MARKET PULSE

Outsourcing Drives Business Process Improvements

Delivering Quality IT Services Through an Economic Downturn

In economic downturns, CIOs and IT leaders face mounting pressure to consistently deliver quality IT services and meet business goals, despite being tightly squeezed on budget. Indeed, their top priority is to reduce costs, according to new research conducted by IDG Research Services.

More than ever, business and IT must collaborate to meet current business realities. Significantly, CIOs must map out long-term strategies that address business plans over the next three to five years, with the delivery of high-quality IT services as a key element of strategic planning. Success depends, in no small measure, on effectively addressing what IDG Research Services has identified as the top IT challenges:

- **Reduce** enterprise costs
- **Improve** workforce productivity
- **Increase** information use
- **Optimize** business processes.

These priorities are rated as critical or very important; in the IDG 2009 survey of senior IT executives at companies with 5,000 or more employees, 70 percent of the respondents expect these priorities to increase in importance over the next three to five years.

This white paper explores:

- Top challenges that CIOs and IT leaders face today
- How to address business and technology challenges
- Business/IT value-add of IT outsourcing
- Proven success strategies for working with an IT outsourcing partner.

BUSINESS STRATEGY IN AN ECONOMIC DOWNTURN

Delivering high-quality IT services in today's lean environment requires a balanced, strategic approach.

Meeting the current challenges of enterprise cost reduction, improving workforce productivity, the increasing use of information and analytics, and business process improvement will become even more important over the next three to five years.

Outsourcing, IT automation, process improvement initiatives and virtualization are highly likely to be part of current or future IT strategies for the next three to five years. Confirming the need to drive greater IT effectiveness and decision making:

- 43 percent say they are outsourcing or considering outsourcing data center services over the next three to five years;
- 58 percent report that their IT organizations plan to increase end-to-end process automation and integration over the next 12 months.

Not surprisingly, CIOs and IT leaders cite control over IT costs, providing unified access to information, quality of the end-user experience, attainment of service-level goals and internal client expectations as top-of-the-mind concerns when managing IT services. The challenge is to meet the nonmonetary requirements while simultaneously lowering IT costs.

Unified information access plays a critical role here. Overwhelmingly, respondents point to information access and the use of information/analytics as important factors for their organizations. In a similar 2008 IDG survey, respondents ranked unified information access sixth on a scale of 1- 8 when managing IT services. In this year's study, 73 percent anticipate that unified access to information will increase in importance when managing IT service delivery over the next three to five years.

CompuCom

CIO Custom Solutions Group

BUSINESS PROCESS IMPROVEMENT

Business process improvement is cited as a key strategy that IT leaders plan to use to deliver quality IT services in this economic downturn, along with automation, virtualization and outsourcing, according to IDG Research.

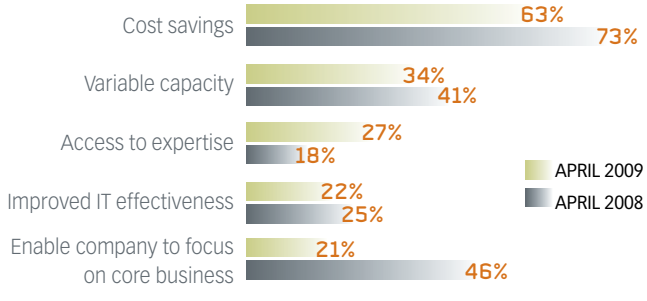
The majority of CIOs in the IDG survey (53 percent) rate themselves as "fair" or lower in terms of their performance in business process improvement.

If IT is to become a true business partner, it must be able to show measurable value in improving business processes and helping the enterprise develop a sustainable competitive advantage. Surprisingly, the majority of CIOs in the survey (53 percent) rate themselves as "fair" or lower in terms of their performance in business process improvement. On the other hand, two-thirds report that the importance of business process improvement is increasing.

How can IT leaders improve their organization's business processes while being mindful of costs?

"The answer to finding the right cost reductions is how you characterize them. If you examine cost reductions in terms of optimized processes, you'll encounter transformational services from providers that accomplish both goals," says Tom Vetterani, vice president, Solution Development, CompuCom. "Organizations that are able to align IT initiatives with strategy, mobilize efficient resources and effectively execute key process improvement projects are much more likely to outperform their peers."

Top Factors Influencing Decision to Outsource



SOURCE: IDG Research Services, April 2009

But the reality is complicated, considering how the IT function has typically evolved across the enterprise over time. To deliver sustainable results that improve performance and help the business grow, IT must break down functional silos, take a hard look at the business end-to-end and understand the pain points.

"You need to develop a clear line of sight if you are going to be impactful," says Vetterani.

ACCESS TO SPECIALIZED EXPERTISE

In a time when changes are more evolutionary than revolutionary, organizations can no longer afford to go it alone. The issue goes beyond cost reduction and efficiency to the core of long-term business success.

Respondents to the IDG survey rate cost reduction, increased agility and access to specialized skills as the most important benefits of IT outsourcing. An IT outsourcing partner can add significant value by improving business processes, leveraging the use of business analytics and providing access to specialized expertise.

The top five areas where CIOs are currently outsourcing and/or considering outsourcing are:

- Helpdesk (55 percent)
- Enterprise applications—development, management, hosting (48 percent)
- Data center services (43 percent)
- Remote infrastructure monitoring (43 percent)
- Server management services (41 percent)

Access to expertise, specialized knowledge and talent is a critical factor among respondents. Findings show that 32 percent have already benefited from talents, skills and agility of outsourcers, while an additional 37 percent expect to attain these benefits over the next three to five years. This area has grown in importance since last year as a driving factor of outsourcing decisions.

