



RISK MITIGATION THROUGH OUTSOURCING

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"THINGS ARE A LITTLE SLOW NOW THAT I'VE
OUTSOURCED EVERYTHING I'M NOT GOOD AT."

Outsourcing as a Business Strategy

Two Main Drivers for Outsourcing:

- Dependency on capacity:
 - Corporations possess the knowledge, resources and skills required to operate the specific function, however decide to outsource, for other reasons (financial, strategic, risk etc.)
- Dependency on knowledge:
 - Corporations do not have the people, skills, and knowledge required to produce the component
 - Utilises outsourcing in order to have access to these capabilities.

Outsourcing as a Business Strategy



Traditional benefits of outsourcing:

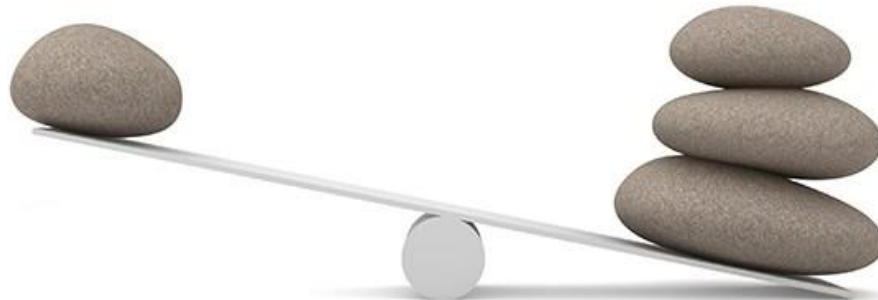
- Employees focus on the core business, releasing resources for strategic developments
- Decreasing operational and capital costs (shift from fixed to variable expenses)
- Utilisation of concentrated knowledge and specialised human and other resources (technology, equipment, facilities etc.)
- Increased flexibility in immaterial operations, especially useful for fast changing industries (software, etc.)

Outsourcing as a Business Strategy

All traditional benefits of outsourcing relate to financial savings

However, Cost **should not be** the only factor in deciding to outsource

- Compliance, ethics, law and regulation requirements demand high level of expertise in production and operations
- Security, Health and Safety, Environmental and other factors leverage decisions (permitting, facilities protection, political unrest, terrorism etc.)
- Increasing market volatility requiring additional corporate mobility



