

# Seven Consulting

## Strategic Sourcing Capability Overview

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Australia's Best  
Program Delivery Company



Official Partner  
of the



## 1. Program Delivery



We deliver some of Australia's most complex and challenging agile, traditional and hybrid programs. We work with our clients to understand their organisational and program characteristics. These inform how we design our delivery approach to produce the best outcome for our clients. The majority of our Consultants are scaled agile (SAFe) certified and we have over \$3bn of Agile and traditional Programs under direct management.

## 2. PMO Services



We provide PMO establishment and management, PMO analyst and scheduling services, and tools for some of the largest organisations in Australia.

## 3. Delivery Consulting



We provide delivery capability uplift, sponsor and project manager training, portfolio and program reviews to assist our clients improve their program delivery.

**All of our clients are reference sites**

# Our Clients

*Seven Consulting has a proven track record delivering critical outcomes for Australian organisations across industries and domains. 100% of our clients are reference sites.*



# Our clients and staff are our top priority

## Client Satisfaction Survey Results

Year	Satisfaction rating	Survey questions
2019	99.08%	14,949
2018	98.65%	15,450
2017	99.08%	9,691
2016	98.94%	10,336
2015	99.35%	5,655
2014	99.26%	3,520

100% of our clients are reference sites

## Staff Satisfaction Survey Results

Survey Date	Satisfaction rating
Dec '19	98.30%
Jun '19	98.82%
Dec '18	96.44%
Jun '18	96.40%
Dec '17	97.50%
Jun '17	98.30%



"It is clear that you only recruit PM's that are the best in the business"



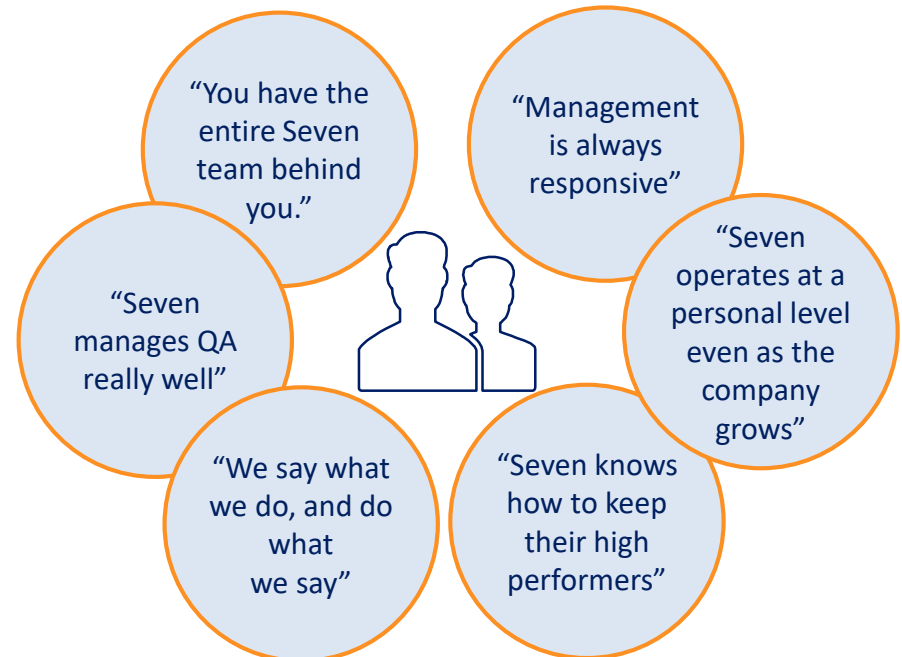
"No fuss, just good, honest and consistent project delivery"



"Highly professional staff, great support from the broader organisation. Clear about what they are good at and stick to this"



"Very professional"  
"Great consulting skills"



# How do we get 98%+ client satisfaction?

*Why all our clients are reference sites.*



Hands on ownership



High staff engagement, low turnover with no contractors



At a minimum there is monthly Quality Assurance review of the consultant's work, done by either the Founder , Managing Director or PMO Practice Lead



Bench support available to all consultants at no cost to the client



Extensive mentoring and training support, strong IP and knowledge sharing



Holiday and sick leave cover for assignments



Strong in-house tooling to support consultants , clients and quality assurance

# How our values impact our delivery?



## Teamwork

Teamwork has to be at the core because you can't deliver big projects without great teamwork – we focus on ensuring that the Seven team, the client team and vendors work seamlessly together.



## Transparency

Assumptions and poor communications kill projects, whereas openness is the foundation of good relationships and reliable delivery. We remain a completely independent consultancy.

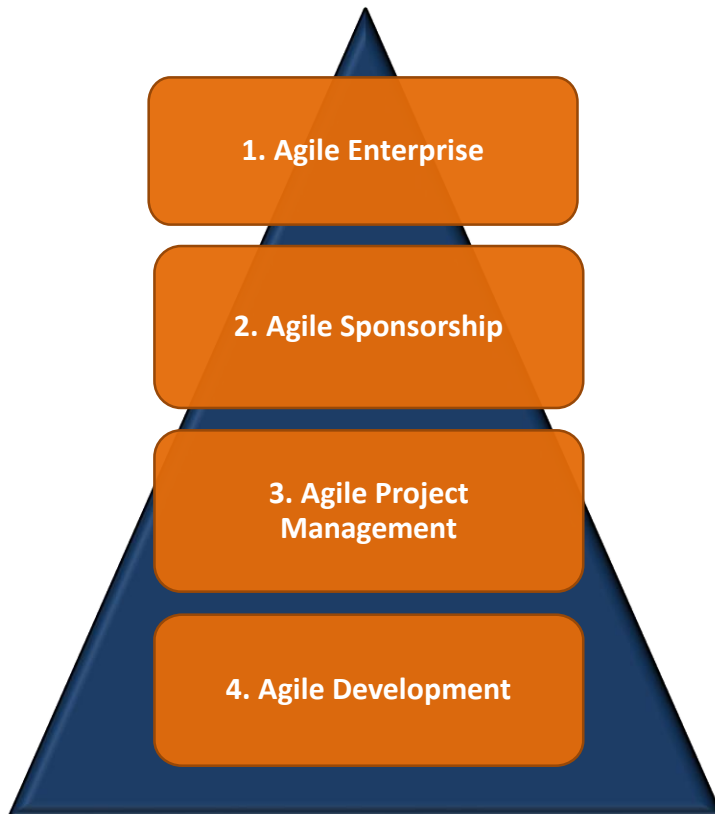


## Delivery

A focus on outcomes focuses the team and grows confidence. With a confident attitude, expert personnel and effective teams we always deliver to clients high expectations.

# The Integrated Agile Enterprise Framework

- Seven Consulting's Agile Project Enterprise Framework outlined below is a proven framework of integrated processes, tools and techniques focused on simpler, faster delivery & improved ongoing support of the delivered change.
- The key focus is the integration of speed of decision-making, planning and delivery of real benefits.



1. **Agile Enterprise (AE)** focuses on the cultural, procedural and people changes required to optimise, adopt, embed to sustain Agile models of project delivery. This includes an agile approach to strategic portfolio governance.
2. **Agile Sponsorship (AS)** requires executives to get closer to their projects, their project managers and their project teams. Single sponsors who must be flexible in making time available for face-to-face meetings and use simplified and face-to-face reporting lines. The Agile Sponsor is focused on benefits realisation.
3. **Agile Project Management (APM)** is an open, stakeholder-driven approach to project planning. While Scrum Masters and Product Owners focus on the detailed technical delivery, APM's must focus on stakeholder engagement, change management and related projects to ensure outwards as well as inwards management of the project.
4. **Agile Development (ADM)** involves a cultural as well as a procedural and technical change in how projects are planned and delivered. The coaching of project managers, business experts in how to setup and support Agile Development (Scrum, SAFe, etc.) is a critical factor for successful and sustained deployment of Agile Development Methods.

