State of Louisiana
Office of Information Technology

Provider Management Plan
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Executive Summary
## Executive Summary

The Provider Management Plan analyzes market trends in IT service delivery and evaluates the current state of Louisiana’s IT functions on suitability for out-tasking or further investment in in-house capabilities.

<table>
<thead>
<tr>
<th>Provider Management Overview</th>
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</thead>
<tbody>
<tr>
<td>- The marketplace for service delivery has evolved from centralization of authority to shared services to a portfolio approach (i.e., balancing shared services with out-tasked services)</td>
</tr>
<tr>
<td>- Out-tasking should not be understood as the absolution of involvement with systems or tools, rather the State must be prepared to aggressively manage contracts and vendors</td>
</tr>
<tr>
<td>- The State could use a spectrum of delivery models in the selection of alternative providers</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Market Trends</th>
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</thead>
<tbody>
<tr>
<td>- According to Deloitte’s 2012 Global Outsourcing and Insourcing survey across 10 industry sectors, IT continues to be the most out-tasked business function</td>
</tr>
<tr>
<td>- Out-tasked IT is also the business function most likely to be considered for insourcing, primarily due to lack of service quality against expectations</td>
</tr>
<tr>
<td>- State IT organizations typically take a range of approaches to IT provider sourcing—from single domain out-tasking to wholesale out-tasking of the entire organization</td>
</tr>
<tr>
<td>- States have seen mixed results from their IT out-tasking and there is a lack of evidence of long term return on investment from these types of arrangements</td>
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<table>
<thead>
<tr>
<th>Opportunities for Louisiana</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Build up in-house capabilities in financial, contract, vendor, and project management to support alternative delivery models in the future</td>
</tr>
<tr>
<td>- Evaluate existing service costs and staff capabilities of the consolidated IT organization to inform sourcing strategy</td>
</tr>
<tr>
<td>- Build holistic sourcing strategy and evaluate initial opportunities identified including: Level 1 helpdesk, data center facilities, hosted IP telephony, web and select application development and maintenance</td>
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<table>
<thead>
<tr>
<th>Next Steps</th>
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<tbody>
<tr>
<td>- Determine the future state goals and objectives for each out-tasking opportunity areas</td>
</tr>
<tr>
<td>- Conduct a detailed inventory of current IT environment, assets, personnel capabilities, and change management readiness to define scope and timeline for each opportunity</td>
</tr>
<tr>
<td>- Develop detailed business cases to determine ROI, risks, and business impacts</td>
</tr>
<tr>
<td>- Make decision on whether or not to bring the out-tasking opportunity to market</td>
</tr>
</tbody>
</table>
Provider Management Overview
Evolution of provider and service delivery approaches

Service delivery has evolved across various industries to a “portfolio approach”, which is defined by balancing shared services operations with out-tasked services.

<table>
<thead>
<tr>
<th>1970 – mid 80s</th>
<th>Late 80s and 90s</th>
<th>Late 90s to mid 00’s</th>
<th>Late 00’s to present</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Centralization</strong></td>
<td><strong>Shared Services/ Centers of Excellence</strong></td>
<td><strong>Offshoring and out-tasking</strong></td>
<td><strong>Portfolio Approach</strong></td>
</tr>
<tr>
<td>Cost Savings</td>
<td>Service Delivery Model</td>
<td>Technology</td>
<td></td>
</tr>
<tr>
<td>5% – 10% savings</td>
<td>Defined service levels, 24/7 service, strong performance management</td>
<td>Web-enabled; middleware; standardization</td>
<td>Service mix and levels matched and flexed to business conditions</td>
</tr>
<tr>
<td>Service</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Single accountability and focus</td>
<td>Standardization, service level focus expanding into complex / knowledge based services</td>
<td>Multi-function, multi-shore, partnering and single global providers</td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disparate systems and ad-hoc solutions</td>
<td>Consolidated ERP and data-marts</td>
<td>Multi-shore, multi-delivery, multi-solution</td>
<td></td>
</tr>
<tr>
<td>Service Delivery Model</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-standard field activities replicated at Corporate</td>
<td>Single functional centers</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Internally managed labor models

The State can use various labor models to support internal provisioning of services.