Outsourcing as a Business Strategy

*Outsourcing should
not be treated as
another supplier
agreement*

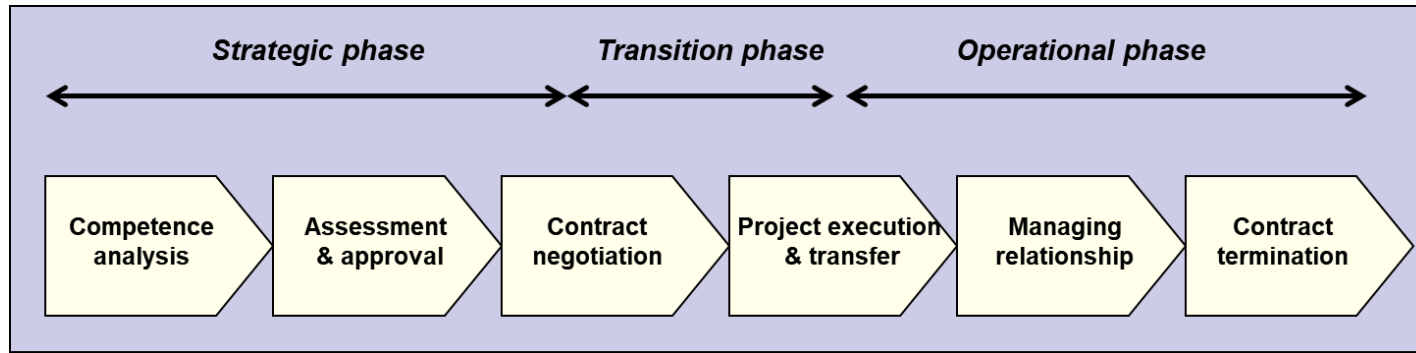


*Strategic
Partnership*

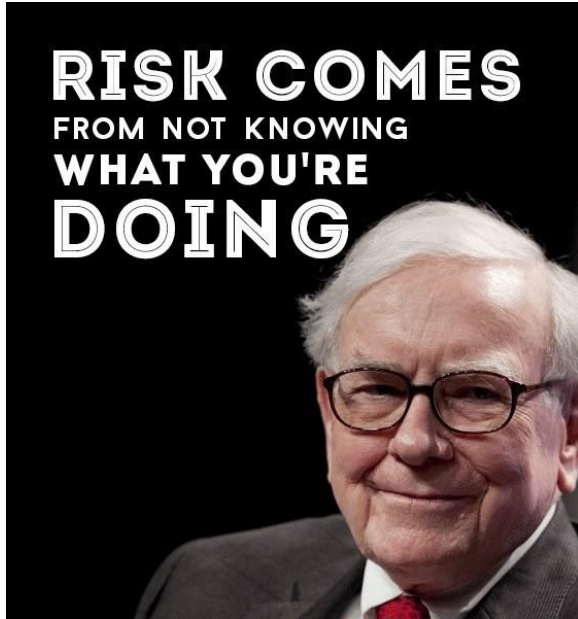
Successful Outsourcing

Planning phases:

- Strategic phase (why, what, who?)
- Transition phase (how?)
- Operational phase (how to control?)



Risk Mitigation through Outsourcing



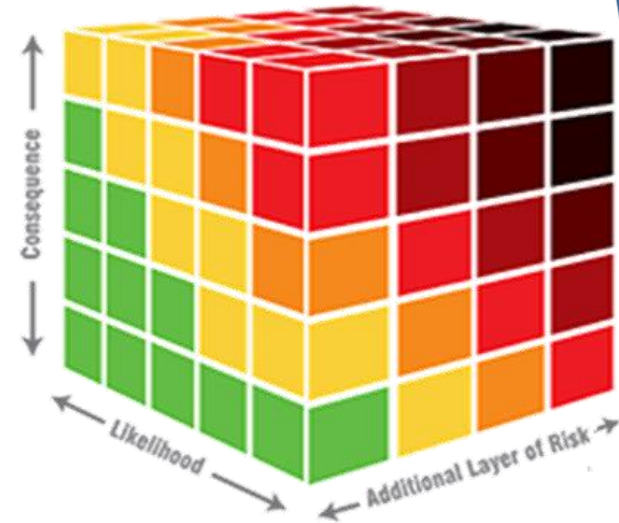
Corporate Risk Management

- Risk Identification:
 - Strategic
 - Operational
 - Compliance, Quality, Environmental, Safety and Security
 - Reputation, etc.
- Risk Analysis and Measurements
- Risk Mitigation
- Risk Monitoring and Reporting

Risk Mitigation through Outsourcing

Risk Based Thinking:

- Identify what your risks are and prioritize the way you manage your processes, balancing risks and opportunities
- Prioritise the risk in order based on frequency, likelihood, severity, impact on objectives, monetary consequences, loss of customers, legal exposure, impact on interested parties.
- Plan actions to address each identified risk (how can I avoid, eliminate, transfer or mitigate risks?)
- Implement a risk plan (take action, monitor, evaluate, adjust)



Risk Mitigation through Outsourcing

Risk Based Thinking:

Example: Records Management (as a Non-Core activity):

- Risk Identification:
 - Utilising rented facilities for records storage
- Risk Analysis:
 - Risk of critical loss of data due to inadequate storage conditions
 - Loss of control, due to non-existent archiving system or personnel indifference
- Risk Management:
 - Risk transfer and mitigation to outsourcing partner
- Risk Plan:
 - SLA's, 3rd party/2nd party audits, Reporting, KPI's and Metrics

Risk Mitigation through Outsourcing

Risk based thinking:

Selecting an outsourcing partner

Corporate Evaluation:

- Market Reputation, Client base and financial standing
- Core Values (Goals, Objectives, Employee and Customer Satisfaction, Trust etc.)

Operational Evaluation:

- Proof of concept
- Standards, Certificates, procedures and reporting policies (CAPA's, Complaint management, etc.)
- Facilities, Equipment, Security, Safety etc.



