

Interim Report/Worksession

ANALYSIS OF THE BUSINESS MANAGEMENT ORGANIZATION

Prepared for

Litton Computer Services

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Prepare by

INPUT

Atrium at Glenpointe
400 Frank W. Burr Boulevard
Teaneck, NJ 07666

201-801-0050
Fax: 201-801-0441

STUDY OUTLINE

1. What are the key issues?
 2. How have similarly-situated companies addressed these issues? What can LCS learn from their experience (discussion)?
 3. What are the positives and negatives of major alternatives for LCS?
 4. INPUT recommendations
- 1 and 2: Addressed on July 6
 - 3 and 4: Addressed on July 25

**OBJECTIVE: SET UP AN ORGANIZATION THAT OPTIMIZES THE
MAJOR FACTORS**

Factors

- Customer contact functions
- Prior customer relationships
- Services offered (current, potential)
- Vendor skills and capabilities
- Geography
- Organizational culture

CUSTOMER CONTACT FUNCTIONS

| <u>Function</u> | <u>Time Duration</u> | <u>Characteristics of Role</u> |
|-------------------------|--|---|
| Sales | Generally Finite | <ul style="list-style-type: none">• Transaction-oriented |
| Service Delivery | Finite or Ongoing (depends on service) | <ul style="list-style-type: none">• Project/process management• Content-oriented |
| Relationship Management | On-going | <ul style="list-style-type: none">• Large and/or complex and/or high-potential accounts• Generally, non-technical: Define solutions• Aim as high in client organization as possible |

CUSTOMER CONTACT ORGANIZATIONAL ISSUES

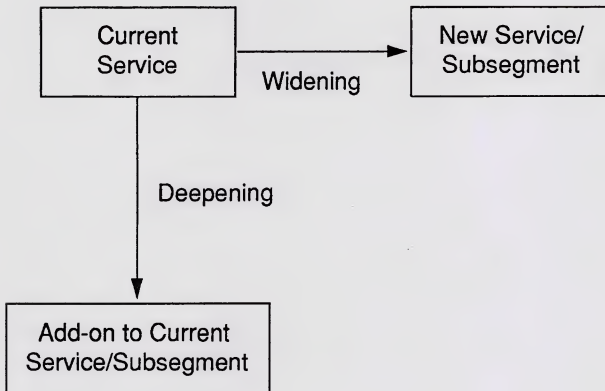
- The organization structure
 - Define responsibilities of the jobs that carry out each function
 - Show relationships between functions

- This is critical, affects day-to-day operations and ultimate success
 - Functional "hand-offs" as customers cross "boundaries" (customers should not be aware of the process -- the process should seem natural, occurring as a result of their needs)
 - Cooperation between functions
 - Areas of potential conflict or unnecessary overlap should be identified and managed

BUILDING ON PRIOR CUSTOMER RELATIONSHIPS

- "Deepening" vs. "Widening"
- "Deepening": Often feasible to rely primarily on project managers
- "Widening": Tricky issue. Handling depends on
 - Size, direction of account
 - Capabilities and positioning of project manager
 - Size and criticality of opportunity (to both vendor and customer)

Deepening and Widening Customer Relationships



SERVICES AND SERVICE SUBSEGMENTS

(Subbasements can overlap)

- Professional services/SI
 - Primarily technically-driven (e.g., networks)
 - Primarily driven by business function needs (e.g., reservation systems)
- Data center outsourcing
 - "Traditional" (cycles)
 - Ongoing vs. transitional
 - Follow-on to building new system
- Desktop services
 - Due to their cost, these are rarely offered separately. [This could change in the future if and when desktop services become more standard and proceduralized.]
 - Desktop services are assumed to be offered in conjunction with another service
- Generally speaking, offering
 - The same subsegment to the same customer is "deepening"
 - A different subsegment to the same customer is "broadening"

VENDOR SKILLS AND CAPABILITIES: IMPACT ON ORGANIZATION

- Criticality of customer perception
- Technical skills
- Functional/vertical/applications knowledge
- Ability to manage and mobilize skills
- Partnering
- Leveraging skills of key individuals [if there is not a good fit for a key performer, then the proposed organization should be reexamined]

GEOGRAPHY

- Strategic issues: E.g.
 - California focus
 - Vertical specializations (national, worldwide)

- Tactical issues: E.g.,
 - Territorial assignments vs. account management

ORGANIZATIONAL CULTURE

- Some organizational and operational decisions are applicable to certain cultures and situations.
- Example: EDS and Andersen recruitment/expectation practices
 - Hire bright college grads with no particular technical or industry background
 - Main way they prove themselves is by long hours and willingness to accept frequent, long-term transfers.
 - This affects types of projects accepted, use of technology, geographic organization and promotion policies (among others)

HOW HAVE SIMILARLY-SITUATED COMPANIES ADDRESSED THESE ISSUES?