# Agile Program Delivery Tools

Agile / Traditional  
Methodology  
Recommendation

Recommends  
Delivery  
Components

Best Operating  
Principles  
Recommendation



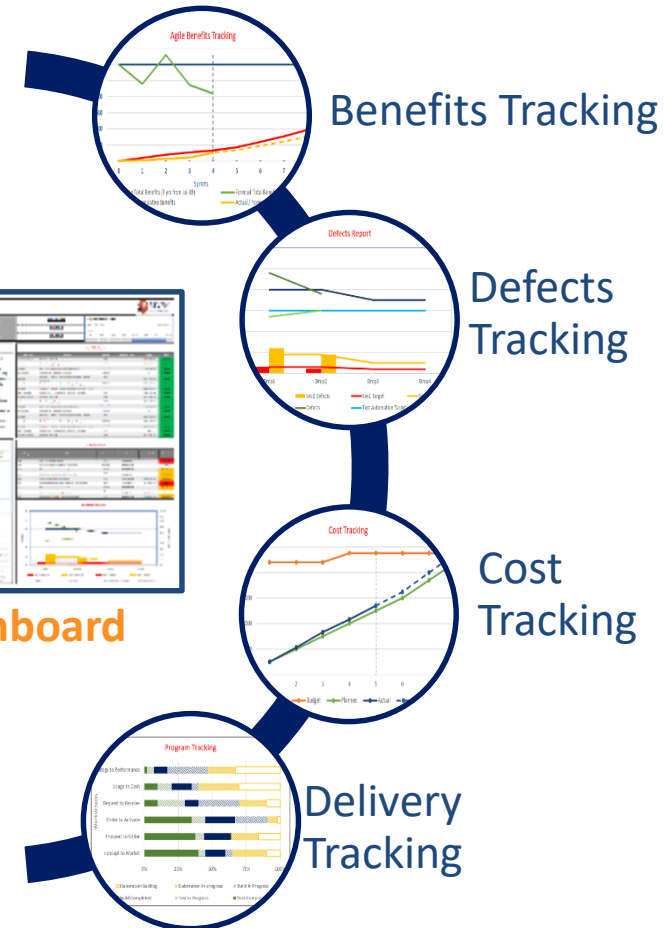
**Seventh Way Tool**

The Seventh Way Tool provides guidance on how to tailor your program or project. It provides suggestions on agile or traditional methodology components to apply, operating practices to adopt and artefacts to prepare to deliver your program or project.



**Agile Dashboard**

The Schedule Dashboard combines a number of reports to provide a 'Dashboard', or snapshot of agile projects progress. These include Burn-up Chart, Sprint Burn Up, Cost Tracking, Benefits Tracking and Defect Reports.



# Traditional Program Delivery Tools

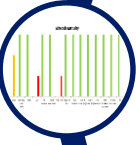
Health Check Score



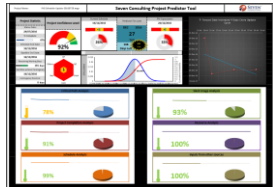
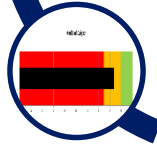
## Health Check Tool

The Schedule Health Tool is designed to evaluate the quality, integrity and currency of a project schedule and suggests improvement areas.

Schedule Maturity



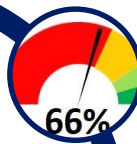
Overall Schedule Quality Score



## Schedule Predictor

The Schedule Predictor Tool uses advanced algorithms to evaluate the precision of project forecast date and PM expectation finish date according to their actual performance. It provides a prediction trend line to suggest improvement areas.

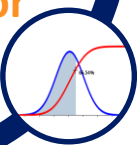
Project Confidence Level



Critical Path Analysis



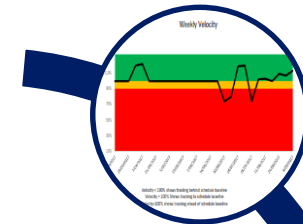
Cumulative Probability



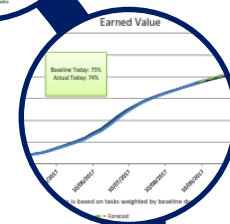
## Dashboard

The Schedule Dashboard combines a number of reports to provide a 'Dashboard', or snapshot of agile projects progress. These include Weekly velocity, Earned Value, Task burndown and Effort Tracking.

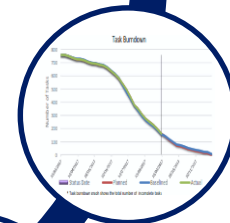
Weekly Velocity



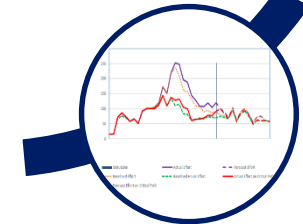
Earned Value



Task burndown



Effort Tracking



# Why Strategic Sourcing?

*When it works, outsourcing offers companies compelling strategic and financial benefits. Yet many companies have encountered obstacles and upsets in trying to realise the promise of outsourcing, generally because of mistakes in decision making and implementation.*

\*BOOZ ALLEN: THE BOTTOM LINE ON OUTSOURCING

- For every successful sourcing relationship, there are more that fail. Many companies experience no cost savings and many more feel that their contracts are unenforceable. More than half of all outsource contracts are never renewed.
- Given that successful sourcing relationships require scale, and a medium to long-term commitment on both sides, it is of critical importance that the right strategies are enacted with the right service providers and that the inevitable transitional challenges are effectively managed.
- A structured approach to managing the full life cycle of your sourcing engagement from initial concept through to implementation should result in a well-defined, win-win partnership between you and your sourcing provider(s) that deliver key benefits to your business.
- Using an experienced third party to do this will maximise your ability to achieve your sourcing objectives, whilst at the same time minimising the risk of impact on your business, both during the sourcing process, as well as into the new operating model.

