

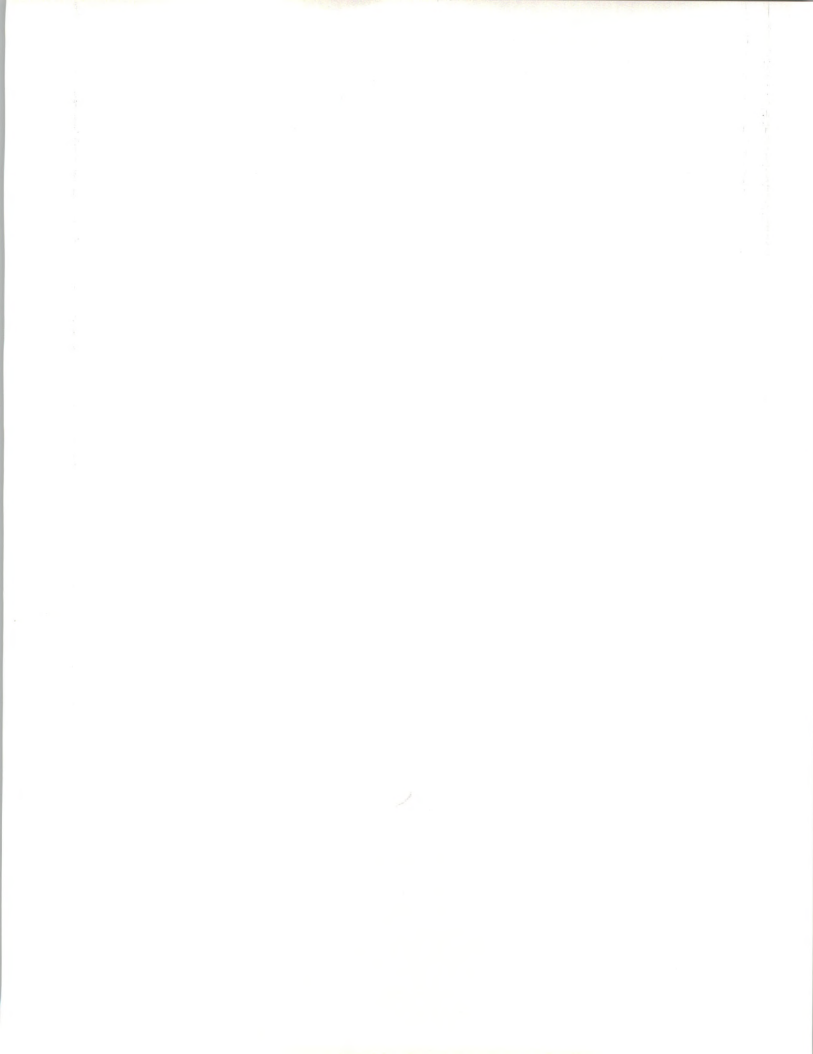
Desktop Services and  
Business Operations

New Opportunities in  
Outsourcing

**INPUT<sup>®</sup>**

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Prepared by  
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Mountain View, CA 94043-0848  
U.S.A.

***Desktop Services and Business Operations—  
New Opportunities in Outsourcing***

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# Desktop Services and Business Operations

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## New Opportunities in Outsourcing

OU-265

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Notes:



# Structure of Outsourcing Market

OU-206

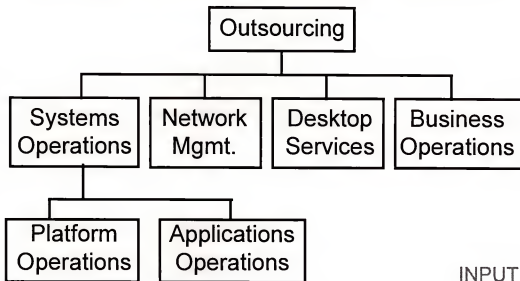
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Notes:





# IS Outsourcing Components



OU-267

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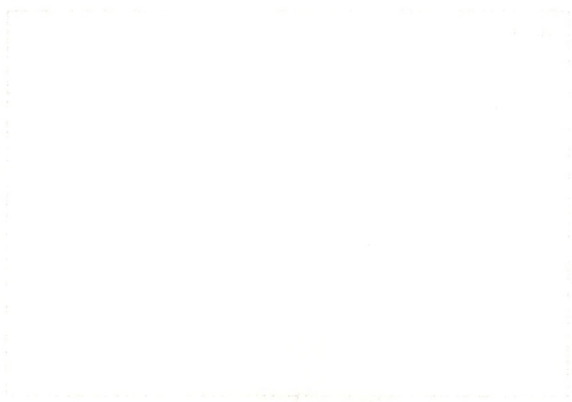


# U.S. Outsourcing Market Forecasts

OU-268

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Notes:



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# Desktop Services

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OU-270

Notes:



# Market Factors

INPUT

OU-272

Notes:





# Desktop Outsourcing Case Studies

OU-276

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Notes:



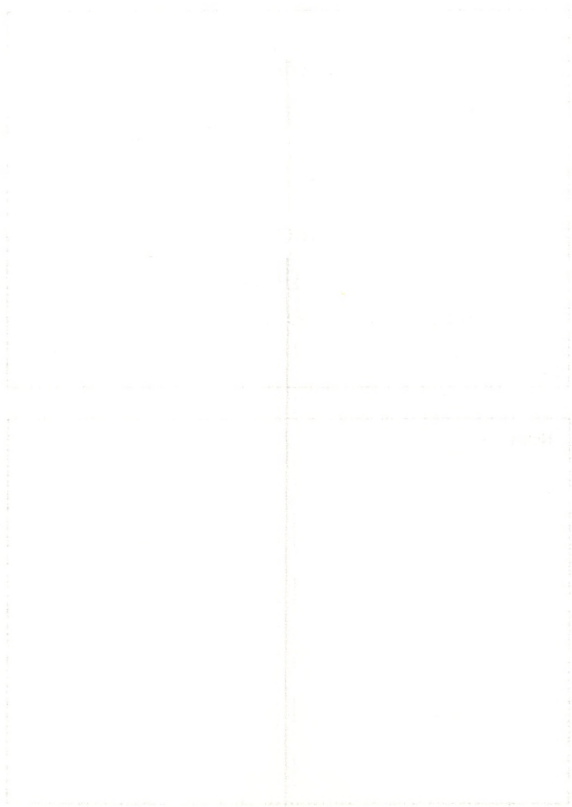
## JWP/Kodak

- Part III of large outsourcing contract (ISSC/DEC)
- Provides
  - PC/workstation maintenance
  - Software upgrade
  - Help desk services

INPUT

OU-35

Notes:



## EDS/GE

- Contract valued at \$500 million (5 yrs.)
- Provides:
  - PC/workstation central purchasing
  - Establishment of product specs
  - PC/workstation maintenance
  - Software upgrade and training
  - Help desk

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OU-36

Notes:



# Major Vendors

INPUT

OUJ-277

Notes:





# Business Operations Outsourcing

OU-281

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Notes:



# Business Operations Outsourcing

## Definition:

1. Contracting with a vendor for operation of an entire business process
2. Process must contain at least 30% IT content

OU-282

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Notes:



# Key Market Factors

- Client/server platforms
- Electronic commerce
- Business re-engineering

OU-284

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Notes:

No.	Date	Description	Amount	Balance	Total
1	1890	Jan 1			
2	1890	Feb 1			
3	1890	Mar 1			
4	1890	Apr 1			
5	1890	May 1			
6	1890	Jun 1			
7	1890	Jul 1			
8	1890	Aug 1			
9	1890	Sep 1			
10	1890	Oct 1			
11	1890	Nov 1			
12	1890	Dec 1			
13	1890	Jan 2			
14	1890	Feb 2			
15	1890	Mar 2			
16	1890	Apr 2			
17	1890	May 2			
18	1890	Jun 2			
19	1890	Jul 2			
20	1890	Aug 2			
21	1890	Sep 2			
22	1890	Oct 2			
23	1890	Nov 2			
24	1890	Dec 2			
25	1890	Jan 3			
26	1890	Feb 3			
27	1890	Mar 3			
28	1890	Apr 3			
29	1890	May 3			
30	1890	Jun 3			
31	1890	Jul 3			
32	1890	Aug 3			
33	1890	Sep 3			
34	1890	Oct 3			
35	1890	Nov 3			
36	1890	Dec 3			
37	1890	Jan 4			
38	1890	Feb 4			
39	1890	Mar 4			
40	1890	Apr 4			
41	1890	May 4			
42	1890	Jun 4			
43	1890	Jul 4			
44	1890	Aug 4			
45	1890	Sep 4			
46	1890	Oct 4			
47	1890	Nov 4			
48	1890	Dec 4			
49	1890	Jan 5			
50	1890	Feb 5			
51	1890	Mar 5			
52	1890	Apr 5			
53	1890	May 5			
54	1890	Jun 5			
55	1890	Jul 5			
56	1890	Aug 5			
57	1890	Sep 5			
58	1890	Oct 5			
59	1890	Nov 5			
60	1890	Dec 5			
61	1890	Jan 6			
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63	1890	Mar 6			
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67	1890	Jul 6			
68	1890	Aug 6			
69	1890	Sep 6			
70	1890	Oct 6			
71	1890	Nov 6			
72	1890	Dec 6			
73	1890	Jan 7			
74	1890	Feb 7			
75	1890	Mar 7			
76	1890	Apr 7			
77	1890	May 7			
78	1890	Jun 7			
79	1890	Jul 7			
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81	1890	Sep 7			
82	1890	Oct 7			
83	1890	Nov 7			
84	1890	Dec 7			
85	1890	Jan 8			
86	1890	Feb 8			
87	1890	Mar 8			
88	1890	Apr 8			
89	1890	May 8			
90	1890	Jun 8			
91	1890	Jul 8			
92	1890	Aug 8			
93	1890	Sep 8			
94	1890	Oct 8			
95	1890	Nov 8			
96	1890	Dec 8			
97	1890	Jan 9			
98	1890	Feb 9			
99	1890	Mar 9			
100	1890	Apr 9			

