

Presentation to NEC

SI/Outsourcing

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***Presentation to NEC—SI/Outsourcing***

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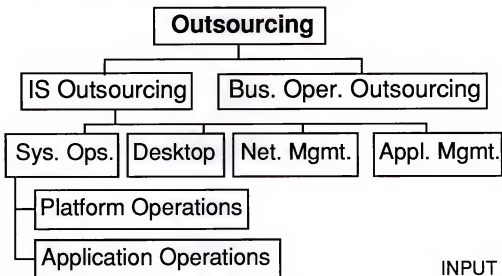


**Presentation to NEC  
SI/Outsourcing**

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## Outsourcing Service Categories



SK-1

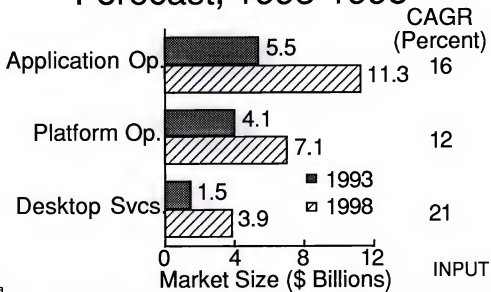
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Notes





## U.S. IS Outsourcing Market Forecast, 1993-1998

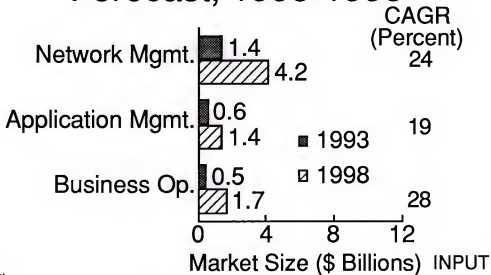


SK-2a

Notes



## U.S. IS Outsourcing Market Forecast, 1993-1998



SK-2b

Notes



## Elements of Desktop Services

- PC/workstation and software procurement/installation
- PC/workstation maintenance
- Client/server management

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Notes:



## Elements of Desktop Services

- Logistics management
- User support
- Help desk functions
- User training and education

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Notes:





## Elements of Desktop Services

- LAN installation and expansion
- LAN management
- Network interface management

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OU-25

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## Desktop Services Outsourcing Market Factors

- Networking applications growth
- Client difficulty in managing distributed computing environment
- Centralization of help desk support and equipment maintenance

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OU-273

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## Desktop Services User Concerns

- Core Business Focus
- Downsizing
- PC/LAN Based Applications
- Technological Change

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OU-30

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

OU-36

Notes:





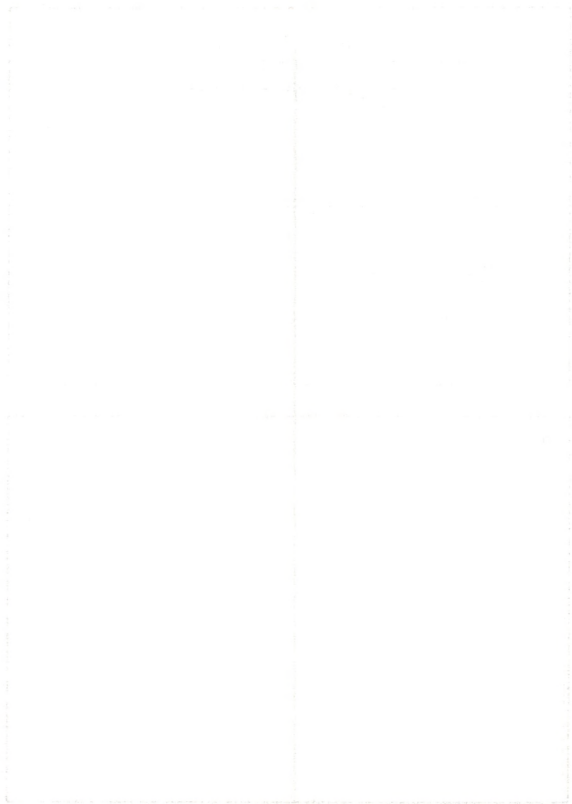
# Business Operations Outsourcing

- 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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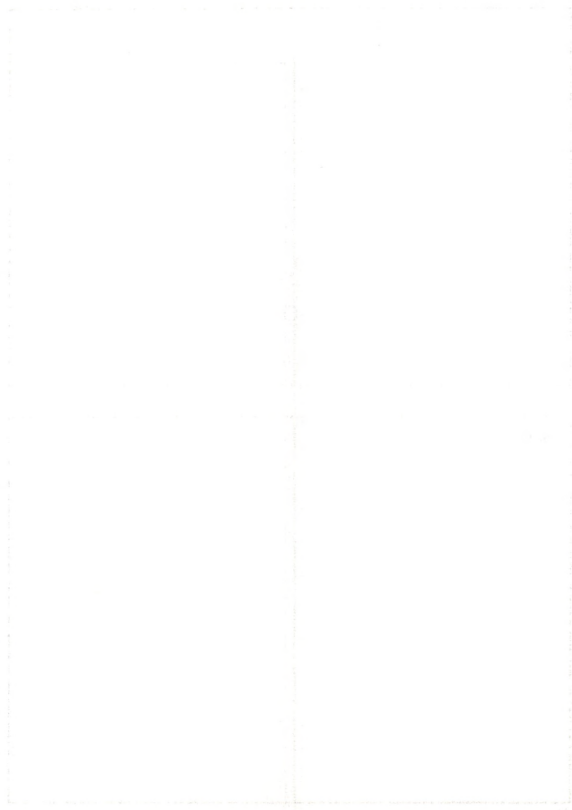
# Business Operations Outsourcing

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

OU-286

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Notes:



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## 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

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## 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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## Importance of BPR in SI Business

- BPR generates SI projects
- SI generates BPR projects
- BPR changes SI skill requirements

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SKWD-4

Notes:



## Range of Service Offerings

- Full service
  - Key issues: Skill availability  
Market credibility
- Partial range + Alliance/  
Partnerships
  - Key issues: Customer perception  
Interface control

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SKWD-1

Notes:



## BPR and SI Providers

- Process vs. Business focus
- Company positioning

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SKWD-2

Notes:



## Sample Company Positioning

### **BPR**

Andersen  
Booz Allen  
CSC Index  
Ernst & Young  
McKinsey  
Price Waterhouse

### **SI**

Andersen  
CSC Consulting  
DEC  
EDS  
HP  
IBM

INPUT

SKWD-3

Notes:





# Xerox

- "\$3 billion" for "8-10" years
- Global coverage
- Won on price

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Notes



## Xerox

- \$100m purchase of IT assets
- 2000 of 2,700 people transferred
- Reasons
  - Cost savings
  - Reorganization
  - Improve productivity

INPUT

ACC 3/94-54

Notes



# Xerox

- Data center operations
- Voice and data telecom
- Desk top services
- Some business applications support

ACC 3/94-55

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Notes



## Amtrak

- \$500M, 10 year
- ISSC teamed with Advantis
- Data center, network and desktop
- Potential \$100M savings
- Transfer 65 people to ISSC

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SKWD-5

Notes:





the study. The first author (SM) was the primary investigator and was responsible for the design, data collection, data analysis and writing of the manuscript. The other authors (MM, SM, and SM) were involved in the design, data collection, data analysis and writing of the manuscript.