\*BOOZ ALLEN: THE BOTTOM LINE ON OUTSOURCING

# Our Delivery and Strategic Sourcing Services

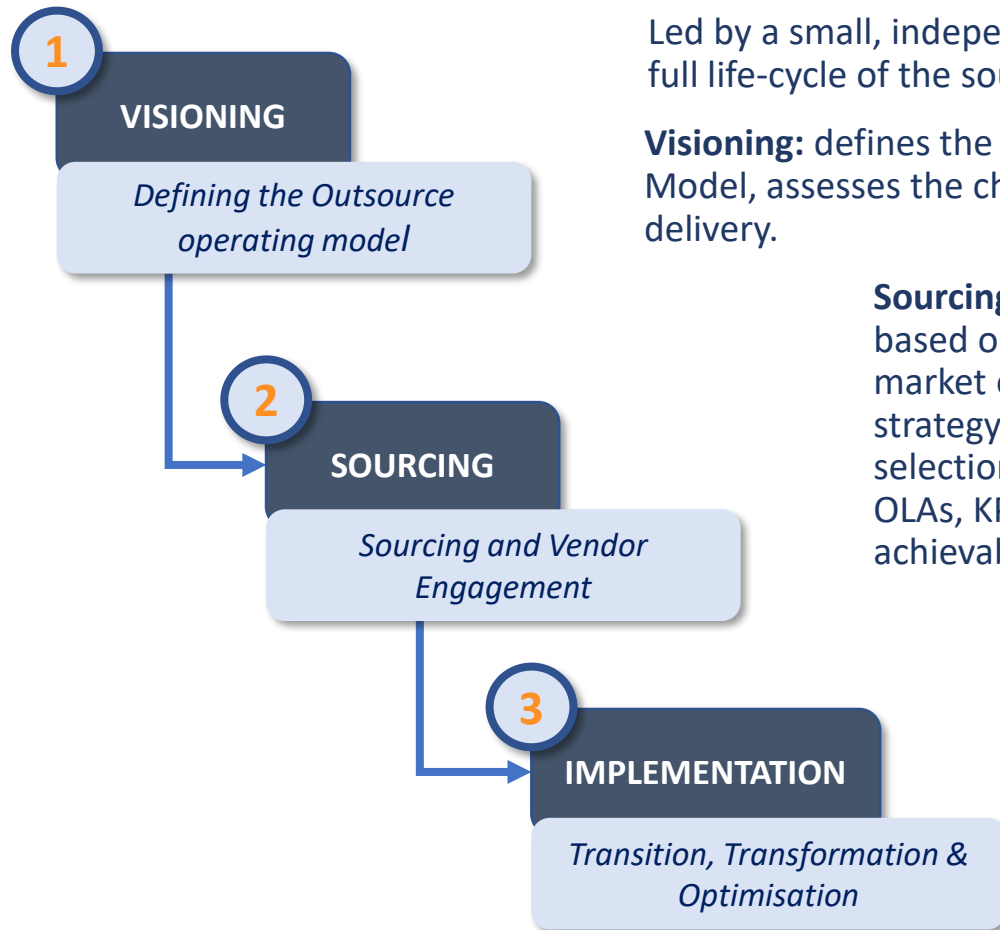


- Seven Consulting is independent. We have significant experience working with all Tier #1 and many Tier #2 outsource providers, but have no ties to any of them. We are well versed in dealing with onshore, offshore and hybrid outsource providers.

*Seven Consulting consultants are among the most experienced in their field and will bring industry-leading frameworks, processes and tools to deliver quality outcomes on time and on budget.*

- Our engagement model is centred on providing a small number of experienced, independent sourcing specialists to work with your technical, commercial, legal, human resources, and financial teams to define your sourcing needs and to manage the selection of the most suitable provider(s).
- Our consultants have been engaged in key leadership roles in some of the largest IT sourcing and offshoring transactions in Australia over the past 15 years. Clients, including the Commonwealth Bank, Hewlett-Packard, Tenix, Caltex, Vodafone Hutchison Australia, Macquarie Bank, Bauer Media, Stockland, Endeavour Energy and Oil Search have benefited from our experienced and pragmatic approach.
- Benefits our clients have realised from our Strategic Sourcing Services:
  - Maintained or exceeded key business service levels at lower operating costs.
  - Gained access to specialist skills and to new technologies, which would otherwise have been very costly to acquire.
  - Created competitive tension between two Tier #1 service providers by rebalancing the application development portfolio.

# Seven Consulting's Approach



Led by a small, independent team of Seven Consultants, our approach covers the full life-cycle of the sourcing transaction:

**Visioning:** defines the sourcing objectives, defines the Target Outsource Operating Model, assesses the change impact, considers options and creates a Road Map for delivery.

**Sourcing:** We will help you define an appropriate sourcing strategy based on your sourcing objectives. We will lead the evaluation of market offerings against your sourcing objectives and sourcing strategy. We will manage the RFI/RFP/RFQ creation, supplier selection and negotiation process. We will help you define the SLAs, OLAs, KPIs and other metrics which are all simple, objective, achievable and measurable.

**Implementation:** Drawing on our specialist project management expertise, we will manage the transition to your new service provider(s), including any transformation of your IT environment. We can periodically audit your ongoing sourcing relationship and help you optimise it over time.

Our detailed approach is contained within the Appendix

# Our Sourcing Experience



## MEDIA GROUP

**Outsource Feasibility Study** – Seven Consulting was engaged to conduct a feasibility study into the outsourcing of IT and Accounts Payable/Accounts Receivable.

**Starfish** – Seven Consulting managed the outsourcing/offshoring of Bauer's Network Services Company call centre.



**Telecommunications Outsourcing** – Seven Consulting provided the 2IC to the Program Director for this major transition from Gen-i to Telstra.

**Outsource Project Management Review** – Seven Consulting reviewed the engagement model between the Bank and its outsourcing partner, HP (EDS), and made a number of improvement recommendations.



**IT Outsourcing Consolidation** – Seven Consulting provided a team (Program Director, PMO Manager, Project Managers, IT Service Management Consultant, Master Scheduler) to manage the transition of IT Support Services from IBM, Ericsson, HP, TCS to Tech Mahindra (multi-hundred million dollar outsourcing agreement).

**Applications Transition** – Seven Consulting managed the Transition of a select number of key business applications from IBM to TCS as part of an applications portfolio re-alignment resulting from the Vodafone Hutchison merger.

**Systems Integration and Test Management capability** – Seven Consulting reviewed the capabilities of these outsourced areas and provided recommendations for improvement.

**IT/Network Delivery Framework** – Seven Consulting defined a new IT project/vendor governance framework for the merged Vodafone/Hutchison BSS&IT organisation. Seven Consulting were subsequently engaged to perform a similar engagement for VHA Networks.

**IT (Data Centre) Transformation** – Seven Consulting managed the start-up of a major program to transform VHA's IT cost base, including migration/outsourcing of all VHA infrastructure to new data centres as well as implement new virtualisation technology.

# Our Sourcing Experience (continued)



**HP New Operating Model** – Seven Consulting managed the program office for the insourcing of mortgage processing from HP.



**Transition program** - Seven Consulting provided Transition Management services to implement a new multi-sourced outsourcing framework.



**Outsource Feasibility Study** – Seven Consulting was engaged to conduct a feasibility study into the outsourcing of IT and Networks.



**Cathay Pacific Transition** – Seven Consulting managed the transition of Cathay Pacific's IT Services from IBM on behalf of Unisys. Delivered on contractual dates, ahead of budget and to an extremely high quality. Service delivery post transition was rated by Cathay as improved beyond expectations, resulting in a renewed and expanded contract with Unisys years ahead of schedule.



**IT Outsourcing** - Seven Consulting provided Program and PMO Management services for this major infrastructure outsourcing program covering Data Centre, End User Computing and Networks.



**RunIT Operational Model** – Seven Consulting helped Woolworths develop a new organisational structure and high level operating process for their IT Operations area (“RunIT”) as a pre-cursor to potential outsourcing.



**LESP (Leveraging External Service Providers)** – Seven Consulting led the sourcing phase of this initiative to select a partner to deliver all of Macquarie Bank's application development, testing and level 3 support. Using a strategic “top down” approach, Seven Consulting ensured that, as well as being best positioned to deliver value-for-money services, the selected partner had compatible corporate objectives and there was a strong cultural fit.

# Sourcing Case Study:

## Vodafone Hutchison Australia Managed Services Consolidation



### Client Profile:

- Vodafone Hutchison Australia (VHA) was formed in June 2009 following a 50:50 merger between Vodafone Australia and Hutchison 3G Australia. VHA provides mobile services to more than 6.8 million customers in Australia.

### Background:

- As a result of the merger, VHA inherited 8 service providers with overlapping scope and responsibility, as well as different engagement models and service / service level deliverables. It was quickly determined that the complexity, management resources and risk resulting from this arrangement was unacceptable. As result, a project was launched to consolidate these 8 service providers into one Managed Services provider.

