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Together makes progress

Putting people at the center of managed services

Managed services have come a long way from basic information technology upkeep. Today, organizations turn to them for a range of critical day-to-day operations, from cybersecurity and cloud computing to finance and supply chain. Deloitte's 2024 Global Outsourcing Survey underscores how far the model has expanded: 50% of surveyed executives said their organizations were using outsourced services for front-office capabilities like sales, marketing, and research and development.[1]

The business case is compelling. Managed services can make costs more predictable and help service delivery scale more effectively. They can also give organizations faster access to new capabilities. Increasingly, organizations view managed services as a catalyst for continuous improvement, including the ongoing transformation of how work gets done. Even so, managed services arrangements often fall short of the outcomes envisioned in the business case.

Managed services transformation efforts can over-index on process and technology, particularly as organizations introduce new capabilities like artificial intelligence (AI). The people and organizational factors that influence how employees experience, adopt, and operate within the new environment may get less attention. Addressing these factors throughout the managed services journey can help reduce transition risk and accelerate progress toward sustained business outcomes.

The hidden obstacle to value realization

Organizations continue to invest in managed services models. At the same time, leaders frequently report that anticipated benefits fail to materialize at the pace—or to the extent—they expected.

Beyond that, employee resistance and management behaviors can put the managed services program and its business case at risk by slowing adoption and limiting the value organizations realize from their investment.

These observations point to a broader pattern. Managed services programs are commonly designed around processes, service levels, and technology platforms. But the talent-related changes required to make those elements successful are often treated as an afterthought.

As a result, organizations may enter a managed services arrangement with detailed plans for systems and operations, but less certainty about critical talent questions. What capabilities will be required in the future state? How will key talent be retained during transition? Who owns talent risk? And how will leaders maintain performance while simultaneously changing how work gets done?

When those questions remain unresolved, the business case can falter long before the program reaches maturity.

Rethinking the role of talent in managed services

For years, organizations have treated talent considerations as something that happens during transition, then handed off. That practice no longer reflects the reality of modern managed services programs.

Today, organizations are expected to transform while operating. They must sustain business performance, adopt new technologies, redesign work, and develop new capabilities all at the same time. Each of those objectives has a human element that can spell the difference between failure and success.

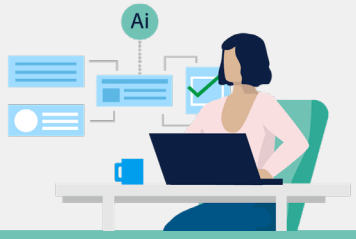
Succeeding in this environment requires redesigning the work, workforce, and ways of working across both retained and managed service teams. Doing so puts organizations in a better position to realize the business case and continue building value over time. Three interconnected capabilities support this effort:

Talent strategy

Before agreements are finalized, leaders need a clear view of the future operating model and the talent required to support it. They also need to define the organizational structure and how retained and managed service teams will work together. Assumptions about talent should be tested as rigorously as financial assumptions so that the business case reflects operational realities.

Talent transition

Transition involves moving people and processes into a new operating model while transferring critical knowledge and maintaining business continuity. Careful planning can reduce transition risk by protecting critical talent and institutional knowledge while preparing the organization for day-one readiness. Managing these activities as a coordinated effort also helps keep the business case on track.



Talent transformation

As the new operating model takes shape, organizations can continue redesigning how work gets done across retained and managed service teams. Roles and talent models evolve as employees build new skills and teams determine how people and AI will work together. The result is a workforce better equipped to take advantage of new capabilities and continuously improve performance over time.

Change management is the thread that ties these capabilities together. Employees and leaders need ongoing engagement, communication, and support as responsibilities evolve and new ways of working emerge.

Why timing matters

One of the most common mistakes organizations make is treating transition and transformation as separate phases. Managing them as an integrated effort across people, processes, and technology helps reduce implementation risk while accelerating value beyond day one.

Talent considerations influence every stage of the managed services journey. During deal development, talent assumptions help determine whether projected benefits are achievable. During due diligence, leaders can gain visibility into retention risks, skills gaps, and regulatory requirements before they become operational challenges.

As transition begins, talent planning becomes essential to maintaining service levels and preparing employees for day-one readiness. During stabilization, leaders must sustain performance, manage retention concerns, and reinforce adoption of the new model.

