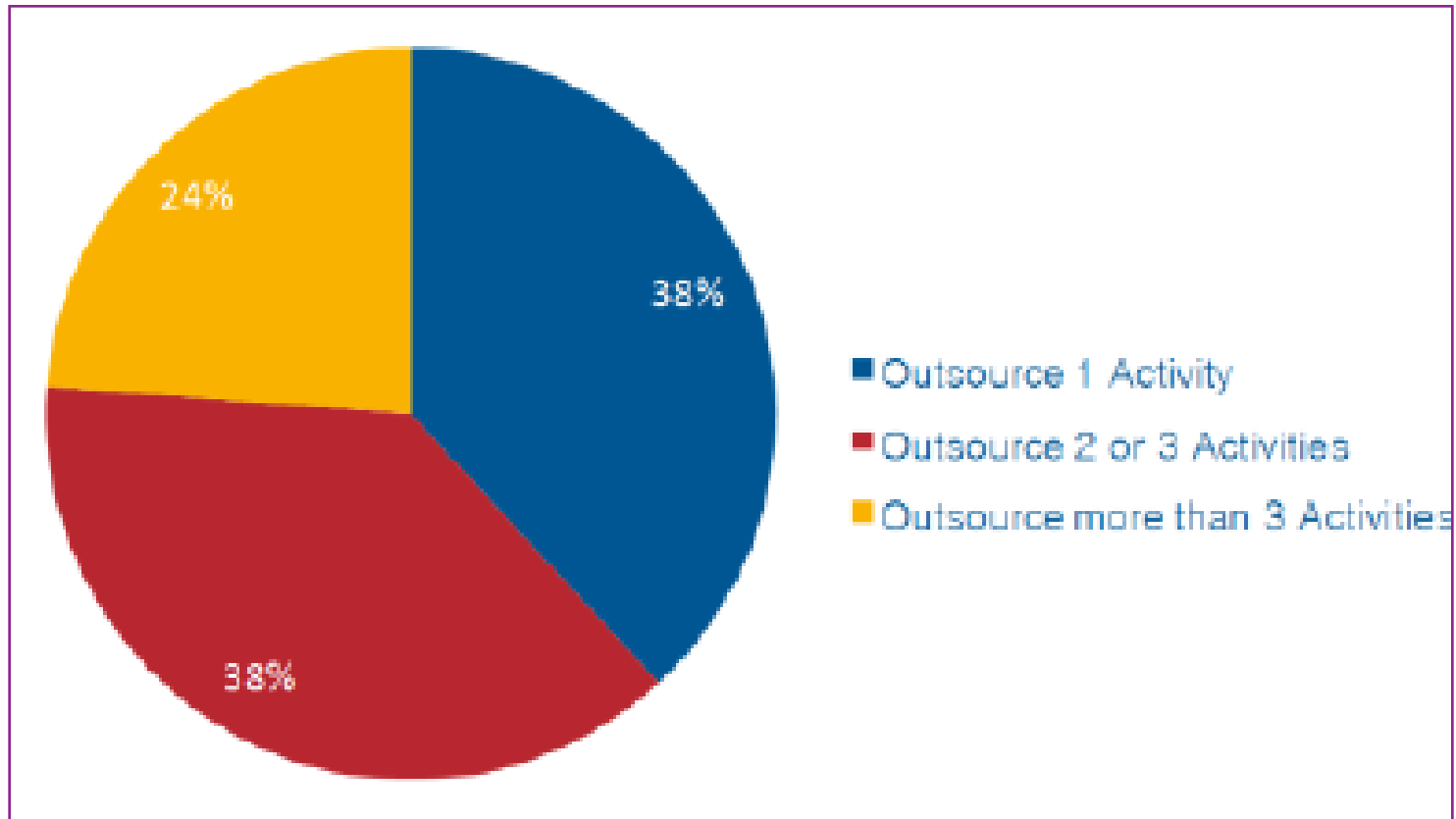
What's happening in Outsourcing ?