- How is each vendor organized?
- How are key issues addressed by each vendor?
- What are the strengths and weaknesses of their respective approaches?
- Why did each one take the approach that it did? Were there specific objectives involved? What are the unique factors?
- What are similarities and differences across vendors

Summary Profile of Andersen Consulting

Business Offerings: Andersen provides a full line of services ranging from business process re-engineering to applications management. Their marketing approaches emphasizes "business integration" — the linkage of core business components. They view these services as a continuum, but have recently placed more emphasis on BPR and change management as an entry strategy for new customers. Although Andersen considered a full fledged entry into outsourcing in the early 1990's, changes in strategy and partnership at the top levels have essentially reduced focus in that area. However, Andersen still considers outsourcing of processing activities as part of the spectrum of services; and has made substantial commitments to network services and processing centers to support its outsourcing clients. It would prefer however, to have facilities or network management agreements tied to substantial professional services contracts involving applications development and maintenance.

In addition to the full spectrum of IT consulting and systems related services Andersen Consulting actively promotes the sale/licensing of internally developed software and methodologies, and almost invariably proposes the use of these offerings as part of a typical SI proposal.

Target Markets: Andersen commits major resources to six industry practice groups, and considers industry focus key to remaining relevant to the marketplace. It is truly a global organization with national practice offices in 47 countries. Over half of its annual revenues now come from outside the United States, and it claims that more than 70% of its work involves the application of C/S technology.

Organization: Andersen has over 151 offices and 26,000 employees worldwide. The line organization consists of three major groups, Americas, Europe/Middle East/Africa/India and Asia Pacific. Unlike most of the other "Big 6", Andersen maintains a substantial corporate staff to support technology initiatives, practice strategy, market development, education and training, quality management and technology services. Market development is key, housing managing directors for each major vertical market segment as well as the managing partners for functional areas such as products, change management and strategic services.

Sales and Marketing Approach

| Issue | How Addressed | Comments |
|----------------------------------|--|--|
| Customer Contacts: | | |
| <p>- Sales</p> | <p>As with most consulting partnerships, sales is the direct responsibility of line operations and a chief occupation of each partner. Andersen makes more use of the direct reports to partners in this process than most of the "Big 6", but the process is essentially the same.</p> <p>Sophisticated processes are employed by staff specialists for the analysis of large or risky deals, and specialists exist to support line managers in the preparation of "engagement letters" (proposals).</p> <p>Multinational deals are generally put together by the partners themselves, setting the framework for their respective offices' participation in such engagements.</p> | <p>Corporate networking, an extensive use of an intelligence network developed for LOTUS Notes, client forums and annual meetings are used to develop both existing and prospective clients. Andersen probably conducts more market research in support of sales than any other major systems integrator.</p> <p>Deals are what they are. Assumption of risk and split of the pie can all be negotiated.</p> |
| <p>- Delivery</p> | <p>Outside of executive level strategy consulting, most engagements are actually delivered by an Andersen "manager", one level below partner, although partners hold the final responsibility and will participate in a planning and review role. Managers are expected to be involved, generally on site, on a day to day basis and maintain close client contact.</p> | <p>Multi-disciplinary teams may be drawn from through the partnership regardless of geography. Andersen has a unique system built on LOTUS notes which allows team members to seek solutions and specific expertise throughout the partnership.</p> |
| <p>- Relationship Management</p> | <p>Andersen software products (and those of its alliances are actively promoted) where appropriate and implementation is generally conducted by Andersen personnel.</p> <p>Relationship management is a tri-cornered hat, in most instances involving the geographic partner, the industry expert partner and the on-site project manager.</p> | <p>While not known for their programming skills, Andersen generally has a good reputation for delivery.</p> <p>Upon project completion, responsibility for follow-on, if no additional work is immediately at hand will fall to the partner with geographic responsibility</p> |
| <p>- Management of Process</p> | <p>The partner in charge of the account manages both the sales and implementation process through the assigned manager. Strict adherence to Andersen's processes is the rule</p> | <p>Andersen is well known for its military style approach to training. Everyone knows the process by the time they are assigned to an engagement.</p> |

