

**Evaluating Outsourcing Options: Tips to Ensure IT Outsourcing Success!**

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**Agenda**

- *Outsourcing Options*
- *When to Outsource – When to keep in house*
- *Vendor Selection*
- *Contracting Tips*
- *Transition Planning*
- *Steady State Management Tips*
- *Summary and Conclusion*

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**Outsourcing Options**

- Comprehensive
- Selective
- Multi-Vendor
- Near-Shore
- Off-Shore

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## Outsourcing Options

**Comprehensive Outsourcing**

- Scope – All of your IT functions
- Usually involves a Tier 1 Outsourcer
- Assumption of staff
- Purchase of Assets
- Outsourcer may have to propose near/offshoring to meet your price demands

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## Outsourcing Options

**Selective Outsourcing**

- Partial outsourcing of IT functions
- Some functions retained in-house
- Usually cost driven
- Scope of potential outsourcers expanded

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## Outsourcing Options

**Multi-Vendor Outsourcing**

- Usually a strategic decision
- Cost/capability driven
- Extensive coordination of underpinning contracts required
- Continual vendor assessments required
- Probably requires more in-house staff

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## Outsourcing Options

- Near-Shore
- Cheaper than CONUS operations
- Closer to CONUS operations
- Typical locations
- Labor availability varies
- English Language capability varies
- Outsourcer may have to propose near/offshoring to meet your price demands

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## Outsourcing Options

- Off-Shore
- Traditionally provides the lowest costs
- Locations are farthest from CONUS operations
- Typical locations
- Labor availability varies
- English Language capability varies
- Outsourcer may have to propose near/offshoring to meet your price demands

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## When to Outsource – When to Keep in House

- Not a Core Business!
- Need to Control the Environment/Work Processes
- Where it Makes Financial Sense
- Don't "Outsource the Mess"

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### Vendor Selection

- Need for Consulting Services
- Selection Criteria
- Selection Process and Tips
- Selection Opportunities
- Internet help

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### Vendor Selection

#### Need for Consulting Services

- Do you have the expertise?
- Do you have the time?
  
- Sources of potential help
- Scope can vary from extremely limited to total support
- Cost will vary accordingly

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### Vendor Selection

#### Selection Criteria

- Capability
- Cost
- Experience
- Reputation
- Contracting/legal support
- Ease of doing business with

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### Vendor Selection

**Selection Process and Tips**

- The bigger the job, the bigger the selection effort
- May be a significant effort – can you do it alone?
- Ensure that your work processes are solid before starting
- Internet (“Google it”)

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### Vendor Selection

**Selection Opportunities**

- Tier 1 Outsourcers
- “Challengers”
- Others

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### Contracting Tips

- Customer Service Level Agreements
- Outsourcing Provider Underpinning Contracts
- Penalties – Friend or Foe?
- Relationships
- Monitoring/Control

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## Contracting Tips

Customer Service Level Agreements

- ITIL training required?
- You'll need these first – before you start
- Ensure that all services are covered
- Ensure that all SLAs are clear, measurable, etc.

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## Contracting Tips

Outsourcing Agreement (Underpinning Contracts)

- ITIL training required?
- Support the Customer Service Level Agreements
- Ensure that all service providers are covered
- Coordinate UCs in multi-vendor outsourcing
- Ensure that all Underpinning contracts tie to SLAs, are clear, measurable, etc.
- Scope of effort will vary

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## Contracting Tips

Penalties – Friend or Foe?

- Traditional view
- Relationship view
- Cost implications
- Alternative solutions

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## Contracting Tips

**Relationships**

- The key to your success!
- Requires dedicated effort – probably lots of it
- Must be involved in periodic reviews
- Management support is critical

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## Contracting Tips

**Monitoring/Control**

- Periodic reviews of performance, KPIs and issues
  - Dashboards – Web based reporting of KPIs
  - Weekly Ops meetings
  - Monthly reviews
  - Quarterly with higher management support
- If Multi-Vendor environment - include all vendors
- Ensure you have an issue resolution process with escalation points identified – before you need it
- Identify End Early criteria and options

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## Transition Planning

- Scope depends on scope!
- Dedicated PM (PMP) support required
- Break effort into manageable phases
- Go-No decisions before cut over
- Back out – Implementation delay planning
- Post implementation reviews

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## Steady State Management Tips

- Keep your eye on the ball at all times!
- Periodic reviews are essential
- Foster a cooperative spirit between “your partners”
- Keep “your partners” informed
- Encourage innovation
- Share future cost savings

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## Summary and Conclusion

- *Outsourcing Options*
- *When to Outsource – When to keep in house*
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- *Contracting Tips*
- *Transition Planning*
- *Steady State Management Tips*

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## Summary and Conclusion

- Do your homework first
- Don't outsource a mess!
- Get help as needed
- Select the best partner (s)
- Stay focused – it's still your IT shop
- Relationship, relationship, relationship

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