

Outsourcing Strategies and Challenges

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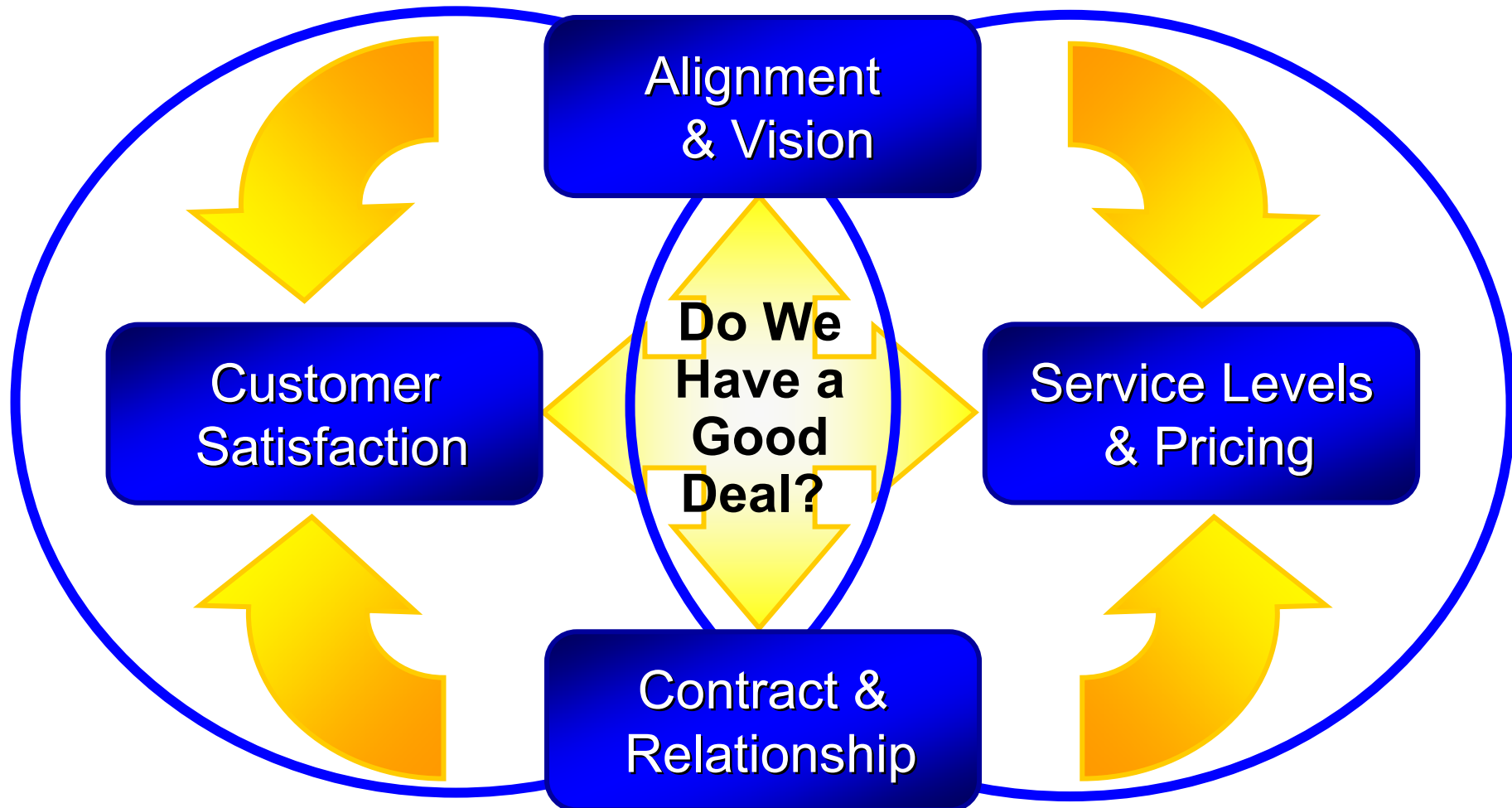
The Five Fatal Errors of Sourcing

1. Sourcing is a make-or-buy decision.
From now on, we buy.
2. We must reduce fixed costs and capital.
Let's outsource those areas.
3. What we really need to focus on is selecting the right provider and negotiating a strong contract.
Our purchasing department knows how to do this.
4. Why should we keep retained people and costs?
We buy a full service; therefore, we transition them all.
5. Now we are a more-focused and lean enterprise.
Let us plan for the next business steps ...