**Sales and Marketing Approach
(Continued)**

| Issue | How Addressed | Comments |
|--|--|--|
| Current Customers | Partners generally have responsibility for more than one account and actively pursue the extension of services in each account. On-site implementation managers generally move on to the next assignment once a specific engagement is completed. | Partners responsible for a given account encourage on-going meetings, participation in industry and Andersen forums and other activities to maintain an account presence. |
| New Customers | Other than the initial sales contact, new customers and current customers are managed in a similar manner. Although, new customers, particularly during cultivation are likely to get more on-site attention from senior partners than established accounts. | Andersen Consulting is expert at assembling the "right" personnel to win a contract. They will use a tiered approach to attack the account on several levels, CEO, CIO, etc. |
| Industry Specialization Geography | Industries: All — but truly significant in Financial Services, Healthcare, Utilities, Telecom, Products and Government. Specialization: BPR, C/S Migration, manufacturing systems. Geography: Worldwide | In terms of specialization Andersen has developed a number of applications packages and operates several Business Integration Centers for R&D and marketing purposes |

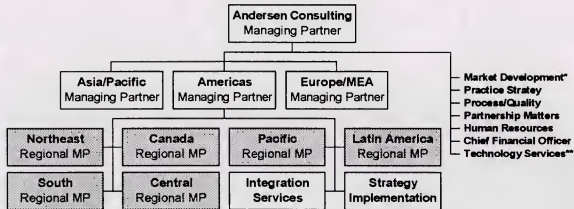
Team Mobilization: Andersen draws upon resources from multiple geographies and organizations to form the required sales and implementation teams. Knowledge Exchange, an internal LOTUS Notes based system, facilitates the identification of individuals and solutions required to meet client requirements. According to internal resources, teams can be assembled within one to two days to address most situations. Everyone is expected to get on the plane and go!

As is the case with most other partnerships, fees for the services performed by personnel not directly under the account manager are paid for via transfer charges. In Andersen's case rates may actually be negotiated between partners.

The six Business Integration Centers (Logistics 2000, Process 2000, Smart Store, Retail Place, Hospital of the Future and the Technology Integration Center) may become partners as part of a team effort.

Partnering: Andersen has too many partners and alliances to enumerate here. Relationships cover the full gamut of business arrangements. To manage this myriad of or relationships Andersen has created the Business Integration Partnership for establishing and managing business relationships with third party providers of hardware, software and specialized services. This unit is also responsible for developing alternative channels and the generation of margin from the sale of third-party products.

Organization Chart Andersen Consulting



* Market Development has partners and supporting organizations for each major vertical industry group.

** Technology services houses training, CIO function and applications software

- Regional practice areas have vertical industry partners
- Regional practice areas have technology partners.

Shaded boxes indicate principal organizations involved in marketing, sales and account management for the commercial market place.

Summary Profile of CSC

Business Offerings: Serving government and commercial clients, CSC provides strategy and management consulting, business re-engineering, information technology consulting, requirements analysis, software development systems integration and outsourcing services.

In addition, CSC has a number of industry specific applications software and turnkey systems packages which it markets directly or in conjunction with SI engagements.

Target Markets: CSC maintains a dominant position federal market place which contributes about half of its total revenues. It targets Fortune 1000 companies in the commercial market place and has moved increasingly to a vertical industry focus; although not nearly as strongly as EDS or the "Big 6". It has a significant position in European markets, and also operates in Australia.

Organization: The company is organized into five major groups. The *Systems Group* is primarily focused on the federal government. The *Consulting Group* provides management consulting, systems integration and technology consulting services to the commercial marketplace. *CSC Europe* provides consulting services to public and private businesses in Europe. The *Industry Services Group* serves vertical markets with industry-specific services primarily directed at the healthcare, consumer finance and insurance market. And, the *Technology Management Group* is responsible for overseeing all commercial outsourcing-related activities in the U.S.

The consulting group consists of four units. CSC consulting is the largest organization and is the primary deliverer of commercial SI services. CSC Index focuses on BPR and CSC Intelicom on telecommunications consulting. The fourth unit, CSC Research and Advisory Services supports the others with research services and the development of methodologies and best practices.