### Client Objectives:

- VHA's objective was to consolidate its 8 IT services providers and contracts to a single IT Managed Services agreement meeting VHA business objectives of value and agility. The scope included Level 2 and 3 Applications Support and Maintenance, Infrastructure Operations and Maintenance and Data Centre Facilities Management. It included all BSS&IT systems, I&PT non network systems, IT firewalls and IT network, Business Intelligence infrastructure, specific business process operations (e.g. Billing Operations) and Crazy Johns.
- VHA's key Transition objectives were:
  - Identify and mitigate the commercial and operational transition risks;
  - Identify and fill knowledge gaps in processes, resources, tools, documentation etc. for a smooth transition;
  - Ensure continuity and stability of service;
  - Transition and / or retention of Intellectual Property;
  - Agreed accountability models for all support services –including all 3rd party service providers; and
  - Transfer responsibility for in-flight projects without impacting delivery timeframes.

# Sourcing Case Study:

## Vodafone Hutchison Australia Managed Services Consolidation



### Seven Consulting Solution:

- VHA initially engaged Seven Consulting to develop the Outsourcing consolidation strategy, including preparation of the Service and Service Level specifications (based on ITIL V3), as well as the Service Credit regime and overall RFP construct. Seven Consulting was subsequently engaged to manage the Transition from the 8 incumbent service providers to the new Managed Service Provider (TechMahindra). The Seven Consulting team consisted of:
  - Transition Program Director
  - Transition PMO Manager
  - Transition Master Scheduler
  - Transition Workstream Leads
- The Transition was executed using Seven Consulting's Transition and Transformation methodology. In particular, Seven Consulting's 9 step Intellectual Property (IP) Transfer process ensured that all key IP was successfully transferred from the incumbent service providers to TechMahindra.

### Customer Outcome:

- The Transition was completed on time and on budget and provided the following outcomes for VHA:
- Established a sustainable and scalable Managed Service Provider resource pool to deliver the Services;
- Implemented the Managed Service Provider's new delivery model within the defined timeframe, leading to realisation of the benefits of this new delivery model (e.g. reduced cost, improved SLAs, additional function such as Service Catalogue and CMDB); and
- A simplified management and governance environment with clear accountabilities.

# Strategic Sourcing Detailed Approach

# Seven Consulting's Approach Visioning – An Introduction



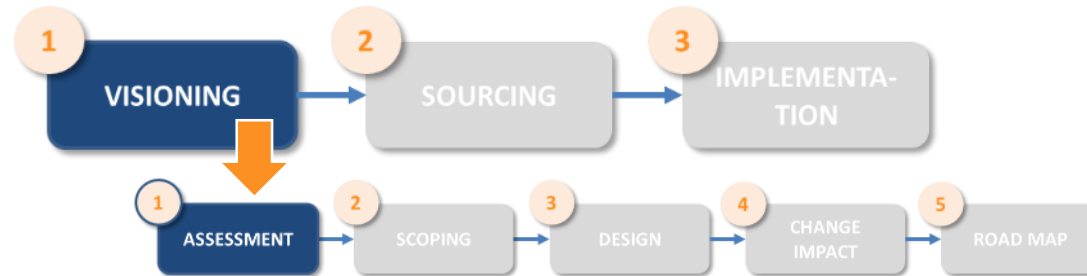
- Led by a small, independent team of Seven Consultants, our approach to Visioning assists the organisation to assess :
  1. Does the organisation possess the required competencies and capabilities to effectively utilise and manage an outsourced partner?
  2. What processes and tools are required to make such an arrangement function? What are the likely target areas that might be best transitioned to an service provider?
  3. What does the strategic roadmap look like for the coming months and years and where would a service provider best fit in that plan?
  4. What should be the Target Outsource Operating Model ('TOOM') for the organisation to work with a service provider? Have the capability and competency questions identified earlier been addressed?
  5. Finally and most importantly, how will the organisation get to the end state and ensure that the anticipated benefits from outsourcing are realised?

# Visioning – An Introduction

## The 5 Step Visioning Process



# Visioning – 5 Step Process Assessment



The Assessment step establishes an ‘as is’ baseline for the organisation and then assesses the overall suitability of existing functions/services within the organisation for potential delivery by a new service provider.

## OBJECTIVES:

- Assess current competency ratings and desired ratings for key component functions/services that the organisation delivers.
- Identify process maturity, and toolsets that can be leveraged.
- Identify ‘value trap’ technologies that are ready candidates for service provider involvement.

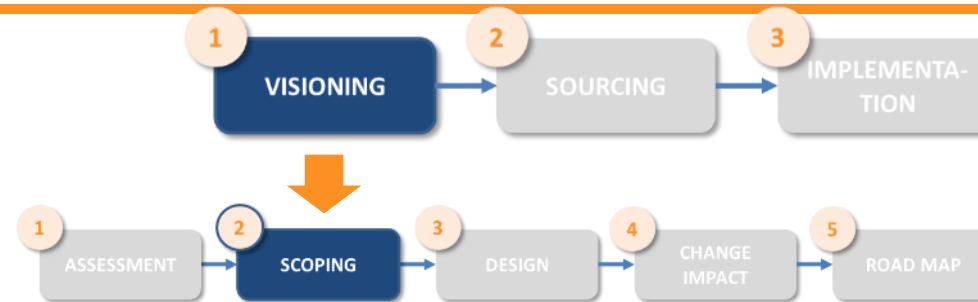
## ACTIVITIES:

- Structured interviews and/or workshops with management team and other key stakeholders.
- Analyse tools and processes currently within the organisation.
- Analyse what technologies are core to maintaining strategic competitive advantage for the organisation.

## DELIVERABLE:

- ‘As is’ baseline including: Heat map of gaps between current and desired competency ratings across the organisation. Summary of current assets in terms of processes and toolsets. High level view of likely functions, technologies and processes suitable for service provider involvement e.g. ‘value trap’ technologies.

# Visioning – 5 Step Process Scoping



The Scoping step examines each potential outsource function/technology/process identified in the previous step and assesses whether they can be delivered by a new service provider.

## OBJECTIVES:

- Identify candidate function/technology/process for outsourcing.
- Establish an application portfolio view identifying strategic and 'legacy' applications and technologies.
- Create a high level forward looking staffing profile for coming years including any likely fluctuations.

## ACTIVITIES:

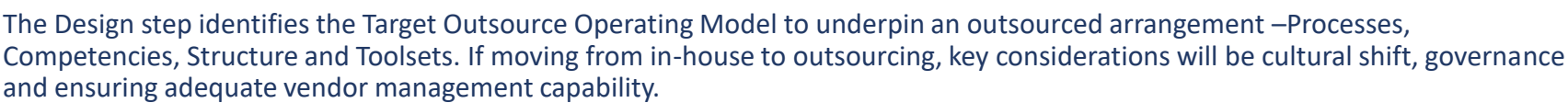
- If technology based, review application portfolio in light of application maturity i.e. retain, sunset, remove or grow.
- Review known upcoming strategic initiatives and likely functional/technology/process requirements.
- Assess likely upcoming staffing requirements and amount of 'flex' that will be required.
- Identify current permanent/contractor mix.

## DELIVERABLE:

- Finalised list of functions/technologies/processes to be pursued for outsourcing. High level view of likely size of potential partner involvement and therefore first view of business case. Roadmap of likely strategic initiatives incoming years and subsequent capability needs. High level staffing profile.