# Business Operations Outsourcing

- Role of BPR
  - BPR is catalyst to identify and focus on core processes and operations
  - Crucial targets for internal focus

OU-285

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Notes:





# Business Operations Outsourcing

- Role of BPR
  - Non-critical operations become candidates for outsourcing
  - BPR acts as strong market driver for operations outsourcing

OU-288

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Notes:

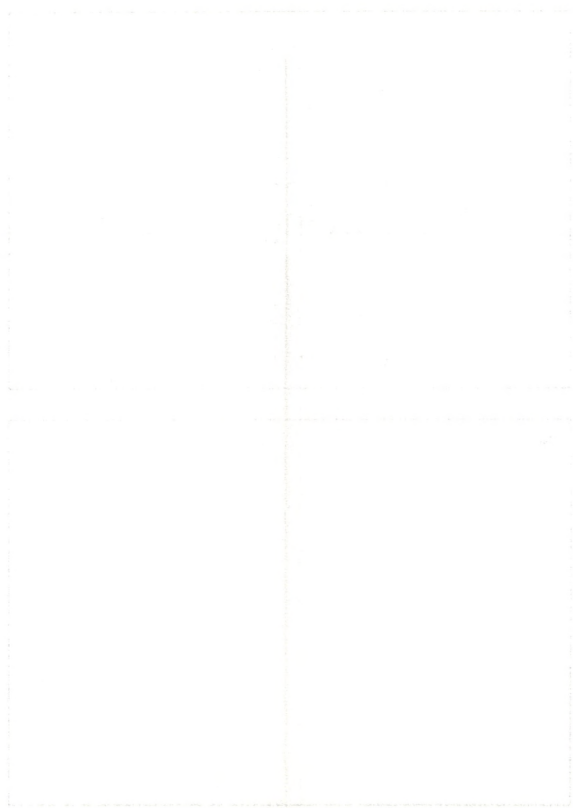


# Characteristics of Business Operations Outsourcing Projects

OU-287

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Notes:



# Potential for Business Process Outsourcing

Client core competency?

Yes

No

Yes  
Critical  
Process?  
  
No

<b>Low potential</b>	<b>High potential</b>
<b>Medium potential</b>	<b>High potential</b>

OU-288

Notes:



## Business Operations Outsourcing Candidate Operations

Key Characteristic of Operation	Rating
Labor Intensive	4.1
High Technology Content	4.1
Common to Client's Industry	4.0
Periodic Peak Processing Requirement	3.7

OU-289

1 = Low, 5 = High

INPUT

Notes:



Figure 1. A schematic diagram of the experimental setup for the study of the effect of the concentration of the solution on the rate of the reaction.



## Business Operations Outsourcing Candidate Operations

Key Characteristic of Operation	Rating
Critical to Daily Operations	3.4
Common to All Business Organizations	3.2
High Transaction Volumes	2.9
Provides Competitive Advantage	2.8

1 = Low, 5 = High

INPUT

OU-290

Notes:



# Business Operations Outsourcing

## Potential Industries and Applications

OU-291

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Notes:



## Business Operations Outsourcing Banking/Finance Market

- Outsourcing acceptance and market penetration
- Growing interest in operations outsourcing
- Processes outsourced
  - Check processing
  - Lockbox (funds repository) services

OU-292

INPUT

Notes:



PHOTOMOUNT PREPARED BY T. J. C. S. D. 12

## Business Operations Outsourcing Insurance Market

- Extensive medical claims processing outsourcing
- Reluctance to outsource total data center operations
- Outsourced processes
  - Medical claimant interface
  - Payment disbursements

OU-293

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Notes:





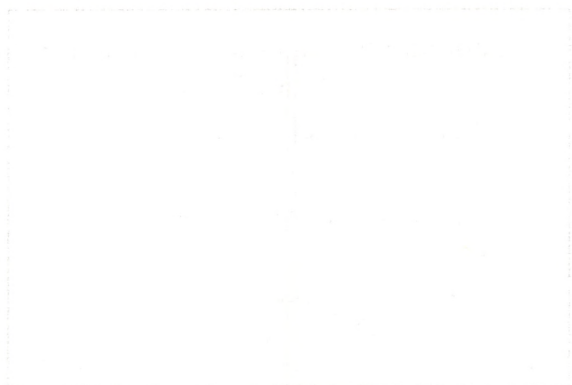
## Business Operations Outsourcing Health Care Market

- Cost reduction motives
- Need for enhanced technology
- Pressure for new services and treatment
  - AIDS
  - Geriatric

OU-294

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Notes:



THE END OF THE WORLD

## Business Operations Outsourcing Health Care Market

- Affinity groups may turn to outsourcing
- Hospitals being managed by contract firms - 550 of 7,000
- Processes outsourced
  - Diagnostic imaging, claims processing, laboratory testing

OU-295

INPUT

Notes:



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## Business Operations Being Outsourced

- Customer Service
  - Chevrolet - EDS
  - SAAB - EDS
  - Rockwell International - EDS

OU-296

INPUT

Notes:



## Government Operations Being Outsourced (U.S.)

- Claims/Entitlement Management
  - Blue Cross/Blue Shield Medicare payments
  - Federal Emergency Management
  - Black Lung Program
  - Food Stamps distribution

OU-297

INPUT

Notes:

1. The first step is to identify the problem or question that needs to be answered.

2. The second step is to gather relevant information and data.

3. The third step is to analyze the information and data.

4. The fourth step is to develop a solution or answer.

5. The fifth step is to implement the solution or answer.

6. The sixth step is to evaluate the results of the solution or answer.

7. The seventh step is to communicate the results of the solution or answer.

8. The eighth step is to monitor the results of the solution or answer.

9. The ninth step is to revise the solution or answer if necessary.

10. The tenth step is to conclude the process.

11. The eleventh step is to document the results of the solution or answer.

12. The twelfth step is to share the results of the solution or answer.

13. The thirteenth step is to reflect on the process.

14. The fourteenth step is to learn from the experience.

15. The fifteenth step is to apply the lessons learned to future problems.

16. The sixteenth step is to continue to improve the process.

17. The seventeenth step is to maintain the results of the solution or answer.

18. The eighteenth step is to ensure the sustainability of the solution or answer.

19. The nineteenth step is to evaluate the overall impact of the solution or answer.

20. The twentieth step is to celebrate the success of the solution or answer.

21. The twenty-first step is to share the success of the solution or answer.

22. The twenty-second step is to reflect on the overall process.

23. The twenty-third step is to learn from the overall experience.

24. The twenty-fourth step is to apply the lessons learned to future problems.

25. The twenty-fifth step is to continue to improve the process.

26. The twenty-sixth step is to maintain the results of the solution or answer.

27. The twenty-seventh step is to ensure the sustainability of the solution or answer.

28. The twenty-eighth step is to evaluate the overall impact of the solution or answer.

29. The twenty-ninth step is to celebrate the success of the solution or answer.

30. The thirtieth step is to share the success of the solution or answer.

31. The thirty-first step is to reflect on the overall process.

32. The thirty-second step is to learn from the overall experience.

33. The thirty-third step is to apply the lessons learned to future problems.

34. The thirty-fourth step is to continue to improve the process.

35. The thirty-fifth step is to maintain the results of the solution or answer.

36. The thirty-sixth step is to ensure the sustainability of the solution or answer.

37. The thirty-seventh step is to evaluate the overall impact of the solution or answer.

38. The thirty-eighth step is to celebrate the success of the solution or answer.

39. The thirty-ninth step is to share the success of the solution or answer.

40. The fortieth step is to reflect on the overall process.

41. The forty-first step is to learn from the overall experience.

42. The forty-second step is to apply the lessons learned to future problems.

43. The forty-third step is to continue to improve the process.

44. The forty-fourth step is to maintain the results of the solution or answer.

45. The forty-fifth step is to ensure the sustainability of the solution or answer.

46. The forty-sixth step is to evaluate the overall impact of the solution or answer.

47. The forty-seventh step is to celebrate the success of the solution or answer.

48. The forty-eighth step is to share the success of the solution or answer.

49. The forty-ninth step is to reflect on the overall process.

50. The fiftieth step is to learn from the overall experience.

51. The fifty-first step is to apply the lessons learned to future problems.

52. The fifty-second step is to continue to improve the process.

53. The fifty-third step is to maintain the results of the solution or answer.

54. The fifty-fourth step is to ensure the sustainability of the solution or answer.

55. The fifty-fifth step is to evaluate the overall impact of the solution or answer.

56. The fifty-sixth step is to celebrate the success of the solution or answer.

57. The fifty-seventh step is to share the success of the solution or answer.

58. The fifty-eighth step is to reflect on the overall process.

59. The fifty-ninth step is to learn from the overall experience.

60. The sixtieth step is to apply the lessons learned to future problems.

61. The sixty-first step is to continue to improve the process.

62. The sixty-second step is to maintain the results of the solution or answer.

63. The sixty-third step is to ensure the sustainability of the solution or answer.

64. The sixty-fourth step is to evaluate the overall impact of the solution or answer.

65. The sixty-fifth step is to celebrate the success of the solution or answer.

66. The sixty-sixth step is to share the success of the solution or answer.

67. The sixty-seventh step is to reflect on the overall process.

68. The sixty-eighth step is to learn from the overall experience.

69. The sixty-ninth step is to apply the lessons learned to future problems.

70. The seventieth step is to continue to improve the process.

71. The seventy-first step is to maintain the results of the solution or answer.

72. The seventy-second step is to ensure the sustainability of the solution or answer.

73. The seventy-third step is to evaluate the overall impact of the solution or answer.

74. The seventy-fourth step is to celebrate the success of the solution or answer.

75. The seventy-fifth step is to share the success of the solution or answer.

76. The seventy-sixth step is to reflect on the overall process.

77. The seventy-seventh step is to learn from the overall experience.

78. The seventy-eighth step is to apply the lessons learned to future problems.

79. The seventy-ninth step is to continue to improve the process.

80. The eightieth step is to maintain the results of the solution or answer.

81. The eighty-first step is to ensure the sustainability of the solution or answer.

82. The eighty-second step is to evaluate the overall impact of the solution or answer.

83. The eighty-third step is to celebrate the success of the solution or answer.

84. The eighty-fourth step is to share the success of the solution or answer.

85. The eighty-fifth step is to reflect on the overall process.

86. The eighty-sixth step is to learn from the overall experience.

87. The eighty-seventh step is to apply the lessons learned to future problems.

88. The eighty-eighth step is to continue to improve the process.

89. The eighty-ninth step is to maintain the results of the solution or answer.

90. The ninetieth step is to ensure the sustainability of the solution or answer.

91. The ninety-first step is to evaluate the overall impact of the solution or answer.

92. The ninety-second step is to celebrate the success of the solution or answer.

93. The ninety-third step is to share the success of the solution or answer.

94. The ninety-fourth step is to reflect on the overall process.

95. The ninety-fifth step is to learn from the overall experience.

96. The ninety-sixth step is to apply the lessons learned to future problems.

97. The ninety-seventh step is to continue to improve the process.

98. The ninety-eighth step is to maintain the results of the solution or answer.

99. The ninety-ninth step is to ensure the sustainability of the solution or answer.

100. The hundredth step is to evaluate the overall impact of the solution or answer.

101. The hundred-first step is to celebrate the success of the solution or answer.

102. The hundred-second step is to share the success of the solution or answer.

103. The hundred-third step is to reflect on the overall process.

104. The hundred-fourth step is to learn from the overall experience.

105. The hundred-fifth step is to apply the lessons learned to future problems.

106. The hundred-sixth step is to continue to improve the process.

107. The hundred-seventh step is to maintain the results of the solution or answer.

108. The hundred-eighth step is to ensure the sustainability of the solution or answer.

109. The hundred-ninth step is to evaluate the overall impact of the solution or answer.

110. The hundred-tenth step is to celebrate the success of the solution or answer.

111. The hundred-eleventh step is to share the success of the solution or answer.

112. The hundred-twelfth step is to reflect on the overall process.

113. The hundred-thirteenth step is to learn from the overall experience.

114. The hundred-fourteenth step is to apply the lessons learned to future problems.

115. The hundred-fifteenth step is to continue to improve the process.

116. The hundred-sixteenth step is to maintain the results of the solution or answer.

117. The hundred-seventeenth step is to ensure the sustainability of the solution or answer.

118. The hundred-eighteenth step is to evaluate the overall impact of the solution or answer.

119. The hundred-nineteenth step is to celebrate the success of the solution or answer.

120. The hundred-twentieth step is to share the success of the solution or answer.

121. The hundred-twenty-first step is to reflect on the overall process.

122. The hundred-twenty-second step is to learn from the overall experience.

123. The hundred-twenty-third step is to apply the lessons learned to future problems.

124. The hundred-twenty-fourth step is to continue to improve the process.

125. The hundred-twenty-fifth step is to maintain the results of the solution or answer.

126. The hundred-twenty-sixth step is to ensure the sustainability of the solution or answer.

127. The hundred-twenty-seventh step is to evaluate the overall impact of the solution or answer.

128. The hundred-twenty-eighth step is to celebrate the success of the solution or answer.

129. The hundred-twenty-ninth step is to share the success of the solution or answer.

130. The hundred-thirtieth step is to reflect on the overall process.

131. The hundred-thirty-first step is to learn from the overall experience.

132. The hundred-thirty-second step is to apply the lessons learned to future problems.

133. The hundred-thirty-third step is to continue to improve the process.

134. The hundred-thirty-fourth step is to maintain the results of the solution or answer.

135. The hundred-thirty-fifth step is to ensure the sustainability of the solution or answer.

136. The hundred-thirty-sixth step is to evaluate the overall impact of the solution or answer.

137. The hundred-thirty-seventh step is to celebrate the success of the solution or answer.

138. The hundred-thirty-eighth step is to share the success of the solution or answer.

139. The hundred-thirty-ninth step is to reflect on the overall process.

140. The hundred-fortieth step is to learn from the overall experience.

141. The hundred-forty-first step is to apply the lessons learned to future problems.

142. The hundred-forty-second step is to continue to improve the process.

