Sourcing Transformations that Drive Business and Strategic Objectives

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Agenda

Introduction

What is Transformation?

Key Challenges

Transformation through Sourcing

Use Case
Business & IT Transformation
Develop and execute a strategic transformation plan creating new operating model and technology footprint designed to drive business performance improvement and customer satisfaction.

Digital
Define and execute digital business strategies by structuring and managing the strategic partnerships of the digital ecosystem to create competitive differentiators.

Strategic Sourcing
Optimize IT and Business Process operations through strategic partnerships to achieve core business objectives beyond predictable and low cost services.

Governance, Risk & Compliance
Assess, manage and mitigate governance, compliance, audit and Cyber risks. Maximize Sourcing value through Manage Governance Services (MGS) for vendor portfolio and relationships leveraging best practice processes, automation, and state-of-the-art technology.

Global Strategy
Full range of management consulting services for private sector, governments and donor agencies to assist in the development of new market strategies, support sustainability and catalyze business acceleration.

Avasant Law
Expansive suite of custom tailored legal services, delivered with experienced legal team with focus, across Technology Transactions, Corporate Law, Intellectual Property, Market Expansion, Information Privacy & Startup Advisory areas.

Avasant Foundation
Our mission is to enable emerging regions to realize their potential. In partnership with leading foundations and institutional donor agencies, we provide deserving youth access to skills training and education with the goal of job creation in the digital economy.

What we do

1,000+ successful engagements

98% Customer Satisfaction

$100B+ Deals Negotiated

40+ Countries
What is Transformation?

A change management strategy that alters the current business environment by aligning People, Process and Technology initiatives to the desired end state.
Transformation provides competitive to those who are willing to undertake the journey

- 30% - 70% cost reduction
- 15% - 20% optimized revenue growth
- 25% increase in productivity
- Potential 20% growth in margin
- Nearly 30% improvement in customer value by linking strategic aspiration that delight customers and execution through sourcing

Source: Avasant Client experience
What are the key building blocks that deliver Transformation?

**Innovation**
Create value using new ideas and technology

**Technology**
Drive and enable speedier change in products and services

**Skilled resources**
Generate and implement ideas and technology
What else is important?

- Executive Leaders championing Transformation
- Buy-in from stakeholders and users
- Holistic approach
- Well structured plan with realistic outcomes, milestones, and timelines
- Allocation of required resources, i.e., funds, people, etc.
- Quality data
- Proper risk assessment and mitigating factors
- Proper governance
- Frequent reinforcement of vision and benefits
- Intellectual Property
Key Challenges to Success

- Lack of a common vision; business units or support functions within an organization have different agendas
- Ability to operate in a multi-provider environment and foster a collaborative environment
- Defining service level requirements and pricing model that fosters Transformation
- Resistance to change and poor preparedness to manage change
Aligning Internal Strengths and External Services

Internal
- Executive sponsorship
- Resource allocation
- Reinforce vision
- Quality Data

External
- Change management
- Strategic roadmap
- Holistic approach
- Risk management
- Governance
- Innovation
- State of art technology
- Skilled resources
- Intellectual Property
Innovation through Sourcing

Innovation through Sourcing, not Sourcing Innovation

Best-fit Partners
Bring in best business & technical thinking

Joint Innovation Projects

Complementary Capabilities

Manage ideas
Manage challenges in implementing new ideas and technology

Collaboration

Team and User engagement

Win-win for both
Vested interest in the profitability and business value of each other

Shared Risk

Benefits

Builds trust
Boosts transparency leading to trust

Values & Challenges

Innovation through Sourcing

Risks

Reduced Business Agility
Difficult to walk away from relationship
Sourcing New and Emerging Technologies

Disruptive technology is the backbone of Transformation. By continuously refreshing the tools/technology and talent pool, firms strive to stay ahead of the curve.

