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Facilitating Collaboration in a Multi-sourced Environment

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Multi-sourced operating environments are entering the mainstream as clients leverage best-of-breed capabilities and match highly specialized service providers to specific business requirements. While the potential benefits are significant, managing a team of multiple providers in a complex operation is easier said than done.

The key challenge is to ensure cooperation and collaboration among a diverse team of retained and outsourced providers with a wide range of capabilities, skill sets and areas of responsibility. Indeed, a common pitfall of multi-sourcing is a lack of accountability and ownership across provider teams. Given how agreements are typically structured, it is in the provider's best interest to divert problem ownership to other providers, leading to unconstructive finger-pointing. This puts the client organization in the position of arbitrating disputes, putting out fires and, ultimately, assuming responsibility for overall problem resolution. The resulting irony is that unless specific measures are put into place, multi-sourcing will create an environment of degrading operational effectiveness that will erode intended business benefits.

This ISG white paper examines how the dynamics of sourcing to multiple providers may result in poorly integrated services, and outlines specific actions client organizations and provider teams can take to enhance collaboration and forge more effective partnerships that benefit all parties.

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**Specifics
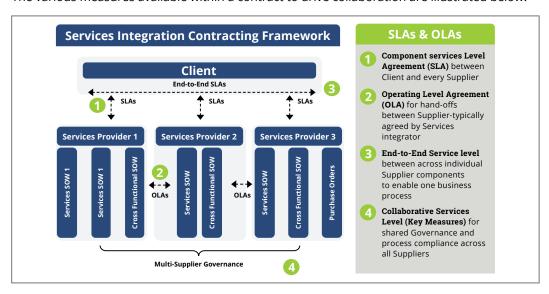about contract
obligations are
essential.**

THE CONTRACTING PROCESS

When clients and service providers[1] negotiate for a set of services, the focus is on each individual scope of service responsibility. Service providers are diligent about containing their scope to ensure the contract cannot be loosely interpreted as requiring the provider to go above and beyond their specific obligations. This drive for clarity permeates through all contractual facets, to include statements of work and services levels, neglecting the touch points between other services and other service providers. With negotiations centered on individual towers and providers, contractual terms regarding collaboration receive little attention, and the resulting language often lacks teeth. While all parties may agree in principle to the spirit of collaboration with the client and their provider peers, good intentions are rarely sustainable.

During the contracting process, incorporating specific obligations in each provider's contract is essential. These obligations should include participation in the creation of, agreement to, and adherence of Operating Level Agreements (OLAs); active participation in cross-provider governance forums; and, within the obligations for specific process areas, the provider's responsibility for interactions with retained and other external providers. Clients should discuss in detail the activities and mechanisms that will be utilized during transition and in operations to integrate the services between providers, emphasizing collaborative expectations.

A fairly new service level methodology is to utilize pain sharing end-to-end Service Level Agreements (SLAs) whereby service levels span end to end transaction that utilizes services from multiple service providers, and when the end to end SLAs is breached, all involved service providers share in the penalty. Shared SLAs can be centered on a business process, such as *Employee Onboarding*, or a productivity measure such as *Units Lost* if an assembly line goes down.

The various measures available within a contract to drive collaboration are illustrated below.

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[1]While the term "service providers" is generally used in the context of contracted third parties, it can also apply to retained internal suppliers in the context of integrating a multi-sourced environment.

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TRANSITION AND TRANSFORMATION

Upon contract signature and identification of service providers, the most effective way to refine the details of collaboration and integration is to include all providers in a workshop exercise that examines each key process and interaction point. By breaking down activities at a granular level of detail, providers can reach collective agreement on how each shared process will work and how the various providers will engage with each other, clarifying their accountability within each process. Business scenarios are utilized to walk through operational processes, confirming the method, data content and timescales for each cross-provider interaction. The outputs of these workshops are the OLAs, signed and agreed by all providers.

Use of OLAs: As mentioned earlier, OLAs are key mechanisms that consistently define operational roles, responsibilities and expectations for members of the service provider teams across all retained and outsourced service providers. OLAs are process-specific enablers of SLAs, especially where services span multiple service providers. For example, Service Request Duration SLAs require service requests to be fulfilled within a specific period of time. Supporting OLAs might require providers to utilize an integrated tool or provide specific information to facilitate a sequential and interactive delivery of a particular set of services, regardless of service ownership. Additionally, to foster more expedient end-user service fulfillment, OLAs can direct individual providers to bridge more deliberate hand-offs with other providers, minimizing fulfillment delays.

