Sourcing

IT-enabled sourcing, or eSourcing, uses information technology as a key component of service delivery or as an enabler for delivering services.
eSourcing characteristics

- Relationships usually last a long time.
- Integration between client and service provider is complex.
- Delivery of services is typically networked, or highly dependent on information technology.
- There is repetition of service delivery.
- Often global in scope.

ITSqc’s perspective on eSourcing

eSourcing
The ITSqc’s mission is to address the emerging need for capability models and qualification methods for organizations involved in the evolving Internet-enabled economy.
Motivation—the current sourcing situation

“It may be years before it becomes clear how much benefit companies get from outsourcing. In the meantime, expect a lot of trial and error.”


Problems or failures can happen throughout the sourcing process

Sourcing process

Steady-state delivery:
Focus of most quality models

Focus of eSCM Models
Major steps in developing the Models

- Conducted literature review and interviews with clients, advisors, and service providers
- Incorporated and documented existing best practices
- Developed Model architecture
- Obtained Advisory Board review and feedback
- Developed capability determination methods
- Empirically tested Model and capability determination methods (piloting)
- Posted Model for broad technical and public review
- Released models via web site and publications

---

eSourcing Capability Model for Service Providers

- Focuses on eSourcing services
- Covers the full life cycle, providing crucial coverage of initiation and completion
- Provides service providers best practices to adopt for continuous improvement
- Enables clients to consistently compare service providers
- Is compatible with and complementary to other quality models
  - Comparisons to other frameworks available to assist organizational improvement
  - eSCM for Client Organizations
- Open standard, freely available for download
- Supported by independent, third-party evaluation, and certification by Carnegie Mellon
The three dimensions of the eSCM-SP

1. Sourcing Life-cycle
   - Ongoing
   - Initiation
   - Delivery
   - Completion

2. Capability Areas
   - Knowledge Management
   - People Management
   - Performance Management
   - Relationship Management
   - Technology Management
   - Contracting
   - Service Design & Deployment
   - Service Delivery
   - Service Transfer
   - Threat Management

3. Capability Levels
   - Levels 1 - 5
Comparing the eSCM-SP to other frameworks

The eSCM-SP covers topics important to organizations not explicitly addressed in other frameworks, i.e., the full sourcing life-cycle (ongoing, initiation, and completion).

The eSCM-SP is complementary with other frameworks.
- addresses topics outside the scope of more focused frameworks, e.g., CMMI
- addresses service-oriented topics outside the scope of more generic models, e.g., ISO 9001

There are no known incompatibilities between existing frameworks and the eSCM-SP.
Comparative model coverage for eSCM-SP

<table>
<thead>
<tr>
<th>Service</th>
<th>eSCM-SP</th>
<th>CobiT</th>
<th>ISO 9001</th>
<th>BS 15000</th>
<th>CMMI</th>
<th>COPC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge Management</td>
<td>⬤</td>
<td></td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
</tr>
<tr>
<td>People Management</td>
<td>⬤</td>
<td></td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
</tr>
<tr>
<td>Performance Management</td>
<td>⬤</td>
<td></td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
</tr>
<tr>
<td>Relationship Management</td>
<td>⬤</td>
<td></td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
</tr>
<tr>
<td>Technology Management</td>
<td>⬤</td>
<td></td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
</tr>
<tr>
<td>Threat Management</td>
<td>⬤</td>
<td></td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
</tr>
<tr>
<td>Contracting</td>
<td>⬤</td>
<td></td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
</tr>
<tr>
<td>Service Design &amp; Deployment</td>
<td>⬤</td>
<td></td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
</tr>
<tr>
<td>Service Delivery</td>
<td>⬤</td>
<td></td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
</tr>
<tr>
<td>Service Transfer</td>
<td>⬤</td>
<td></td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
<td>⬤</td>
</tr>
</tbody>
</table>

= fully  ⬤ = largely  ⬤ = partially  ○ = not covered

Uses of the eSCM

Systematically assess existing capabilities through a consistent and comparable evaluation process

Improve capability to form, manage, and expand sourcing relationships

Mitigate risk

Demonstrate capability through external evaluation
Lessons learned from eSCM-SP implementations

From first diagnostic to certification is approximately 18 months
Minimum number of months to prepare for certification is 12 months
The two organizations that had demonstrated almost complete eSCM-SP implementations at their first Capability Determination already had multiple, related improvement frameworks in place
Organizations that are able to draw on internal resources and process capabilities (as opposed to using external consultants to build process capabilities) appear to minimize time to certification
Summary: Organizations with an existing standards compliance and quality improvement capability should be able to implement eSCM faster than others who lack this internal capability

Status of the eSCM-SP

Release of v2.01 – Q4, 2006
- Minor edits and corrections
- No Practice changes
Release of v2x – 2008
- Incorporate lessons learned from pilots and certification
- What does it mean to be Level 4?
- Measurement and statistical management
- Alignment with capability determination methods
Sourcing research and Model validation
- Series of case studies across services: implementation effort and strategies, multi-site and multi-model implementations, performance results
- Surveys: tracking critical issues and best practices in the industry
- Longitudinal studies: value of a Capability Level, performance results
For further information

Elaine B. Hyder, PhD
Systems Scientist, ITsqc
Tel: +1 412-268-3479
ehyder@cs.cmu.edu

ITsqc
Carnegie Mellon University
5000 Forbes Avenue
Pittsburgh, PA 15213-3891
itsqc.cs.cmu.edu

Current consortium members

IBM is a registered trademark of International Business Machines Corporation.