## Methods

### Design

The study was a descriptive cross-sectional study of the prevalence of depression in the general population of the city of Shiraz.

### Subjects

The study was conducted in Shiraz, the capital of the province of Fars, in the south of Iran. Shiraz is a city with a population of 1,600,000 people, with a population density of 1,600 people per square kilometre. The city is divided into 16 districts, each with a different socio-economic status.

### Procedure

The study was conducted in the city of Shiraz, Iran. The study was conducted in the city of Shiraz, Iran. The study was conducted in the city of Shiraz, Iran. The study was conducted in the city of Shiraz, Iran. The study was conducted in the city of Shiraz, Iran.

### Measures

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### Results

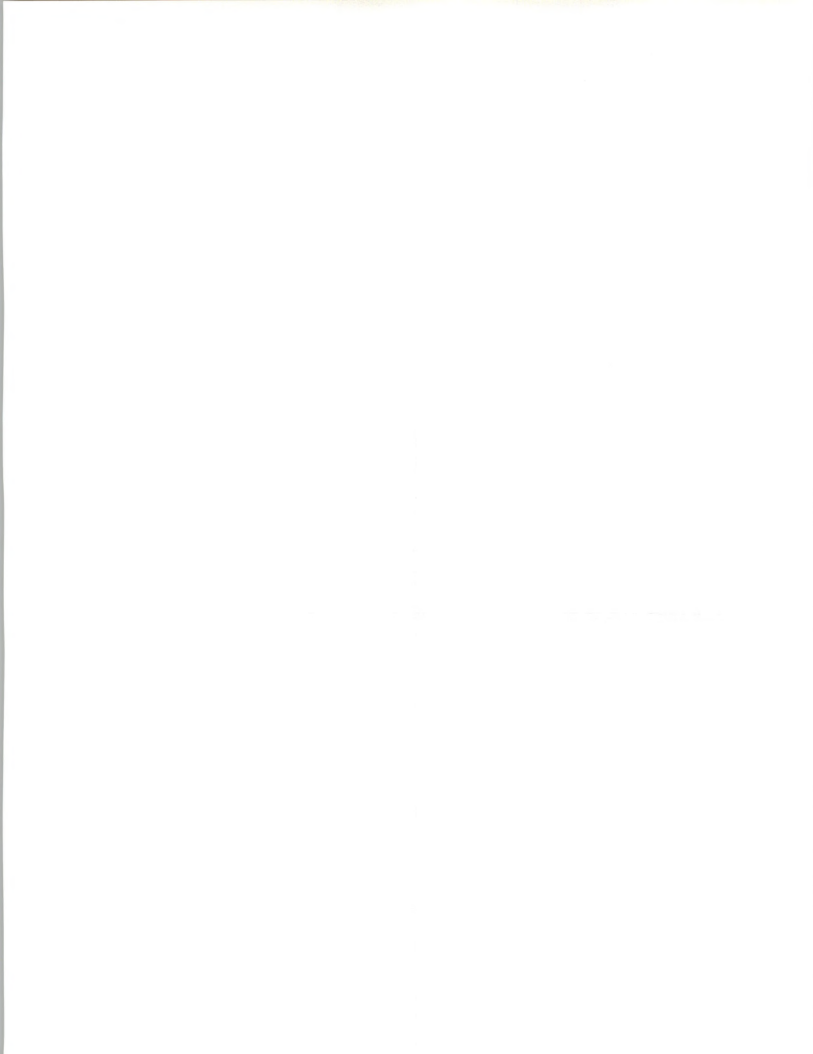
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### Discussion

The study was conducted in the city of Shiraz, Iran. The study was conducted in the city of Shiraz, Iran. The study was conducted in the city of Shiraz, Iran. The study was conducted in the city of Shiraz, Iran. The study was conducted in the city of Shiraz, Iran.

### Conclusion

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- **Client/Server Applications and Directions**
- **Client/Server Software**
- **Outsourcing Markets**
- **Information Services Vendor Profiles and Analysis**
- **EDI/Electronic Commerce**
- **U.S. Federal Government IT Markets**
- **IT Customer Services Directions (Europe)**

## SERVICE FEATURES

- Research-based reports on trends, etc. (Over 100 in-depth reports a year)
- Frequent bulletins on events, issues, etc.
- 5-year market forecasts
- Competitive analysis
- Access to experienced consultants
- Immediate answers to questions
- On-site presentations
- Annual conference

## DATABASES

- **Software and Services Market Forecasts**
- **Software and Services Vendors**
- **U.S. Federal Government**
  - Procurement Plans (PAR)
  - Forecasts
  - 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**

## OTHER SERVICES

Acquisition/partnership searches

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 Fax +33 (1) 46 47 69 50

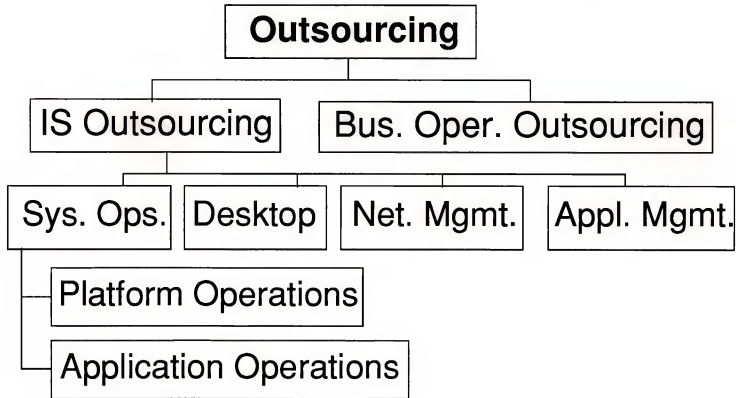
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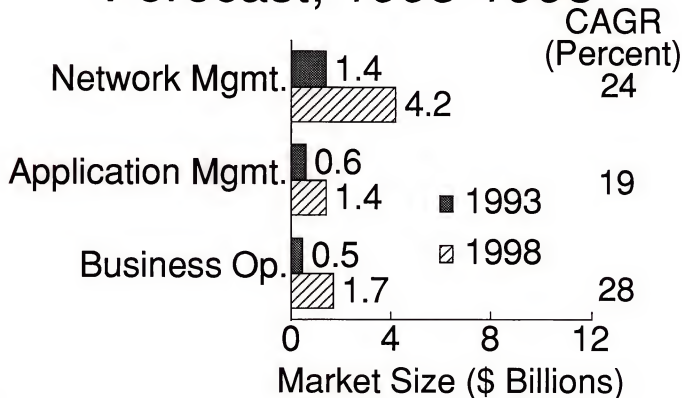
# Outsourcing Service Categories