- **Technology Adoption Curve**
- **Niche Skills**
  - One entity will not have all the desired niche skills
- **End-of-life strategy**
  - Clear retiring strategy for outdated technologies
- **Changing Pricing Models**
- **Values & Challenges**
- **Benefits**
- **Risks**
- **Measuring Success**
  - Unavailability of clear contractual terms
- **Feasibility of new pricing models**
  - Outcome-based or other new pricing models are difficult to implement

**Diversity**
- Diverse range of solutions and teams

**Quick Results**

**Industry Best Practice**
Sourcing Partnerships for Skilled Resources

Creates a Provider ecosystem that has multiple Service Providers who then collaborate to drive transformational initiatives with a shared vision, mission and goals.

- **Shared Risks**: Co-development, Partner investments, risk-reward models
- **Measure Performance & ROI**
- **Transparency and Flexibility**
- **Reducing value leakage**
- **Proactive participation**

**Innovation**
- Opportunities assessed and approved by the Innovation Advisory Council

**Partnership**

**Values & Challenges**
- Sourcing Partnership for Skilled Resources
- **Risks**

**Benefits**
- **Collaboration**
  - Getting Service Providers to openly share ideas and work cohesively
- **Responsibility Alignment**
  - Lack of clearly defined role and responsibilities

**Responsibility Alignment**
Sourcing Intellectual Property

Partners will own most of the IP in areas such as analytics, automation, cognitive computing and artificial intelligence.

**Accelerated Development**
Faster time-to-market

**Proprietary Frameworks**

**Best-of-breed**
Manage IPs from multiple providers

**Joint creation of IP**
Taking jointly created IP to the market and making it commercially viable

**Values & Challenges**

**Benefits**

**Gain-share**
Client and Service Provider share the revenue by taking the jointly created IP to the market

**Product Creation**
Speed to market converting ideas and visions to products

**Risks**

**Continued use of IP**

**Law**
State or Federal laws limiting the use of IP

**Usage limits**
The need for Transformation in sourcing partnerships is fast becoming a norm and is changing the key components of the sourcing model.

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<th>Traditional Sourcing Model</th>
<th>Transformational Sourcing Model</th>
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<td>Core Services separate from Transformation Initiatives</td>
<td>Transformation Embedded into Core Services</td>
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<td>Operating in silos/Fragmented multi-sourcing in IT Service Towers</td>
<td>End-to-end or holistic Transformation /Integrated Business-Defined Services</td>
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<td>Multiple IT service providers</td>
<td>Small Number of niche/strategic Technology Innovation Partners</td>
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<td>Technology Resource Unit Consumption Pricing</td>
<td>Pricing Based on Business Consumption</td>
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<td>Technology Service Levels, maybe “end to end&quot; SLAs</td>
<td>Business Performance Metrics</td>
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<td>Capital Intensive Projects and Limited Innovation</td>
<td>Gain Sharing or Risk-Reward mechanism</td>
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Adoption Rate (% of contracts)

- 2016
- 2020
Use case: Utility Transformation

Problem Statement

Current environment has been static due to market pressures and with little to no technology enabled enhancements.

Resulting in requires quantum leap in solutions and technology to support staying competitive and relevant in the industry.

Requires access to new skills, resources and innovation that does not currently exist.

Transformation through Sourcing

Identify and engage Partners to promote collaboration driving transformational initiatives – shared visions, mission and goals.

Create a culture of shared risks via co-development, Partner investments, risk-reward models, etc.

Performance to be based on business outcomes and ROI.

Engage participation of the partners in ideation sessions, to drive transformation.
Evaluation How-to:

**Why?**
- Your feedback **drives** SIG Event content
- By signing and submitting your evaluation, you are **automatically entered into a prize drawing**

**How?**

**Option 1: App**
1. Select **Schedule**
2. Select **Schedule by Day**
3. Select **Day**
4. Select **Session**
5. Scroll to **Description**
6. Click on the **Evaluation link**

**Option 2: Browser**
1. Go to [www.sig.org/eval](http://www.sig.org/eval)
2. Select **Workshop (#07)**

**COMPLETE & SUBMIT EVAL**
Workshop # 7

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