True collaboration happens at the operational level.

True "collaboration," as applied to a multi-sourced environment, happens at the detailed operational level. Process integration workshops with resulting agreed OLAs are an effective way to spell out who is responsible for what and to thereby eliminate the opportunity to make excuses. Due to their operational nature, specific OLAs cannot be defined as part of the contract; however, the requirement to create, agree and adhere to OLAs should be included within every service provider's agreement.

Integrated Transition & Transformation Plan: The evolution of the client environment through transition and transformation is challenging at best, and if multiple service providers are involved, the challenge is exponential. It is critical that changes introduced within an environment are coordinated across all providers to ensure integration of planning, design, testing and implementation. Plans must be aligned and tracked by inter-dependencies, addressing delays in an integrated fashion. Additionally, solution deployments must be orchestrated and tested across all providers prior to release.
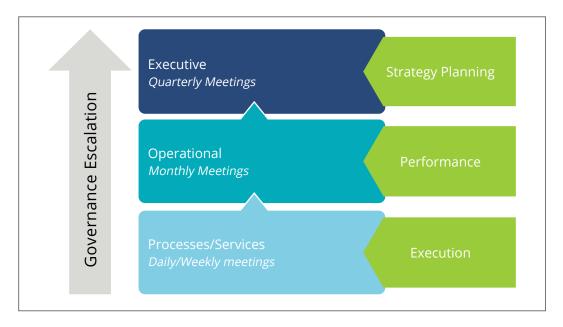
ONGOING OPERATIONS

Even with the existence of multi-provider integration commercial requirements, the continued focus on collaboration must be nurtured through positive behavior reinforcements and opportunities for communication and joint problem solving.

Cross-Provider Governance Forums: Defined during the sourcing process and deployed immediately at contract commencement, multi-provider governance forums for performance reviews, issue management and decision making are critical to facilitate cross-provider communication and accountability. Joint issue resolution and decision making reinforces provider investment in the environment as a whole and builds relationships between providers at all levels of the organization.

Ongoing operational governance forums across various processes enable collective analysis of process performance measures and continuous improvement actions. Having all parties collaborate on problem solving from a holistic perspective, rather than each provider focusing on their particular part of the problem, leads to sustainable enterprise wide performance improvements. Also, reporting and addressing operational performance as a collective exercise fosters a culture of positive peer pressure, where no provider wants to be identified as the laggard on the team, and where finger-pointing and excuses are unacceptable.

Training and Collaboration Evaluation: Providers need to take responsibility to ensure all team members understand and adhere to the processes and responsibilities that come out of the process integration workshops and agreed OLAs. The service integration management function – which can be part of the client team or an independent third party – needs to continually measure adherence to the OLAs and to reinforce collaborative behavior. (For more information on the service integration role, download this ISG white paper).

As an element of the provider's overall performance scorecard, OLA and process compliance measures demonstrate the provider's willingness to adhere to required process standards and ability to contribute to the client's operational effectiveness. Over time, suppliers will recognize their individual success is tied to the success of the group, and a culture where employees from different providers "keep their badges at the door" can emerge.

Ensure that team members understand processes and responsibilities.

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KEY SUCCESS FACTORS

1. Use the contracting process to build an understanding of what the post-contract environment will look like. By setting expectations for collaboration, clients can allow providers to build that understanding into best and final offers.

2. Use contractual language and shared service levels to require service-based interactions between providers and participation in collaborative activities and mechanisms.

3. Initiate cross-provider process integration workshops to detail operational interactions and define OLAs.

4. At contract signature date, institute ongoing cross-provider governance forums to manage performance, issues and decisions.

5. Include OLA and process performance evaluation within each provider's performance scorecard, and address operational performance jointly across providers.

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Lois helps large global companies prepare for operating in multi-sourced and rapidly changing environments; enabling clients to successfully incorporate new digital services and accommodate the need for agile operations. She brings innovative and industry-leading practices to transform service delivery into highly flexible service integration models; through the use of operating model strategies, readiness assessments, organizational and process design, and organizational change management. Lois has consulted with Fortune 500 clients across many geographies and industries to design and transform their service delivery operation, achieving the greatest amount of value from their services. Lois offers expertise in IT governance, service provider performance and relationship management, service delivery strategy and design, ITIL service management, transformation and organizational change management, and IT portfolio design and management.

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