143. The hundred-forty-third step is to maintain the results of the solution or answer.

144. The hundred-forty-fourth step is to ensure the sustainability of the solution or answer.

145. The hundred-forty-fifth step is to evaluate the overall impact of the solution or answer.

146. The hundred-forty-sixth step is to celebrate the success of the solution or answer.

147. The hundred-forty-seventh step is to share the success of the solution or answer.

148. The hundred-forty-eighth step is to reflect on the overall process.

149. The hundred-forty-ninth step is to learn from the overall experience.

150. The hundred-fiftieth step is to apply the lessons learned to future problems.

151. The hundred-fifty-first step is to continue to improve the process.

152. The hundred-fifty-second step is to maintain the results of the solution or answer.

153. The hundred-fifty-third step is to ensure the sustainability of the solution or answer.

154. The hundred-fifty-fourth step is to evaluate the overall impact of the solution or answer.

155. The hundred-fifty-fifth step is to celebrate the success of the solution or answer.

156. The hundred-fifty-sixth step is to share the success of the solution or answer.

157. The hundred-fifty-seventh step is to reflect on the overall process.

158. The hundred-fifty-eighth step is to learn from the overall experience.

159. The hundred-fifty-ninth step is to apply the lessons learned to future problems.

160. The hundred-sixtieth step is to continue to improve the process.

161. The hundred-sixty-first step is to maintain the results of the solution or answer.

162. The hundred-sixty-second step is to ensure the sustainability of the solution or answer.

163. The hundred-sixty-third step is to evaluate the overall impact of the solution or answer.

164. The hundred-sixty-fourth step is to celebrate the success of the solution or answer.

165. The hundred-sixty-fifth step is to share the success of the solution or answer.

166. The hundred-sixty-sixth step is to reflect on the overall process.

167. The hundred-sixty-seventh step is to learn from the overall experience.

168. The hundred-sixty-eighth step is to apply the lessons learned to future problems.

169. The hundred-sixty-ninth step is to continue to improve the process.

170. The hundred-seventieth step is to maintain the results of the solution or answer.

171. The hundred-seventy-first step is to ensure the sustainability of the solution or answer.

172. The hundred-seventy-second step is to evaluate the overall impact of the solution or answer.

173. The hundred-seventy-third step is to celebrate the success of the solution or answer.

174. The hundred-seventy-fourth step is to share the success of the solution or answer.

175. The hundred-seventy-fifth step is to reflect on the overall process.

176. The hundred-seventy-sixth step is to learn from the overall experience.

177. The hundred-seventy-seventh step is to apply the lessons learned to future problems.

178. The hundred-seventy-eighth step is to continue to improve the process.

179. The hundred-seventy-ninth step is to maintain the results of the solution or answer.

180. The hundred-eightieth step is to ensure the sustainability of the solution or answer.

181. The hundred-eighty-first step is to evaluate the overall impact of the solution or answer.

182. The hundred-eighty-second step is to celebrate the success of the solution or answer.

183. The hundred-eighty-third step is to share the success of the solution or answer.

184. The hundred-eighty-fourth step is to reflect on the overall process.

185. The hundred-eighty-fifth step is to learn from the overall experience.

186. The hundred-eighty-sixth step is to apply the lessons learned to future problems.

187. The hundred-eighty-seventh step is to continue to improve the process.

188. The hundred-eighty-eighth step is to maintain the results of the solution or answer.

189. The hundred-eighty-ninth step is to ensure the sustainability of the solution or answer.

190. The hundred-ninetyth step is to evaluate the overall impact of the solution or answer.

191. The hundred-ninety-first step is to celebrate the success of the solution or answer.

192. The hundred-ninety-second step is to share the success of the solution or answer.

193. The hundred-ninety-third step is to reflect on the overall process.

194. The hundred-ninety-fourth step is to learn from the overall experience.

195. The hundred-ninety-fifth step is to apply the lessons learned to future problems.

196. The hundred-ninety-sixth step is to continue to improve the process.

197. The hundred-ninety-seventh step is to maintain the results of the solution or answer.

198. The hundred-ninety-eighth step is to ensure the sustainability of the solution or answer.

199. The hundred-ninety-ninth step is to evaluate the overall impact of the solution or answer.

200. The two hundredth step is to celebrate the success of the solution or answer.

201. The two hundred-first step is to share the success of the solution or answer.

202. The two hundred-second step is to reflect on the overall process.

203. The two hundred-third step is to learn from the overall experience.

204. The two hundred-fourth step is to apply the lessons learned to future problems.

205. The two hundred-fifth step is to continue to improve the process.

206. The two hundred-sixth step is to maintain the results of the solution or answer.

207. The two hundred-seventh step is to ensure the sustainability of the solution or answer.

208. The two hundred-eighth step is to evaluate the overall impact of the solution or answer.

209. The two hundred-ninth step is to celebrate the success of the solution or answer.

210. The two hundred-tenth step is to share the success of the solution or answer.

211. The two hundred-eleventh step is to reflect on the overall process.

212. The two hundred-twelfth step is to learn from the overall experience.

213. The two hundred-thirteenth step is to apply the lessons learned to future problems.

214. The two hundred-fourteenth step is to continue to improve the process.

215. The two hundred-fifteenth step is to maintain the results of the solution or answer.

216. The two hundred-sixteenth step is to ensure the sustainability of the solution or answer.

217. The two hundred-seventeenth step is to evaluate the overall impact of the solution or answer.

218. The two hundred-eighteenth step is to celebrate the success of the solution or answer.

219. The two hundred-nineteenth step is to share the success of the solution or answer.

220. The two hundred-twentieth step is to reflect on the overall process.

221. The two hundred-twenty-first step is to learn from the overall experience.

222. The two hundred-twenty-second step is to apply the lessons learned to future problems.

223. The two hundred-twenty-third step is to continue to improve the process.

224. The two hundred-twenty-fourth step is to maintain the results of the solution or answer.

225. The two hundred-twenty-fifth step is to ensure the sustainability of the solution or answer.

226. The two hundred-twenty-sixth step is to evaluate the overall impact of the solution or answer.

227. The two hundred-twenty-seventh step is to celebrate the success of the solution or answer.

228. The two hundred-twenty-eighth step is to share the success of the solution or answer.

229. The two hundred-twenty-ninth step is to reflect on the overall process.

230. The two hundred-thirtieth step is to learn from the overall experience.

231. The two hundred-thirty-first step is to apply the lessons learned to future problems.

232. The two hundred-thirty-second step is to continue to improve the process.

233. The two hundred-thirty-third step is to maintain the results of the solution or answer.

234. The two hundred-thirty-fourth step



## Government Operations Outsourcing (U.K.)

- U.K. mandates that outsourcing of operations be considered by local governments
  - Payroll, pensions, tax collecting, housing operations, finance

OU-298

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Notes:



FIGURE 1. Relationship between the number of fish (N) and the number of fish per unit area (D).

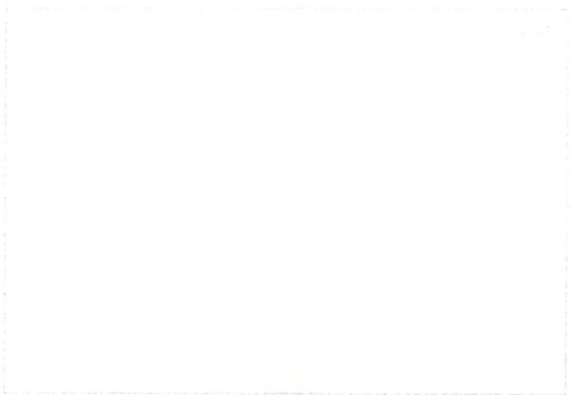
# Business Operations Outsourcing

## Case Studies

OU-299

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Notes:



ALUMINUM SULFATE - TYPICAL

## Business Process Outsourcing Case Study #1

- General Motors, Chevrolet Division
  - Customer service desks located in 44 zone offices
  - Made decision to centralize, looked at outsourcing simultaneously

OU-300

INPUT

Notes:



PLAN OF THE SITE OF THE NEW BRIDGE

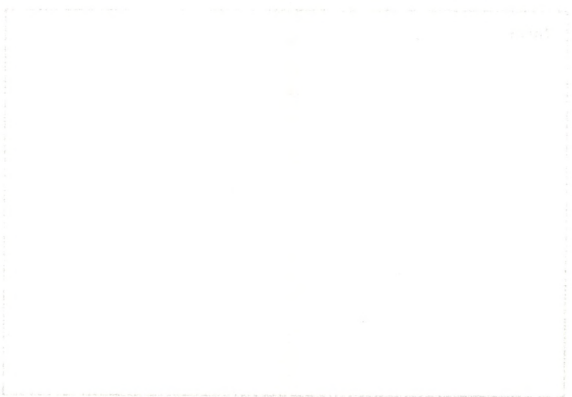
## Business Process Outsourcing Case Study #1

- Outsourcing motivations
  - Headcount limitations
  - Senior GM employees did not want to stay in customer service
  - Costly GM benefits package
  - Customer service becoming more technology intensive

OU-301

INPUT

Notes:





## Business Process Outsourcing Case Study #1

- Benefits of outsourcing customer services
  - Significant reduction in cost of operations
  - Elimination of the turnover problem
  - Procedures, equipment being upgraded and revised

OU-302

INPUT

Notes:



Downloaded from www.sagepub.com at [illegible] on [illegible]

## Business Process Outsourcing Case Study #2

- City of Orlando, Florida  
City-owned Print Shop
  - Budget constraints
  - Need for expansion
  - Remote location

OU-303

INPUT

Notes:



## Business Process Outsourcing Case Study #2

- Benefits of outsourcing reproductions operations
  - Savings of \$100,000 per year
  - Cost savings to 50% on individual projects
  - Technology upgrades are automatic
  - On-site copy center with backup

OU-304

INPUT

Notes:



Diagram illustrating the structure of the [illegible] system.

# Major Vendors

OU-305

INPUT

Notes:



Produktionsjahr: 1980



## User Perception of Business Operations—Capable Vendors

Vendor	No. of Mentions
EDS	7
Andersen Consulting	5
ISSC	4
CSC	3 (Federal)
Digital	2
SHL Systemhouse	1

OU-306

INPUT

Notes:



## Business Operations Outsourcing Important Vendor Characteristics

Characteristic	Rating
Experience in Client's Industry	4.7
Industry Reputation	4.1
Prior Outsourcing Experience	4.0
Financial Soundness	4.0

OU-307

INPUT

Notes:



## Business Operations Outsourcing Important Vendor Characteristics

Characteristic	Rating
Prior Business Operations Outsourcing	3.9
Prior Work with Vendor	3.0
Recommendation of a Consultant	2.3

OU-308

INPUT

Notes:



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# Business Operations Outsourcing Conclusions

OU-309

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Notes:



Source: *Handwritten text, likely a signature or name.*



## Business Process Outsourcing—Conclusions

- Vendor focus
  - Client's external activity
  - Client's non-critical operations
  - Operations outside client's core competence

OU-310

INPUT

Notes:



## Business Process Outsourcing—Conclusions

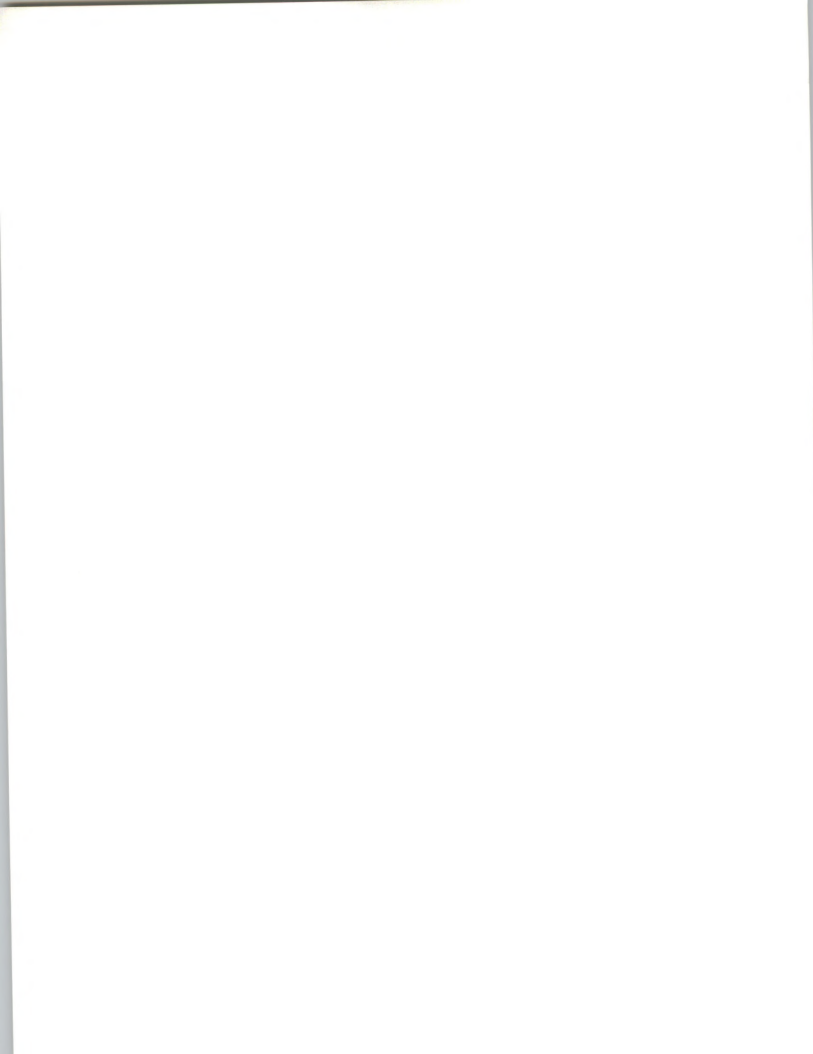
- Market growth will exceed that of other outsourcing services
- Partnership mentality is critical
- Major risks may exist; perceived vendor expertise, reputation and references will be key factors

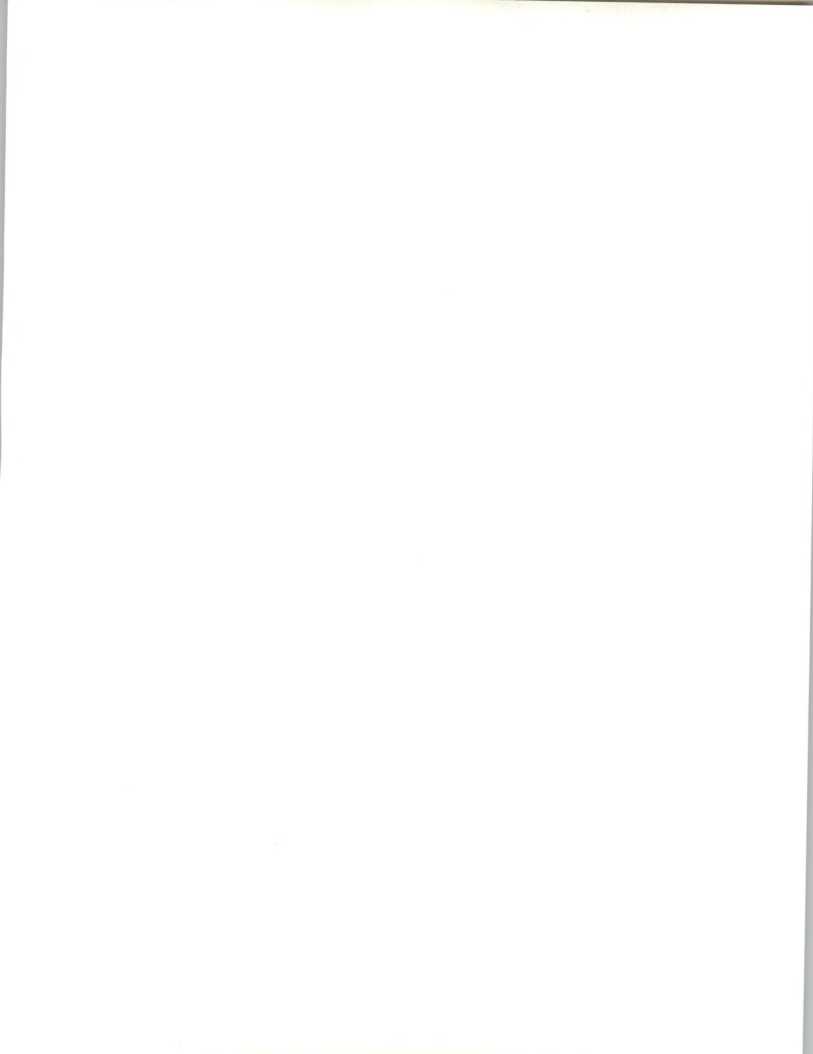
OU-311

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Notes:







## **PETER A. CUNNINGHAM**

### **PRESIDENT**

---

#### **PROFILE**

- Mr. Cunningham has 28 years of experience in the information technology industry, including over 20 years of P&L responsibility in consulting.
- Mr. Cunningham provides information and advice to users and vendors of information technology. He specializes in analysis and forecasting of major trends in the industry, particularly in software, services, and the impact of information technology on people and organizations.
- In 1974, Mr. Cunningham founded INPUT to provide planning services, market research and consulting to buyers and vendors of IT products and services on a worldwide basis. The company specializes in analyzing and forecasting the applications and use of IT, particularly through the information services industry. This industry is now over \$250 billion per year in size and is being driven by trends in outsourcing, systems integration, and downsizing. INPUT's mission is to provide its clients the ability to benefit from these and other IT trends and opportunities.
- Previously, he was a founder and President of J.W. Goodhew and Associates, Inc., a Washington, D.C. data processing consulting company specializing in the Medicaid, association, and manufacturing industries, as well as the federal government. Prior to that, Mr. Cunningham was with Management Science America, responsible for data processing projects in government and industry.
- Mr. Cunningham came to the United States with C-E-I-R, for whom he performed systems development and management.
- Mr. Cunningham started his career with ICL in 1964 in systems software development.

#### **EDUCATION**

- B.Sc. (Physics), Associate of the Royal College of Science, Imperial College, London
- M.P.A. (Technology of Management), The American University, Washington, D.C.

#### **MEMBERSHIPS**

- Fellow of the British Computer Society
- Member of the Worshipful Company of Information Technologists (Guild of the City of London)





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  - Awards (FAIT)
- Commercial Application (LEADS)

## CUSTOM PROJECTS

For Vendors—analyze:

- Market strategies and tactics
- Product/service opportunities
- Customer satisfaction levels
- Competitive positioning
- Acquisition targets

For Buyers—evaluate:

- Specific vendor capabilities
- Outsourcing options
- Systems plans
- Peer position

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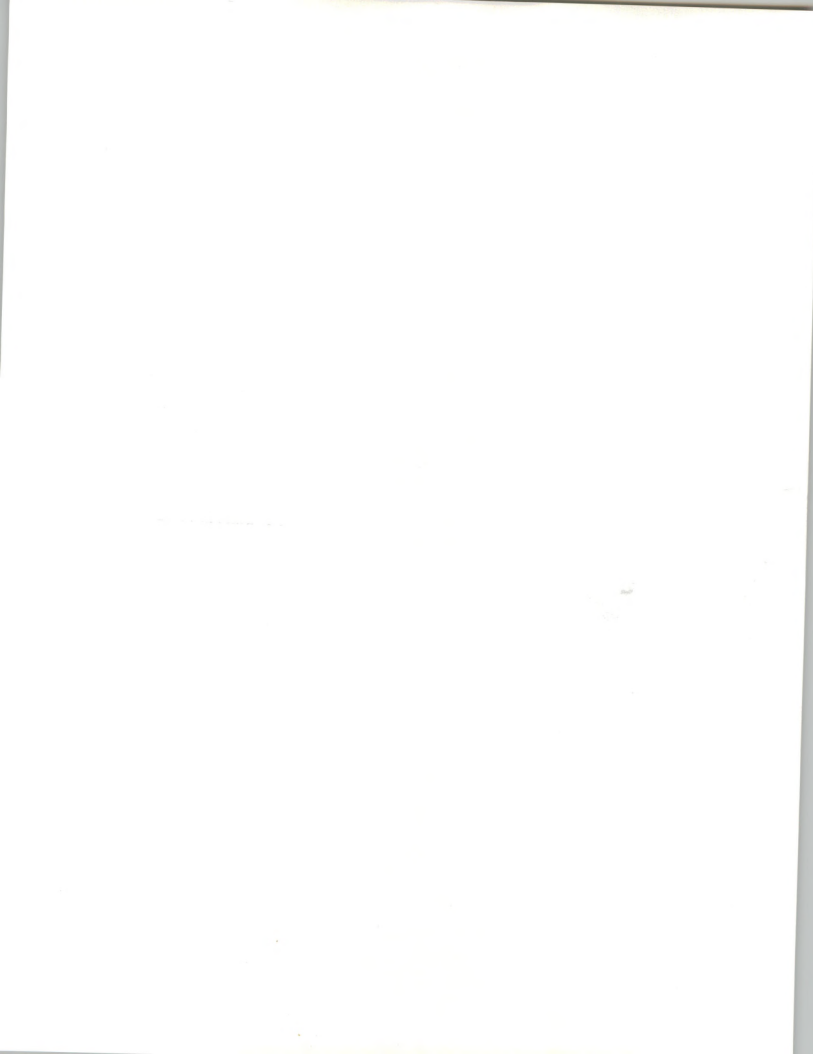
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# Desktop Services and Business Operations