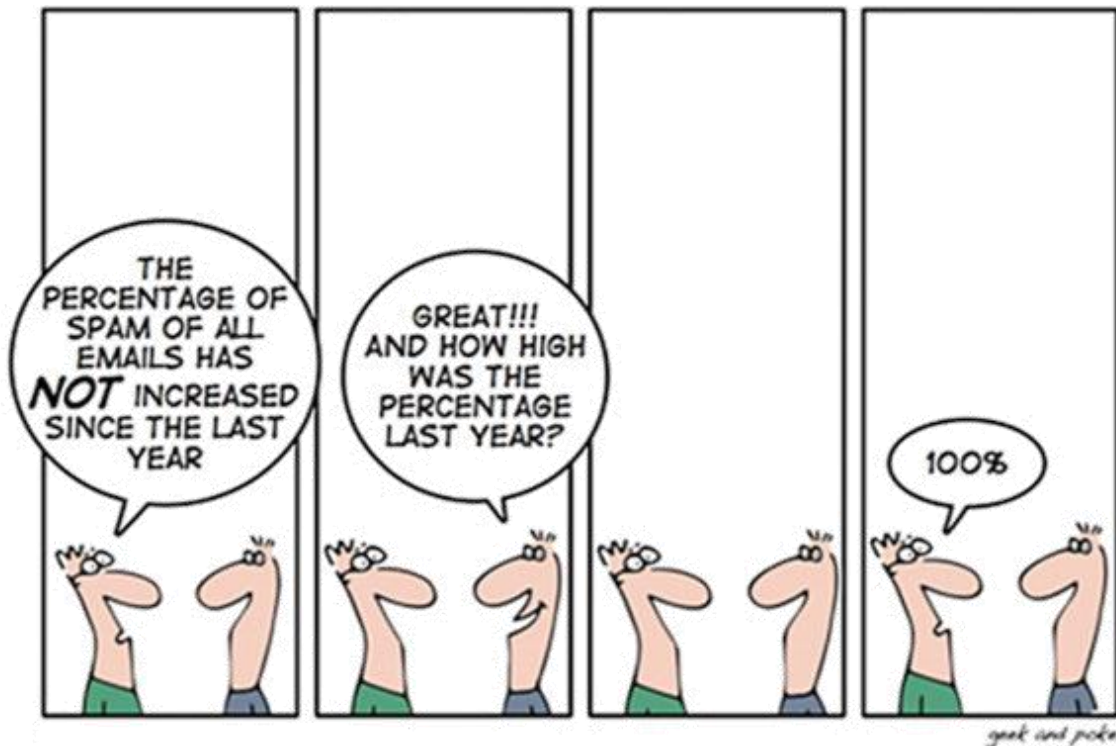
Risk Mitigation through Outsourcing

Typical Outsourcing Examples:

- Departmental:
 - Human Resources, Legal, IT, Purchasing, etc.
- Common Corporate Processes:
 - Payroll, Records Management, Facilities Management, Logistics (3PL), Merchandising etc.
- Processes supporting risk management plans:
 - Colocation services, Disaster Recovery, cloud services
 - Ad-Hoc labour sourcing, on long term agreements
 - Emergency BCP solutions (logistics, facilities etc.)



Case Study



Case Study 1: Secure Mail Handling

Client

- One of the largest banks in the world, UK-headquartered group which has over 90 million customers.

Challenge

- The bank was processing 300 million mail items annually and employing large numbers of people in this area across three UK sites. Incurring substantial overheads, as well as identified risks arising from customer complaints on personal data management and potential information security and data breaches within the process.

Risks which the bank was not willing to accept.

Case Study 1: Secure Mail Handling

Solution

- Fully outsourced solution where, in a virtually paperless process Iron Mountain personnel receive and open incoming mail, scan, index it, then allocate it electronically to the correct department. The physical copy is stored in secure facilities.

Value

- Real-time monitoring and reporting, incl. audit trails
- Lower Costs (variable vs fixed costs - charge per item)
- Faster and More efficient on-boarding for the bank's new departments, partners, suppliers etc.



Case Study 2: Digitisation (Healthcare)

Client

- The Client is a world leader in implant manufacturing, research, development and testing. It has an enviable reputation, consistently recognised by medical professionals for outstanding product integrity.

Challenge

- All manufacturing process is subject to audit checks from customers and global regulatory bodies. Auditors often ask to see evidence of manufacturing controls, requiring documents to be retrieved from the off-site archive.

Need to enhance our procedures for greater traceability.

Case Study 2: Digitisation (Healthcare)


Solution

- Following a proof-of-concept stage, file and process structure was defined and Iron Mountain proceeded with full-scale digitisation of all backlog and ongoing archive providing access via a secure portal for upload into the Client's document management system.

Value

- Access to working copies of vital records in seconds rather than days.
- Fully traced procedures, with auditable trails
- End-to-end Access Control on physical and digital documents



A photograph of a snowy mountain range under a dark night sky with a vibrant green aurora borealis. The text is overlaid on the upper half of the image.

**Be a yardstick of quality. Some
people aren't used to an
environment where excellence is
expected.**

Steve Jobs