Irish Outsourcing Market 2010

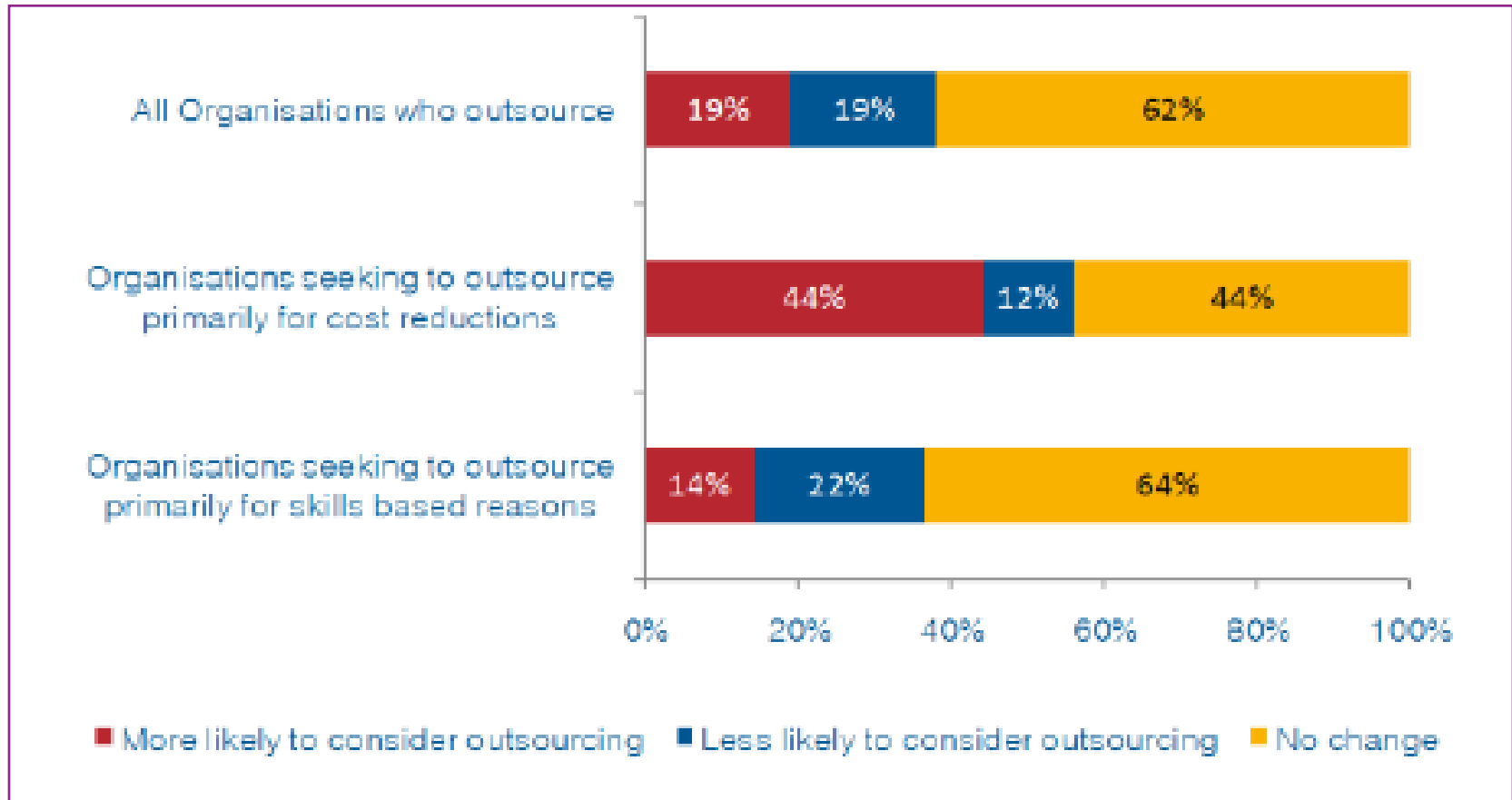
Ireland 2010 – 90% say Outsourcing Adds Value



Ireland 2010 – Usage of Outsourced Services



Ireland 2010 – Effect of Economic Climate on Outsourcing



Recent Outsourcing Headlines

Profits surge 75% to €1.6m at Cork-based business outsourcing group Abtran
Irish Times, 14 August 2010

