

Risk	Comments
Strategic risks	
<ul style="list-style-type: none"> • Core competence 	<p>If the process is a core to the firm, the activity should remain in-house</p>
<ul style="list-style-type: none"> • Innovation & flexibility 	<p>A risk that can be viewed from both sides. Outsourcing can increase innovation, but may, in certain cases, impede it</p>
<ul style="list-style-type: none"> • Business impact 	<p>Impact of the sourcing strategy on the business – continuity, responsiveness, the extent to which it lends flexibility to the core business strategy etc. Map the strategy to business levers – market penetration and expansion, lowering price, increasing volume etc.</p>
Environmental risks	
<ul style="list-style-type: none"> • Location 	<p>Location risk is dependent on physical location and is impacted by geo-politics, country risk etc.</p>
<ul style="list-style-type: none"> • Legal & compliance 	<p>Dependent on legal and regulatory environment restrictions / supervision available, both from the home regulator and the destination regulator</p>
<ul style="list-style-type: none"> • Reputation 	<p>Vendor actions will impact the firm, as will other third party actions</p>
<ul style="list-style-type: none"> • Political 	<p>The political implications of being seen as taking away jobs from the home country</p>
<ul style="list-style-type: none"> • Cultural 	<p>Business practices; soft cultural factors</p>
Operational risks	
<ul style="list-style-type: none"> • Execution 	<p>Risk of successful execution – within budget, on time and with high quality</p>
<ul style="list-style-type: none"> • Location 	<p>Covering general physical infrastructure such as power, telecom, transport etc.</p>
<ul style="list-style-type: none"> • Human resources 	<p>Employee turnover, skills availability, cost to company inflation, productivity</p>
<ul style="list-style-type: none"> • Business continuity and exit 	<p>Risk during transition and in day-to-day business. Risk of termination of service and contracts</p>

- Vendor On delivery, reputation, cost overruns

- Data security Third party data security
Company data security
IP security

Internal risks

- Transition Transition of processes / projects

- Project management Stakeholder involvement (and buy-in)
Risks associated with processes / projects across multiple locations as this adds to project mgt. complexity
Project overrun risks

- Acceptance of headcount reduction HR implication of moving jobs to other locations

- Understanding of business drivers and culture Soft business factors often not understood by vendor