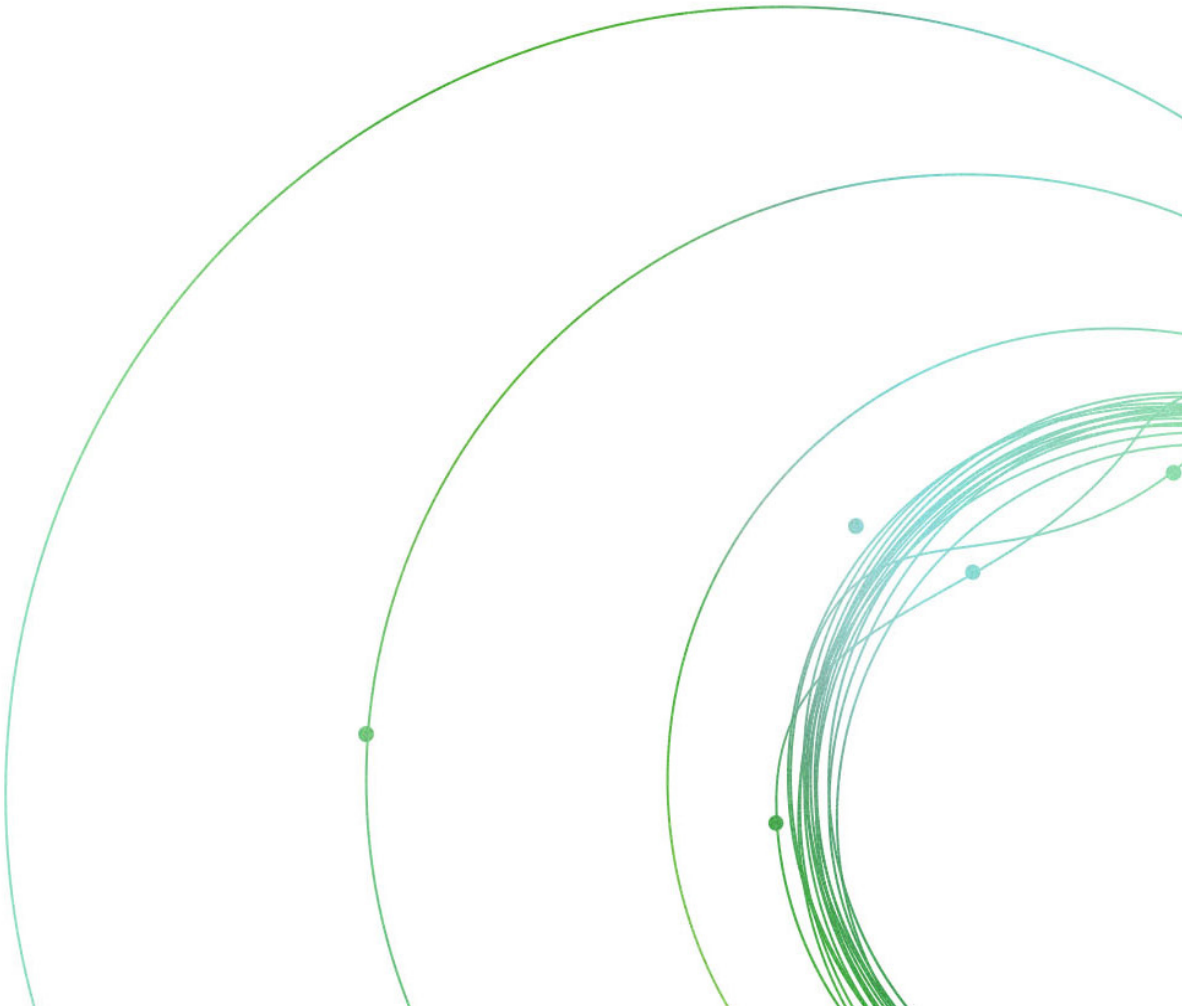
From there, organizations can redesign work, build new capabilities, and integrate technology in ways that improve performance over time. Rather than viewing managed services as the final destination, they can use the operating model as a platform for ongoing improvement.

Moving from business case to business outcome

Bringing people into the equation from the outset helps protect the value of managed services over time.

When talent risks are identified and addressed early, the business case is better equipped to withstand the realities of implementation. When transitions are actively managed, organizations can maintain business continuity and build momentum toward day one. And when work is redesigned thoughtfully, employees are positioned to thrive in the new operating model.

Value can continue to build after go-live. Managed services programs are often evaluated based on cost reduction and operational efficiency. As important as those targets are, the bigger opportunity is in creating an organization that can continuously adapt and improve. In the end, people are the critical factor in determining whether managed services is a commoditize outsourcing arrangement or a platform for sustained value creation.



Endnotes

1. "Global Outsourcing Survey 2024," Deloitte.

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