Sales and Marketing Approach

| Issue | How Addressed | Comments |
|---------------------------|--|---|
| Customer Contacts: | | |
| - Sales | <p>The sales activity varies by product line. SI and BPR services are sold directly by partners within CSC Consulting units. The approach is similar to Andersen's or other "Big 6" organizations.</p> <p>The Outsourcing Marketing Division provides a centralized marketing and sales resources to identify and pursue industry-specific outsourcing opportunities in the commercial and government markets.. Not unlike EDS, when outsourcing deals are closed, account management responsibility moves directly to an account manager who organizationally reports to the operations side.</p> | <p>For accounts that require both SI and outsourcing services, it is necessary for each group to seek out the appropriate resources from the other to support the sales process. This process is facilitated by the Outsourcing Marketing Division.</p> |
| - Delivery | <p>Project organizations are formed and headed up by the account manager. Staffing for development efforts typically comes from CSC Consulting, but occasionally alliances with either outside firms or CSC's federal arm are formed to put the right group together. If outsourcing is involved in addition to SI services, the Technology Management Division will frequently act as a subcontractor to the consulting organization.</p> <p>When outsourcing accounts require consulting services, the outsourcing account manager will subcontract to the consulting group for services</p> | <p>To a large extent deals that require participation from both major delivery organizations are put together on a custom basis. But the unwritten rule is that however they are put together, they will come under the management of one account manager. Revenue splits between the divisions are agreed to in advance.</p> |
| - Relationship Management | <p>Relationship management is under the control of the account manager.</p> | <p>The Outsourcing Marketing Division maintains key programs with both suppliers and customers.</p> |
| - Management of Process | <p>As is the case with other industry participants, CSC has formalized processes methodologies and tools that is uses in both sales and delivery.</p> | |

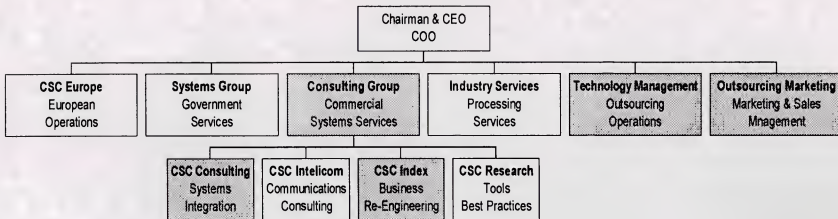
**Sales and Marketing Approach
(Continued)**

| Issue | How Addressed | Comments |
|--|--|--------------------------------|
| Current Customers | Current customers are totally the responsibility of account managers | |
| New Customers | Depending on whether they come into CSC from the outsourcing or consulting side, they are likely to be handled differently. | (See comments in Sales above.) |
| Industry Specialization Geography | Industries: Federal government, and most other vertical sectors. Specialization: C/S-based systems integration Geography: Primarily U.S. & Europe | |

Team Mobilization: Teams are built on a custom basis to meet client needs. For large deals involving outsourcing the Outsourcing Marketing Division acts as a catalyst to bring together the most appropriate information technology experts and technologies across CSC to solve individual client problems.

Partnering: CSC has alliances or agreements with a number of suppliers of hardware and software, but usually uses its own resources in implementation engagements.

Organization Chart Computer Sciences Corporation



Shaded boxes indicate principal organizations involved in marketing, sales and account management for the commercial market place.

Summary Profile of Deloitte & Touche

Business Offerings: D&T's Information Technology Practice consists of a full spectrum of offerings ranging from BPR (Business Process Re-Engineering), through systems integration, development and implementation. D&T will do applications maintenance on an on-going basis. But it is not considered a primary line of business. These offerings are supported by a variety of methodology and software tools packaged under the name of **4Front**. They have recently added a new set of tools to support business process re-engineering under the name of **ROI**. Although these products may be licensed to clients their primary objective is support of the core service practice.

Target Markets: Focus is on multi-national corporations (MNCs) and large national entities (LNEs).

Organization: Overall direction and strategy is managed by a global practice office composed of partners who head up major world geographies. Technology partners and some partners with specific vertical industry expertise also operate at this level. U.S. operations is managed out of a national practice office composed of regional managing partners and partners who head up COEs (Centers of Expertise). At present there are four such centers with a fifth being currently implemented:

- Cross Industry Applications
- SAP
- Telecomm
- Systems Integration
- Information Management Studies (In development)

U.S. organization is divided into three regional practices. Each region has senior partners with specific vertical industry expertise.