SK-1



# U.S. IS Outsourcing Market Forecast, 1993-1998

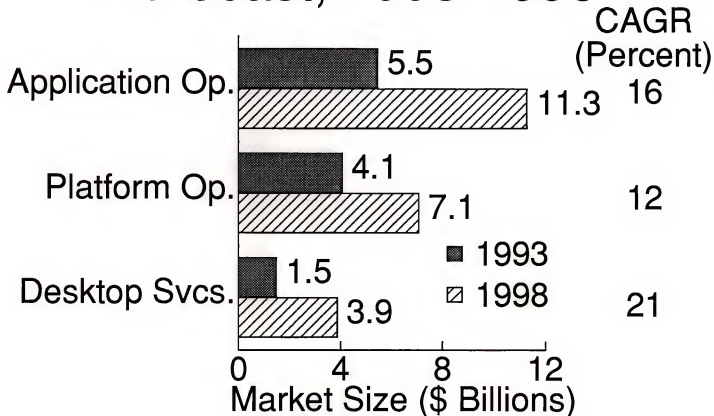


SK-2b





# U.S. IS Outsourcing Market Forecast, 1993-1998



SK-2a



# Elements of Desktop Services

- PC/workstation and software procurement/installation
- PC/workstation maintenance
- Client/server management



# Elements of Desktop Services

- Logistics management
- User support
- Help desk functions
- User training and education



# Elements of Desktop Services

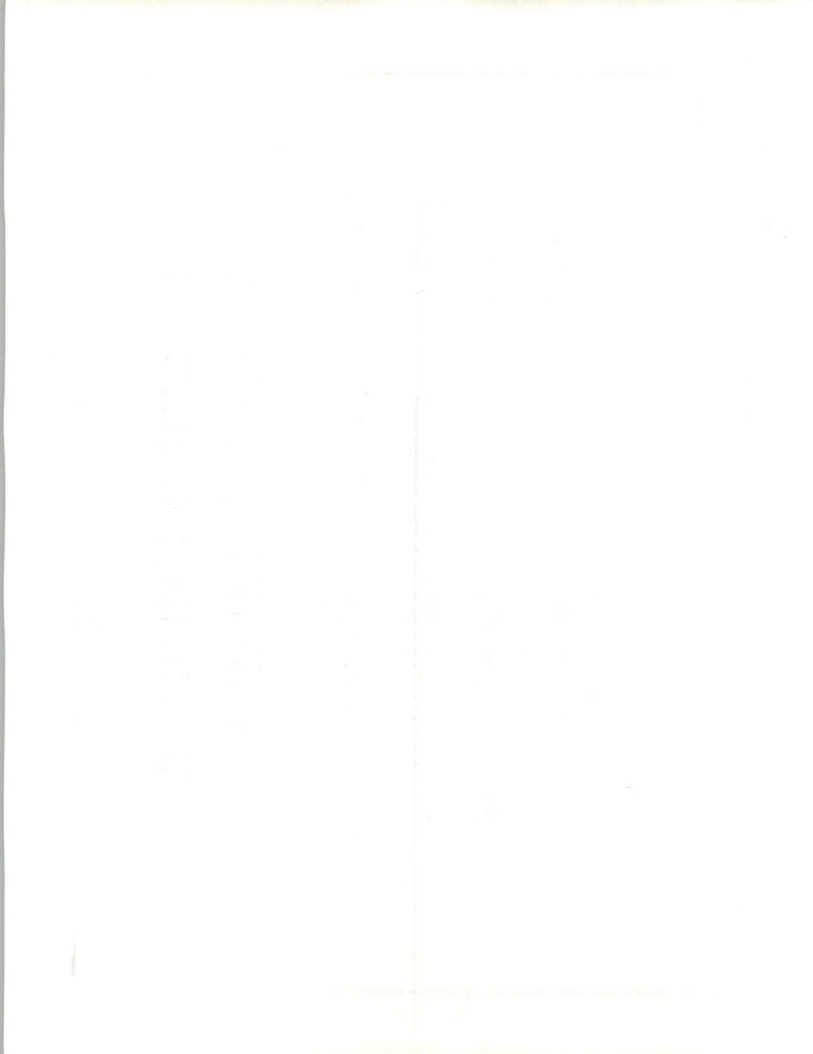
- LAN installation and expansion
- LAN management
- Network interface management





# Desktop Services Outsourcing Market Factors

- Networking applications growth
- Client difficulty in managing distributed computing environment
- Centralization of help desk support and equipment maintenance



# Desktop Services User Concerns

- Core Business Focus
- Downsizing
- PC/LAN Based Applications
- Technological Change



# EDS/GE

- Contract valued at \$500 million (5 yrs.)
- Provides:
  - PC/workstation central purchasing
  - Establishment of product specs
  - PC/workstation maintenance
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# Business Operations Outsourcing

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

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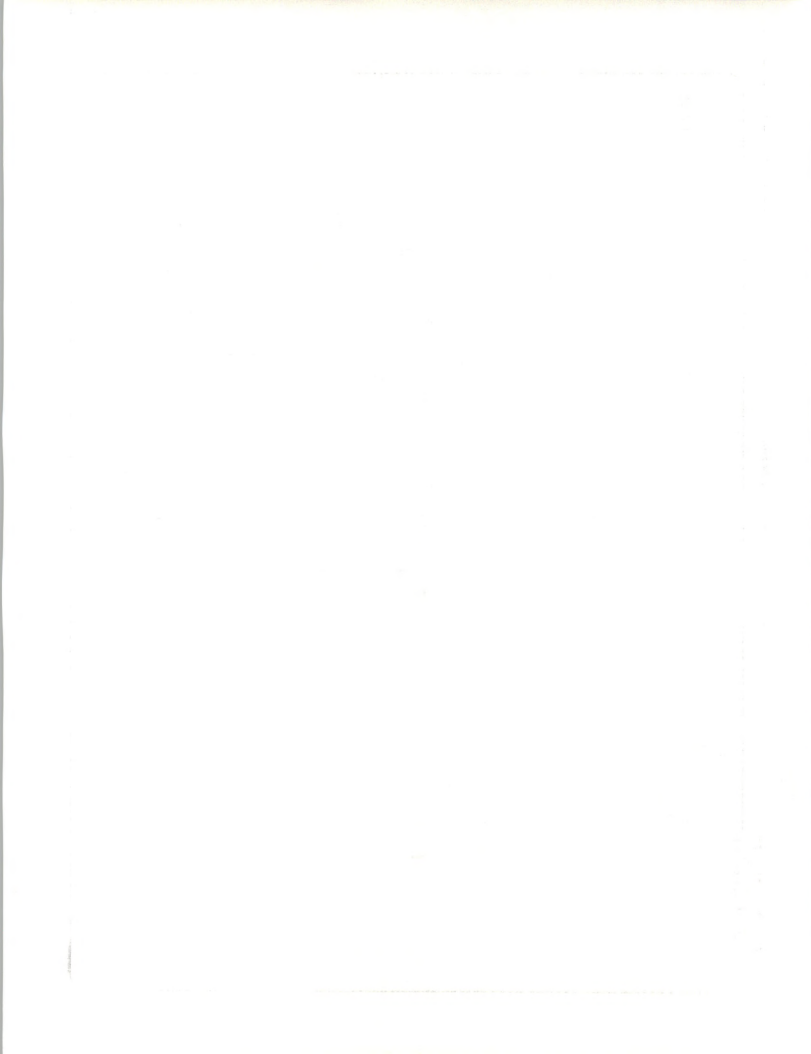
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# Business Operations Outsourcing

