

# Revenue Architects

## **Integrated Sales and New Media Marketing**

### Driving Down Costs with Strategic Outsourcing and Technology Rationalization

12/16/2008 by [John Stone](#)

With this economic turmoil in the last month, I am seeing a dramatic shift in focus from building and growth to efficiency and cost reduction. These times are similar periods in each of the last three decades when we faced similar challenges. I thought about which strategies to dust off and use now to help deal with these economic realities. Two winning strategies are outsourcing and technology rationalization. When approached the right way, these strategies rapidly deliver cost reduction, but also improve service delivery and differentiation.

So what are the options? When companies start to consider ways to reduce costs, there are some typical strategies they consider:

- Recruitment freeze / Budget reductions - The challenge: This can create an unbalanced employment profile
- Supplier Renegotiation - The challenge: This is a good strategy, but takes time and requires knowledge of and monitoring of total business spend
- Process Re-engineering - The challenge: This also takes time and requires access to best practice skills, also the time to full payback can be extended
- Strategic Outsourcing - The challenge: With Outsourcing you need a service management process to manage the relationship. you might also face resistance among management
- Central Service units - The challenge: The approach can work well, but can go against culture and can take time to implement.
- Rationalization of IT Applications - The challenge: This is a solid approach to consider continuously, there will be some one-time costs for integration and decommissioning of applications.

I think the two that work particularly well in times like these are Technology Rationalization and Strategic Outsourcing. Both of these strategies can actually enhance your market growth and service strategies while reducing costs. Some obvious areas to focus on include:

- Technology Infrastructure
- Procurement Processes
- Marketing Platforms and Digital Channel Management
- Corporate Events and Meetings
- Redundant and Overlapping Applications

I would start with Rationalization - this way your Outsourcing strategy will be more directed. Plus, sometimes, Outsourcing is the weapon to drive Rationalization!

#### Step 1, Rationalize Technology Portfolio

Over time, we add on to our application portfolio and create a kluge of systems that inhibit users (internal and external) from consistent access to the information and services they need. As an example, too often Marketing technologies touch your audience in multiple inconsistent ways and are not underpinned with a single view of the audience, effective community, web 2.0 experience and insights through data management. Technology rationalization is a first step in creating an overall technology architecture that aligns with your business model. Benefits include:

- Drive down costs and total cost of ownership for redundant applications
- Streamline audience experience and audience intelligence with rationalized systems portfolio
- Drive simplification and increase productivity
- Rationalize project portfolio aligned to business drivers
- Consolidate contracts
- Rationalize licenses

## Step 2, Outsource Strategically

Clients still look to outsourcing to reduce costs and enhance shareholder value, but there are many other reasons to outsource. When done strategically, Outsourcing can and should enhance your growth strategy. Some benefits include:

- Improve Cost predictability
- Focus on Core business
- Consistency in delivery with reliable outcomes
- Flexibility to address to market changes
- Access best practices and re-focus on differentiation
- Gain access to specialist skills
- Improve quality of service

Get started by answering a few questions.

- Are you spending too much on an application portfolio that is not well integrated or aligned with your current business strategy?
- Are there options to consolidate application systems and drive business value?
- Is the organization ready to consider strategic sourcing options?
- Which areas of the business portfolio can be better managed through a strategic sourcing relationship?
- How much can be saved through thoughtful rationalization and sourcing strategies? How much can be gained?

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John Stone leads [CrossTech Partners](#) business operations, client service delivery and go-to-market strategy as President and is a member of the CrossTech Group senior leadership team. John brings over 20 years of global experience in digital marketing, management consulting and advanced technology sales with PA Consulting, Viant Corporation, AT&T and IBM. John's particular focus is on driving revenue through Digital Marketing, Nurture Programs, New Media and Audience Intelligence.

As a member of the Viant senior team, John helped build the company from early stage start-up to over \$100M in sales and a market capitalization of over \$1B.

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