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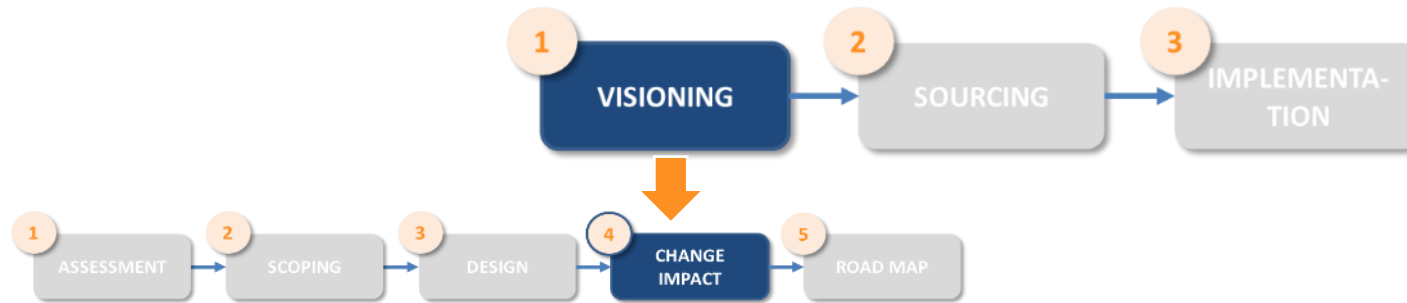


- Confirm competency gaps to be addressed as part of new operating model/organisational structure.
- Agree Target Outsource Operating Model: Processes, Competencies, Structure, Toolsets
- Identify gaps between current operating model and Target Outsource Operating Model.

- Identify potential Outsource Operating Models and evaluation criteria via workshops.
- Conduct formal review of options against evaluation criteria.
- Review key capability and competency shortcomings and ensure they are addressed in Target Outsource Operating Model.
- Gap analysis between current and proposed operating models.

- The deliverables from this step will be the Target Outsource Operating Model including top level functions, processes, and technologies, plus a gap analysis between current and future operating models.

# Visioning – 5 Step Process Change Impact



The Change Impact step goes down to the next level of the Target Outsource Operating Model. All existing functions, technologies and processes are evaluated and allocated to the new model.

## OBJECTIVES:

- Agreement on Outsource Operating Model and mapping of all identified functions/technologies/process to top level identified in previous step.
- Identification of overall net FTE changes and subsequent budget impact.
- Analysis of new structure levels to ensure 'pyramid' i.e. not top heavy or too much middle management.

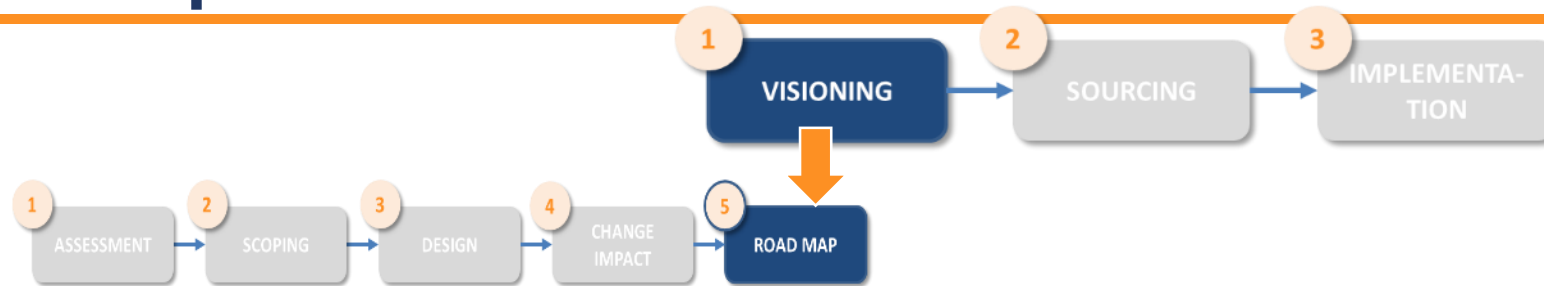
## ACTIVITIES:

- Identify all current and new capabilities required in Target Outsource Operating Model.
- Map old functions/technologies/processes to new structure.
- Detailed count of FTEs in current and future organisation structures and subsequent impact to budget.
- Validation of appropriate spans of control and management oversight in new structure.

## DELIVERABLE:

- Agreed future state Target Outsource Operating Model with identified budget, process, competency and toolset impacts.

# Visioning – 5 Step Process Road Map



The final step of the Visioning phase is to agree the detailed roadmap of how the organisation is going to transition to the new Target Outsource Operating Model.

## OBJECTIVES:

- An actionable plan to move from current state to the transformed outsourced end state (Target Outsource Operating Model).
- A validated business case, that includes how the benefits of outsourcing will be realised.

## ACTIVITIES:

- Work with relevant managers of affected areas to identify a time-phased profile for outsourcing, down to individual headcount.
- Using data from profile revisit the Business Case for outsourcing and update to reflect savings over time as well as likely establishment costs. If required, resubmit the updated Business Case for approval.
- Identify plans to close any capability gaps, as well as implement required governance and vendor management.

## DELIVERABLE:

- Multi month/multi year roadmap for transition to Target Outsource Operating Model. Updated business case for outsourcing.

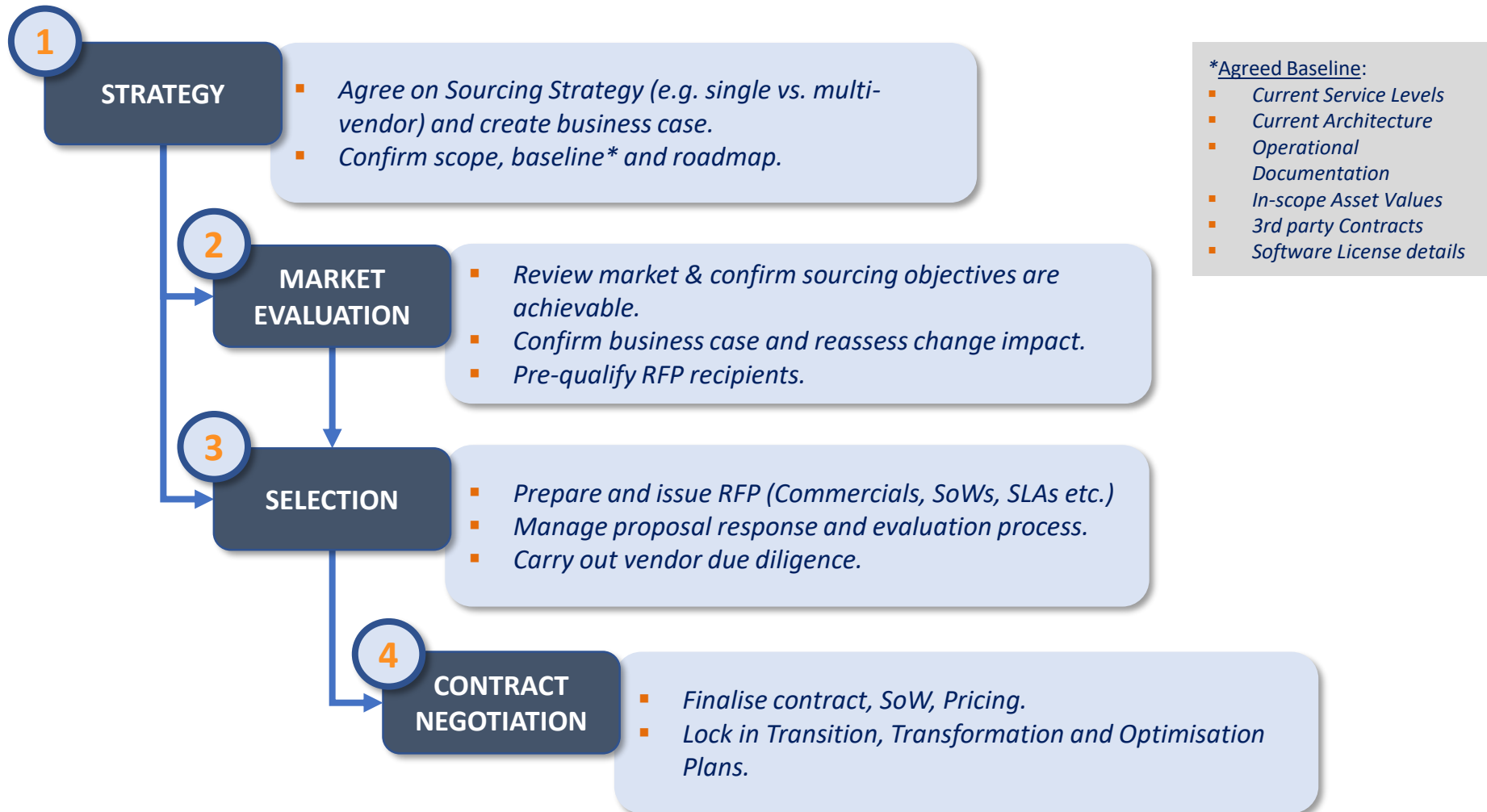
# Seven Consulting's Approach Sourcing – An Introduction



