

Case Study – Supplier Governance

Supplier Governance is fundamental to the success of all IT service agreements.

This Case Study describes how the Itica Governance framework is being used on a complex outsource agreement.

Itica Governance Framework

- > Strategy
- > Relationship
- > Planning
- > Review
- > Commercial

Introduction

IT Governance is a management process that defines and communicates the roles, responsibilities and activities required to ensure IT service agreements deliver their expected business benefits.

Itica has developed an effective Governance framework over many years and this Case Study shows how it is being used to manage the agreement between a FTSE 100 business and a Global Telecoms company.

One of the keys to successful Governance is to separate it from the delivery of the services, this is often one of the most difficult concepts for the parties to grasp, but the benefits from separation are substantial.

It is, of course, also a continuous process which develops throughout the life of each agreement.

Background

The client is a global Telecoms company providing integrated IP-based network services to multi-national corporates, public bodies, national and local governments and had succeeded in winning a bid with a FTSE100 business with diverse global interests in food production, agriculture and retail.

The client wished to demonstrate its commitment to ensuring that all aspects of the business relationship were successful and engaged. Itica to use the framework to create a Governance Model tailored for the customer.

The primary issues to be addressed by the Governance Model were:

- > The absence of global IT control as the customer was heavily decentralised with services provided at a local level;
- > The relationship and operational interfaces had to take account of legacy business unit and nascent IT organisational structures. This mix of old and new processes was creating issues with project delivery and responsiveness;
- > The Governance Model had to be flexible to cater for changes in organisational structures as the customer moved towards more global shared IT services.

UK Outsourcing Market 2006 £13bn

- > Half fail to deliver on expectations
- > Key reasons for failure:
 - 1 Requirements not articulated
 - 2 Roles and responsibilities not sufficiently defined
 - 3 Change handled badly
 - 4 Unexpected costs
- > Effective Governance could substantially reduce the money being wasted on underperforming agreements

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Actions

Itica has developed a Governance framework based on good practice and expertise gained through many years' experience of procuring and operating infrastructure services in diverse industries. The framework is adaptable to suit any IT service or industry and covers five essential elements:

- > Strategy – Goals, objectives, sensitivities, policies, procedures
- > Relationship – Roles & responsibilities, key contacts, resources & capabilities, behaviours, communication, authority, disputes
- > Planning – Requirements, forecasts, change management
- > Review – Performance, metrics, reports, continuous improvement, risk management
- > Commercial – Pricing, billing, assets, risk and reward

Itica worked with key stakeholders in both organisations to understand the expectations of the Governance Model and what areas within the five core elements of the framework were deemed most critical. With the agreement of the stakeholders, Itica then designed and facilitated a full-day workshop with over twenty representatives from the executive, technical, operational and commercial teams within each organisation.

Itica delivered the agreed objectives for the workshop which were:

- > Create the environment where all participants could contribute to the proposed Governance Model;
- > Agreement of the key principles for each of the five core elements of the framework;
- > Generate sufficient content for each element to allow Itica to document the agreed Governance Model;
- > Create plans to cover the short term remedial issues and also the longer term introduction of the Governance Model.

Results

- > The client and the customer agreed a definition of the important factors for fostering and maintaining a mutually beneficial business relationship;
- > A resourcing and planning model that accommodates global shared service provision and local operational autonomy;
- > A short-term action plan to deal with the current project delivery issues;
- > The documented Governance Model for the parties to use to manage the agreement.

UK Sales Director

"Itica brought a fresh approach, the workshop was well managed and achieved all of my objectives."

Client Commercial Lawyer

"one of the best governance structures I have ever seen"