Sales and Marketing Approach

| Issue | How Addressed | Comments |
|--|--|---|
| <p>Customer Contacts:</p> <ul style="list-style-type: none"> - Sales - Delivery - Relationship Management - Management of Process | <p>Essentially conducted by regional practice partners. Sources of leads include referrals, national vertical industry practice managers, deliberately planned ongoing contact with existing customers. Proposal preparation, risk assessment supported by specialist at regional or local office level.</p> <p>A partner is assigned to every engagement. If BPR is involved partner may come from industry-specialist ranks. Emphasis is on multi-disciplinary teams for consulting and design phases. Much of the implementation work will go to local D&T personnel or be contracted out to traditional professional services firms.</p> <p>Delivery for multinational engagements is centrally managed in the client headquarters country.</p> <p>Usually the relationship is managed by the selling partner to achieve continuity. However, exceptions are made.</p> <p>The partner in charge of the account manages both the sales and implementation process through a team approach</p> | <p>D&T is very effective at using industry sources for new leads. Gain insight through annual CIO survey. Heavy commitments made to industry association speaking engagements.</p> <p>Multi-disciplinary teams may be drawn from through the partnership regardless of geography. COE staff and industry specialists usually included. Development work contracted out only to firms trained in D&T methodology/tools</p> <p>Upon project completion, the lead partner remains assigned to the account for further business development purposes</p> <p>The composition of team members will usually vary over time depending on the phase of the relationship.</p> |
| <p>Current Customers</p> | <p>Partners may have responsibility for more than one account depending on account size. Account plans are maintained for each existing account.</p> | <p>Partner account managers facilitate account participation in D&T technology research and industry forums.</p> |
| <p>New Customers</p> | <p>Account plans are developed to assess long term account potential at initial engagement.</p> | |
| <p>Industry Specialization Geography</p> | <p>Industries: Manufacturing, Healthcare, Finance, Public Sector, Utilities Specialization: BPR, C/S Migration, manufacturing systems. Geography: Worldwide, recent emphasis on European markets.</p> | |

Team Mobilization: As is the case with most of the “Big 6”, D&T draws upon resources from multiple geographies to form the required sales and implementation teams. Internal information systems assist project managers in identifying unique applications or technology skills regardless of location. COEs are used extensively for these resources, and D&T relies on a uniform approach to training to ensure familiarity of team members with standard methodologies and tools.

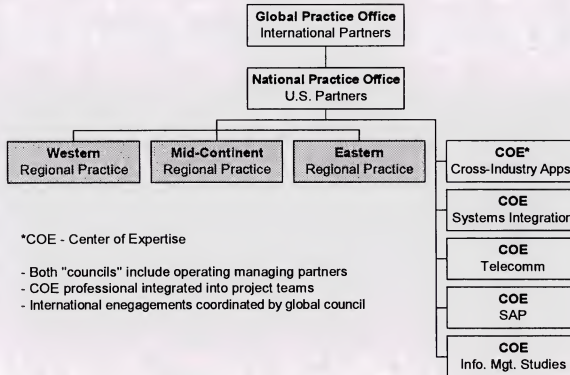
It is the responsibility of the account manager to “negotiate” with other partners in the firm to secure the services of professionals for participation on an engagement. Internal per diem or hourly charges are processed in the formal of accounting transfers to handle keep “score” on the financial performance for partners’ individual practices.

Partnering: D&T has only a few strategic alliances. They specifically state that they are not in the business of selling hardware, software or development tools. However, they do maintain some alliances:

- SAP (Manufacturing systems)
- Oracle (Distributed Relational DB Management Systems)
- IBM (Business Recovery and Systems Integration)
- Texas Instruments (IEF)
- Dun & Bradstreet Software (Mainframe Applications)
- Software 2000

Working relationships have developed with all of these organizations over time, and in all instances, these firms either provide services or software as a subcontractor to D&T. Contractual and other business relationships are largely pre-determined through the alliance agreements.

Organization Chart Deloitte & Touche



Shaded boxes indicate principal organizations involved in marketing, sales and account management for the commercial market place.

Summary Profile of EDS

- Business Offerings:** Until a few years ago EDS was primarily known as a facilities management and processing services company. Today it provides a full spectrum of services (business consulting, systems design & development, systems integration, systems management, and business process management. Unlike the “Big 6” and because of its heritage as a facilities management provider, EDS has extensive infrastructure worldwide to give it economy of scale in terms of providing ongoing network, outsourcing and processing services. However, in recent years it has elected to focus its attention on being a supplier of business solutions and has made significant inroads into the systems integration market place.
- Target Markets:** EDS’ target markets are global in scope and include all industry groups. In the early 90s it organized along industry lines, and began to make significant investments in the creation of a consulting organization to compete in the high-end management consulting market.
- Organization:** EDS is a subsidiary of GM, but its stock is traded publicly. Strategy and direction are established by the “leadership council”. Individual members of the council usually have both line and staff activities reporting to them, and units are interchanged between council members on a fairly regular basis. From the point of view of marketing, sales and delivery of its services, EDS is organized into strategic business units (SBUs). Each SBU has a marketing, sales, systems and operations activity and relies on strategic support units (SSUs) within the organization to provide specific types of services to customers in a matrixed manner. SBUs develop applications software to support their areas of industry focus. Major SBUs include, manufacturing, General Motors, financial, transportation, communications, energy and insurance. Both SBUs and strategic support units are expected to make a profit; the former from customer contracts, the latter from support charges to the SBUs.