<table>
<thead>
<tr>
<th>Labor Model</th>
<th>Scope</th>
<th>Strengths</th>
<th>Weaknesses</th>
<th>Factors for Selection</th>
</tr>
</thead>
</table>
| Traditional – Hire and Manage Staff Locally    | ▪ Senior leadership, strategic skills, and any other worker level as appropriate | ▪ Loyalty  
▪ Retention of critical skills and knowledge  
▪ Stability  
▪ Control                                                                 | ▪ Fixed costs and inflexibility  
▪ Cost of recruiting, benefits, retention, and staff training                                                             | ▪ High control over output                                          |
| Staff Augmentation                             | ▪ Project assignments  
▪ Fill interim roles  
▪ Contract to hire  
▪ Technical / clerical | ▪ Flexibility – easy to adjust staff levels and costs  
▪ Access to technical skills  
▪ Minimal risk in cases of performance failure | ▪ Little to no continuity of company knowledge  
▪ Contractor motivation / loyalty                                                                                     | ▪ Insufficient in-house resources due to attrition or labor market conditions                                               |
| Shared Services Center                         | ▪ Technical or clerical tasks that can be performed remotely | ▪ Reduced costs through scale economies  
▪ Process optimization                                            | ▪ Loss of control by agency  
▪ Start-up costs and challenges  
▪ More generalist staff                                                                 | ▪ Increased cost due to decentralization                                 |
Vendor managed labor models

The State can use various vendor labor models to support alternative service provision.

<table>
<thead>
<tr>
<th>Labor Model</th>
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<th>Weaknesses</th>
<th>Factors for Selection</th>
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</thead>
<tbody>
<tr>
<td>Consultants and Systems Integrators</td>
<td>▪ Project work</td>
<td>▪ Rapid access to skills and added staff</td>
<td>▪ Higher cost than state resources</td>
<td>▪ Technology new to existing state resources</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Risks limited to project</td>
<td>▪ Loss of information during knowledge transfer to state resources</td>
<td>▪ High control required</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Highly qualified and capable vendors</td>
<td>▪ Quality control</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Risk limited to project</td>
<td>▪ Loss of information during knowledge transfer to state resources</td>
<td></td>
</tr>
<tr>
<td>Tactical Out-tasking</td>
<td>▪ Specific applications suites</td>
<td>▪ Access to skills and a stable service model</td>
<td>▪ Less direct control</td>
<td>▪ Mature vendor offerings exist</td>
</tr>
<tr>
<td></td>
<td>▪ Technology platforms</td>
<td>▪ Offload non-strategic work</td>
<td>▪ Can lead to multi-sourcing and governance challenges</td>
<td>▪ Very short deadline for deployment</td>
</tr>
<tr>
<td></td>
<td>▪ Certain functions</td>
<td>▪ Rapid adoption of new technology</td>
<td>▪ Technology new to existing state resources</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Cost reduction</td>
<td>▪ Allow redeployment of internal resources</td>
<td></td>
</tr>
<tr>
<td>Strategic Out-tasking</td>
<td>▪ Applications and/or Infrastructure for an</td>
<td>▪ Reduced costs</td>
<td>▪ Vendor performance</td>
<td>▪ Technology new to existing state resources</td>
</tr>
<tr>
<td></td>
<td>agency or group of agencies</td>
<td>▪ Vendor process maturity</td>
<td>▪ Transition risk</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Rapid scaling of resources</td>
<td>▪ Cost and performance management</td>
<td></td>
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<td></td>
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</tbody>
</table>
Market Trends
IT out-tasking has become commonplace across industries

Deloitte conducts an annual global survey of IT leaders from 10 industry sectors on out-tasking and insourcing trends.

- Information Technology led all functional categories with a combined 76% percent of respondents partially out-tasking the function.
- Out-tasked IT was also the function most contemplated for insourcing, primarily due to lack of overall service quality.
- The expected future state of all business functions show an increase in out-tasking. Finance and human resources are expecting the largest percentage increase in out-tasking activity.

Source: Deloitte 2012 Global Outsourcing and Insourcing Survey.
Though out-tasking is growing, the desired results are not always achieved

Organizations value improved customer service closely behind reduce operation costs as the most prominent drivers for out-tasking. Our survey results indicate that these objectives are not always met. 69% of respondents anticipated savings greater than 10%, while only 57% actually experienced cost reductions greater than 10%.

