



Agile
Outsourcing

Agenda

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Managing programs that are outsourced

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Introduction

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Contractor and Federal Employee at different points

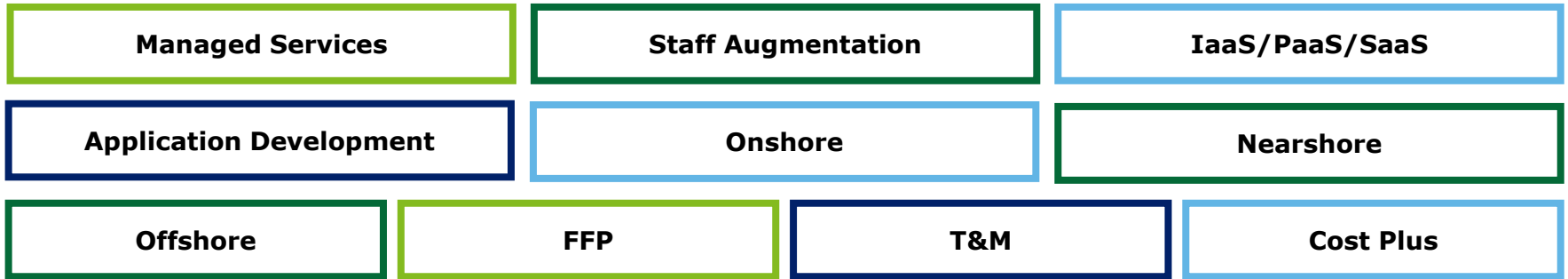
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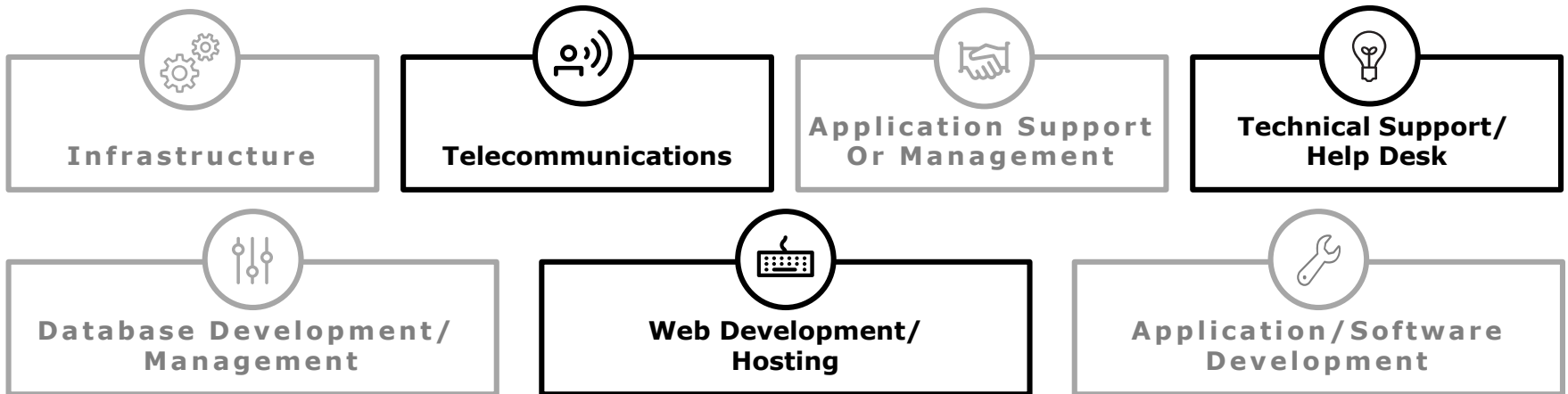
Outsourcing Definition

IT outsourcing is the practice of using an external service provider to deliver some or all of the IT functions required by a business including managing infrastructure, directing strategy and running the service desk.