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



# 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

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# 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

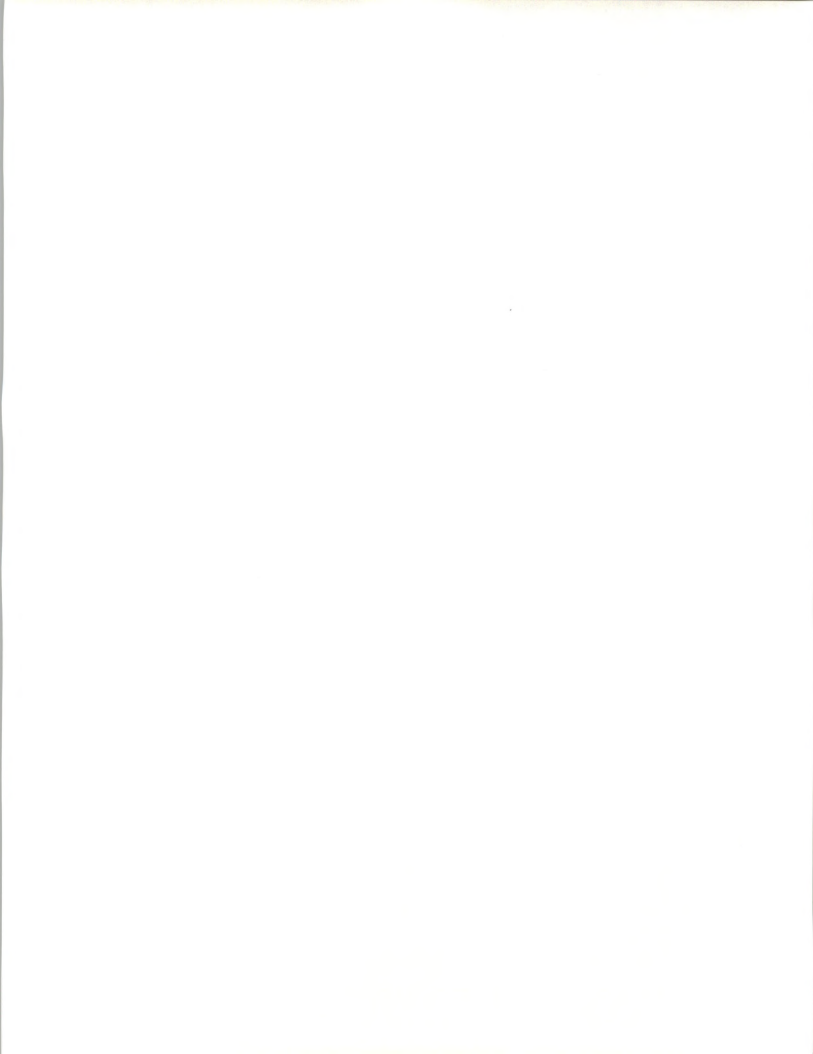
OU-311



# BPR and SI Providers

- Process vs. Business focus
- Company positioning

SKWD-2





# Sample Company Positioning

## **BPR**

Andersen

Booz Allen

CSC Index

Ernst & Young

McKinsey

Price Waterhouse

## **SI**

Andersen

