

THE CIO'S GUIDE ---

TO EVALUATING IT SOURCING OPTIONS

SAVE TIME AND STAY FOCUSED.

Keep your IT team focused on enterprise priority work.

SAVE MONEY.

Secure an engagement that's made and priced to your advantage.

MARKET INSIGHT.

Understand what's working and not working in the marketplace.

BETTER RESULTS.

Prevent missteps that could undermine the value of your efforts.

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INTRODUCTION

Technology always seems to evolve at the speed of light. Perhaps even more so given the events of 2020 – with an added emphasis placed on contactless work, cloud computing and a bigger reliance on IT services in general.

The upshot is that the IT landscape has changed dramatically from just a year ago. In addition to the rise of remote work and technology advances like Robotic Process Automation (RPA), we also now have more service delivery options, more vendors, and even more pricing models to consider. How can you possibly sift through it all and determine what's best for your company's future?

We will explore how to evaluate sourcing options without going through a complicated Request for Proposal (RFP) process.

THE VETTING PROCESS

During the selection process, you need fresh ideas to address specific requirements within your IT environment and lead you through a transformation process. Planning and execution are required that take into account the latest industry trends and best practices.

To evaluate your sourcing options, you'll need resources to:

- Conduct a comprehensive assessment of your company's current IT services and costs to accurately compare possible alternatives.
- Investigate service delivery options that include selective services, geography, assets, cloud computing, or traditional outsourcing methods, or perhaps all of them.
- Identify selection criteria to attract the best solutions, as well as the best providers.
- Understand recent outsourcing pricing models.
- Plan and execute a smooth transition.
- Develop a high-level business case for change that your staff, C-suite, and other stakeholders can rely on with confidence.

RISKS AND BENEFITS

There are many different providers and delivery models, especially with the industrialization of IT infrastructure hardware, software, and support services. You will need to compare and contrast many different options to your internal support requirements and direction. Yet for the most effective selection, you need to remain unbiased and avoid preconceived notions to identify and implement strong, cost-effective responses to your unique IT challenges.

Whether your goal is to avoid capital expense, improve service, focus on higher-value work, or reduce cost, use the many sourcing options to your advantage to create the right solution and pricing.

This is especially important when you consider that corporate decision-making can, at times, be derailed by employees who feel their job may be in jeopardy or their power circle may shrink, or who simply fear change. Foot-dragging or even outright sabotage during the information gathering stage may be subtle, but it can still produce substantially skewed results. The right approach and resources can help you avoid dissatisfaction and turn hesitant employees into advocates for change.

ITERATE TO MITIGATE RISK.

It is best to iterate through the vetting process 2-3 times to establish the right baseline and to determine the sourcing options that are the best fit for your environment. Stay high-level in the beginning, establishing broad objectives and requirements, and let your internal data and the external market craft the right solutions for you. During each iteration, you will discover the right options for your team and organization. As the business case develops, go into more detail to validate the assumptions made during the previous iterations.

GREATER INSIGHT.

Taking this approach allows you to learn about the latest technologies, trends, and best practices. You will learn what works well within your enterprise, and what won't. You will see hidden opportunities -and also potential landmines - that could be easily overlooked.

BETTER RESULTS.

To garner support for change from your top management, stay independent and open by validating assumptions you've already made or by building a business case. Basing your decision-making on thorough, accurate data prevents missteps that could undermine the value of your outsourcing efforts. Pinpoint the most meaningful answers for your company and secure faster time-to- implementation.

THE RIGHT FIT MATTERS

Hiring a service provider is a business proposition, but it's also personal. Although service providers may seem very similar at first glance, no two are alike. Finding the right fit will determine the quality of your experience, as well as the results you achieve. So pick someone you like and trust, not just the right credentials.

WHAT SHOULD YOU EXPECT FROM YOUR SERVICE PROVIDER?

Without a doubt, your service provider will possess extensive, pertinent technology experience; however, also make sure they understand how your IT relates to your “big picture” corporate functionality, agility, and strategy. They should be conversant with your industry and type of enterprise, yet still interested in learning what makes your organization’s IT environment truly unique.

They should project an obvious sense of commitment to your company, however narrow or broad the scope. That includes working diligently to meet set deadlines, a collaborative attitude to work in tandem with your key staff, and a willingness to volunteer additional insight, coaching, or advice to help achieve your best outcome.

A systematic approach should be offered that will be thorough yet flexible enough to assure it's tailored specifically for your company and project.

WHAT SHOULD THEY EXPECT FROM YOU?

You should be prepared to clearly explain what you want to accomplish by working with them, as well as your timeframe. You should be prepared with data, background information, or other relevant materials, so you don't waste their time and your money. And you should be prepared to listen with an open mind to their observations, as well as their recommendations.

FINDING THE RIGHT FIT

So why do you want to consider sourcing? What kind of help do you need? Defining the potential services in scope is the first step toward finding the appropriate provider. It's certainly the first question they'll ask you. Service providers do not all provide the same range of services, nor do they deliver them in the same way. Because services and delivery models can vary widely, knowing what you want to achieve will help you hone in on the right provider.