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## New Opportunities in Outsourcing

OU-265

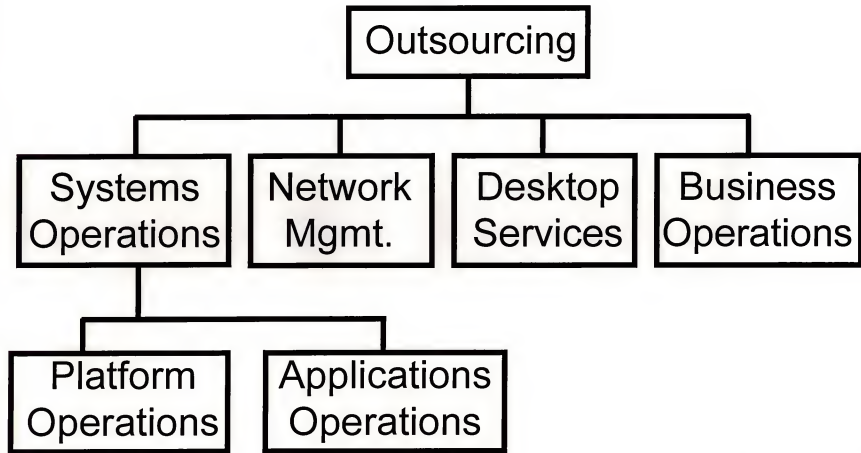


# Structure of Outsourcing Market

OU-266



# IS Outsourcing Components



OU-267





# U.S. Outsourcing Market Forecasts

OU-268

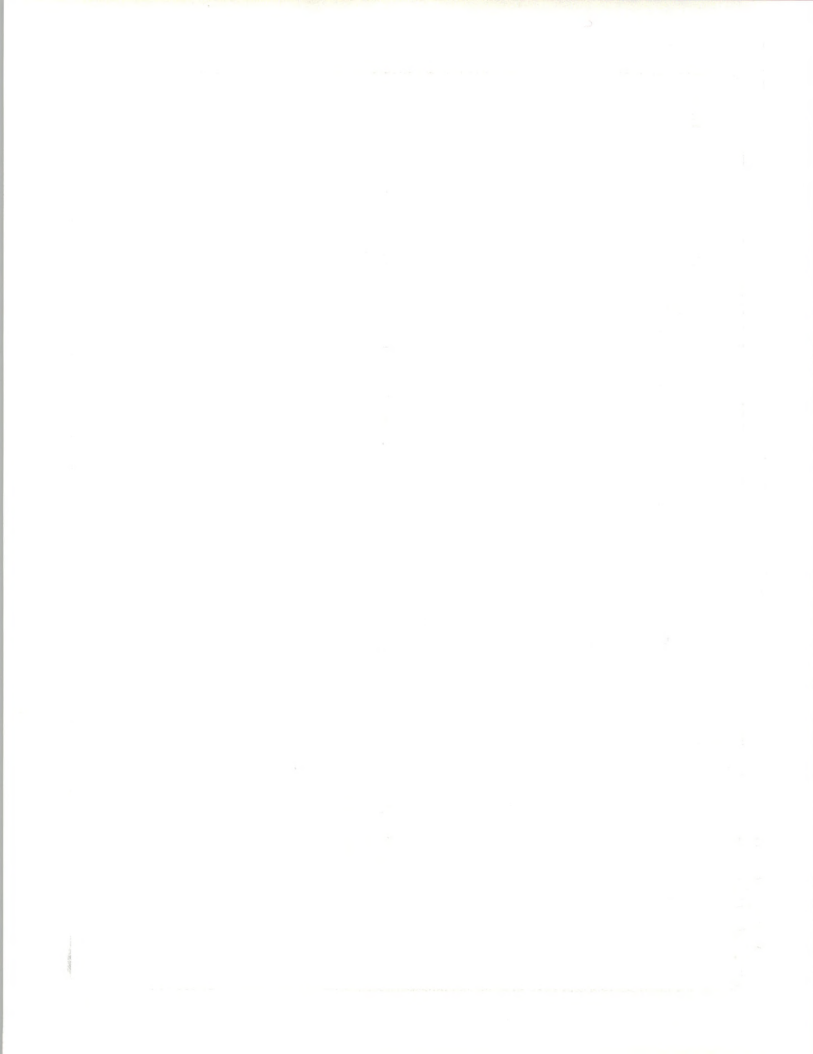


# Desktop Services

OU-270

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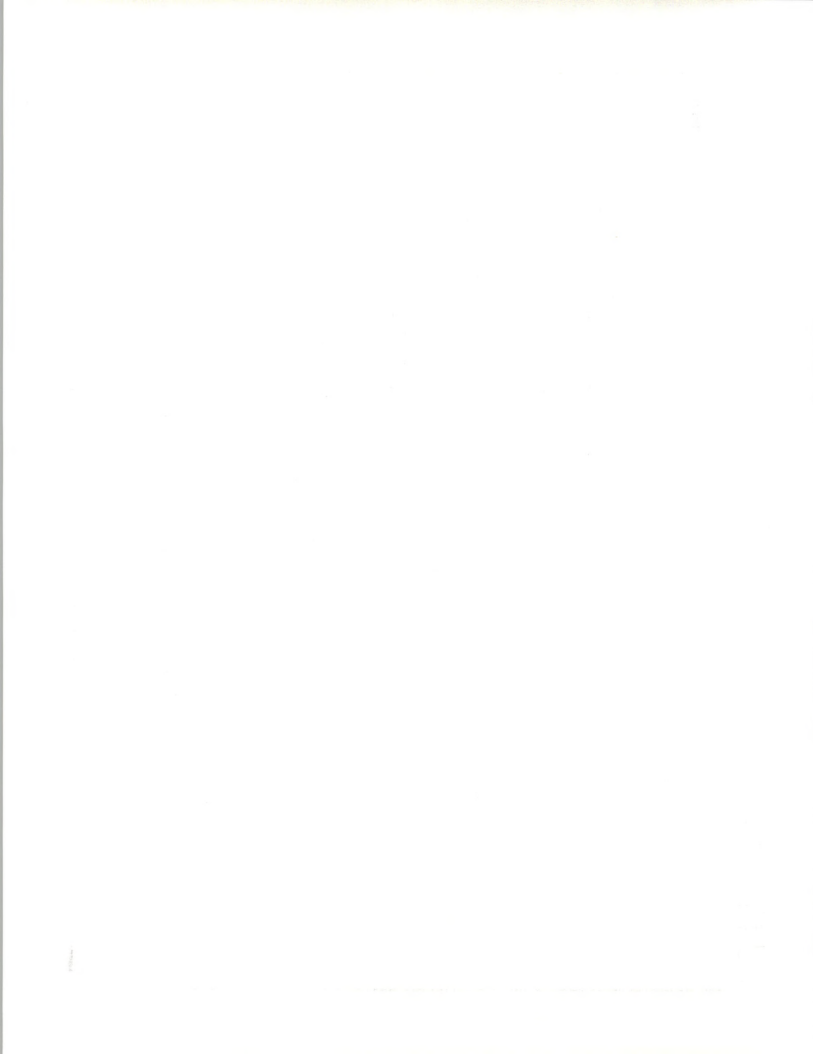
# Market Factors