- Led by a small, independent team of Seven Consultants, our approach to sourcing assists the organisation to:
  1. Identify which form of sourcing might be best suited to the organisation's requirements e.g. single source or multi-source; staff augmentation vs. managed service offering.
  2. Identify whether the organisation is set up correctly to undertake a sourcing transaction.
  3. Identify whether the right governance and change management frameworks are in place.
  4. Ensure that sourcing requirements, services, service levels, terms and conditions and pricing structures are comprehensive, complementary and reflect the sourcing objectives.
  5. Identify which vendors in the market best meet the specific needs of the organisation.
  6. Identify and implement the process to get to a vendor short list ready for competitive tender.
  7. Ensure that the sourcing process is run in a manner that delivers the best value for money sustainable solution from one or more service providers.
    - Create the RFI and/or RFP documents as appropriate.
    - Run the issue, response and evaluation process.
    - Manage due diligence on potential service providers.
  8. Ensure the contract will achieve the organisation's sourcing objectives, is agreed in the right timeframe, and that Transition and Transformation plans are in place as required.

# Sourcing – An Introduction

## The 4 Step Sourcing Process



# Sourcing – 4 Step Process Strategy



This step defines the scope and preferred engagement model e.g. staff augmentation vs. managed service; single source vs. multi-source. This is also the time to ensure senior executive support has been garnered within the organisation and to re-confirm the overall objectives of the sourcing transaction.

## OBJECTIVES:

- Determine the scope and preferred (initial) engagement model.
- Determine whether a single or multi-source strategy is most appropriate.
- Ensure senior stakeholders are appropriately briefed and sourcing objectives agreed.
- Ensure vendor management capability sufficiently developed.

## ACTIVITIES:

- Identify and assess candidate scope areas.
- Review the scale, complexity and strategic importance of functions/technologies/processes to be outsourced.
- Decide on single source vs. multi-source strategy; staff augmentation vs managed service.
- Interview key stakeholders to understand sourcing objectives, measures of success, Critical Success Factors, etc.
- Evaluate internal vendor management function.

## DELIVERABLE:

- Agreed sourcing strategy. Identified scope, business benefits, sourcing objectives and preferred engagement model. Senior executive alignment.

# Sourcing – 4 Step Process

## Market Evaluation



The aim of this step is to identify and review potential service providers suitable to address the identified needs of the organisation in the relevant markets/geographies. This is also the stage at which potential RFI/RFP recipients are identified and evaluated down to a shortlist of appropriate candidates.

### OBJECTIVES:

- Identify list of potential service providers capable of delivering the required scope and services.
- Market feedback on proposed scope and sourcing objectives.
- Shortlist of potential service providers that have the required capability and are willing to participate in the sourcing process.

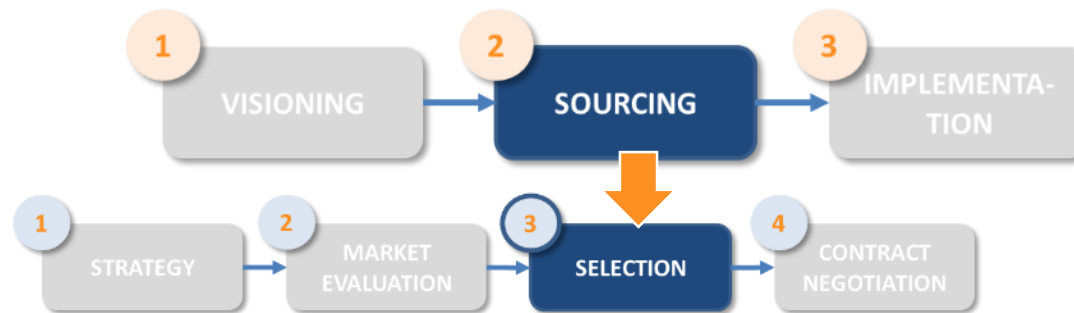
### ACTIVITIES:

- Identify potential service providers operating in local market/geography and conduct initial assessment of capabilities/competencies.
- Pre-screen potential service providers for ability to meet requirements in terms of scale and competency.
- Socialise and agree potential service providers to be taken to the next step.
- Identify and market capability gaps that require scope and / or services to be retained in house.

### DELIVERABLE:

- This step will deliver a shortlist of potential service providers able and willing to participate in the sourcing process. It will also deliver validation of the proposed scope and sourcing objectives.

# Sourcing – 4 Step Process Selection



The aim of this step is to run a competitive sourcing process with a sufficient number of respondents to ensure competitive tension, without unnecessary expense or delay.

## OBJECTIVES:

- Selection of the best value service provider against agreed selection criteria.
- An auditable and fair process of service provider selection.
- Clear and unambiguously documented basis supporting the sourcing transaction.
- Both the organisation and the service provider(s) are as well-informed about each other as possible.

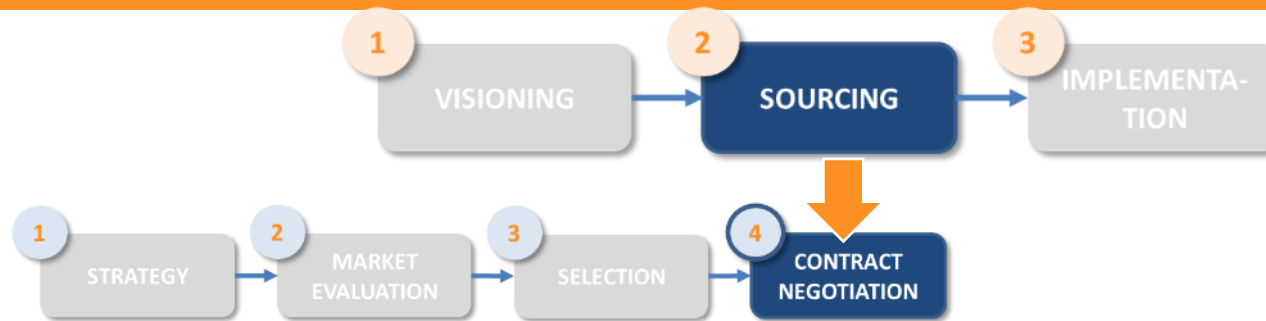
## ACTIVITIES:

- Preparation of RFI/RFP documents including commercials, Statements of Service, Service Level Agreements, Pricing matrices etc.
- Management of RFI/RFP issue, response and evaluation including agreement on evaluation criteria.
- Due diligence both on vendors and also for vendors on client.