Sales and Marketing Approach

| Issue | How Addressed | Comments |
|--|---|---|
| <p>Customer Contacts:</p> <ul style="list-style-type: none"> - Sales - Delivery - Relationship Management - Management of Process | <p>The sales activity is the responsibility of each SBU. Large SBUs, such as manufacturing, may have specialized sales units to support specific sub-industries such as high-tech manufacturing. Multiple sales functions exist in the financial services and other SBUs as well.</p> <p>Sales organizations are extremely knowledgeable in their SBU's industry sectors. New hires are mentored by "old pros". They are well paid, and are financially motivated to support each other in closing large accounts.</p> <p>During the sales process, sales personnel line up the appropriate internal resources to assist in proposal generations, etc., but by and large, they close the deal — using whatever other resources are required.</p> <p>When an account is considered a high probability close a search is conducted within the SBU to identify a potential account manager. Since most of EDS' deals involved long-term operational commitments, this selection is critical and may represent a career shift and/or relocation for the candidate. Account managers come from operations.</p> <p>Delivery teams are pulled together from within the SBUs, but frequently people will migrate over from support services units such as C/S or network management to join the team.</p> <p>Once a deal is closed, the account manager is king. He or she will call on sales for potential extensions to the contract/etc., but the account managers authority is seldom questioned.</p> <p>Relationship management is under the control of the account manager. Only a major failure in delivery or a direct request from the customer could undermine this authority</p> <p>EDS has extensive and well developed processes to support all of its offerings, these may be tailored to the specific account.</p> | <p>EDS, despite its outward corporate formality is fundamentally an organization of self-motivated individuals and teams. People are frequently given assignments beyond the scope of their authority or organizational resources and measured on their ability to "do it". In sales, the winners "do it" by working the organization and assembling the right resources to get the deal done.</p> <p>EDS has been able to get this approach to work in both the sale of as SI and professional services as well as its traditional outsourcing services.</p> <p>Delivery for most of EDS' deals involves longer term commitments than the typical development project. People joining the delivery team frequently make an organizational change for the opportunity.</p> <p>Project or account teams make every effort possible to "move in" with the customer, becoming, in effect, part of the clients organization.</p> <p>Account managers report to the operations unit within the SBU.</p> <p>Measurement processes are much more clearly defined in EDS contracts than with other firms.</p> |

Sales and Marketing Approach (Continued)

| Issue | How Addressed | Comments |
|--------------------------------------|---|---|
| Current Customers | Current customers are totally the responsibility of account managers | |
| New Customers | When a new customer is brought on board, sales may remain part of the team until the account has stabilized. | |
| Industry Specialization Geography | Industries: All — particularly strong in manufacturing, and financial services Specialization: Transitional outsourcing where client is migrating to C/S. Geography: Worldwide | Growing presence according to competitors in healthcare |

Team Mobilization: Since sales offices are generally co-located with the support services necessary to allow the sales process to proceed with little corporate involvement. To the extent possible delivery teams are built through internal networking and the integration of client personnel. As a result team mobilization tends to be more local than it is with the typical partnership organization. However, individuals are recruited on a long term or "consulting" basis from throughout the organization. And, consistent with EDS' practices, can elect or reject the option of a long term relocation (organizationally and/or physically) with relatively little fear of organizational reprisal.

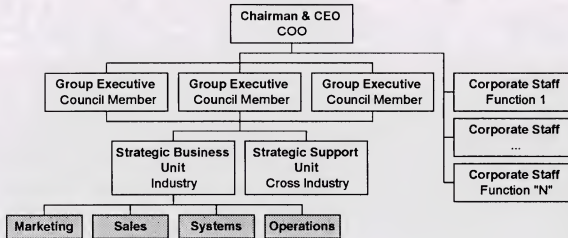
Partnering: EDS has various ongoing relationships with more than 5,000 vendors worldwide. A sampling of current joint ventures, joint development and other agreements includes the following:

Joint Ventures: Sony, Hughes Aircraft, 3Com, Compaq, Orion Pritzker, Olivetti, Beijing Municipal Government, Telefonica, China Management Systems, Lucky Goldstar, CAMI Automotive, STM (Korea), Hitachi Data Systems Holding Corporation, Apple Computer, and Emperion

Joint Development: AT&T, IBM, Sun Microsystems, France Telecom, and CADAM

Agreements: Interpractice Systems, Hewlett-Packard, Intergraph, CGI Systems, Apple Computer.