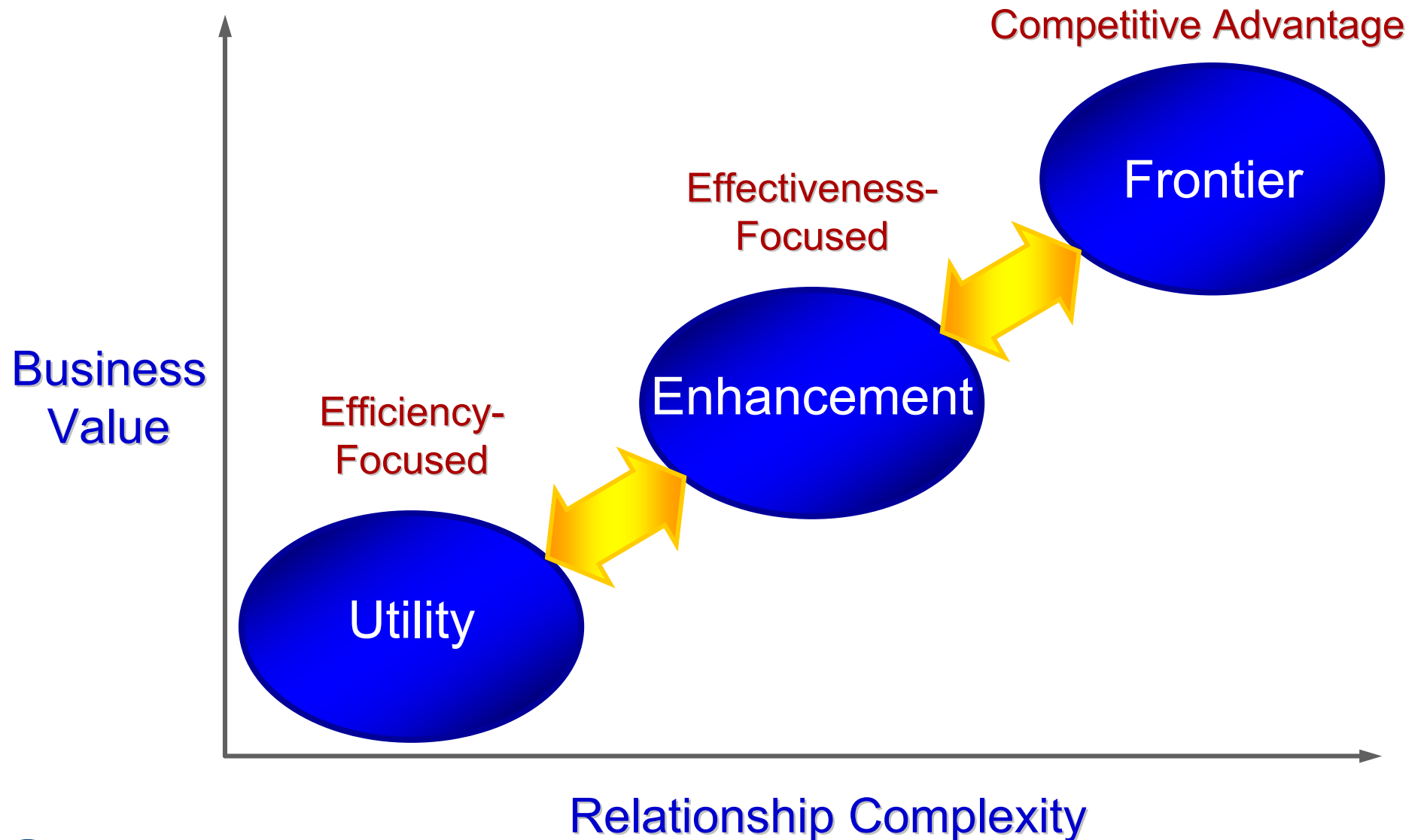
Cheques and Balances

Service Recipient

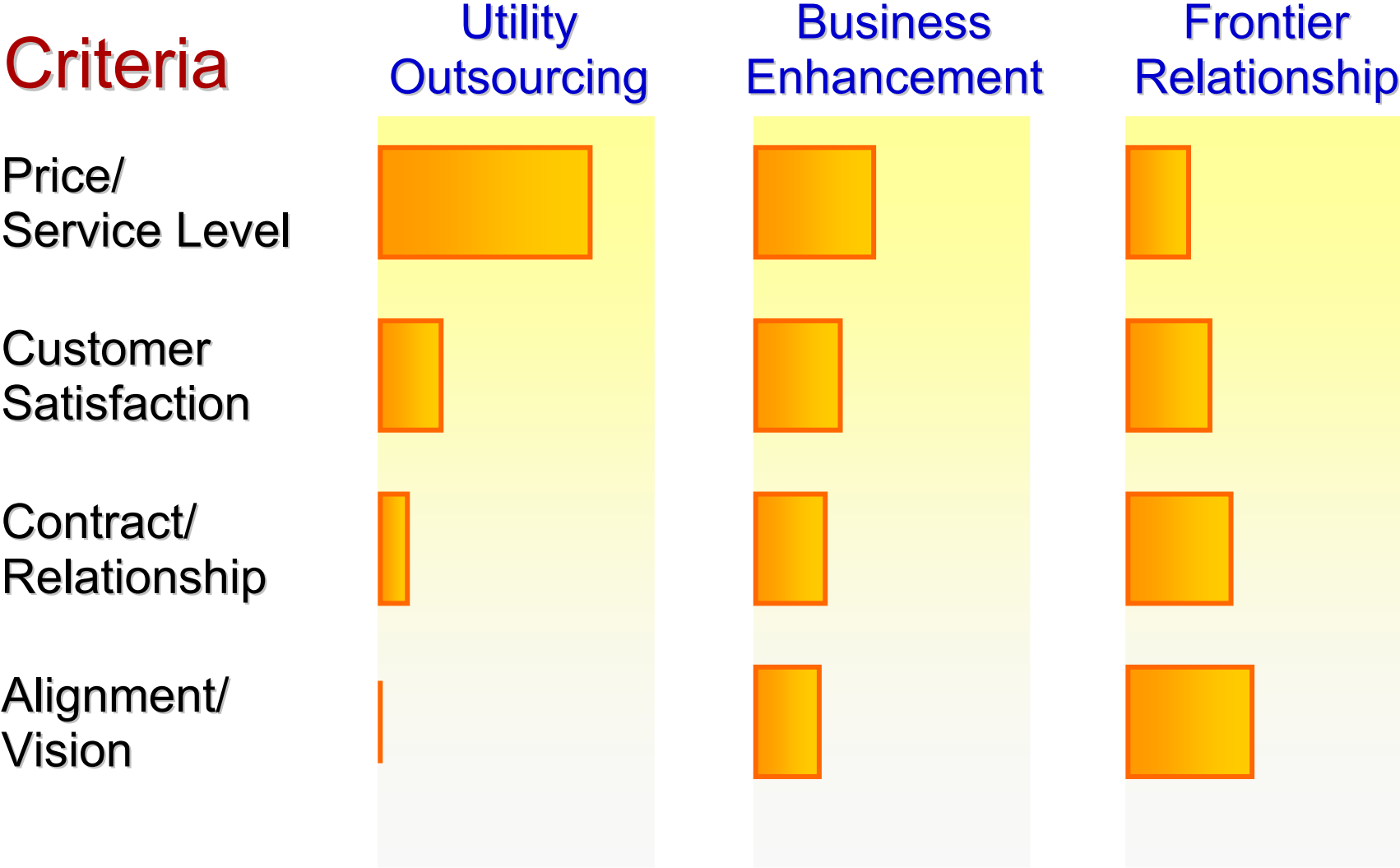
Service Provider



Three Types of Relationships



Measuring Success by Type of Relationship



Will we have a good deal? – 14 Key Questions

Alignment and Vision

- Does the deal support the strategic goals?
- Is the deal adaptable? Will it enable business and technology innovation?
- Are the parties aligned—do they have a shared vision of where the deal needs to go?