### Importance of Out-tasking Objectives

<table>
<thead>
<tr>
<th>Objective</th>
<th>Very Important</th>
<th>Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce operating costs</td>
<td>62%</td>
<td>25%</td>
</tr>
<tr>
<td>Improve customer service</td>
<td>42%</td>
<td>31%</td>
</tr>
<tr>
<td>Gain competitive advantage</td>
<td>20%</td>
<td>29%</td>
</tr>
<tr>
<td>Gain tax advantages</td>
<td>20%</td>
<td>23%</td>
</tr>
<tr>
<td>Leverage new technologies</td>
<td>17%</td>
<td>25%</td>
</tr>
<tr>
<td>Desire to consolidate</td>
<td>17%</td>
<td>25%</td>
</tr>
<tr>
<td>Access more flexible HR models</td>
<td>11%</td>
<td>42%</td>
</tr>
<tr>
<td>Improve controls</td>
<td>10%</td>
<td>4%</td>
</tr>
</tbody>
</table>

### Cost Reduction Results from Out-tasking Experience

- **0% to 10%**
  - Anticipated: 29%
  - Achieved: 37%
- **11% to 20%**
  - Anticipated: 33%
  - Achieved: 25%
- **21% to 30%**
  - Anticipated: 17%
  - Achieved: 19%
- **31% to 40%**
  - Anticipated: 9%
  - Achieved: 4%
- **Greater than 40%**
  - Anticipated: 10%
  - Achieved: 9%

Costs actually increased: 1%

Source: Deloitte 2012 Global Outsourcing and Insourcing Survey.
Four common themes emerged for organizations that felt dissatisfied with their out-tasking arrangements.

<table>
<thead>
<tr>
<th>Theme</th>
<th>Description</th>
</tr>
</thead>
</table>
| Hidden Costs / Transparency        | - Pricing concerns influenced 1/3 of contract terminations  
- The top contributor to cost overruns is the service provider underestimating the scope and effort of projects, especially in the public sector  
- The changing mix of fixed (e.g., application support) and variable priced services (e.g., enhancements) leads to higher overall costs than original estimates |
| Relationship Management            | - Inconsistent communication between service providers and clients (29% of respondents) leads to client frustration  
- The lack of a formal vendor management plan will result in many unresolved conflicts and may potentially turn into early contract termination  
- Inadequate transparency and poor or unreliable reporting were also frequent dissatisfactions |
| Vendor Support & Resources         | - 3 of 10 organizations experience issues with vendor-provided resources, including lack of knowledge of the client organization’s business  
- Lack of service level quality was cited as the primary reason for early contract termination  
- Sub-par vendor performance (38%), sub-par vendor resources (29%), and attrition of key resources (24%) also contributed as top factors of dissatisfaction with recent out-tasking initiatives |
| Inability To Transform             | - Lack of readiness of organization to make change impacts the success of out-tasked arrangements  
- Limited use of upfront technology investments to position the organization to meet necessary business requirements in a consolidated out-tasked model can influence performance  
- Inability of the service provider to drive efficiencies in the inherited IT infrastructure  
- Limited standardization or consolidation leading to reduction in anticipated cost savings or higher operating costs |

Out-tasking critical success factors

Organizations that have had success with their alternative provider arrangements had certain elements in place prior to going out to bid.

