

Sourcing-Navigator

Identify and Realize Your Sourcing Potential

Challenges

For many banks, the current market environment results in declining revenues and rising costs. Between 2015 and 2016, the median operating profit margins on the Swiss market again fell by a remarkable 8 basis points. The industry counteracts falling margins with cost reduction and optimization programs. In addition to direct measures such as cost cutting, the leading banks are taking steps to further industrialize their operating model. They are increasingly focusing on their core competencies and outsourcing non-differentiating value creation. This releases economies of scale, network, and experience effects, which help to better counter cost pressure and increase the overall agility of the operating model. In addition, the bank is better able to scale its value creation and benefits from sharing costs and capacities to address regulatory and innovation pressures.

To enable your bank to focus on its core competencies, the sourcing potential should be analyzed, identified, evaluated, and realized at regular intervals. Synpulse has developed the Sourcing Navigator to adequately evaluate the latent sourcing potential. This method, which has been tried out and tested on the market several times, does not only offer a systematic foundation for your sourcing decision, but also a market radar which makes sourcing recommendations more efficiently.

Solution

The Sourcing Navigator includes the following steps:

- Match your corporate strategy with your sourcing strategy
- Identification and selection of sourcing scenarios
- Evaluation of sourcing scenarios including business cases
- Development of an action plan

First of all, it is necessary to clarify which of your business activities are differentiating from competition. To this end, an

initial phase will examine which value-added activities have outsourcing potential and where complexity or legal framework conditions prevent or make outsourcing more difficult. Based on your bank's core competencies, those processes are selected that are not judged to be differentiating. These are then checked for suitability and appropriateness for sourcing. Subsequently, your bank can derive various scenarios from a combination of «make vs. share vs. buy». These scenarios differ in terms of the following dimensions:

- Sourcing direction:** insourcing, co-sourcing, outsourcing, back-sourcing
- Location of service provision:** offshore, nearshore, local sourcing
- Depth and breadth of services:** processes vs. individual tasks
- Performance object:** type of business and IT services
- Provider types:** single vs. multi-sourcing

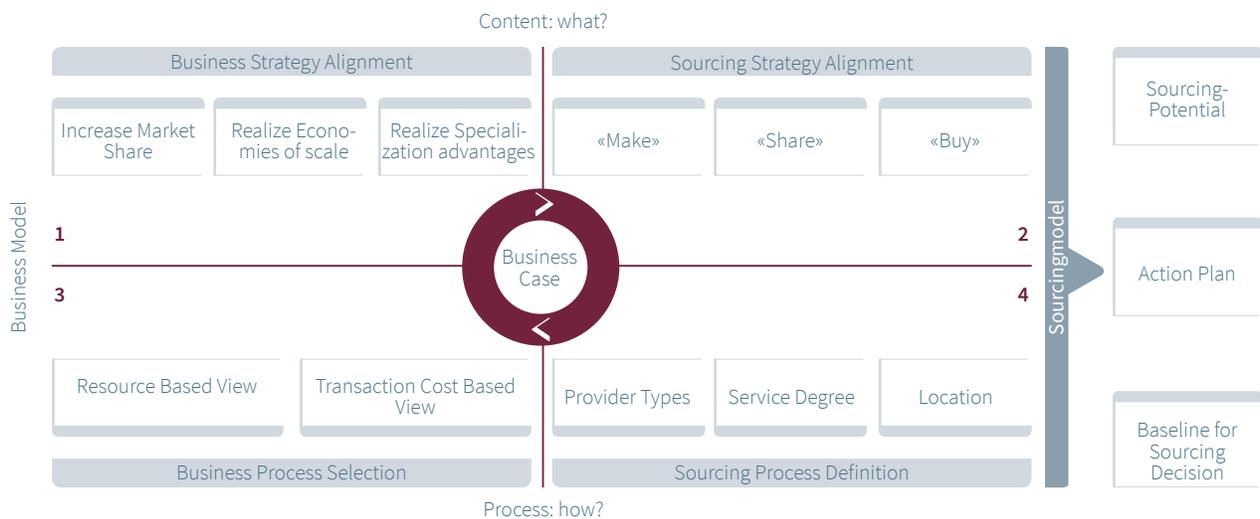
The selection of these sourcing scenarios is carried out according to various criteria and subjected to a more detailed analysis. The development of business cases has a particular role in terms of quantifying the expected potential.

After the evaluation, the Sourcing Navigator helps your bank to better assess your sourcing potential. For promising sourcing potentials, a prioritized action plan will be developed, defining the next steps for the implementation of your sourcing projects.

Benefit

The Sourcing Navigator offers the following advantages:

- **Effective and fast method:** Within a few weeks, your bank has a decision-making basis and a prioritized action plan to realize your sourcing potential.
- **Market radar with many years of industry knowledge:** Your bank benefits from our continuously updated market radar. You receive a comprehensive overview of all currently relevant sourcing offerings



Synpulse Sourcing Evaluation Approach

Source: Synpulse

Contact



David Steiger
Associate Partner
david.steiger@synpulse.com



Heinrich Frankenbach
Senior Consultant
heinrich.frankenbach@synpulse.com