OU-272



# Desktop Outsourcing Case Studies

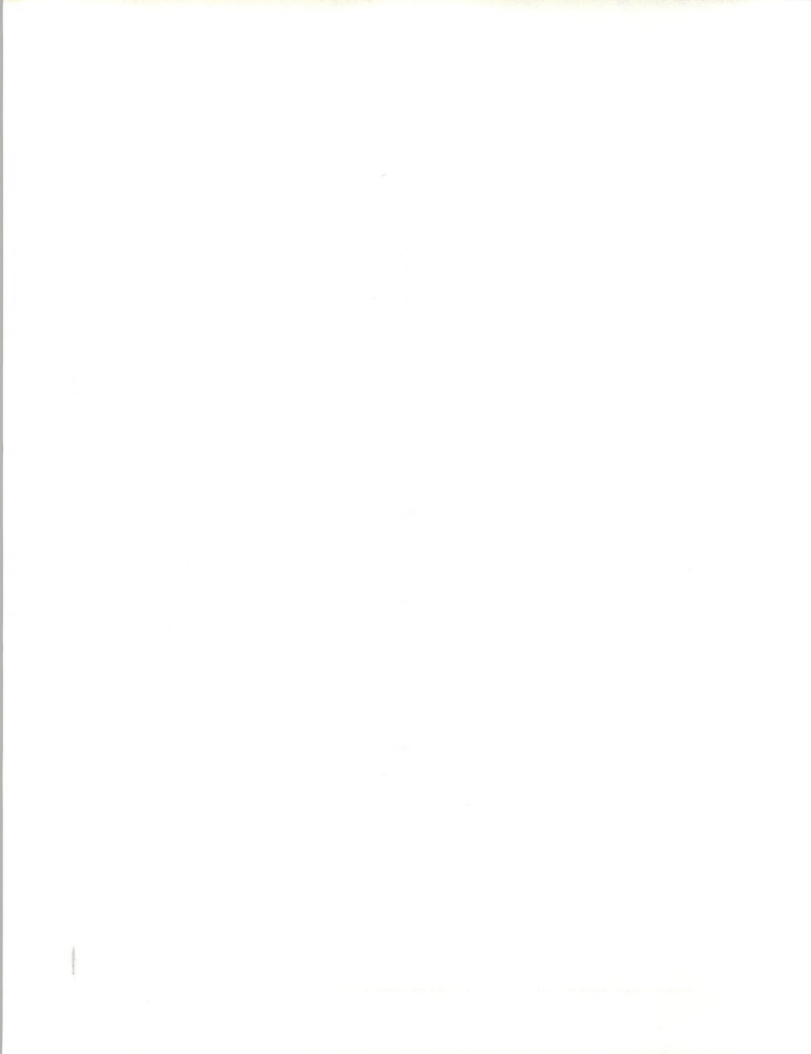
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# Major Vendors

OU-277



# Business Operations Outsourcing

OU-281



# Business Operations Outsourcing

## Definition:

1. Contracting with a vendor for operation of an entire business process
2. Process must contain at least 30% IT content



# Key Market Factors

- Client/server platforms
- Electronic commerce
- Business re-engineering





# Business Operations Outsourcing

- Role of BPR
  - BPR is catalyst to identify and focus on core processes and operations
  - Crucial targets for internal focus



# Business Operations Outsourcing

- Role of BPR
  - Non-critical operations become candidates for outsourcing
  - BPR acts as strong market driver for operations outsourcing



# Characteristics of Business Operations Outsourcing Projects

OU-287



# Potential for Business Process Outsourcing

Client core competency?  
Yes                      No

Yes  
Critical  
Process?  
  
No

Low potential	High potential
Medium potential	High potential





# Business Operations Outsourcing Candidate Operations

Key Characteristic of Operation	Rating
Labor Intensive	4.1
High Technology Content	4.1
Common to Client's Industry	4.0
Periodic Peak Processing Requirement	3.7

1 = Low, 5 = High



# Business Operations Outsourcing Candidate Operations

Key Characteristic of Operation	Rating
Critical to Daily Operations	3.4
Common to All Business Organizations	3.2
High Transaction Volumes	2.9
Provides Competitive Advantage	2.8

1 = Low, 5 = High



# Business Operations Outsourcing

## Potential Industries and Applications

OU-291



# Business Operations Outsourcing Banking/Finance Market

- Outsourcing acceptance and market penetration
- Growing interest in operations outsourcing
- Processes outsourced
  - Check processing
  - Lockbox (funds repository) services





# Business Operations Outsourcing Insurance Market

- Extensive medical claims processing outsourcing
- Reluctance to outsource total data center operations
- Outsourced processes
  - Medical claimant interface
  - Payment disbursements



# Business Operations Outsourcing Health Care Market

- Cost reduction motives
- Need for enhanced technology
- Pressure for new services and treatment
  - AIDS
  - Geriatric



# Business Operations Outsourcing Health Care Market

- Affinity groups may turn to outsourcing
- Hospitals being managed by contract firms - 550 of 7,000
- Processes outsourced
  - Diagnostic imaging, claims processing, laboratory testing



# Business Operations Being Outsourced

- Customer Service
  - Chevrolet - EDS
  - SAAB - EDS
  - Rockwell International - EDS





# Government Operations Being Outsourced (U.S.)

- Claims/Entitlement Management
  - Blue Cross/Blue Shield Medicare payments
  - Federal Emergency Management
  - Black Lung Program
  - Food Stamps distribution

OU-297



# Government Operations Outsourcing (U.K.)

- U.K. mandates that outsourcing of operations be considered by local governments
  - Payroll, pensions, tax collecting, housing operations, finance



# Business Operations Outsourcing

## Case Studies

OU-299



# Business Process Outsourcing Case Study #1

- General Motors, Chevrolet Division
  - Customer service desks located in 44 zone offices
  - Made decision to centralize, looked at outsourcing simultaneously





# Business Process Outsourcing Case Study #1

- Outsourcing motivations
  - Headcount limitations
  - Senior GM employees did not want to stay in customer service
  - Costly GM benefits package
  - Customer service becoming more technology intensive

OU-301



# Business Process Outsourcing Case Study #1

- Benefits of outsourcing customer services
  - Significant reduction in cost of operations
  - Elimination of the turnover problem
  - Procedures, equipment being upgraded and revised



# Business Process Outsourcing Case Study #2

- City of Orlando, Florida  
City-owned Print Shop
  - Budget constraints
  - Need for expansion
  - Remote location



# Business Process Outsourcing

## Case Study #2

- Benefits of outsourcing reproductions operations
  - Savings of \$100,000 per year
  - Cost savings to 50% on individual projects
  - Technology upgrades are automatic
  - On-site copy center with backup

OU-304





# Major Vendors

OU-305



# User Perception of Business Operations—Capable Vendors

Vendor	No. of Mentions
EDS	7
Andersen Consulting	5
ISSC	4
CSC	3 (Federal)
Digital	2
SHL Systemhouse	1

OU-306



# Business Operations Outsourcing Important Vendor Characteristics

Characteristic	Rating
Prior Business Operations Outsourcing	3.9
Prior Work with Vendor	3.0
Recommendation of a Consultant	2.3



# Business Operations Outsourcing Conclusions

OU-309





# Business Process Outsourcing—Conclusions

- Vendor focus
  - Client's external activity
  - Client's non-critical operations
  - Operations outside client's core competence



# Business Process Outsourcing—Conclusions

- Market growth will exceed that of other outsourcing services
- Partnership mentality is critical
- Major risks may exist; perceived vendor expertise, reputation and references will be key factors



# JWP/Kodak

- Part III of large outsourcing contract (ISSC/DEC)
- Provides
  - PC/workstation maintenance
  - Software upgrade
  - Help desk services



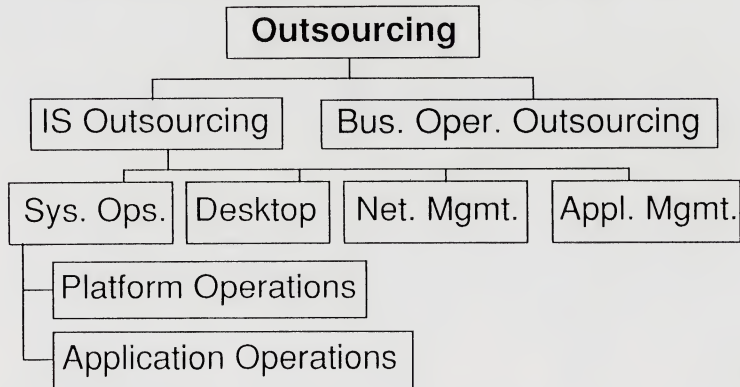
# EDS/GE

- Contract valued at \$500 million (5 yrs.)
- Provides:
  - PC/workstation central purchasing
  - Establishment of product specs
  - PC/workstation maintenance
  - Software upgrade and training
  - Help desk