| Strong Governance | ▪ Alignment between IT mission and overall State strategy  
▪ Protocols to initiate, approve, manage, and communicate change to the stakeholders (end users, service providers etc.)  
▪ Escalation and issue resolution paths to route major problems up and resolve them  
▪ Regular meeting schedules, formal processes for review, and assessment of the provider performance |
|-------------------|--------------------------------------------------------------------------------------------------|
| Clarity on Retained Functions | ▪ Determination of which service functions are critical to retaining control, agility, cost effectiveness, and service flexibility and will remain in house  
▪ Roles and responsibilities of retained versus out-tasked functions |
| Effective Vendor Management Function | ▪ Activities and tools from an operational, managerial, and strategic perspective  
▪ Contract and scope management, active monitoring, and management of risks, cost, and quality  
▪ Enforcement of penalties for non-performance and SLAs  
▪ Ability to extract value over and above the contractual vehicle from the arrangement |
| Effective Contract Provisions | ▪ Pricing leverage from longer time horizons  
▪ Effective carve out and bundling of services to achieve economies of scale |
| Clarity on Service Integration | ▪ Coordination of the interaction of all internal and external service providers with the responsibility of delivery for IT services  
▪ Clarity on hand-offs and service transitions |
| Streamlined Infrastructure | ▪ Standardized technologies, integrated infrastructure and enterprise architecture  
▪ Clarity on what assets are owned and their locations and conditions  
▪ Limited in house capabilities or limited existing services or infrastructure |
Suitability Assessment
Within IT domain areas, certain functions are more commonly out-tasked than others. A trend toward bringing out-tasked work back in-house is developing in the Applications Development and Maintenance space.
### End-user computing drivers

#### Considerations

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Limitations</th>
</tr>
</thead>
</table>
| - Increased availability of support (24/7/365)  
- Vendors can provide latest support options, such as self-help portals, preventative monitoring, and issue analysis  
- Potentially lower costs and higher utilization compared to internal FTEs  
- Able to more easily scale up and down to demand | - Turnover of vendor helpdesk staff and lack of control in training can lead to varying levels of service for inquiries  
- Variable cost structure could eventually make out-tasking more expensive than maintaining service in house (e.g., higher quality of service leads to more usage and higher costs) |

#### Service Evolution

<table>
<thead>
<tr>
<th>Single Environment Service Desk</th>
<th>Multidiscipline Service Desk</th>
</tr>
</thead>
</table>
| - One of the most out-tasked IT capabilities  
- Single focus on specific areas such as desktop, laptop, printer, mobile device support, etc.  
- Pricing typically on a volume based model since the primary role is to act as the first line of issue resolution for end-user questions | - Focus is addressing problem, incident, and service requests that require specialized responses in multiple environments (e.g., front line support, networks, multiple application environments)  
- Goal is to achieve higher first-call resolution rates to support end-to-end service levels and use as a means of improving efficiency and customer satisfaction  
- Pricing on a per user or device basis to encourage end-to-end support and proactive deployment of self-service solutions to reduce the number of calls reaching the service desk |
Infrastructure drivers

Considerations

Benefits
- Potentially lower costs than maintaining infrastructure internally
- Vendors can provide additional services such as security and integration to complement infrastructure hosting and services
- Spend shifts from CapEx to OpEx
- Opportunity to enable scalability of IT applications and increase speed-to-production

Limitations
- Security concerns due to third-party management of sensitive data
- Service availability dependent on the provider’s maintenance schedule; minimal control in the case of unplanned outages
- Existing consolidation efforts of data center operations and network environments can reduce efficiencies of out-tasking

Service Evolution

Usage Based Services
- Data centers with assets co-located in physical locations, but controlled by 3rd party service provider
- Pricing typically on a per-use (e.g., per instance / image) model, with a fixed baseline of about 80% to 90% of the total contract value

Managed Services
- Managed services delivery models embed cloud services, such as Infrastructure as a Service (IaaS) or Platform as a Service (PaaS) and support application environments
- Focus on “green IT”, driven by the cost savings of adopting energy-efficient assets
- Pricing evolving to per-user or per-month billing model to allow host organizations more flexibility in volume variability
- Average fixed baseline about 60% to 65% of total contract value
# Mainframe drivers

## Benefits
- Mainframe space in data centers are freed up, which can be used for alternative expansion
- Vendors provide specific mainframe operations skillsets that may not be prevalent within internal resources
- Staff can concentrate on new systems instead of managing and running mainframe operations
- Vendors can provide higher quality of service with more advanced technology offerings

## Limitations
- Increasing consumption of MIPS or overuse charges could reduce original savings estimates
- Potential for higher investment of time and people in testing and troubleshooting due to poor quality or performance
- Level of knowledge transfer and staff turnover at vendor may impact service quality

## Considerations

## Service Evolution

### On-Premise Services
- Mainframe remains in client facility with the vendor managing all operations and technical support
- Cost of services reflective of mainframe usage and maintenance requirements of client’s equipment

