

The IT-Sourcing-Framework®

Outsourcing is out – IT-Sourcing is in

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After the initial IT-outsourcing euphoria, disillusionment occurred in information technology business, because many outsourcing engagements did not achieve their goals like massive cost reduction or improved service quality. Nowadays, the IT-industry refers instead of 'outsourcing' to the generic term „IT-Sourcing“- with all its aspects such as Single-Sourcing, Multi-Sourcing, Insourcing, etc.

To optimize IT-Operations within any enterprise or organization, it is essential to transfer appropriate IT activities to the right partner with an appropriate flexible contract, not to forget the consideration of current service requirements (Service Level Agreements) as well as future business requirements. The best way to do so is to consult an independent and trusted third party consultant with the corresponding expertise in IT-Sourcing and IT-Operations.

The best-in-class way to lead an IT-Sourcing project to success, a high-quality RFP (Request for Proposal) is not sufficient – in fact the Business IT Alignment, beginning from Business Strategy up to IT-Strategy, IT-Sourcing-Strategy („make or buy“- internal or external purchase of IT-Services), then the RFP process up to the Sourcing-Management, the management of the relationship with the IT-Service Provider, is essential. A best-in-class strategic approach is shown in the IT-Sourcing-Framework® developed by Kapfer-Consulting Nuremberg, Germany.

The practical IT-Sourcing expertise of Kapfer-Consulting flew into the IT-SOURCING-FRAMEWORK® - the procedural model which methodically supports the sourcing and RFI/RFP process, starting with the definition of the IT strategy up to the design of the IT architecture up to the TSM (Target-Sourcing-Mode). More than 10 years outsourcing experiences led to the development of the IT-Sourcing-Framework and the RFP-Pro (Request for Proposal Pro).

From Business Strategy to IT-Strategy (Business IT Alignment)

The IT-Strategy should always be driven by the business strategy of the enterprise, also called Business IT Alignment. Equally to the concentration on the core business of the company, the question arises about Insourcing or Outsourcing (“make or buy”) of needed IT-Services. With regard to new technologies like Service-Oriented-Architectures (SOA), another question arises: Is an implementation of a new technology really contributing value to the core business?

With the enhancement of the IT-Sourcing a trend to outsource defined business processes can be recognized, also known as the term “Businesses Process Outsourcing” (BPO). A good example is the outsourcing of the payroll process within Human Resources.

IT-Sourcing-Strategy

The different dimensions of the IT-Sourcing-Strategy also give a review of the different Sourcing terms. The variety of terms is continuously growing, because

IT-Service Provider are permanently inventing new terms in order to differ themselves from their competitors.

Target-Sourcing-Mode

The Target-Sourcing-Mode (TSM) defines the required IT architecture, based on the usage of ASMs (Adaptive Sourcing Modules). A strategic “make or buy” decision has to be done for each Adaptive Service Module (for example ERP-Service or Helpdesk).

Candidates for outsourcing will be evaluated in the next steps of the RFP process supported by the RFP-Pro.

Service Adaption

In the Service Adaption the Service Level Requirements (application sizing, SLR) will be fixed on basis of the business requirements. The adaptive service cluster consists of Adaptive Service Modules (ASM), illustrating the future IT-landscape.

The RFP-Pro[®] - the adaptive Request for Proposal

Up to now RFPs were individually provided for each project. This generated unnecessarily high transaction costs on all involved parties. The RFP-Pro[®] standardizes the RFP process and focuses the activities on the substantial – the definition of the IT requirements and Service Levels.

With the help of a standardized response template an improved comparability of the offers the service Provider is reached.

The Sourcing-Cockpit of the IT-Sourcing-Framework[®]

The results of the RFP-Pro[®] are presented to the decision makers in the Sourcing-Cockpit. This comparison can take place for individual customer specific criteria and their weighting. As basis of a strategic management decision for Outsourcing or Insourcing the assessment of the internal IT department will be evaluated at the same time.

Sourcing Management

The Sourcing management is in the context of the IT-SOURCING-FRAMEWORK[®] the most important discipline with the purchase of IT-services and accompanies an IT-Sourcing engagement over the life cycle of the contract. For a successful service transition and transformation appropriate project plans are to be queried after Best Practice methods (e.g. Method PRINCE2).

In the contract, the conditions for the contract termination have to be defined exactly. Otherwise an inadvertent dependence on the IT-Provider is given and a change of the IT-strategy will become a risky transaction.

Also, an appropriate lead-time before expiration of the outsourcing contract should be considered in order to redefine in time the IT-Sourcing-Strategy as well as to evaluate the current market situation.

Considering all of these aspects and with support of a professional IT-Consultancy the IT becomes an optimal support process for a successful Business.

For more information please visit www.kapfer-consulting.com

Imprint

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