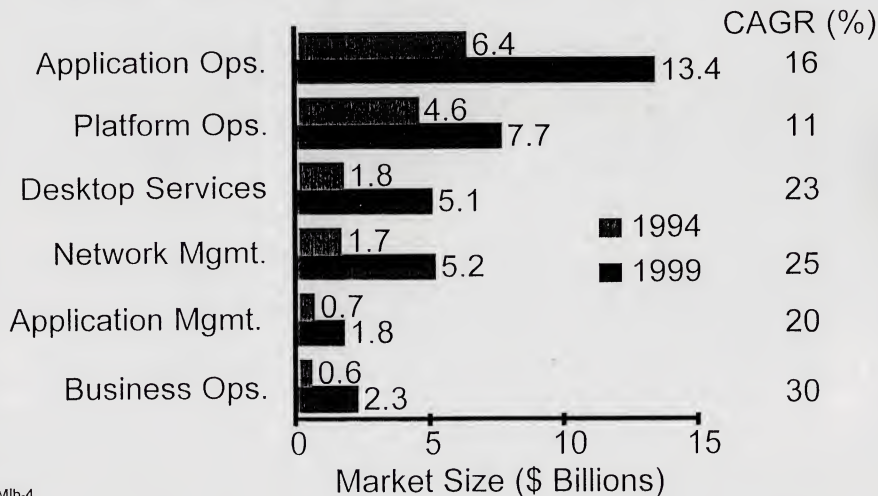
# Outsourcing Service Categories



SK-1



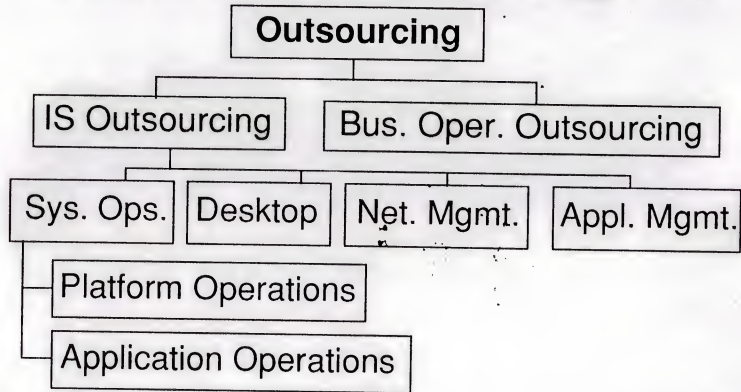
# Outsourcing Market, 1994-1999



IMlb-4



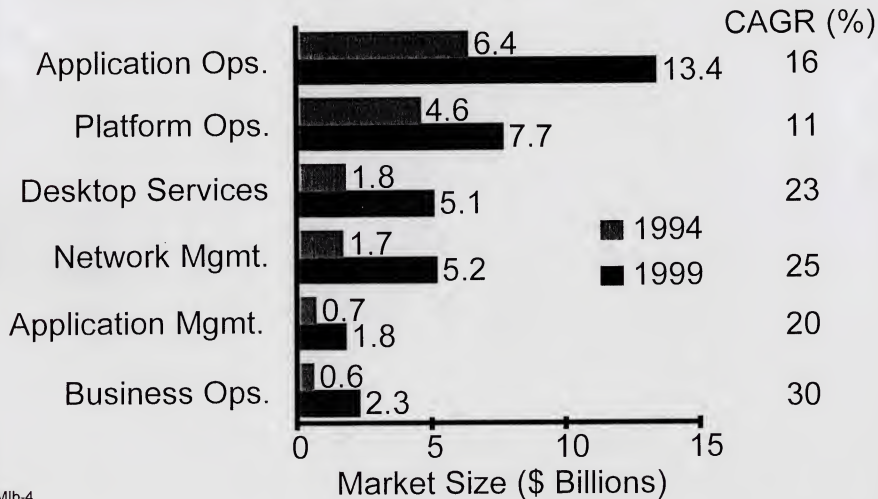
# Outsourcing Service Categories



SK-1



# Outsourcing Market, 1994-1999



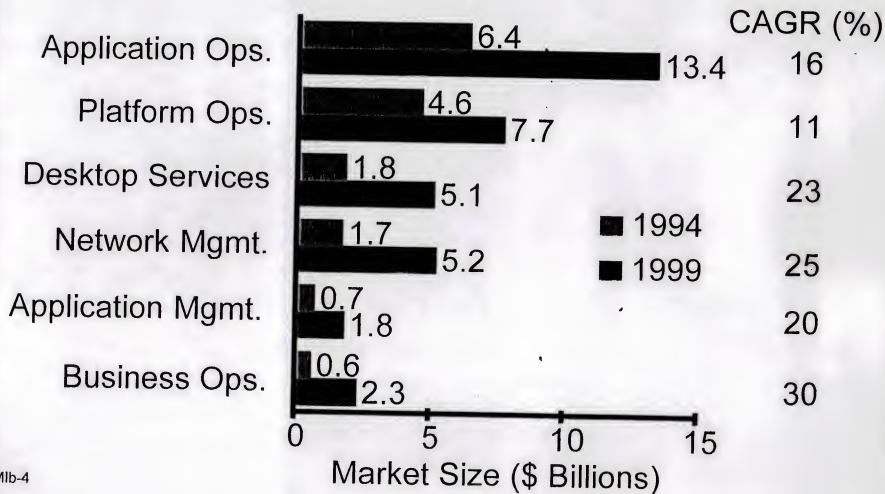
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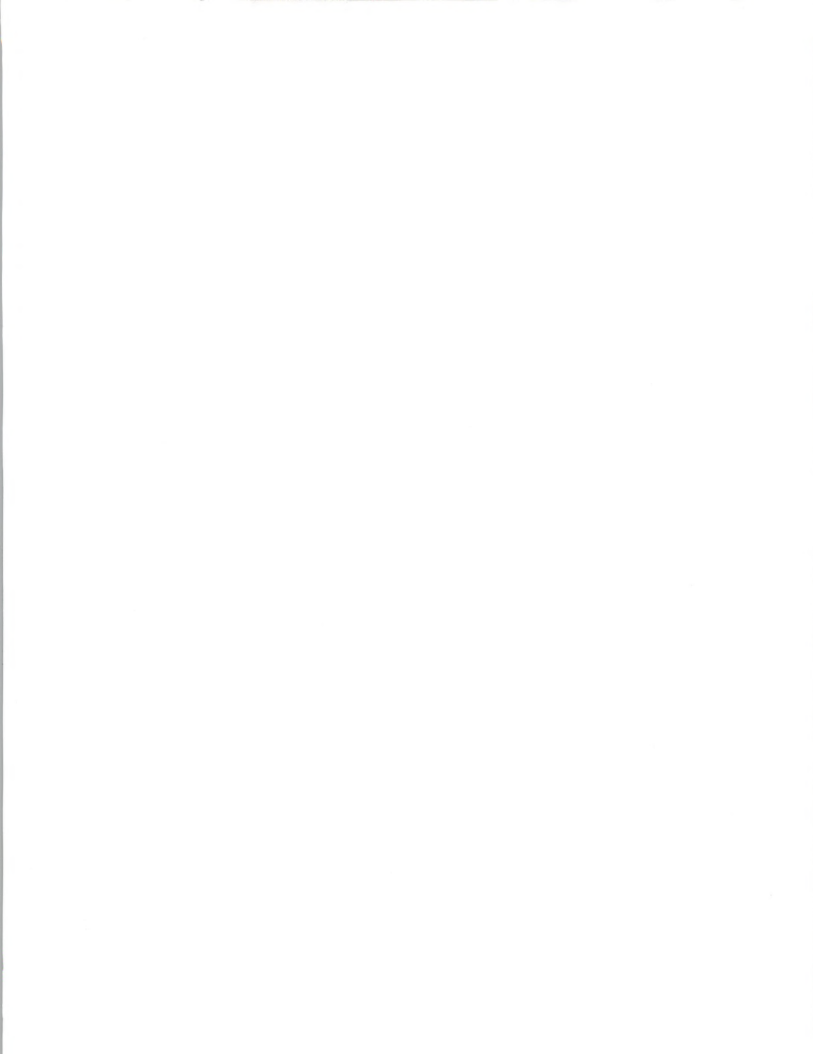




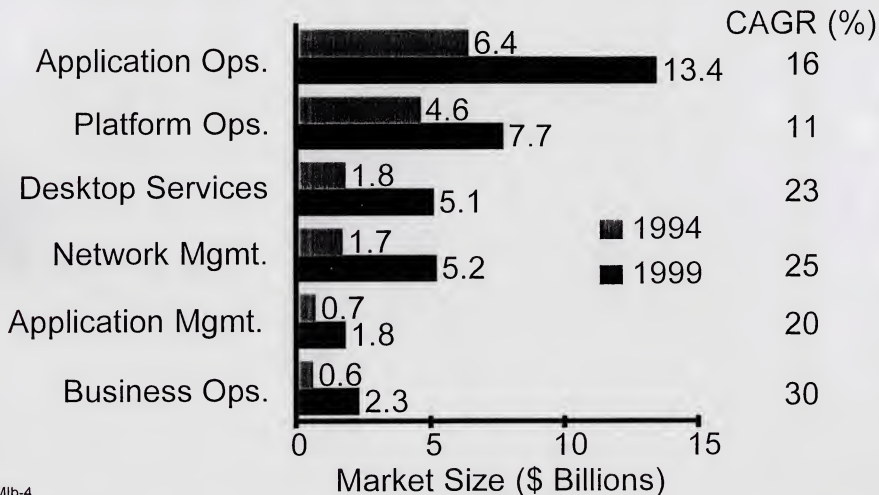
# Outsourcing Market, 1994-1999



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# Outsourcing Market, 1994-1999



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