### Managed Services
- The vendor provides hosting facility for equipment and all operations and technical support
- The majority of mainframe support is done remotely or using remote services, allowing clients to share technical resources and achieve savings through economies of scale
### Network drivers

#### Considerations

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Limitations</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Potentially lowers costs for equipment, lines, manpower, and maintenance</td>
<td>- Subject to the support of the vendor and their responsiveness to resolving issues</td>
</tr>
<tr>
<td>- Transfers spend from CapEx to OpEx</td>
<td>- May need extra redundancy in the architecture</td>
</tr>
<tr>
<td>- Additional flexibility of resources to respond to shift in demand</td>
<td>- Support and enhancements require design and architecture discussions with vendors which can delay project implementations</td>
</tr>
<tr>
<td>- Flexibility for major changes quickly if technology becomes outdated</td>
<td>- Ability to secure a vendor to provide services across a diverse State geography that typically does not have diversity from a telecom carrier perspective</td>
</tr>
<tr>
<td>- Increased mobility and access to media services through IP telephony and unified communications (UC)</td>
<td></td>
</tr>
</tbody>
</table>

#### Service Evolution

<table>
<thead>
<tr>
<th>On-Premise Services</th>
<th>Managed Network Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Vendors specializing in data and voice services provide on-premise managed network services in a siloed manner. Responsibility for the end-to-end network integration from an end user perspective falls on the customer</td>
<td>- Major communications service providers (e.g., AT&amp;T, Verizon), systems integrators (e.g., HP, Xerox) and technology vendors (e.g., Google, Microsoft) are now capable of providing a global cloud UC infrastructure to support large organizations</td>
</tr>
<tr>
<td>- Telecom carriers provided cost effective Ethernet offerings, regionally or metro, to help clients increase their bandwidth to be able to support latest UC offerings</td>
<td>- Vendors offer SIP trunks to extend IP hosted telephony beyond an organization's firewall without the need for an IP-PSTN gateway</td>
</tr>
<tr>
<td></td>
<td>- Vendors can now deploy cross-vendor interoperable solutions (e.g., Cisco Hosted Collaboration System with Google)</td>
</tr>
</tbody>
</table>
Application development drivers

**Benefits**
- Gain greater flexibility and access to a wider talent pool, especially for emerging technologies
- Provides access to the industry-specific expertise
- Allows organizations to capitalize, with minimal financial risk or capital outlay, on rapidly evolving technology areas such as mobile applications and cloud computing

**Limitations**
- Potential for increased costs through added enhancements
- Reduced control over service quality
- Custom-built and restricted applications will add complexity or may not be out-tasked at all
- With speed of technology disruption, single vendor out-tasking risks limiting adoption of emerging technologies

**Service Evolution**
- Primary focus for application development out-tasking was cost reduction with adoption of 17% between 2009 and 2010, 7% between 2010 and 2011 and 3% between 2011 and 2012
- Out-tasking results indicated 46% of organizations saw an increase in cost and 22% experienced a decrease in service level relative to when the function was performed in-house

- About 90% of current host organizations plan to maintain or increase their level of out-tasking for the flexibility in labor and access to expertise in developing technology areas
- Current out-tasking organizations out-task a median of 25% of application development work
- About 10% plan to reduce their application development out-tasking through reduced project work and bringing the function back in-house due to unsatisfactory cost savings and service levels

Application maintenance drivers

Benefits
- Vendors provide access to tool-specific knowledge to support an array of applications, from legacy to emerging
- Number of in-house staff needed to patch and maintain codes can be reduced
- Access to expertise in emerging application technology (e.g., mobile, social)

Limitations
- Potential for increased costs if applications are not rationalized before contracting
- Custom-built applications cannot be competitively bid and requires the application developer to perform maintenance
- Multiple vendors required to service an environment hosting a diverse array of applications
- Reduced control over service quality

Considerations

Service Evolution

Corrective Maintenance
- Software providers and resellers provide 24/7 on-call support to respond to requests as they arise
- Key SLAs include system availability and average time to repair
- Maintenance costs typically remain static and predictable
- Public sector leads (64% of respondents) in the likelihood to engage in application maintenance out-tasking, 9% above average of all other industries
- At least 28 states use vendors to support the development and maintenance of web portals

Performance Management
- Vendors provide analysis on enhancements, automation and upgrade opportunities to improve usefulness of application to the organization
- Current out-tasking organizations out-task a median of 28% of application maintenance work
- Vendors can provide detailed reporting and diagnostics, including performance statistics and analysis on problems and needs

Next Steps
Next steps for evaluation

Louisiana should conduct further analysis to understand current assets and resource capabilities and develop business cases before making any out-tasking decisions on the list of initial opportunities.

