eSCM-CL: A practical perspective

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Agenda

1. Context
2. Why Sourcing Strategy Fails?
3. What the customer did?
4. Summary
Context
Strategic goals F11 – F13

Transform IS into an undisputable business partner
Drive higher level of harmonization in terms of processes, information and technology through:
- Full alignment with business strategies
- Implementation and development of global programs

Improve regional governance to ensure alignment of goals and proper allocation of resources via:
- Project portfolio management (Demand Management)
- Accounting and budgeting guidelines and controls

Outsourcing of non-core processes to ensure focus on value-adding activities rather than operational tasks
- Outsourcing of networks and telecommunications
- Outsourcing of help desk, end user support and servers
- Outsourcing of application development
- Outsourcing of application maintenance

This initiatives are required as part of Global Transformation Program
- High number of IS resources supported day to day operations
- Technical services were delivered with varying degrees of sophistication and maturity, hindering positive business impact
- Data centre reliability needed to increase to support future geographical expansions
- Multiple vendors, processes, contracts and conditions
- Inconsistent / Inexistent SLA’s, service credits (penalties)
- High administrative costs
- No vendor leveraging
- No efficient Network management and monitoring
- Multiple technologies
- Multiple single points of failure
**Challenge:** To build a standard, reliable and fully managed network to support all coming regional and global initiatives leveraging at the same time, potential economies of scale through global negotiations with vendors

**Opportunities:**

- Standardised process across the region considering local criticality enabling standard service level agreements definition & measurement.

- Multipoint access with improved reliability

- Cost reduction through leveraging of scale (savings invested in network technological upgrade, security and better services).

- DSD readiness with additional bandwidth and redundancy requirement.

- Enhanced networking & telephony services

- Technology transformation

- Best practice governance

- Better standards and capabilities
Key challenges and opportunities

**Challenge:** To provide fully integrated and rationalised IT infrastructure, with supporting services and equipment to support the new customer organisation including service desk, end user support, data centres management, servers consolidations.

**Opportunities:**

- Common, best-practice support processes and controls
- Centralised, regional 7x24 service desk
- Regional SAP application supported in global delivery centre
- Rationalisation of local infrastructure
- Retained organisation focused on core activities
- Effective interface with outsourcing team
- Controls ensuring quality of service
- Higher user productivity with reduced downtime
- Greater control and re-use of IT assets
- Cost reduction through leveraging of scale
Key challenges and opportunities

**Challenge:** To have a single vendor to provide application development and maintenance services across the region including SAP and non SAP Applications

**Opportunities:**
- Ensuring the proper application’s documentation
- Assure adequate Service Level Agreements in line with business expectations
- Align new developments with global solution
- Cost reduction through leveraging of scale
- Visibility to solve the application overlap or redundancies across the region
- Emphasis in processes and metrics
- Common, best-practice support processes and controls
- Controls ensuring quality of service
Why sourcing strategy fails?
Organizations operate in a complex eSourcing environment...
Criteria for success are not well understood or agreed up front.

Trade-offs between providing better service, faster service, or cheaper service are not always fully articulated.

Clients often have little experience in outsourcing and have no standard criteria for selecting a service provider.

The transfer of people, equipment and knowledge between the client and service provider is often problematic.

Service providers often have trouble analyzing and reporting their progress in terms that are meaningful to clients.

Requirements are not fully understood or specified.
Critical Issues for eSourcing

- Relationships
- Workforce
- Threat Management
- Service Delivery
- Continual Improvement
- Service Transfer
- Managing Sourcing

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Critical Issues for eSourcing - 1

Good relationships are the foundation for success

- Establishing and maintaining trust with stakeholders
- Ensuring the effectiveness of interactions with stakeholders
- Managing cultural differences between stakeholders
- Managing stakeholder expectations
- Managing supplier and partner relationships to ensure that commitments are met
- Monitoring and managing clients’ and end-users’ satisfaction
Managing employee satisfaction, motivation, and retention

Building and maintaining the competencies that enable personnel to effectively perform their roles and responsibilities

Establishing and maintaining an effective work environment
Managing rapid technological shifts and maintaining the availability, reliability, accessibility, and security of technology

Managing clients’ security and intellectual property

Ensuring compliance with statutory and regulatory requirements
Critical Issues for eSourcing - 4
Well defined and delivered services

Establishing well-defined contracts with stakeholders, including clients, suppliers, and partners

Translating implicit and explicit needs into defined requirements with agreed-upon levels of quality

Reviewing service design and deployment to ensure an adequate coverage of the requirements

Monitoring and controlling activities to consistently meet the service delivery commitments
Critical Issues for eSourcing - 5
World-class services, always improving

Capturing and using knowledge

Measuring and analyzing the reasons for termination, to prevent reoccurrence

Maintaining a competitive advantage

Innovating, building flexibility, and increasing responsiveness to meet unique and evolving client requirements
Critical Issues for eSourcing - 6
Managing service transitions well

Smoothly transferring services and resources
Maintaining continuity of the service delivery
Capturing and transferring knowledge gained by providers to the client during contract completion
What the customer did?
What customer did?

Why
After 18 months of Sourcing decision, IS Mgmt found that Service Delivery needed to advance to the next maturity level to support the IS business needs in the operational environment

Objectives
1. To ensure End to End accountability for the IS Business Services lifecycle, from the service strategy to its continuous improvement
2. To ensure the delivery of the value expected by the business from IS services

O&S – Key Activities

Benchmarking – Best Practices Review
Identify primary causes of sourcing failures and critical success factors

Internal Assessment
Assess people, processes and technology to support sourcing strategy

SP1 Assessment
Assess contract performance, transformation status and maturity level for our current and future needs

SP2 Assessment
Assess contract performance, transformation status and maturity level for our current and future needs

SP3 Assessment
Assess contract performance, transformation status and maturity level for our current and future needs

Diagnosis
• Lack of internal experience outsourcing IT processes
• Multi – sourcing complexity not properly managed
• Non clear responsibilities defined between Internal Service Delivery and Outsourcing Partners
• Non properly expectation management process with the Business

Main Actions
• Redesign former Service Delivery Organization and Processes
• Implement service introduction process to support LTP
• Plan to extend the scope of the current outsourcing to fully cover the entire IS SD processes in the region
• Outsourcers back to basics improvement plan
• Outsourcers future maturity state plan
• ADM Initiative

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Operation & Services – Main Responsibilities

- End to End accountable for the IS Business Services lifecycle
- Ensure IS Services continuity and accomplishment of agreed SLAs
- Vendor Management
- Manage sourcing opportunities from analysis to completion
- Design of new services
- Keep internal knowledge of 3rd parties practices
- Fulfillment of Security and Control practices
With a clear definition of roles and responsibilities in the O&S Organisation to avoid gray areas between customer and suppliers, and considering that the customer has to improve the current operational environment, via some transformation projects to guarantee its sustainability, a new operational model was implemented:
Summary
Operations & Services Evolution

- In-house Service Delivery Model
- Partially Regionalized Outsourced Service Delivery Model
- Regionalized Delivery Model ISOM & e-SCM-CL Adjusted
- Value Based Delivery Model BSM Adjusted
Infrastructure

Basic
Standardized
Rationalized
Virtualized
Proactive
Reactive
Chaotic

IS operations and management processes

Service-Based Policy/Value-Based RTI
Thanks, and enjoy Orlando!