CSC Consulting

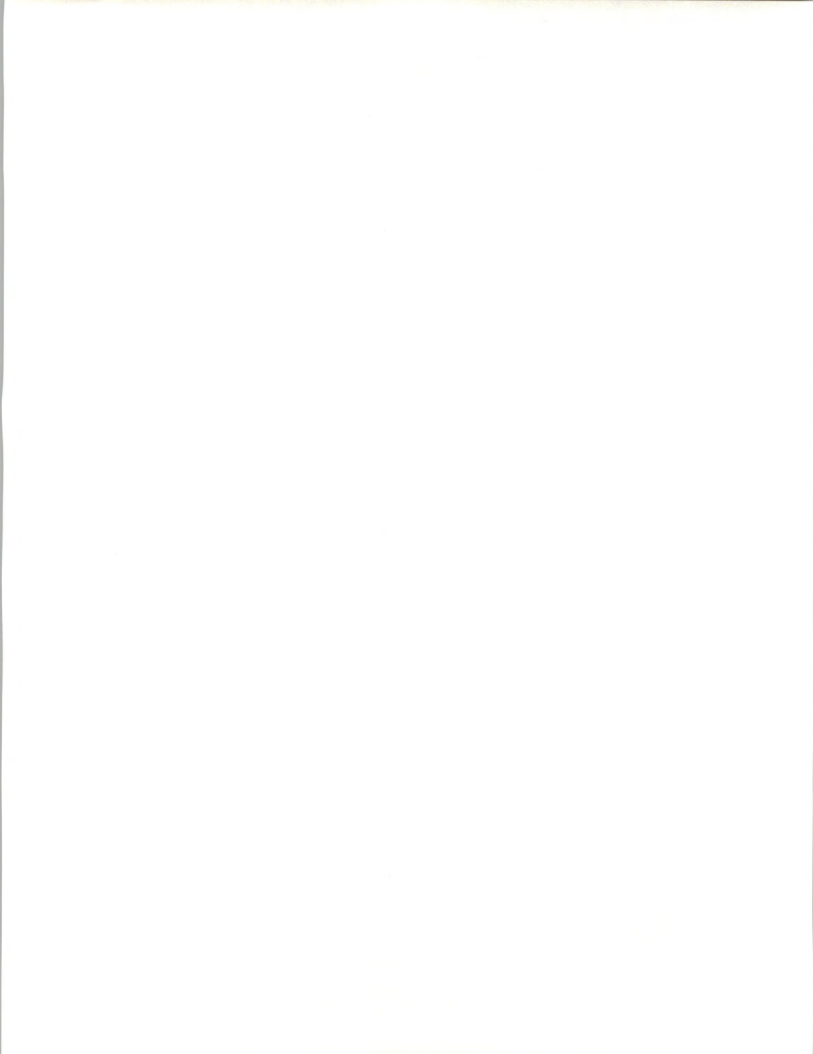
DEC

EDS

HP

IBM

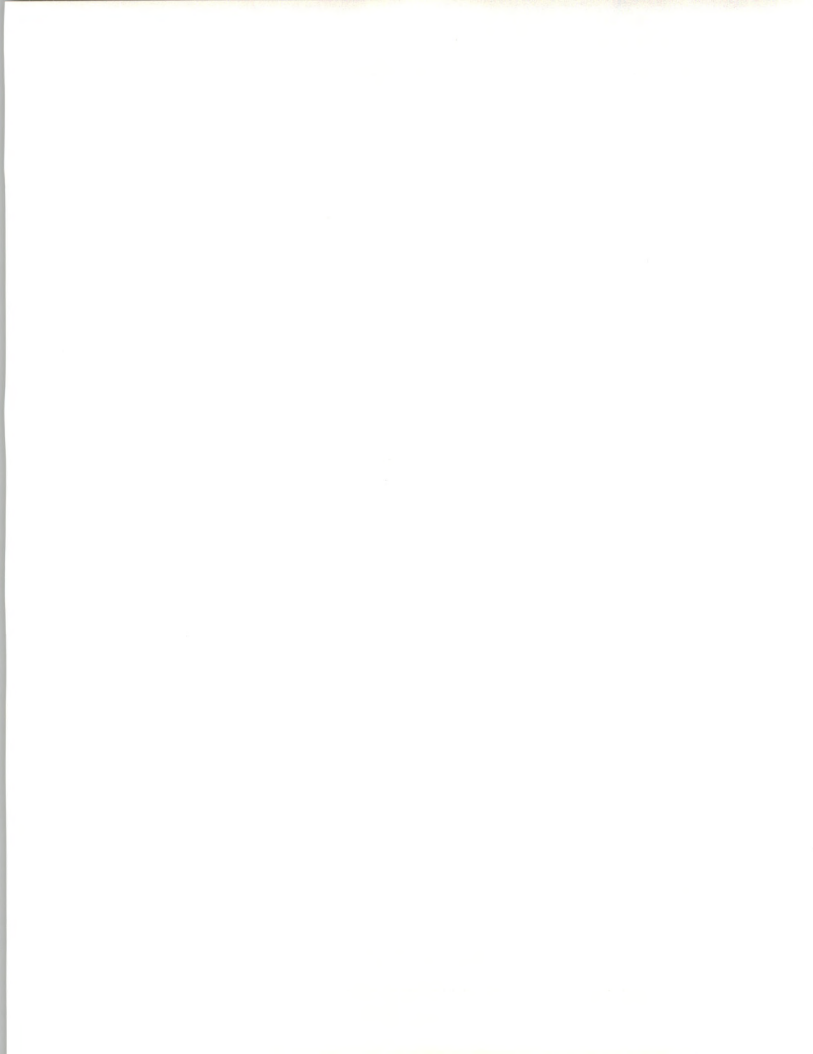
SKWD-3



# Importance of BPR in SI Business

- BPR generates SI projects
- SI generates BPR projects
- BPR changes SI skill requirements

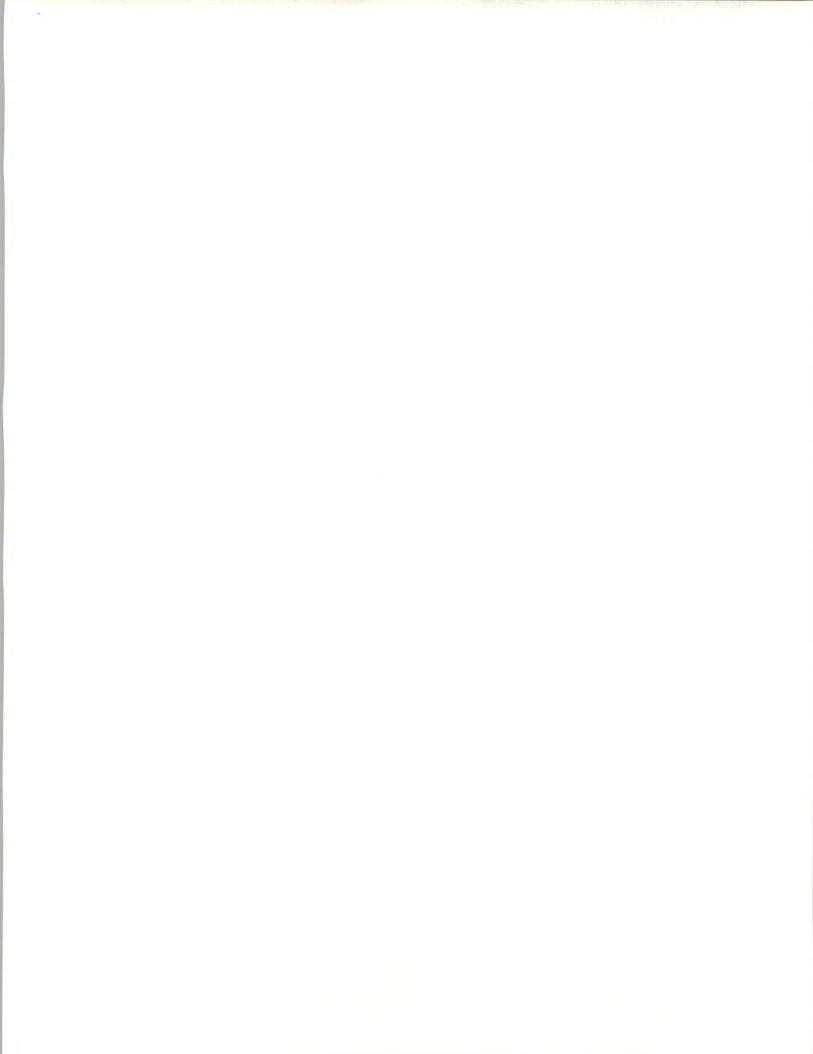
SKWD-4



# Range of Service Offerings

- Full service
  - Key issues: Skill availability  
Market credibility
- Partial range + Alliance/Partnerships
  - Key issues: Customer perception  
Interface control