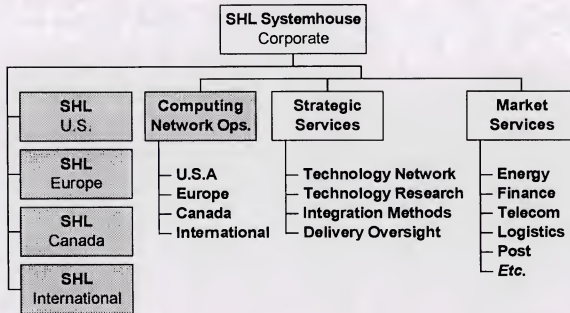
Organization Chart EDS



Shaded boxes indicate principal organizations involved in marketing, sales and account management for the commercial market place.

- Each group executive may have multiple business units and/or support units.
- Some corporate staff functions, such as marketing belong to group executives.
- Strategic support units support multiple industry groups.

Organization Chart SHL Systemhouse



Shaded boxes indicate principal organizations involved in marketing, sales and account management for the commercial market place.

SUMMARY OF ORGANIZATIONAL PRACTICES: SALES (GENERAL)

1. Summary of Practices

| <u>Vendor</u> | <u>How Addressed</u> |
|---------------|---|
| Andersen | <ul style="list-style-type: none">Partners take lead; process managed by geographic partner |
| CSC | <ul style="list-style-type: none">Separate sales forces by product line |
| Deloitte | <ul style="list-style-type: none">Partners take lead; process managed by geographic partner |
| EDS | <ul style="list-style-type: none">Sales people within each SBU |

2. Overall Comments

- No "best practice"
- Primarily driven by vendor history

SUMMARY OF ORGANIZATIONAL PRACTICES: SALES (NEW CUSTOMERS)

1. Summary of Practices

| <u>Vendor</u> | <u>How Addressed</u> |
|---------------|---|
| Andersen | <ul style="list-style-type: none">• Receive disproportionate partner attention |
| CSC | <ul style="list-style-type: none">• Separate sales forces for outsourcing and consulting |
| Deloitte | <ul style="list-style-type: none">• Geographic and/or specialist partner develops opportunity |
| EDS | <ul style="list-style-type: none">• Separate sales force |

2. Overall Comments

- Trend is toward a separate sales organization focussed on new business.

SUMMARY OF ORGANIZATIONAL PRACTICES: SALES (CURRENT CUSTOMERS)

1. Summary of Practices

| <u>Vendor</u> | <u>How Addressed</u> |
|---------------|---|
| Andersen | <ul style="list-style-type: none">• Geographic partner mines account; supported by on-site project managers |
| CSC | <ul style="list-style-type: none">• Account manager mines account |
| Deloitte | <ul style="list-style-type: none">• "Delivery" partner mines account |
| EDS | <ul style="list-style-type: none">• Mined by account manager (who calls in other resources) |

2. Overall Comments

- Accounts are "mined" by a hands-on person

SUMMARY OF ORGANIZATIONAL PRACTICES: DELIVERY FUNCTIONS

1. Summary of Practices

| <u>Vendor</u> | <u>How Addressed</u> |
|---------------|--|
| Andersen | <ul style="list-style-type: none">• On-site project manager (Senior Manager or Associate Partner)• Oversight by geographic partner |
| CSC | <ul style="list-style-type: none">• CSC Consulting (old Index unit) takes lead and appointed account manager |
| Deloitte | <ul style="list-style-type: none">• Partner or senior manager (depending on size of job)• Specialist partner may take lead |
| EDS | <ul style="list-style-type: none">• Account manager is key person• Appointed at the time proposal shows high probability of success |

2. Overall Comments

- "Resident" manager assumes responsibility

SUMMARY OF ORGANIZATIONAL PRACTICES: RELATIONSHIP MANAGEMENT

1. Summary of Practices

| <u>Vendor</u> | <u>How Addressed</u> |
|---------------|---|
| Andersen | <ul style="list-style-type: none">• Geographic partner, on-site project manager and matrixed "expert" partner |
| CSC | <ul style="list-style-type: none">• Account managers |
| Deloitte | <ul style="list-style-type: none">• Managed by selling partner |
| EDS | <ul style="list-style-type: none">• Account managers (and assistant account managers for large and/or complex accounts) |

2. Overall Comments

- Relationship management is a key function in all vendors.