State of Louisiana today

Define Business Imperative
- Set business strategy and objectives
- Set function strategy and vision
- Define the function service delivery model

Analyze Current State
- Conduct a detailed assessment of current state inventory of assets, resource types and skills
- Define quantitative and qualitative drivers for out-tasking
- Determine the direct/indirect costs to operate in current environment versus out-tasking

Make Decision
- Define scope of services for out-tasking at the transaction level
- Evaluate out-tasking opportunities against business objectives and base case

Define Business Case
- Define quantitative and qualitative drivers for out-tasking

Evaluate Options
- Evaluate out-tasking opportunities against business objectives and base case

Set Strategy
- Define future state of the organization
- Set strategy and vision

Define Future State
- Define function goals and objectives
- Define metrics and performance targets for function services

Engage and align key stakeholders to build consensus and support (e.g., executive decision-makers, process/technical experts, multi-functional support teams)

Define Base Case
- Develop a more detailed out-tasking cost estimate, expected ROI and implementation timeframe

Select Model
- Define performance targets for in-scope processes and future state service levels

Make Decision
- Make go/no-go decision

Determine change management readiness, including level of process documentation, staff changes etc.

Identify associated risks and impacts

Identify potential opportunities for out-tasking

Identify potential opportunities for out-tasking
Appendix
Define Business Imperative: Setting a strategy

Clearly articulating objectives, defining and prioritizing the decision criteria, and establishing guiding principles will focus the effort on the business goals and ensure data driven decision making.

Sample Objectives

- Improve the quality of service, stabilize operations...
- Develop new capabilities and skill sets to enable growth
- Adhere to new regulatory guidelines

Guiding Principles

- Do not start with everything at once. Set up a logical and deductive method for analysis
- Focus on the ‘high priority, high impact’ problems. Isolate the root of the problem and do not take into account areas that do not need change
- Consider the realities of implementation. Focusing on the realistic end result will allow you to make more clear and effective decisions throughout the process
- Minimize transitions to minimize disruption. Performing only essential transitions and minimizing them will yield minimal amount of business disruption
- You may have to live with poor performance in low impact areas. Do not get bogged down with the small items that have a low impact on the business
- Fix internal problems as you change the vendor. Aligning internal processes to best complement the new service delivery infrastructure is critical to its success
- Be objective. Objectively consider your own capabilities as you compare internal delivery to external providers

Understand the Baseline

- Current IT skills, capabilities, and technologies
- Existing internal delivery structure and external vendor providers and delivery terms
- Business requirements, current service, and performance levels

Potential Decision Criteria

- Improved performance
- Costs of transition versus costs of ongoing operations
- Speed to market
- Disruption to the business
- Organizational acceptance
- Customer satisfaction
- Sustainability of the new model

Sample Objectives

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- Disruption to the business
- Organizational acceptance
- Customer satisfaction
- Sustainability of the new model
Define Business Imperative: Defining the Future State

Focusing on four key decisions that will help define the future model.

Four-Step Filtering Process

- **Inputs**
  - Objective
  - Baseline
  - Prioritized Decision Criteria

- **Where to Focus?**
  - Segment the business (e.g., departments, capabilities)
  - Assess segments based on need

- **What to Do?**
  - What actions can we take for target segments:
    - Invest
    - Restructure
    - Transition

- **What’s In/What’s Out?**
  - Where do we transition the target segments?
  - Enhance internally
  - Out-task to vendor

- **Which Model and Vendor?**
  - Who are the other vendors we source to and what models do we use:
    - Managed service
    - Staff augmentation

**Guiding Principles**

**Outcome**

- Future State Model
- Implementation Plan
- Business Case
- Execution Roadmap
Deloitte.