Citylink outsources operations in €30m deal Irish Times, 16 June 2010

Big rise in outsourcing by Irish firms Business World, 15 April 2010

Hospitals say outsourcing on agenda Irish Times, 18 March 2010

BoSI will either sell or outsource EUR10bn in loans Irish News, 11 February 2010

Percana to double staff in deal with UK assurer Irish Independent, 25 Jan 2010

KEY GLOBAL TRENDS IN 2010

Cloud Computing

Green IT

Multi-Sourcing

Offshoring & Nearshoring

Public Sector Outsourcing



KEY GLOBAL TRENDS

OUTSOURCING – NEGATIVE PUBLICITY



IMPLEMENTING OUTSOURCING - THE PROCESS



KEY ISSUES IN AN O/S TRANSACTION

1. Financial structuring
2. Ownership of assets
3. Rights to IPR
4. Status of employees
5. Exclusive or preferred supplier
6. Service Levels & Service Credits
7. Guarantees of quality & protection of reputation
8. Allocation of risk & rewards for performance
9. Contingency plans
10. Initiation & payment for changes
11. Rights to terminate & implications
12. Regulatory framework

KEY PITFALLS TO AVOID

Transaction takes longer & costs more than expected

Arrangement not sufficiently flexible to meet needs of rapidly evolving business

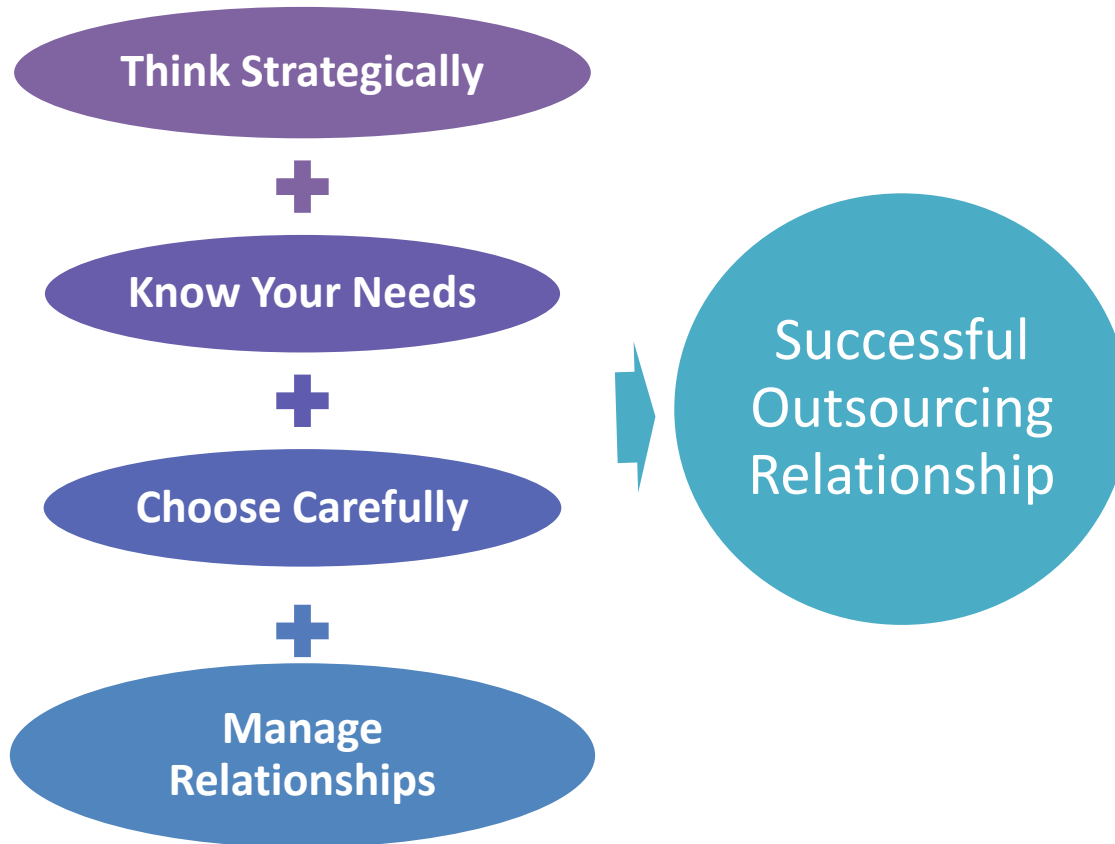
Financial arrangements not properly tailored to corporate strategy

Disconnect between negotiation & execution of transaction & project management

HOW TO ENSURE SUCCESS?

- Find the right fit**
- Effectively manage the process**
- Allow Controlled Flexibility**
- Let the Deal do the Drafting**
- Work with, not against the other side**
- Seek a mutual win/win**
- Plan for the future**

Getting it Right ...



PRESENTATIONS & FURTHER INFORMATION
AVAILABLE AT:

<http://www.byrne Wallace.com/Services/Service List/Outsourcing>