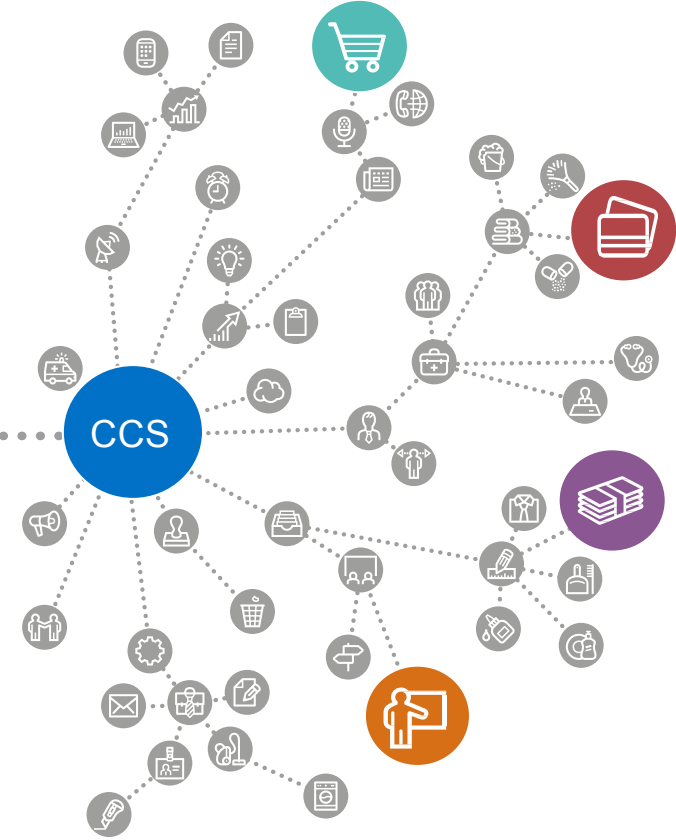




Crown
Commercial
Service

Multi-Sourcing



- What is multi-sourcing?
- Multi-sourcing models.
- Why multi-source?
- How to make it work.

What is Multi-sourcing?

“Provisioning and blending of business and IT services from the optimal set of internal and external providers” (Gartner 2015).

The technology function becomes a portfolio of activities, some of which may be outsourced and others which may be performed by internal staff, the optimum model is to outsource to the best-of-breed providers.

The supply base becomes a set of contracts between a supplier and their clients managed by the sourcing entity.

Recommended approach in the Government Digital Service(GDS) Technology Code of Practice

Why Multi-source?

- **Traditional long term outsourcing contracts are not sustainable;**
 - **business needs often change 2-3 years into a contract, the original agreement becomes cumbersome and inflexible.**
 - **business improvements no longer seem to be delivered and the business struggles to innovate due to the inability of the infrastructure to move as fast the business.**
- **It provides the opportunity to understand and harness evolving and new technologies to deliver competitive advantage whilst saving money.**
- **It provides a blend outsourcing and insourcing - shared responsibilities.**
- **Technology services can be tailored to suit specific needs.**

Multi-sourcing models

Prime Contractor Model

- Many suppliers headed by a single Prime supplier who takes responsibility for the delivery of the customers objectives and goals.
- Control is not surrendered to the Prime, shared understanding of needs and business goals, it's a collaborative partnership.
- Prime contractor should only focus on the portfolio of services and not be party to the delivery of the services.

Multi-sourcing models

Client Model

- **Client has complete control and oversees the work done by suppliers.**
- **The use of multiple outsourcing partners based on their perceived core competencies.**
- **Partners need to have synergy with the company's culture and values to ensure successful delivery.**

Making Multi-sourcing Work?

Right environment

- Key to look at the needs and have a 3 yr and 5yr plan when considering outsourcing activities or processes.
- Technology strategy needs to align closely with business strategy.
- What is the overall goal, is it savings, service delivery improvements or business transformation.
- Drive disaggregation of agreements to the most basic levels, not focus on traditional technology pillars.

Sourcing

- Sourcing needs look at the way the business is working and its needs, not traditional supply management.
- Sourcing strategy needs to be on an equal level with the operations strategy and technology strategy.
- Sourcing strategies needs to be a direct outflow of business strategy.

Making Multi-sourcing Work?

Commercial

- Clear accountability and governance
- Operation Level Agreements (OLA), signed and agreed maximise performance and ensure all are aware of their accountabilities and responsibilities.
- Inclusion of the correct metrics to measure the delivery of the service.
- Keep everything in writing even beyond contract terms etc.

Partners

- Use a capability maturity model to ensure alignment of those in the supply chain. Seek organisation at similar maturity levels to your own organisation.
- New business competencies required; demand management and relationship management. Finding individuals with the right competencies should be a key priority.
- Clearly defined objectives and governance, cascaded down to a tiered but workable model for all partners.
- Open and transparent processes.
- Listen to partner ideas and deal with them successfully.

Making Multi-sourcing Work?

Success Factors

- Need for effective measurement tools and kpi's, sla's that are directly related to business impact and outcomes.
- Quantitative metrics that demonstrate the sourcing strategy is successful, metrics that measure true business value.
- Use and embed ITIL (or other service management standard) - defacto service benchmark for measuring service quality and delivery.
 - It drives quality and efficiency;
 - increasingly implemented by companies and organisations looking delivery high quality technology services.
 - Provides a common language for all to work with and understand what is required of them.
- Partner relationship based on trust , common goals and mutual business outcomes. These are critical to the relationships.
- No room for pricing based on list model and hidden margins. Provide a win-win situation for all parties.
- Expert service desk, single POC
- Shared responsibility

Making Multi-sourcing Work?

Transition

- **Understand current environment and gap analysis between that and the future services, look at finance, security, continuity of service, stakeholders and technology.**
- **Recognised results or improvements are dependant upon the success of service transition.**

Is Multi-sourcing Right For You?

- Does the organisation have the right people?
- Consider how many vendors your are capable of dealing with?
- Utilise a prime contractor to manage vendors and not deliver any other services if adopting the Prime Contractor model.
- Learn from the prime, ensure knowledge transfer and develop your competencies.
- If the organisation is to act as the prime, ensure the right people, skills and processes are adopted and early.