Meanwhile, the scope and value of outsourcing IT services continue to expand. Today's infrastructure must be agile enough to respond to and add value to critical business processes. It stands to reason that organizations are tapping into outsourcing as a strategic

way to address the complexities of infrastructure management to reduce costs, increase productivity and respond more quickly to the expanding needs of today's enterprise.

Case in point: CompuCom's Integrated Infrastructure Management™ (IIM) solution helps organizations break through shortcomings and challenges. It creates a tightly integrated infrastructure that combines an IT asset management lifecycle, optimized service delivery process, intelligent service desk and proven relationship methodology.

DEFINING THE VISION

Price, quality of services, financial viability and on-time delivery will continue to increase in importance over the next three to five years in the selection of an IT outsourcing partner:

- 46 percent of companies that are outsourcing any IT managed services have already experienced a significant reduction in costs as a result.
- Despite industry predictions, on-demand services and utility computing are less likely to be part of IT strategy; top concerns cited by respondents are loss of control (54 percent) and perceived security risk (47 percent).

While outsourcing can ultimately yield significant cost-savings, it's critical to begin with the end in mind by building a roadmap. "Establish a vision for where you want to be," emphasizes Vetterani.

Top Initiatives in Delivering Quality IT Services

	Part of Current Strategy	Part of Future Strategy
IT automation	61%	59%
Process improvement initiatives	63%	56%
Virtualization	67%	59%
IT outsourcing	52%	53%
Retraining personnel to meet new skill demands	51%	45%
ITIL	42%	35%

Source: IDG Research, August 2008

When building a roadmap, factor in these three critical elements:

1) **Infrastructure maturity assessment.** Identify gaps and determine how to achieve continuous improvement in the enterprise.
2) **Benchmarks.** Measure your organization against similar ones with industry best practices.
3) **Project criteria.** Initially, select outsourcing projects that will deliver short-term improvements and rapid ROI to create momentum.

In addition, outsourcing requires establishing and managing service-level agreements (SLAs) for measurement purposes.

"You can't manage what you can't measure," says Vetterani. "The reality is that if you don't know how your organization is performing today, outsourcing decisions will be made based on arbitrary or inaccurate data and will not achieve the desired results."

Equally important in terms of total performance management is the ability to manage both service performance and the quality of services delivered. CompuCom uses proprietary tools such as its Stoplight Report to uncover issues not visible under normal SLA performance management. This tool is designed to measure the client's perception of service delivery against the fact-based rigor of SLA management.

The process begins with monthly meetings with clients, using a questionnaire modeled after a stoplight, where clients indicate "green" if expectations are met, "yellow" if service is falling below expectations and "red" if service is not being delivered to expectations. Any "yellows" or "reds" require the development of an action plan to resolve the issue. CompuCom's CEO and the senior executive team then address these plans and formulate solutions to problems.

In addition, CompuCom uses an independent benchmarking firm to survey, track and report on client satisfaction. This group measures client satisfaction in core service areas and compares CompuCom's results against the benchmark group for monthly scoring.

CHOOSING AN OUTSOURCING PARTNER

Because the right outsourcing partner can help build and implement a solid roadmap, it's critical to refrain

from making decisions based on arbitrary or inaccurate data.

Understand and evaluate the service provider's capabilities relative to your business strategies. For instance, if the utility computing model is a critical part of your organization's strategy, determine how the provider addresses security control and risks.

"Cost reductions in today's economy are important, but the wrong measures may in fact damage long-term viability, let alone hinder business growth."

—TOM VETTERANI, vice president, Solution Development, CompuCom

To help evaluate prospective outsourcing partners, here are key questions to ask them:

1) **Best Practices.** How are best practices implemented and measured?
2) **Technical Staff.** What is the percentage of badged employees versus contract labor?
3) **Certification**. What types of technical certifications do your organization/technical professionals possess?
4) **Longevity.** What is the average tenure of technical professionals and their average duration on a typical engagement?
5) **Career Paths.** What is your commitment to employee career paths, including attainment of certifications?
6) **Client References**. Can you provide references and documented case studies of results that deliver business value?
7) **The Right Fit.** How is the outsourcer a cultural fit for your organization?

The bottom line: Carefully assess and determine how the IT service provider can help build a roadmap to IT business success—to improve business processes while being sensitive to your organization's needs for cost reductions. Key factors to consider in the outsourcing partner selection process include quality of service delivery, areas of technical expertise, and security practices and procedures, such as security controls for sensitive client data. Importantly, choose an ISO-certified partner with broad-based IT expertise that adds measurable value for your business, including IT infrastructure, software and application, and hardware services. The right partner can help you increase productivity, reduce costs and enhance client satisfaction.

The right IT service provider can meet the needs of IT leaders for IT automation and process improvement initiatives that deliver quality and cost-effective IT services. Looking ahead, organizations will focus on quality of services, financial viability and on-time delivery when choosing an IT partner. This trend will continue to increase in importance over the next three to five years, according to research findings.

Visit **www.compucom.com** to discover how outsourcing can deliver value to your business.

CompuCom's Focus on Process Improvement

CompuCom helps IT executives continually improve the business value of their IT investments. CompuCom's Integrated Infrastructure Management (IIM) framework provides:

- A complete end-to-end portfolio of optimized infrastructure services tailored to client needs;
- An innovative service management toolset that accelerates service transition, technology transformation and realization of benefits, reducing support costs from 20 to 50 percent;
- An adaptive relationship management approach that sustains client satisfaction and communicates value, resulting in the highest marks for satisfaction in the industry.

These capabilities have propelled CompuCom to become North America's 2nd largest provider of desktop management services.