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Clearing the Cloud of Uncertainty – What you need to know when considering an IT Sourcing Engagement

AT&T White Paper in association with The Outsourcing Institute.

Executive summary: While infrastructure sourcing has a reputation for being used primarily within large businesses, more and more midsize companies are evaluating and implementing sourcing strategies as a means to meet objectives, gain competitive advantages and create sustainability and growth. A successful sourcing strategy delivers solutions, services and integration capabilities to support ongoing innovation and optimization. However, creating, implementing and operating sourcing strategies can be a very complex process demanding comprehensive resources, experience, skills and tools. As enterprises turn to sourcing to gain the necessary resources to meet infrastructure and business demands, the process of creating and delivering a strategy can be overwhelming. The right resources can bring wide-ranging expertise suited to a business' needs, while reducing the risk of failure by addressing gaps often found in critical infrastructure components such as management, logistics, technology and the integration of multi-vendor solutions. This paper explores the fundamentals in preparing for an outsourcing strategy, as well as the role an experienced partner can play in planning, designing, implementing and operating a successful sourcing engagement.

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DIY Versus Hiring a Skilled Partner

Some consider “do-it-yourself” outsourcing, where selection of sourcing providers, solution providers and service providers is handled internally. Fundamentally, prospective buyers of outsourcing services seeking to follow this model must be prepared to assess and address four functional areas: risk management, financial management, strategy management, and operational management. The process of evaluating and considering these components of the enterprise infrastructure can often be a barrier to creating and executing an effective sourcing strategy. These may not be core strengths of an organization, but an experienced resource with strong sourcing relationships, expertise and skills can help organizations and their leadership answer these questions, promoting greater potential for a more successful sourcing engagement.

Essential Support for Successful Infrastructure Outsourcing

At its core, successful outsourcing ensures that all phases of the

engagement are thoughtfully considered and maximized. In fact, decision-making can stumble upon the conflicting roles of various players: key decision makers calling for change, and subordinates resistant, or at least not committed, to bringing the change into effect. A key resource, such as a Solution Integrator, can help decision-makers or department heads evaluate and select the best individuals for the team(s). From this perspective, Solution Integrators may be very effective at helping to select a steering committee for leadership buy-in, establishing realistic and obtainable objectives, and building the sourcing team/facilitators who will execute the engagement.

A Solution Integrator acts as an internal advisor helping foster collaboration and a shared sense of purpose, facilitating open dialogue and communication throughout the organization and the sourcing process, and establishing and managing constructive communication and information sharing to aid in developing a sourcing strategy. In this role, the Solution Integrator can help identify and mitigate cultural friction, whether it stems from a poorly defined objective (process improvement or migration vs. cost savings), a resistance to change, or a need for evaluation.

Assessing Resource Inventory

Organizations considering infrastructure outsourcing have already decided that they have the flexibility or expertise

needed to achieve the next level of operational functionality by assessing existing resources and how they can be utilized to effectively address current or future needs. The organization must be efficient and definite in its efforts to gain a clear understanding of the current state of the business environment and how it will need to be impacted to achieve future objectives. Inventory assessments can be extremely comprehensive in nature, but the basic elements are consistent in almost every ecosystem: skills, infrastructure (doers, decision makers, managers), connectivity, availability/ accessibility to critical data, and support for executing and operating the strategy. Depending on the complexity of the organization, assessing inventories can often lead the organization to rule out the DIY option for activating a sourcing strategy. Here again is where a Solution Integrator adds value, helping assess responsibilities and capabilities of existing resources, any potential level of repurposing, and gaps or overlaps in capabilities and functions and resources. Some key components of a resource inventory include:

Skills Forecast. By performing a skills forecast, a business can assess its inventory for today and tomorrow while determining how much transition will be required to meet objectives. With tomorrow's needs uncertain, assessing inventory allows an organization to determine if it possesses the flexibility to pursue short term and continuous change. This may require a provider who can connect the organization with the appropriate resource.

Infrastructure. Determine how many people oversee and manage infrastructure and if the organization is prepared to manage change. A critical piece of the inventory is the holistic disposition of the infrastructure and resources as it relates to supporting and sustaining a strategy based on continuous innovation. If infrastructure management is a challenge to an organization, outsourcing may be very beneficial to supplement and/or transform the infrastructure.

Connectivity. Assess and determine the ability to align internal and external resources to support business velocity, the need for flexibility and constant change. This can include network capabilities, in particular evaluating whether the existing network is sufficiently robust to provide security, speed, geographic reach and reliability to efficiently connect critical resources, tools and services.

Available data and access. Clearly establish the location(s) and accessibility of the organization's data, with emphasis on security, backup and recovery. It is important to ensure the internal resources driving the sourcing strategy are able to access, interpret and apply the data appropriately. If storage and access integrity is a concern, it may be useful to evaluate a transitional solution with a Solution Integrator before executing the overall sourcing strategy.

Measurement & Outsourcing Success
Sourcing strategies require multiple sets of well-defined tools and resources designed to provide consistent measurement at every

stage of the process. The inability of a prospective sourcing customer to effectively evaluate the capabilities of an outsourcing provider can result in engaging a vendor which may be poorly suited to manage the planning, execution and operationalization of the sourcing strategy. Regardless of objectives, sourcing customers should be focused on working with a partner that can not only deliver a method of measurement, but also the tools, skills and resources to adjust various components of the sourcing environment. Strategies require comprehensive toolsets and many vendors and niche providers do not possess this entire range of capabilities. Therefore, customers need to quickly identify those vendors that do not integrate measurements and controls across the sourcing continuum. Possessing key capabilities and competencies including planning, designing, executing and operationalizing the sourcing environment, help define the provider's overall capability to deliver on the project's stated primary objectives (e.g., cost savings or innovation).