SUMMARY OF ORGANIZATIONAL PRACTICES: SERVICES COORDINATION

1. Summary of Practices

| <u>Vendor</u> | <u>How Addressed</u> |
|---------------|---|
| Andersen | <ul style="list-style-type: none">• Outsourcing is a minor activity |
| CSC | <ul style="list-style-type: none">• CSC breaking down barriers between autonomous product units |
| Deloitte | <ul style="list-style-type: none">• Outsourcing is a minor activity |
| EDS | <ul style="list-style-type: none">• Account manager is king (product mix is relatively transparent) |

2. Overall Comments

- EDS is a good conceptual model

SUMMARY OF ORGANIZATIONAL PRACTICES: VERTICAL INDUSTRY

1. Summary of Practices

| <u>Vendor</u> | <u>How Addressed</u> |
|---------------|--|
| Andersen | <ul style="list-style-type: none">• Matrixed; geographic partner generally controls• Very deep vertically-oriented organization |
| CSC | <ul style="list-style-type: none">• Vertical organizations still in formative stages |
| Deloitte | <ul style="list-style-type: none">• Key verticals are supported by specialist partners (matrixed) |
| EDS | <ul style="list-style-type: none">• Vertically-oriented SBUs are dominant |

2. Overall Comments

- Vertical knowledge/sales becoming critical differentiator

SUMMARY OF ORGANIZATIONAL PRACTICES: GEOGRAPHIC

1. Summary of Practices

| <u>Vendor</u> | <u>How Addressed</u> |
|---------------|---|
| Andersen | <ul style="list-style-type: none">• Geographic partner takes lead |
| CSC | <ul style="list-style-type: none">• Geography not an important factor |
| Deloitte | <ul style="list-style-type: none">• Geographic partner usually takes lead or plays key role |
| EDS | <ul style="list-style-type: none">• Geography not an important factor (within U.S.) |

2. Overall Comments

- Geographic organization becoming less important as industry/application knowledge becomes more important.
- Relationship management usually has a geographic flavor
- IBM has shown weaknesses of geographic approach

SUMMARY OF ORGANIZATIONAL PRACTICES: ORGANIZING TEAMS

1. Summary of Practices

| <u>Vendor</u> | <u>How Addressed</u> |
|---------------|--|
| Andersen | <ul style="list-style-type: none">• Geographic partner and "expert" partner(s) negotiate• Strong cultural bias to meet client needs |
| CSC | <ul style="list-style-type: none">• Ad hoc, usually effective |
| Deloitte | <ul style="list-style-type: none">• Similar to Andersen, but less depth in-house• More likely to subcontract |
| EDS | <ul style="list-style-type: none">• SBUs are self-contained and buy services from each other• Strong cultural bias to meet client needs |

2. Overall Comments

- Team organization is critical for carrying out large, complex projects



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INPUT WORLDWIDE

Frankfurt

Sudetenstraße 9
D-35428 Langgöns-
Niederkleen
Germany
Tel. +49 (0) 6447-6055
Fax +49 (0) 6447-7327

London

17 Hill Street
London W1X 7FB
England
Tel. +44 (0) 71 493-9335
Fax +44 (0) 71 629-0179

New York

400 Frank W. Burr Blvd.
Teaneck, NJ 07666
U.S.A.
Tel. 1 (201) 801-0050
Fax 1 (201) 801-0441

Paris

24, avenue du Recteur
Poincaré
75016 Paris
France
Tel. +33 (1) 46 47 65 65
Fax +33 (1) 46 47 69 50

San Francisco

1881 Landings Drive
Mountain View
CA 94043-0848
U.S.A.
Tel. 1 (415) 961-3300
Fax 1 (415) 961-3966

Tokyo

Saida Building, 4-6,
Kanda Sakuma-cho
Chiyoda-ku, Tokyo 101
Japan
Tel. +81 3 3864-0531
Fax +81 3 3864-4114

Washington, D.C.

1953 Gallows Road
Suite 560
Vienna, VA 22182
U.S.A.
Tel. 1 (703) 847-6870
Fax 1 (703) 847-6872