Types of Outsourcing

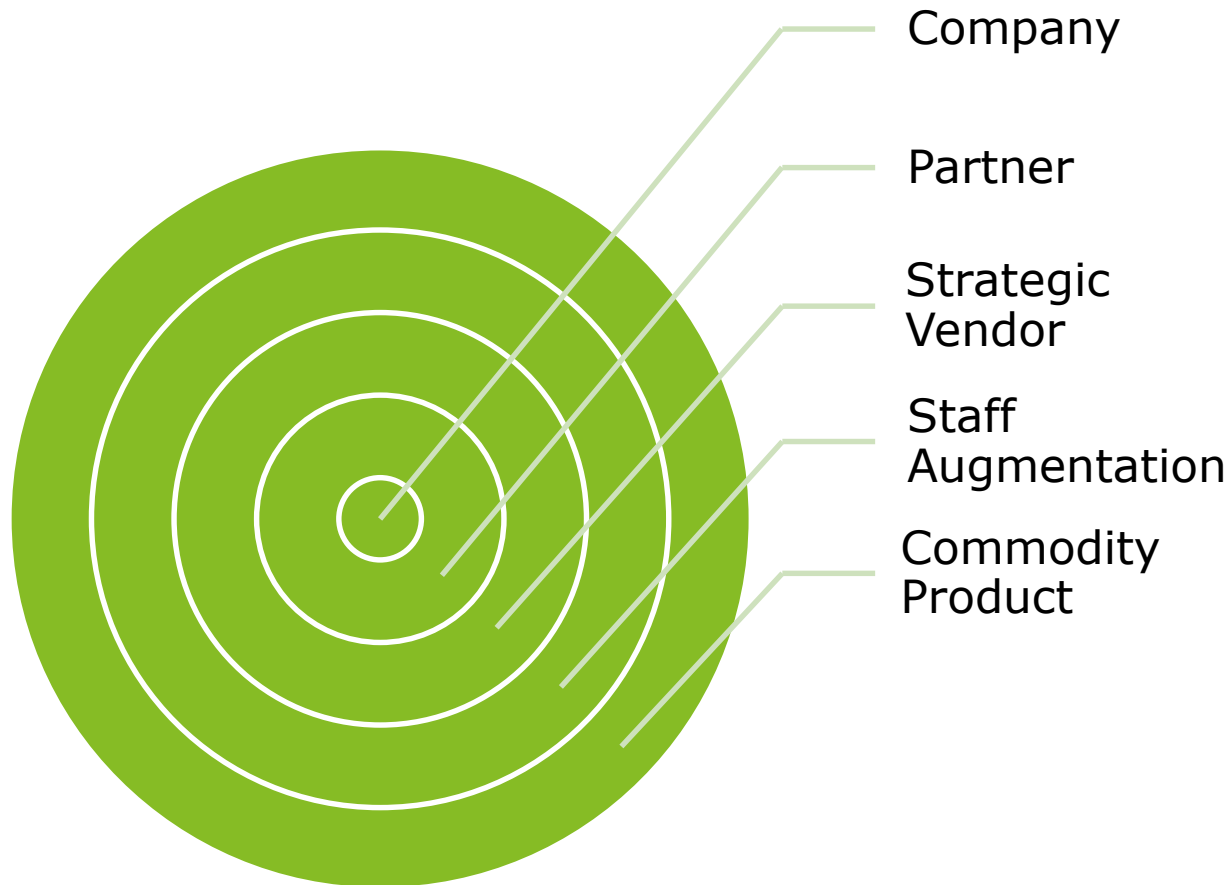


Outsourcing Services



Outsourcing Ecosystem

The ecosystem of outsourced work means variations in organization, delivery, and trust extended.

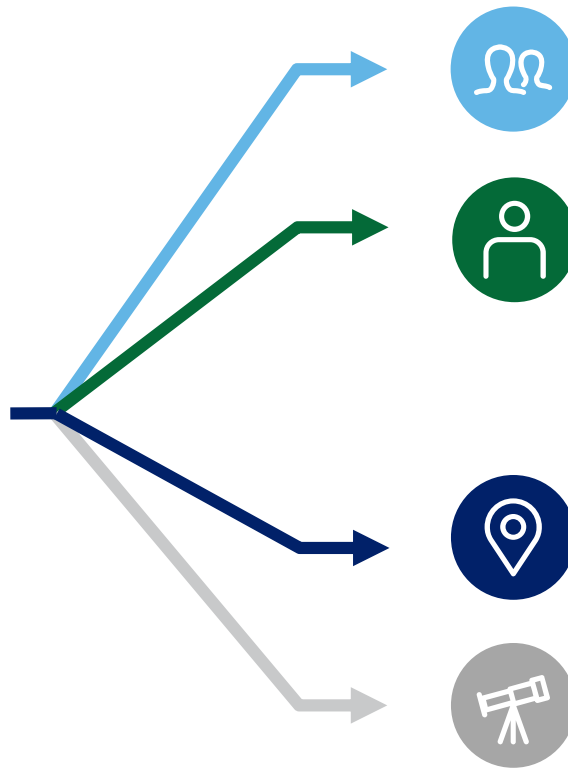


Decisions on outsourcing

What should be outsourced?

Determination:

- **Internal Evaluation of Competencies**
- What can/should be done internally vs what needs to be outsourced



Options for Outsourcing:

Outsource **entire function**

Outsource of **individual application/service**

Outsourcing **specific capabilities**

Staff Augmentation

A New Mindset for Procurement Leaders

To account for the need for greater speed and agility, procurement leaders should change their mindset from traditional practices

Shorter Procurements to Partnerships

Creating short contracts to find the right partners who are willing to work together.