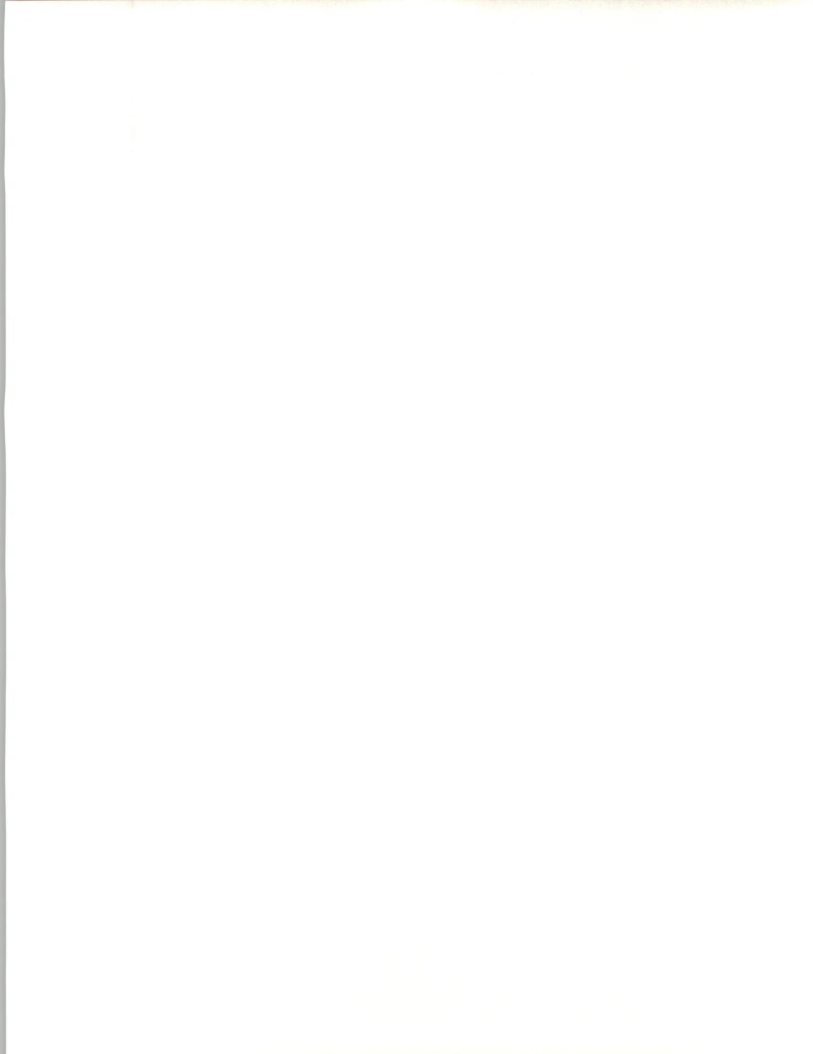
SKWD-1



# Xerox

- “\$3 billion” for “8-10” years
- Global coverage
- Won on price

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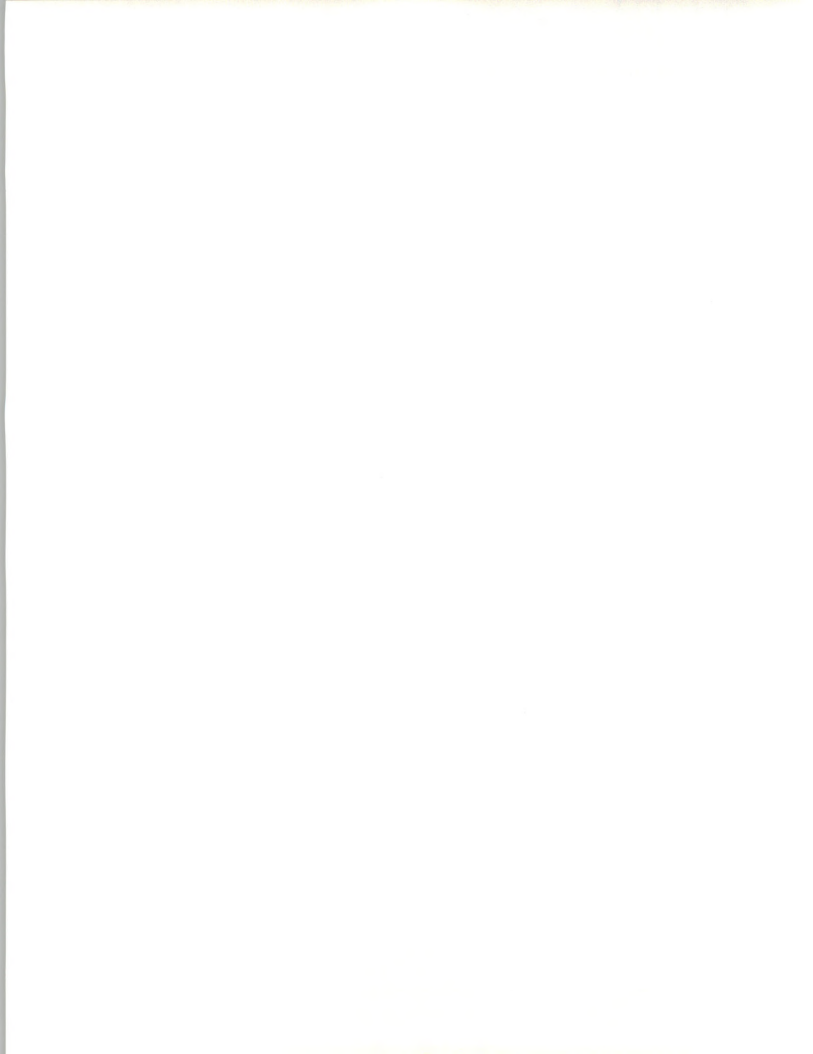




# Xerox

- \$100m purchase of IT assets
- 2000 of 2,700 people transferred
- Reasons
  - Cost savings
  - Reorganization
  - Improve productivity

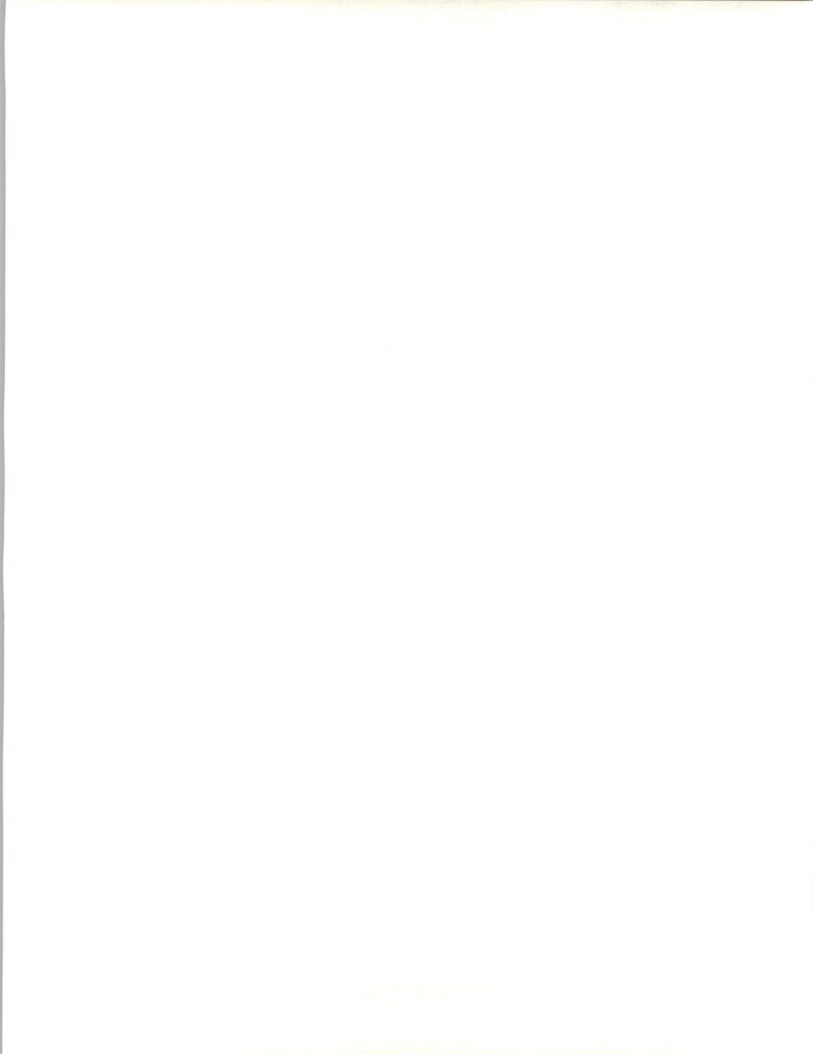
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# Xerox