Customer Satisfaction

- Is Business Management satisfied with the delivered service and support?
- Is Business Management satisfied with the relationship?
- Is the user community satisfied with the delivered service?

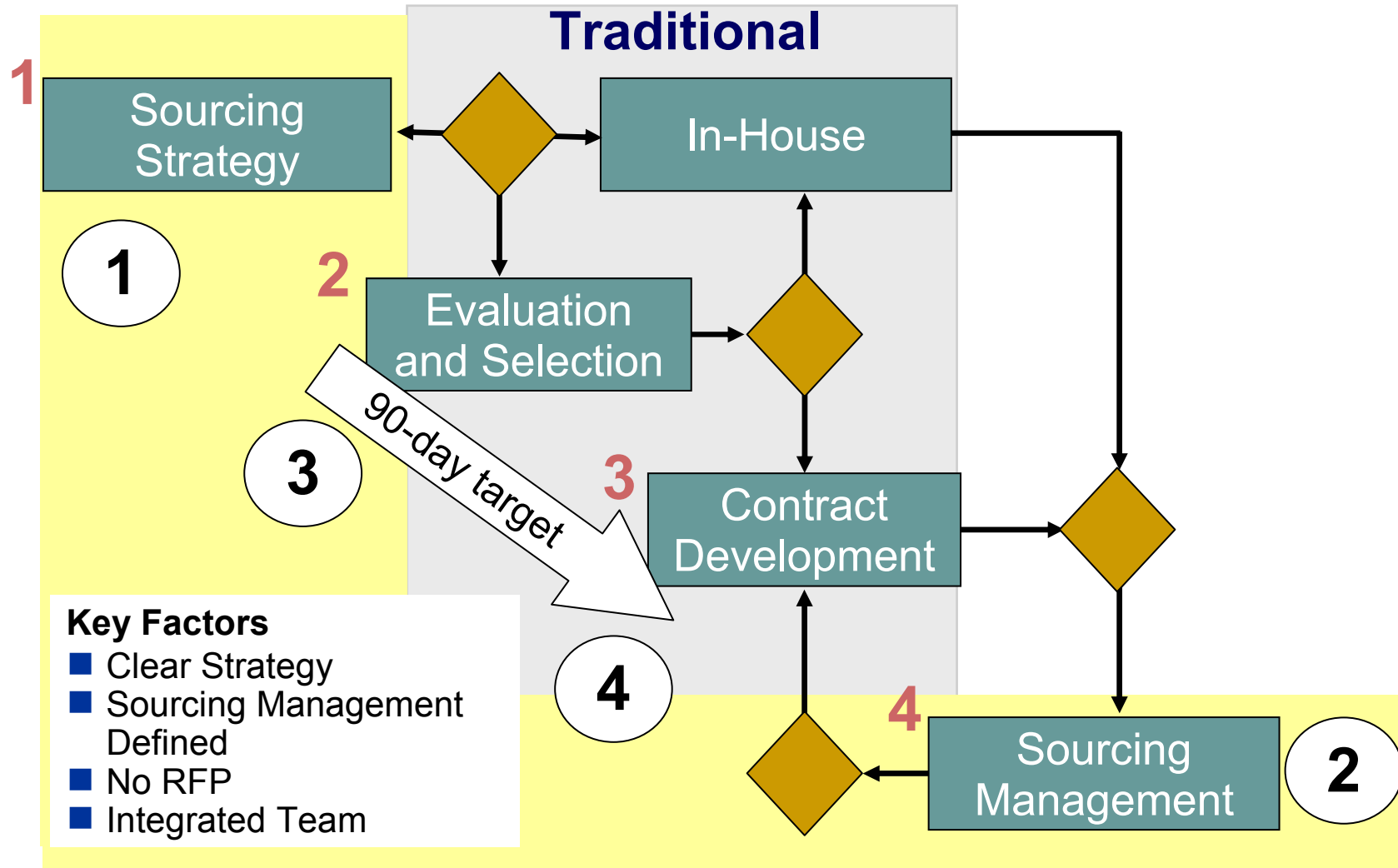
Price and Service Levels

- Are the business needs met by the Scopes of Work and Service Levels?
- Are the Service Levels reasonable?
- Are the agreed Service Levels met?
- Is the price reasonable?