## DELIVERABLE:

- RFI/RFP documents and evaluation plan.
- Best and final offers from preferred service provider(s).

# Sourcing – 4 Step Process Contract Negotiation



The aim of this step is the completion of one or more commercially acceptable contracts in a timeframe that minimises risk and facilitates timely benefits realisation.

## OBJECTIVES:

- Negotiate necessary contracts providing appropriate commercial framework for outsourcing.
- Agreement on Transition and Transformation plans, reflected in the contract to ensure what is promised is delivered.
- Agreed stage gates and governance framework to manage execution of these plans.

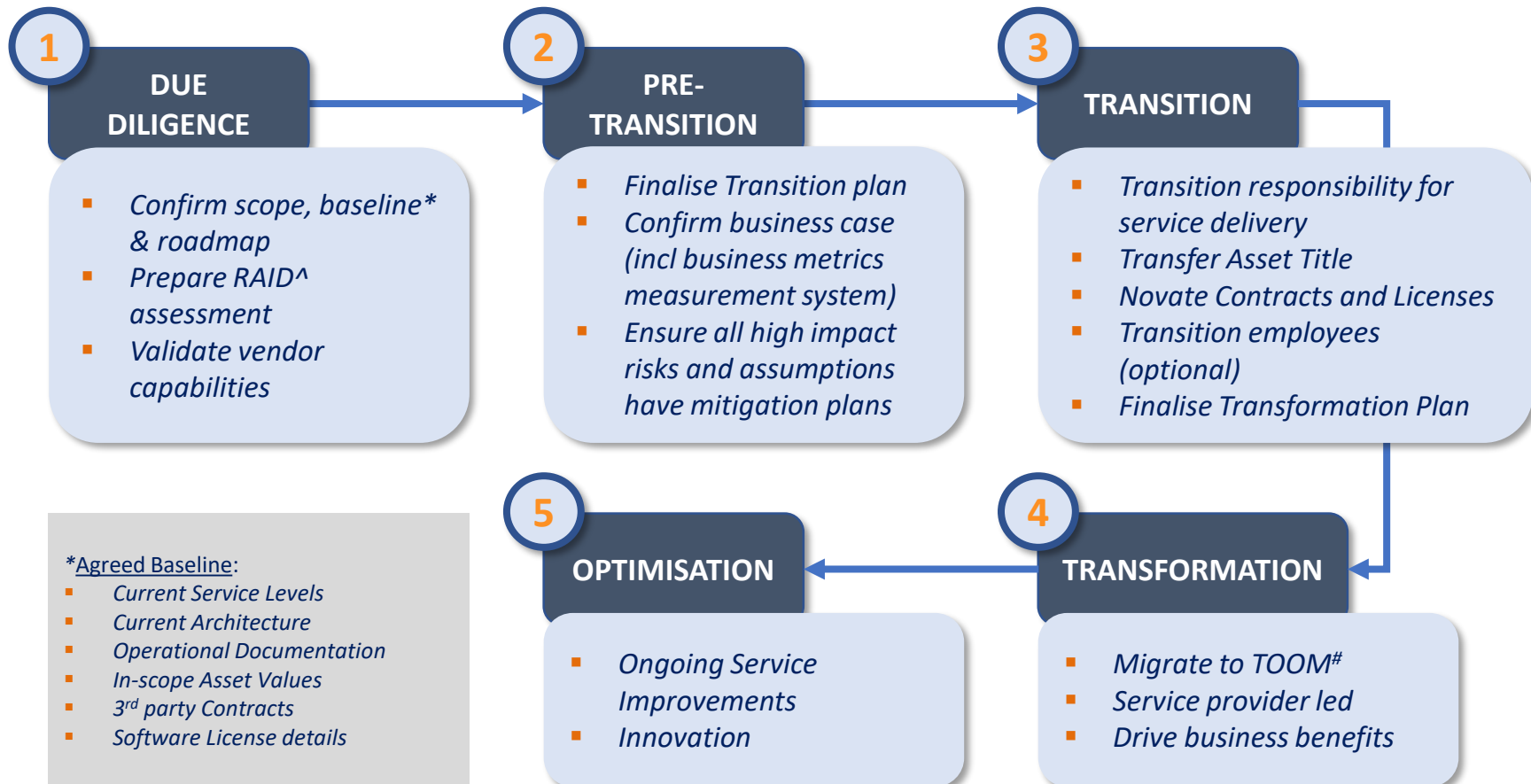
## ACTIVITIES:

- Negotiate contract including terms with one or more selection process finalists.
- Finalise SoW(s) and pricing.
- Finalise transition and transformation plans, plus optimisation activities.
- Agree regular review points and measurable methodology to ensure transition proceeds as planned.

## DELIVERABLE:

- This step will deliver one or more signed contracts and agreed high level plans for Transition and Transformation.

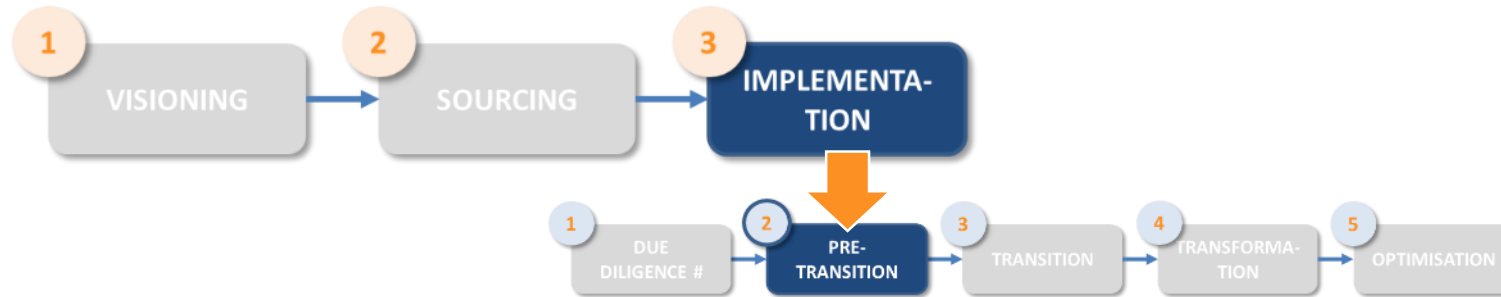
# Seven Consulting's Approach Implementation – An Introduction



<sup>^</sup> Risk Assumption Issue Dependency

<sup>#</sup> Target Outsource Operating Model

# Implementation- 5 Step Process Pre-Transition



Pre-Transition is a planning step that delivers the detailed, integrated Transition Plan and high level Transformation Plan. Key service provider obligations and milestones should be extracted from these plans and included in the service provider contracts during Contract Negotiations.

## OBJECTIVES:

- Build an integrated Transition plan covering both the incoming service provider and any incumbent providers/in-house activities.
- Identify and mitigate the commercial and operational transition risks.
- Identify and fill knowledge gaps in processes, resources, tools and documentation required for a smooth transition.