- Data center operations
- Voice and data telecom
- Desk top services
- Some business applications support

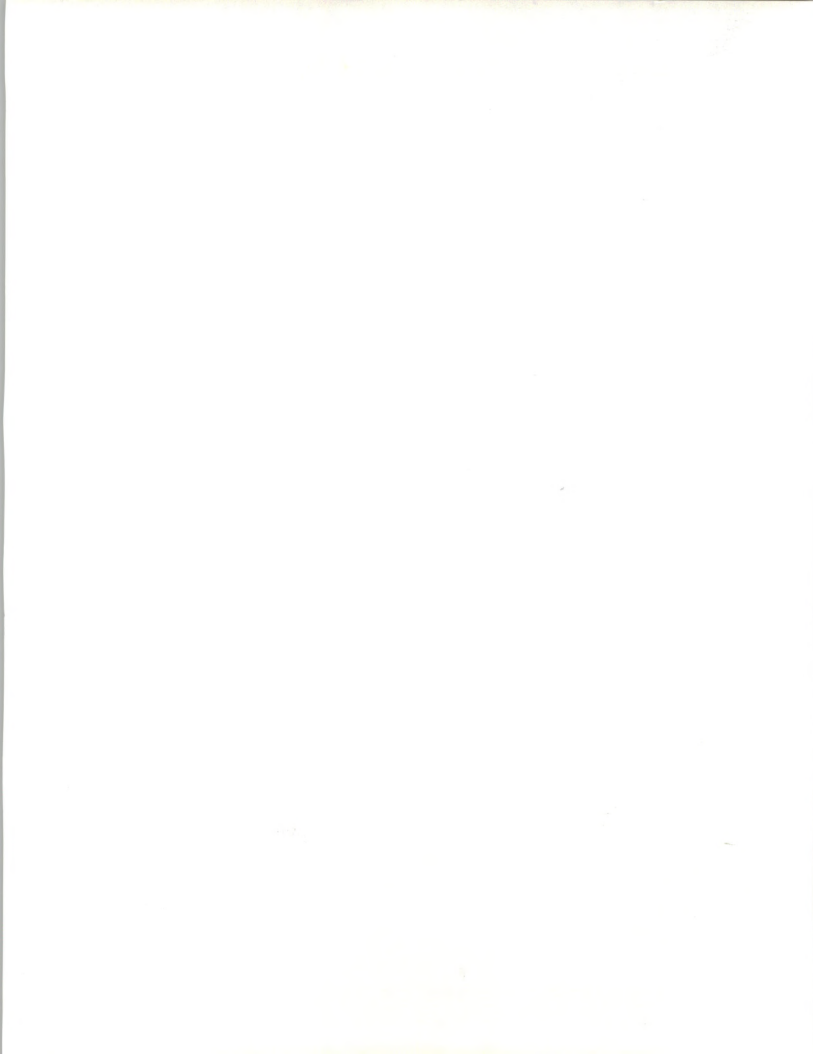
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# Amtrak

- \$500M, 10 year
- ISSC teamed with Advantis
- Data center, network and desktop
- Potential \$100M savings
- Transfer 65 people to ISSC

SKWD-5

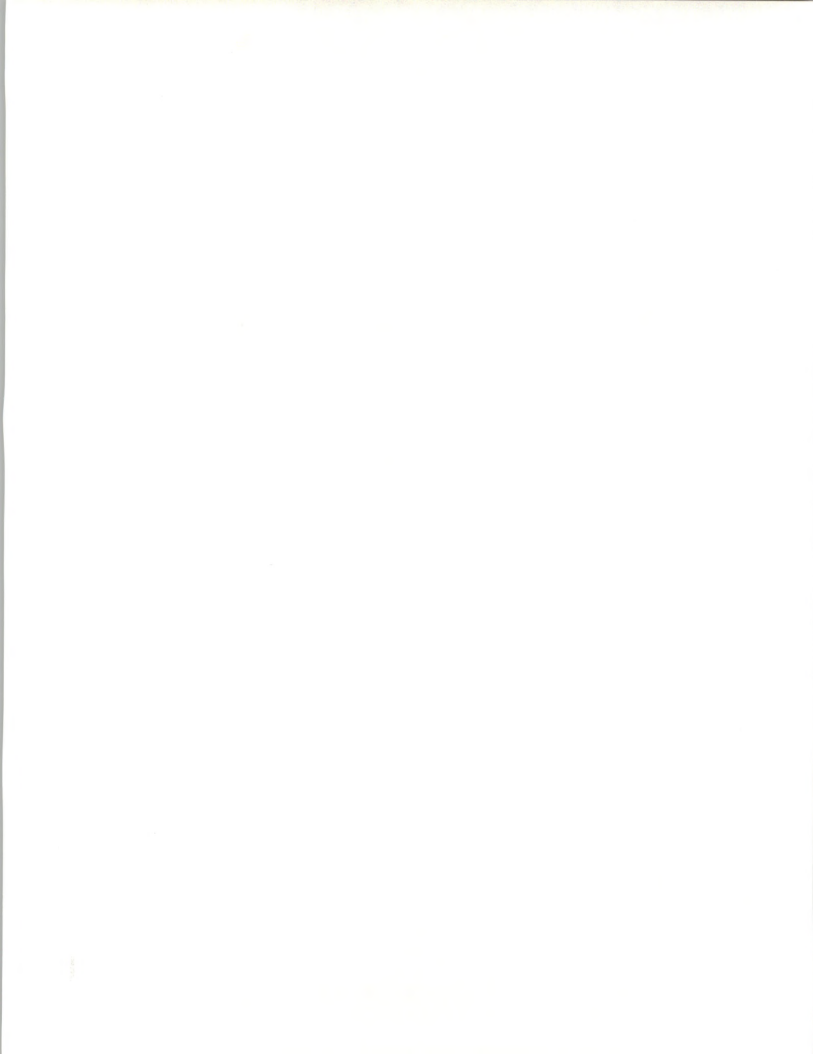


Outsourcing Contract

# Andersen BP Exploration (U.K.)

- \$50 million over 4 years
- 260 staff transferred
- Assume business (billing) operations

