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**Business Strategy**

**Outsourcing**

Outsourcing is when a firm hires a party outside the company for services and creating goods. Traditionally these tasks are performed in-house by the company’s own employees and staff but the practice of outsourcing is mostly undertaken for purpose of cost-cutting, increased efficiency, and faster and better services. Using outsourcing strategy may also lead to efficient turnaround times, greater competitiveness within an industry and decreased overall operational costs.

Nestle and Nielson Holdings are the 2 leading companies that entered into outsourcing agreements with firms with specialized services.

**Nestle and OmPrompt EDI services**

Nestle is world’s leading beverage and food company. It has produced a great range of products i.e. bottled water, baby foods, cereals, chocolates, culinary, coffee, canned & frozen food, healthcare nutrition, dairy, ice cream, pet care, weight management services. Since Nestle is a global brand and produces wide range of products, dealing with all the processes could be complicated for the company. Outsourcing helps the company deal with those complications in aspects like unnecessary task and cost reduction.

Nestle outsources IT system because being a food company, they have less potential in IT field as compared to the company which directly deals with IT systems. Information technology provides an improved and efficient infrastructure for the management and visibility of information across the supply chain within the company. (Phillips, 2018)

Moreover, it helps reduce the complexity of supply chain information. As a result, it brings about correct and precise forecasting demand and an improved communication between buyer and supplier. OmPrompt EDI provide services that automate the management of orders, proof of purchase and delivery documentation and improves supply chain efficiency as a result. They provide services for connecting communities between retailers, suppliers, distribution center and logistics services. Nestle has installed OmPrompt’s Intelligent Message Management service to enable order receiving from smaller merchants in the same format and accuracy as they do from the large supermarkets. RFID is another IT system that reduces the number of tasks and employees, improves product security, track the problem, and saves cost and energy. It also provides a quicker flow of supply chain and reduces the risk of holding many stocks. (Jones, 2017)

Nestlé’s outsourcing contract with OmPrompt is short term and renewed after every 2 years to avoid any threat towards company’s competitive capabilities.

**Nielson Holding and TCS**

Nielsen is a leading global company for information and data analysis. Nielsen has been providing information and analytics regarding scientific innovations and are constantly working on developing new ways to answer the questions regarding media, retail and consumer goods industries. Nielson helps companies and retailers understand the buying trends and behaviors in terms of products, categories and brands. For example, measuring how much Lays vs Pringles are sold in stores, or how much Close up versus Colgate toothpaste is sold. It is done by analyzing huge amounts of data that calculates what is being sold. It is a big company that deals with a huge amount of information, operations, management, supply chain and work force. (Roberts, 2018)

Partnership between Neilson and TCS (Tata consultancy services) aims to streamline and simplify Nielsen’s business practices as well as help the company work towards innovative services and customer satisfaction. There are a number of services that TCS provides for Nielson i.e. integrated solutions of business process outsourcing, IT support for infrastructure and application development. The outsourcing contract between two companies recently extended for five years until 2025. The two companies worked out a mutual agreement and it is reported to be the one of the smoothest outsourcing agreement at an Indian corporate firm. (Sood, 2019)

# References

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