Identifying a Holistic and Capable Solution Integrator

As organizations and their leadership seek to innovate and realize the need for “transformative” sourcing solutions and improve internal efficiencies, they also face various challenges. These challenges include the integration of new resources, increases in external costs, and the need to focus on innovative ways to generate revenue. Effective Solution Integrators incorporate themselves into a business environment to understand the challenges and potential alignment with the business infrastructure. While traditional vendors, service integrators and consulting resources may stake claim to comprehensively approaching the need to integrate solutions, the actual scope of deliverable capabilities may be limited. Conversely, a true Solution Integrator not only serves as an internal advisor, but possesses the capabilities, skills, tools and resources to deliver innovation-focused programs, explore ways to re-purpose resources, and focus on issues critical to success and deliver solutions to achieve more efficient operations.

Today's Solution Integrators help businesses transform infrastructure performance through improved intelligence and network optimization. Using the latest technologies, innovations and designs, a Solution Integrator can help a customer identify a list of key considerations to determine the strength of the existing or prospective platform necessary to deliver service on a business-wide scale. A Solution Integrator can align current or future needs with capabilities to address required business functions, deploy and

manage native solutions, and integrate and manage third-party providers.

The Value of a Solution Integrator

In almost all engagements, the deliverables from a Solution Integrator vary. They can range from reviewing engagements, costs, and agreements, to providing a reality check, helping frame, define and challenge data sets on an RFP, and potentially validating that outsourcing is not the correct course of action based on research or realities discovered during the evaluation process.

The long-term success of an infrastructure sourcing engagement relies on a well-crafted strategy consisting of strong service, management, integration and contractual components. Given that the outsourcing relationship often is a long-term commitment, agreements must serve as a multi-year roadmap supporting an environment for continuing optimization; addressing costs, service level commitments, and solution possibilities, including potential insourced solutions.

In preparation for effectively engaging a Solution Integrator, buyers will be best served by ensuring they are versed in weighing and valuing items such as intellectual property, service level agreements and service guarantees. The Solution Integrator's business development team can explore and explain the benefits, then help craft the necessary deliverables into a formal engagement agreement.

A Solution Integrator may help customers develop and clarify objectives with supportive feasibility studies. These

resources will help potential sourcing clients understand and accept the compelling reasons to create and activate a sourcing strategy (whether for cost savings, addressing complexities associated with Mergers/Acquisitions, strategic planning for growth, or eliminating inherent/existing infrastructure limitations).

Additionally, with CIOs often mandated to deliver cost savings or heightened ROI, working with a Solution Integrator can help focus resources on the need to deliver growth, cost savings, and/or new technology for more efficient operations. These efforts include defining baseline costs, benefits, losses and opportunity costs, developing a clear understanding of what existing processes cost today, and what those will look like in a transformed environment.

An experienced and capable Solution Integrator plays a critical role in the sourcing relationship. It is equipped to deliver comprehensive capabilities to help connect ideas with resources throughout the engagement. These capabilities include short-term objectives, benchmarks, management and integrated capabilities to drive transformation, along with an ability to incorporate flexibility as market influences impact business drivers. Clients seeking oversight expertise, whether it is transformation, optimization of existing or integrated resources, targeted operational improvements, or consulting engagements, can benefit by maximizing the role of a skilled Solution Integrator.

The key benefits of engaging a Solution Integrator are the resources and experience brought to bear in the relationship and the

impacts these capabilities can have on the potential for long-term success. Working with a truly comprehensive Solution Integrator, potential sourcing clients can go from a “just give me a proposal” mindset to a solution focused on the necessary depth and scope of details needed to ensure success. Solution Integrators deliver consistency throughout the entire sourcing environment: evaluating, planning, designing, executing, delivering and managing contracted components for the life of the engagement. That is something customers typically do not experience when engaging in a DIY or vendor-based approach to sourcing.

Conclusion

Managing the complexities associated with evaluating an infrastructure sourcing strategy can be daunting, but it is nonetheless necessary in order to determine the best path for achieving your business objectives. While do-it-yourself is always an option, engaging an experienced partner can help simplify your evaluation process and provide the most efficient methodology in making your decision. Whether your platform is built on DIY or utilizing an outside party, a Solution Integrator can provide the common and consistent components of your strategy, delivering value through every stage of the process. However, before taking the step towards infrastructure sourcing, it is important to understand your current

environment, evaluating inventories, the potential impacts of change, and your ability to manage transition and operate the transformed environment. Focusing on business velocity and achieving objectives are critical to the success of your business. Applying a sourcing strategy can help in simplifying the process of addressing infrastructure, transformation and operationalizing a constantly changing environment. By understanding what you need to know when considering an infrastructure sourcing strategy, you can help promote a greater potential for success, and feel confident in your decision.

About AT&T Network Sourcing and Integration

Whether you are looking to integrate platforms, outsource some or all of your IT requirements, or supplement your managed services environment, AT&T Network Sourcing and Integration can help you:

- Replace a legacy system
- Consolidate applications
- Automate manual processes
- Develop a multi-year roadmap and technology/infrastructure evolution plan which includes checkpoints and benchmarks
- Create a customized networking solution
- Provide a streamlined approach to lifecycle management of your infrastructure evolution

For more information on AT&T Network Sourcing and Integration, please [click here](#).

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