

# A Framework for PLM IT Service Outsourcing

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Premium Partners:



Microsoft

# Let's start with sourcing

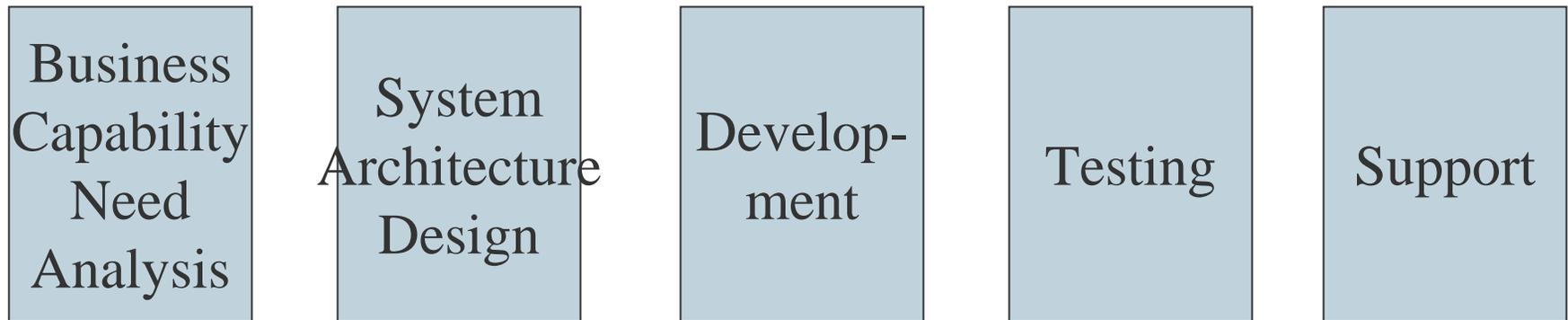
- I would like this to be a dialog and an interactive learning experience for all of us
- A sound sourcing decision is key to good outsourcing strategy & implementation
- Make, or
- Buy
  - Cost
  - Quality
  - Both, possible?

# What is unique about PLM IT Service Outsourcing?

- Talent scarcity
  - Knowledge acquisition challenge
  - A special breed
- Talent cost
- Different service provision models
  - Location impacts
  - Contracting differences

# A Value Chain Analysis -> Better PLM Sourcing Strategy

How is the value added at each stage of the IT Service provision?



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Substitutes

Unique Capability

Culture Fitness

Env. Uncertainties

# Insights from MIT Study

- A relationship maturity and risk based model
  - Transaction relationship: straight-forward, most companies' starting point
  - Co-sourcing alliance: Seamless team work
  - Strategic partnership:

[http://www.cio.com/archive/100105/outsource\\_sidebar\\_one.html](http://www.cio.com/archive/100105/outsource_sidebar_one.html)

# Motorola's story

- Value Chain analysis results
- Hybrid relationship models for different parts of the value chain
- Cultural fitness assessment & appropriate actions taken
- Behavior evolutions
- Process enablers
- Key principle: What's in it for me at individual and team and firm level?

# Implementation Key Success Factors

- Transaction relationship & Co-alliance
  - Sense of Team work
  - Job security concerns
  - Situational leadership
  - Joint career development for sourcing partners' staff
  - Knowledge management
- Strategic partnership
  - Switching cost and lock-in
  - Healthy competitive environment: 80/20 rule

# Tangible Benefits

- Motorola IT staff career transition
  - Internal business consultants
  - Project Management
  - System Designer
- Cost Reduction
- Remaining Challenges

# Q & A

- Your firm's story
- Q & A