Contract and Relationship

- Are the SR and SP contract teams sufficiently staffed and skilled?
- Does the relationship between SR and SP prevent or support what needs to be done?
- Are the required Relationship Practices in place, appropriate and effective?
- Does the contract prevent or support what needs to be done?

Gartner's Sourcing Life Cycle



Recommendations

- **Employ the sourcing life cycle as the key to successful business operations.**
- **Master sourcing governance and management to deliver seamless business operations.**
- **The IT services market offers everything but maturity. Risk management is fundamental to every IT sourcing evaluation.**

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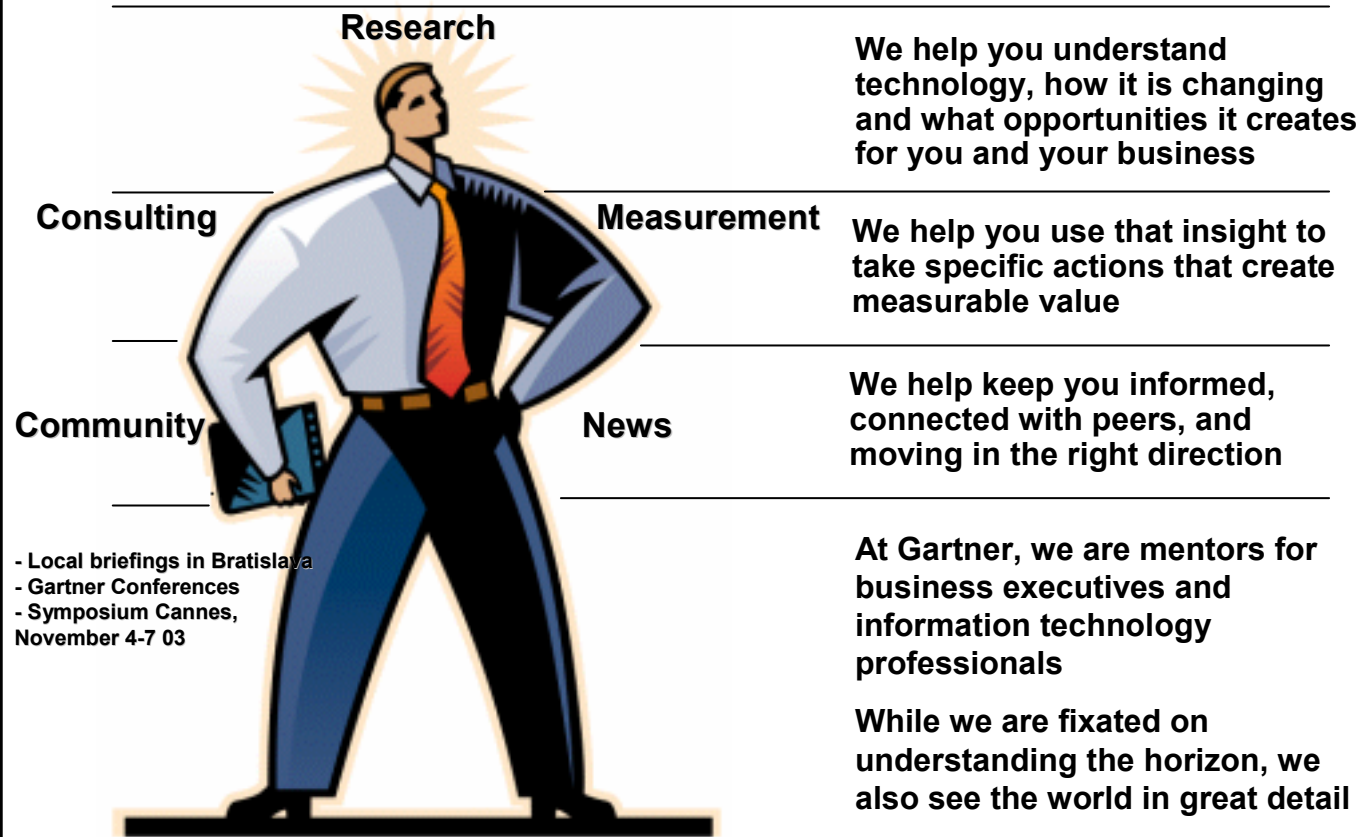
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