Business Outcome focus

All contracts should focus on business value and outcomes and not just on the delivery of the contractual requirements. This helps focus contractor and business on the same goals.



Commitment to Act

Given the pace of change, the commitment to act on new information must be at the forefront instead of a strict adherence to the terms. Learning and willingness to adapt is vital.



Procurement changes

Skill Focused procurements

Procurements at the beginning should be focused for specific asks, but not scope constrained. Procuring specific skills rather than a specific set of requirements.

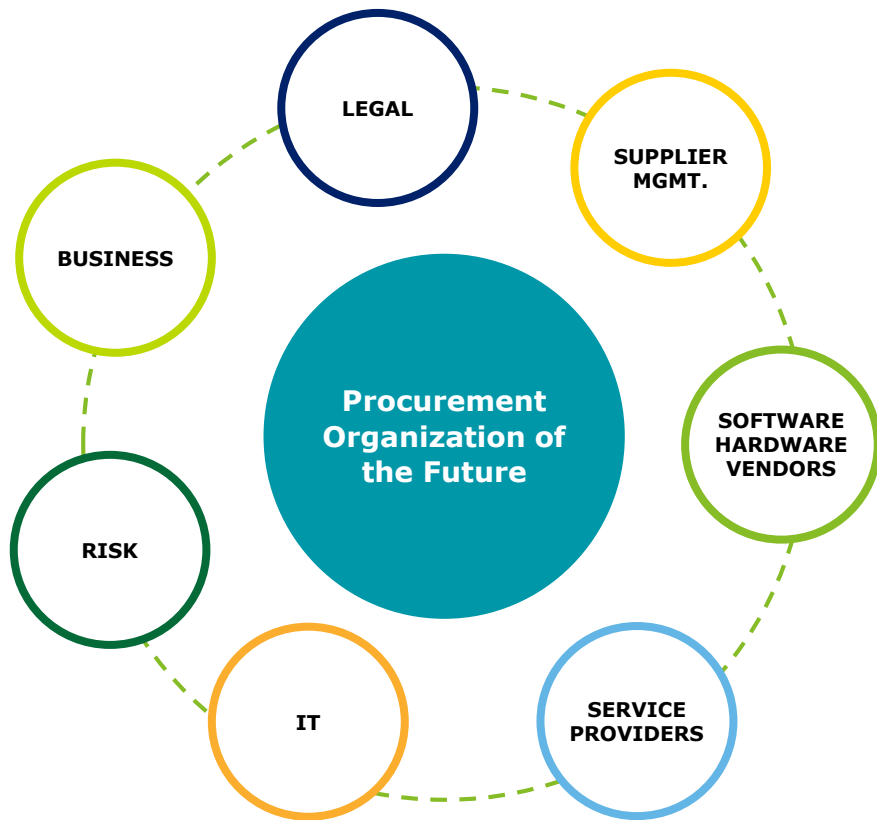


IMPACT ON PROCUREMENT TEAMS

- **Demand for shorter procurement periods** with a key focus on getting services procured and starting work sooner
- **Procurement focus on ability to deliver, not write enables greater confidence** in delivery of value
- The switch from **a focus on lowest cost to a focus on highest value** requires collaboration between procurement and business
- Contractor and business collaboration with procurement helps drive **faster responsiveness, better understanding, higher customer satisfaction, etc.**
- **Put in place quantitative and qualitative measures of performance** that measure business value; collaboration with all stakeholders; and engagement, quality, and delivery.

Procurement Organization of the Future

It's important for future procurement organizations to balance speed, value, and risk versus traditional models which tend to be more risk averse and cost focused



Procurement Organization of the Future

(focus on **Speed, Business Value, and Partner Portfolio** vs. the traditional focus on **Cost and Risk reduction**)

- **Ecosystem of partners** with pre-defined terms and conditions to help ensure rapid engagement and dis-engagement based on business needs and partner capabilities (reduced service lead time and reduced reliance on sole sourced deals)
- **Cross Functional Procurement Teams** with presence of Legal, IT, Risk, Business to help accelerate procurement decisions and awarding work
- **Procurement of teams vs specific projects** where resources are aligned to achieve business objectives and to work on a series of projects until the objectives are achieved
- **Value not cost reduction** becomes the primary driver for procurement organizations with the ability to help business deliver strategic objectives instead of focusing solely on cost
- **Focus on speed** as business needs change over time. Partner mix should be realigned to create competitive positions that drive optimal service delivery and realization of key business benefits
- **Calibrated risk portfolio** to maintain balance between speed, value and risk across the partner ecosystem

Managing Outsourced Programs





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