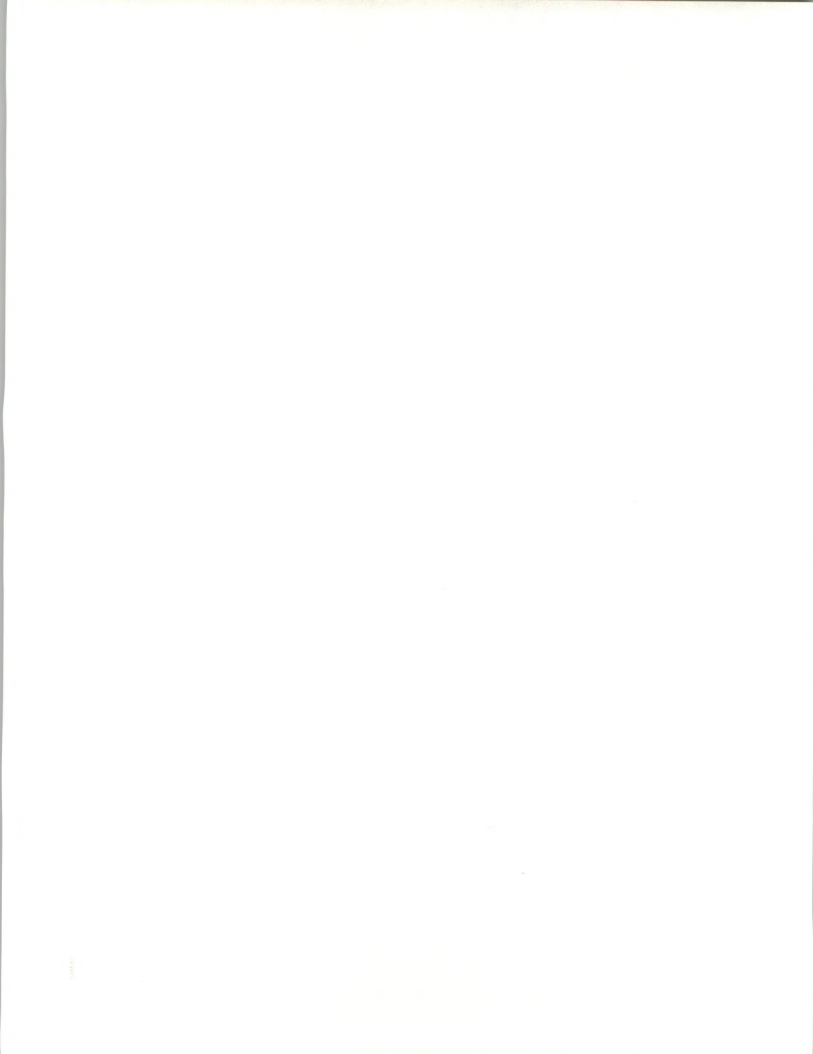
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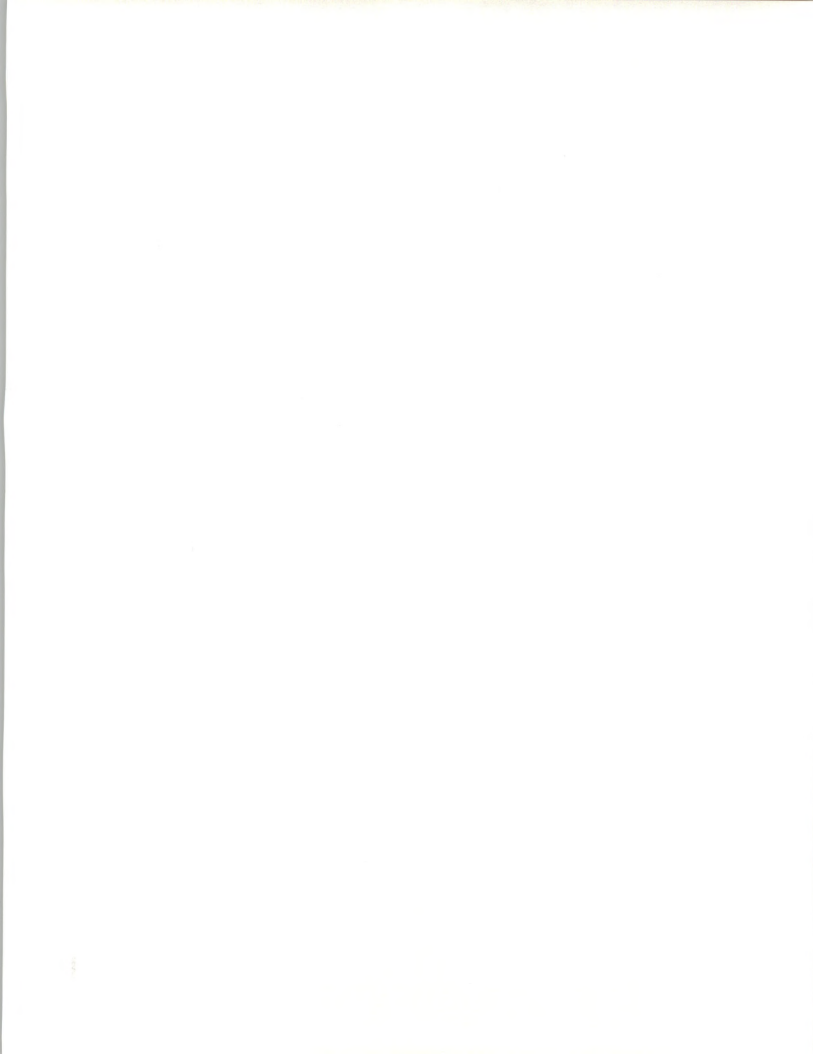
# Sun Micro Systems

- \$27 million, 3 years
- Transitional outsourcing
- Transfer mainframe operations to CSC
- Assist client/server migration
- Some systems integration



# Kooperative Forbundet

- \$1.1 billion, 10 Years
- Business operations outsourcing
- 120 Swedish retail business
- All IT support and operations
- Some business operations support



# U.K. Inland Revenue

- \$1.5 billion over ten years
- Transfer of 13 data centers in April 1994
- Eventual transfer of 2000 civil servants

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