

Insourcing Needs A Continuous Talent Development Model

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More and more enterprises are turning to insourcing. While the value proposition of insourcing is promising, talent unavailability can prevent enterprises from taking advantage of it. In this context, developing the right talent development model is essential. This PoV discusses the trend of insourcing and the need for a continuous talent development model and highlights an example of an innovative talent development partner.

Insourcing is driven by the importance of the technology stack, career prospects for employees, desire for scale, and lack of talent in service providers.

Insourcing is increasing across many industries. What are some of the factors that drive insourcing?

- **Desire to keep technology stack in-house:** One of the reasons that enterprises couldn't move fast in new technologies is that most of the work was outsourced and tied down with contracts, leaving little room for agility and experimentation.
- **Improving career prospects for insourced or GIC employees, especially with digital work:** Enterprises want to give interesting, new, or digital work to its employees to enhance their interest, skills, motivation, and career path. If enterprises don't do it, they will lose more talent to digital natives.

- **High cost of service providers:** Enterprises know the cost structure of talent and operations in India. That includes offshore cost structures in India. Why give 30% more to service providers when enterprises can recruit and manage talent themselves?
- **Economies of scale of internal operations:** The more headcount enterprises have in-house or in GICs, the more efficient the operation becomes as economy of scales kicks in.
- **Lack of talent in service providers:** Many enterprises are not impressed about both quality and availability of talent. An example given by a banking enterprise CIO was in automation and RPA. The quality of people the bank received from RPA service providers was satisfactory, but not great (and this was true across all the 4–5 tier-1 service providers the bank works with). There is hardly any investment by service providers to maintain a bench for in-demand skills. When service providers take the same amount of time as banks take internally to source talent from the open market, where is the advantage?

While insourcing is growing, enterprises are facing a talent crunch. How can they develop the talent needed to make insourcing successful?

Enterprises should look for usefulness, scalability, and relevance to insource talent development

Working on insourcing at scale can be challenging for many enterprises. They need talent to make it successful. There is an extreme tech talent shortage in local markets. Tech leaders are finding it hard to deal with the fast pace of disruption in technology due to an inadequate pipeline of talent. The one reason for the success of outsourcing is training or talent development by service providers at scale. Enterprises should learn from them and adapt to changing times.

- **Usefulness:** University education or MOOC learning is not enough. The talent should have practical skills to be useful to enterprises, which can be taught on-premise and by practitioners with learnings and examples from real-life projects and scenarios.
- **Scalability:** Training a few people for a handful of roles is not enough. Enterprises require collaborative teams at scale for insourcing to work. Talent development programs should be scalable to meet business needs.
- **Relevance:** The biggest challenge of technology talent is the technology itself. One-time learning is not enough. With technology changing so fast (the half-life of technology has reduced to 2.6 years), continuous skilling or reskilling is required. Talent development models should ensure continuous skilling to remain relevant, otherwise it will not be able to support the technology trajectory of enterprises.

For many enterprises, in-house talent development can be a challenge and it can impact their business. It is better if these enterprises look for partners who can help them with talent development.

