Forbes / Business

ForbesBrandVoice® What is this?

JUL 1, 2016 @ 10:00 AM 622

3 Smart Tips You Need To Know For Outsourcing Analytics

TeradataVoice
Big Data to Data-Driven Insights FULL BIO

Teradata, Teradata

[redacted]

Here's a post about outsourcing your analytics and how you should use caution when taking your business down that road. "Wait a minute, Bill," you may ask. "Don't you work for a company that includes outsourcing solutions among its analytics offerings?" The answer is yes, but I (and Teradata) recognize the bigger picture: Ultimately, outsourcing must serve a business's long-term interest – or else it's not in anyone's interest.

Leveraging external resources can add a lot of value as outsiders bring fresh perspective and expertise in areas where an organization may be lacking. While these resources can cover gaps in the short term, however, outsourcing all aspects of analytics should never be a long-term plan. Assuming analytics are going to be something core and strategic for your business, you need to keep a level of ownership and control over them, even if you outsource some processes or functions.

TeradataVoice: Are You Ready For Analytics of Things?

TeradataVoice: Finding It Hard To Navigate Your Customers' Journeys? Here's...

TeradataVoice: Your Colleague The Business?

That means vendors and consultants should be creative partners, with flexible options that mature and adapt to an organization's needs over time. As David Fogarty and Peter Bell argue in their excellent MIT Sloan Management Review article on the subject, successful outsourcing requires a "carefully constructed relationship" between a company and its outsourcing partner.

Here are my suggestions for how that outsourcing relationship should be constructed:

- **Outsource execution, not strategy –** Outsourcing the execution of analytics in the long run is ok, but an organization must own the strategy, design and planning around these analytics initiatives. In the early days of an outsourcing partnership, it's fine to use external consultants to develop an initial strategy and build some foundational analytics processes. But an organization should own its long-term analytic strategy even as it partners to develop it and execute it.

- **Mind the fine print –**The outsourcing contract should stipulate full transfer of all knowledge, analytics logic and code back to the organization. Your outsourcing partner should understand that everything has been in service of – and transfers to – your company. Even where there are components of Intellectual Property (IP) that your company isn't allowed to fully view or edit, you should understand how the IP is working and also have a plan to manage execution of the IP in the long run.

- **Position the organization for control** – Stay engaged in the early development of strategy and design, even if your consultants are leading the way at first. You should know how your operational analytics processes are designed, how they integrate with other applications and exactly what methods are being used.

If any of these steps sound strange or unconventional, remember that high tech manufacturers construct outsourcing relationships like this all the time. Product design and strategy are central drivers of the business – too important to outsource to the factories that actually build the product itself. Like a home designer who can outsource drywall or tile work to any competent contractor, you can freely hire external resources for things like coding and implementation. Most people who build a new home are intimately involved in determining the layout and fixtures up front. However, they are comfortable letting their contractor handle the build using whatever subcontractors he or she believes can do the job.

Just consider Apple: The tech giant outsources hundreds of thousands of manufacturing jobs to countries like Mongolia, China, Korea and Taiwan, yet the back of iPhones and iPads say “Designed by Apple in California.” There is no question about who is in charge of the product. I see no reason why your analytics outsourcing relationship shouldn’t be similar.