If you know you need assistance but aren't certain exactly what that might look like, a sourcing advisor can help you figure it out. They'll assess your situation and make sure you're asking the right questions so you get started in the right direction. Even if you do have specific project details in mind, are you open to suggestions or modifications? Your advisor may see opportunities you've overlooked.

RESEARCH THEIR CAPABILITIES.

Of course, you want a service provider that is leading-edge, especially as it relates to your sourcing targets, such as hardware and software platforms, network, end-user support services, security or disaster recovery. You may want to consider a provider that has a wide range of services, or a provider that has a specialty in a selective service area. It largely depends on your services in scope, and your future direction.

A service provider whose team members have both in-depth technical knowledge and advanced business experience will be able to easily understand the implications of change for your organization. They can quickly pick up on behind-the-scenes issues or challenges, identify hidden opportunities, and understand your IT needs from your customers' viewpoint.

GET REFERENCES AND FOLLOW UP.

Do not take claims of competence at face value or rely solely on resumes. Ask prospective providers what clients they have worked with in the past. Call some of those clients and talk with them about their experience and the value of their results. Was work completed within the desired timeframe, and on budget? Did the service provider exceed expectations in any way? How did they deal with any issues?

Ask candidate providers specifically about past clients that are in your industry or are similar to your company in terms of size, structure, or global position. Have there been several, or will your project be a new adventure for them? Beyond client similarities, what deals or projects have they completed that are similar to yours in scope or other factors?

ASK ABOUT THEIR WORKING PHILOSOPHY.

You want a provider whose approach to helping you goes beyond the data— they should consider your corporate style and culture because those intangibles can significantly affect what solutions will work best for you. Is the provider flexible enough to roll with your company's idiosyncrasies?

How do they perform their work? Some providers are quite proud of the templates and formulas they've developed to drive solution selection, but you should hold out for a partner that understands there's more to custom tailoring than filling in the blanks. Ask how they typically communicate with clients and try to get a sense of how invested they will be in delivering successful outcomes for you.

A service provider that has a wide range of service offerings will be able to easily understand the implications of change for your organization. A service provider that specializes in a selective service area will likely offer better service and price in that niche area.

MEET THEM.

The vast majority of sourcing relationships that fail are brought down by incompatible working relationships. Personal relationships are the key to success when it comes to working with a service provider, too. So ask yourself “do we like these people?”

Working together successfully requires well-matched personalities and working styles.

Do they readily understand what your service is about? Are they excited about working on it? Do they appear willing to share their personal ideas and insight, as well as their industry knowledge?

A team that doesn't gel won't inspire or support deep collaboration. You'll get much better results - and enjoy the process far more - if you and your provider can work smoothly together with a common goal in mind.

INSIST ON THE A-TEAM.

Don't automatically assume a provider with a big name is a better choice for you. They may be the right one, but ultimately you aren't hiring a name. It's the people doing the work for you who matter most. Make sure you're getting the level of expertise you were promised. Junior-level team members just don't carry the same portfolio of knowledge and experience as the firm's principals or top-echelon partners.

Smaller, niche service providers are often in a better position to guarantee you'll be working with their best people because they don't have cadres of support staff like the larger firms.

SERVICE PROVIDERS PRICE THEIR SERVICES IN DIFFERENT WAYS.

There are many options, but most providers now offer usage-based billing. Providers may charge a flat fee in addition to usage-based fees, and they will likely charge extra for projects such as supporting new and enhanced application modifications.

Smaller providers are in a position to offer lower fees for comparable work because they have less overhead to support. They can be more agile and efficient, too.

Outcome-based fees are also an option where a provider partners with you on successfully reaching your goals. Results are the ultimate metric. A provider whose fees depend directly on successfully reaching your goals is confident in their ability to come through for you, and that should give you confidence in them as well.

THERE ARE WAYS TO KEEP COSTS DOWN.

Openly discuss your budgetary concerns with prospective providers because there may be opportunities to lower costs. For instance, you can ask your provider to acquire some of your equipment, commit to a dedicated amount of resources, or extend the term of your agreement.

But bear in mind one of the reasons you're engaging with a service provider is to focus on higher-value work. You want to strike the most cost-effective balance so you get maximum value without short-changing yourself.

CONCLUSION

Evaluating sourcing options is fundamentally about focusing on your company's future. Start in the right direction by following a solid vetting process to choose the right IT service providers. Save time and money and get better results, all without detouring from your ongoing, mission-critical work.

Keep your long-term goals firmly in mind. Even if your provider only addresses a particular service, you want results that will serve your company well over time. The right provider can serve as a catalyst for new ideas at the same time as they're keeping the lights on in your IT environment.

Following this sourcing process, you'll learn more about the state of the industry and the latest tools and techniques for managing your IT environment, as well as learning more about yourself and your enterprise. The process of vetting and choosing the right provider will prepare you for making the best outsourcing choices for your company.



ABOUT THE WINDSOR GROUP

Windsor Group is an IT sourcing advisory firm that specializes in aligning leading organizations with the latest in managed service offerings. Our advisory team collaborates closely with clients to define new opportunities for efficiency optimization and growth. We prioritize cultural, strategic, and organizational fit to ensure our clients achieve ongoing success through the right sourcing partnerships.