The Lighthouse approach to continuous talent development

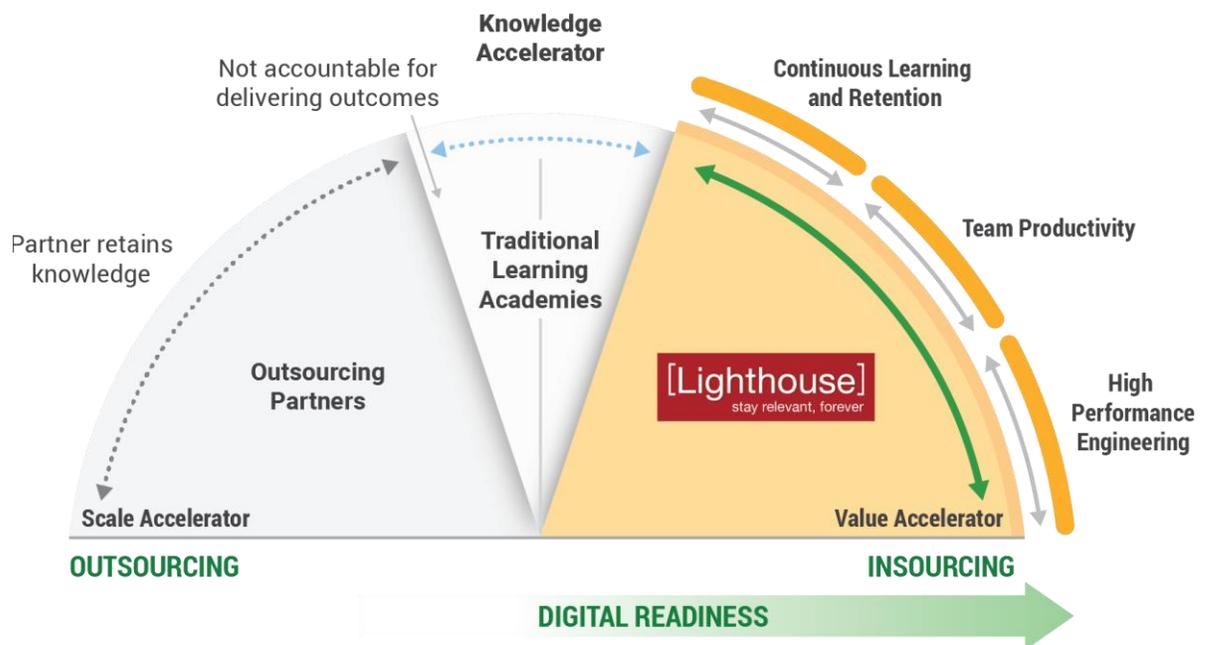
Lighthouse is an emerging class of skill development institutions, which combine learning, earning, and experience in the same sentence, or as they call it, a LEAR institution. It was founded by a team of technology services industry leaders (including Naveen Rajdev, former Chief Marketing Officer, Wipro), whose aim was to change the way people learn new technology skills and apply them to their evolving jobs. Its mission is to ensure that everyone should “Stay Relevant, Forever™.”

Lighthouse combines continuous role-based skill building with active mentoring support and apprenticeship. Their goal is to help companies take advantage of building the scale of outsourcing with inhouse role-based career development. With technology half-life being reduced to 2.6 years, the founders recognized that they had to create an active fusion of combining Learning, Earning and Experience.

Lighthouse’s Stay Relevant, Forever™ model is getting noticed favorably by various corporates including large banks, healthcare, retail, and manufacturing companies, who are dealing with talent shortage and are trying to insource large pieces of work and retain their workforce.

To put this in simple words, Lighthouse has taken university education and divided it into evolving progressive bite-size programs, which can be taken up as one’s career progresses. The model is unique and works very well with insourcing programs and helps companies retain and continuously build talent. In their own claim, they believe they can help build skills throughout career spans at a fraction of the cost of attending graduate school. Students can avoid debt and use their time in building and embracing skills to help their careers evolve as technology disrupts business and shifts skills demand.

Exhibit 1: Lighthouse Approach to Insourcing Talent Development



Source: Lighthouse

Lighthouse insourcing talent development approach has embodied principles of usefulness, scalability, and relevance and is a value creator for enterprises, as shown in the previous exhibit.

Bottom line: Enterprises serious about insourcing should look for partners for continuous talent development pipeline

Sustainable insourcing will require sustainable talent strategy. Talent development should ensure usefulness, scalability, and relevance. Technology talent development in changing markets is not the core competency of many enterprises, and they can increase their chances of success by partnering with new-age talent development firms, which are disrupting the traditional talent development market. Enterprises can ignore talent risk at their own peril.

About the Author

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Pareekh Jain is Founder and Lead Analyst of EIIRTrend and Pareekh Consulting.

EIIRTrend.com is a neutral platform to discover emerging engineering, IoT, Industry 4.0 and R&D (EIRR) trends across 12 industry verticals. Pareekh Consulting is a focused analyst and advisory firm for EIRR.

A seasoned EIRR professional, Pareekh has seen the EIRR industry from four perspectives: service provider, sourcing advisor, enterprise buyer, and industry analyst.

He is regularly quoted in the media on engineering services, IoT, and outsourcing trends, including Harvard Business Review (HBR), NDTV, Times of India, Economic Times, Business Standard, Hindu, Business Line, Livemint, Financial Express, Rediff, Voice of America, and Business Insider.

Pareekh is a thought leader, having authored various publications on topics related to EIRR outsourcing. He loves business fiction writing in his free time, and has authored a novel, *Who Is That Lady?*

Pareekh received his MBA from the Indian Institute of Management (IIM), Bangalore and his Bachelor of Technology degree from the Indian Institute of Technology (IIT) Delhi.

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