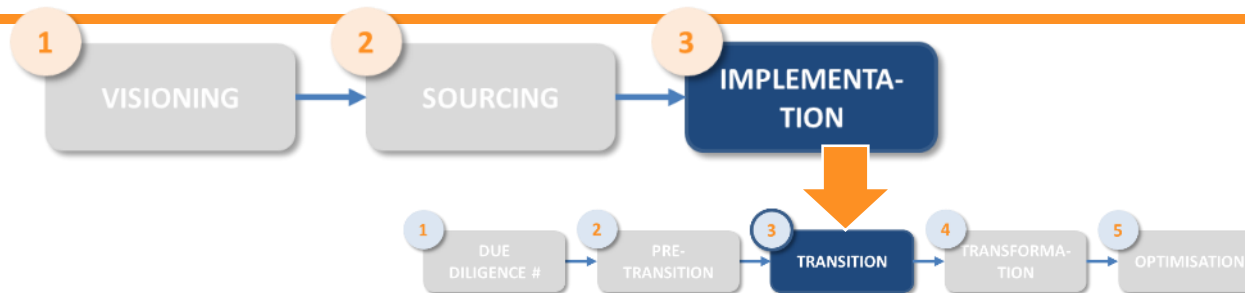
## ACTIVITIES:

- Review incumbent provider contracts for transition out costs and risks.
- Prepare integrated plan covering new service provider, in-house and any incumbent providers.
- Review incoming service provider's transition plan. Identify incumbent provider requirements.
- Build integrated Transition and high level Transformation plans.

## DELIVERABLE:

- The deliverables of this step are the agreed integrated Transition Plan and high level Transformation Plan; covering the incumbent provider as well as the incoming service provider, addressing key risks and issues, service and SLA changes, resourcing costs and approach.

# Implementation- 5 Step Process Transition



Upon signing of a contract with the service provider, Transition begins in accordance with the integrated Transition Plan from the previous step, and key contract milestones.

## OBJECTIVES:

- Continuity and stability of service.
- Transition or retention of Intellectual Property.
- Completion of the transition within the planned timeframe.
- A sustainable service provider resource pool to deliver the services.
- Transfer responsibility for in-flight projects with minimal impact.

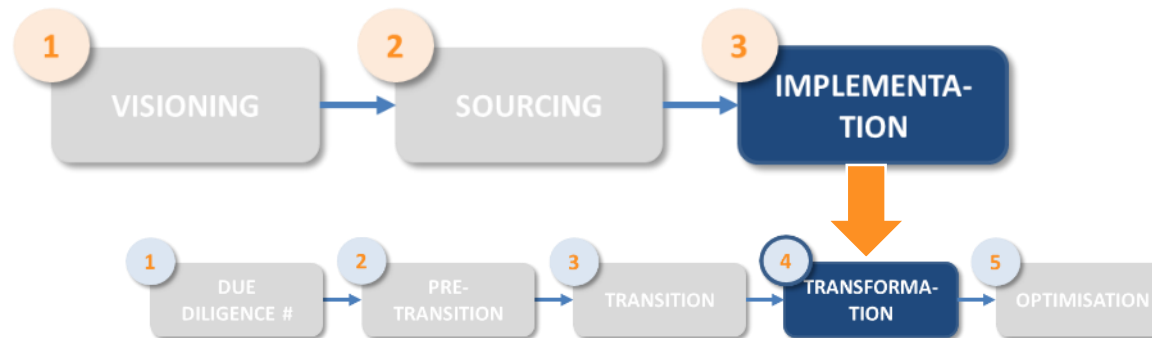
## ACTIVITIES:

- Implement agreed operational governance.
- Transfer organisational Intellectual Property from in-house/incumbent providers to service provider.
- Create required management/SLA reporting.
- Update operational documentation & processes.
- Deliver new (and existing) SLAs.

## DELIVERABLE:

- The key deliverable from this step is the transition of service delivery responsibility from the incumbent provider(s)/in-house to the new service provider(s).

# Implementation- 5 Step Process Transformation



In most sourcing transactions, the new service provider offers new delivery processes and/or tools to improve Quality, Cost or deliver other business benefits for the client. Transformation is the step in which these new processes and/or tools are delivered. Typically this step occurs after Transition, however under different sourcing scenarios it can happen in parallel or even prior to Transition.

## OBJECTIVES:

- Ensure strategic priorities adhered to e.g. cost reduction, revenue growth or customer satisfaction improvements.
- Ensure that the proposed Delivery Model from the new service provider is effectively implemented and contracted benefits realised.

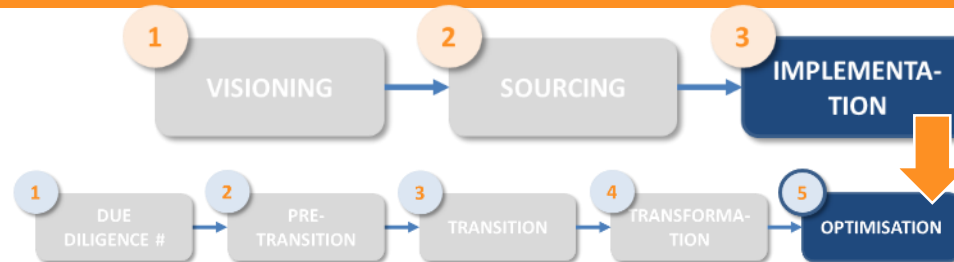
## ACTIVITIES:

- Execution of the Transformation plan that was finalised during the Transition step.
- Identify and implement key process and technology changes.
- Led by new service provider

## DELIVERABLE:

- The deliverable of this step is implementation of the Target Outsource Operating Model supported by the Delivery Model contracted with the service provider.

# Implementation- 5 Step Process Optimisation



This step involves the service provider working with the organisation to continually improve services and service levels. The contractual/commercial framework should encourage the service provider to be proactive as well as supporting new initiatives that deliver better outcomes to the organisation.

## OBJECTIVES:

- Continuous improvement of outsourced services.
- Outsourced services and service levels evolve to meet changing organisational requirements whilst continuing to provide value for money.
- Win/win relationship maintained and enhanced.

## ACTIVITIES:

- Operationalise governance forums.
- Measure and manage achievement of benefits.
- Actively pursue opportunities for innovation.
- Develop enhanced Demand Management function to balance internal demand and external supply.
- Ongoing monitoring of organisation/service provider relationship health.

## DELIVERABLE:

- The deliverables of this step can be an ongoing reduction in cost of the services provided, the development of new services and capabilities, and/or improvement in existing services and capabilities.

# Key Risks & Mitigations

Key Risk	Typical Mitigation
Scope not well defined	<ul style="list-style-type: none"> <li>Ensure all scope variables are addressed: Systems, Locations, Business units, Technologies, Process boundaries, Service Levels.</li> <li>Apply lessons learned from previous transactions</li> </ul>
Loss of Intellectual Capital	<ul style="list-style-type: none"> <li>Employee retention/transition strategy.</li> <li>Ensure operational documentation up to date and tested “now”. Appoint documentation librarian to consolidate documents and identify gaps.</li> <li>Tests, Certification and Scenario Testing.</li> </ul>
Roles & Responsibilities, Accountabilities not clear	<ul style="list-style-type: none"> <li>Ensure contract framework and SLAs include (complementary) responsibilities for all parties including workstream scope statements and plans.</li> </ul>
Unexpected Costs	<ul style="list-style-type: none"> <li>Ensure Billing Units include full scope of services by analysing work done currently by each incumbent resource.</li> <li>Document and cross review Assumptions</li> </ul>
Adverse Business Impacts	<ul style="list-style-type: none"> <li>“Nothing changes Day #1” strategy.</li> <li>All changes subject to rigorous testing and change management processes</li> </ul>
Inability to respond to business change during Transition process	<ul style="list-style-type: none"> <li>Ensure that the service provider(s) have the processes and resources in place to deal with any pent-up demand for change.</li> <li>Plan capped releases and prioritise scope items to these releases</li> </ul>
Lack of Commitment from the incumbent	<ul style="list-style-type: none"> <li>Secure senior management co-operation. Try to include risk/reward in the transition plan. Close monitoring of performance.</li> <li>Establish escalation mechanisms</li> </ul>
Any assumptions in the service provider proposal	<ul style="list-style-type: none"> <li>Document and track in the RAID register and close out in accordance with Risk Management methodology</li> </ul>

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