

BI outsourcing – a user's guide

two views from the coalface

agenda

- what is outsourcing
- why outsource and why is BI different?
- who is involved?
 - who are the outsourcing service providers, why would we use an advisor and should we single or multi-source?
- lessons learned as a customer of an outsourcer
 - what to outsource and what to keep in-house
 - how to pick the right partner
 - strengths and weaknesses of outsourcing
 - key success factors

what is outsourcing?

outsourcing is “the strategic use of outside resources to perform activities traditionally handled by internal staff and resources”

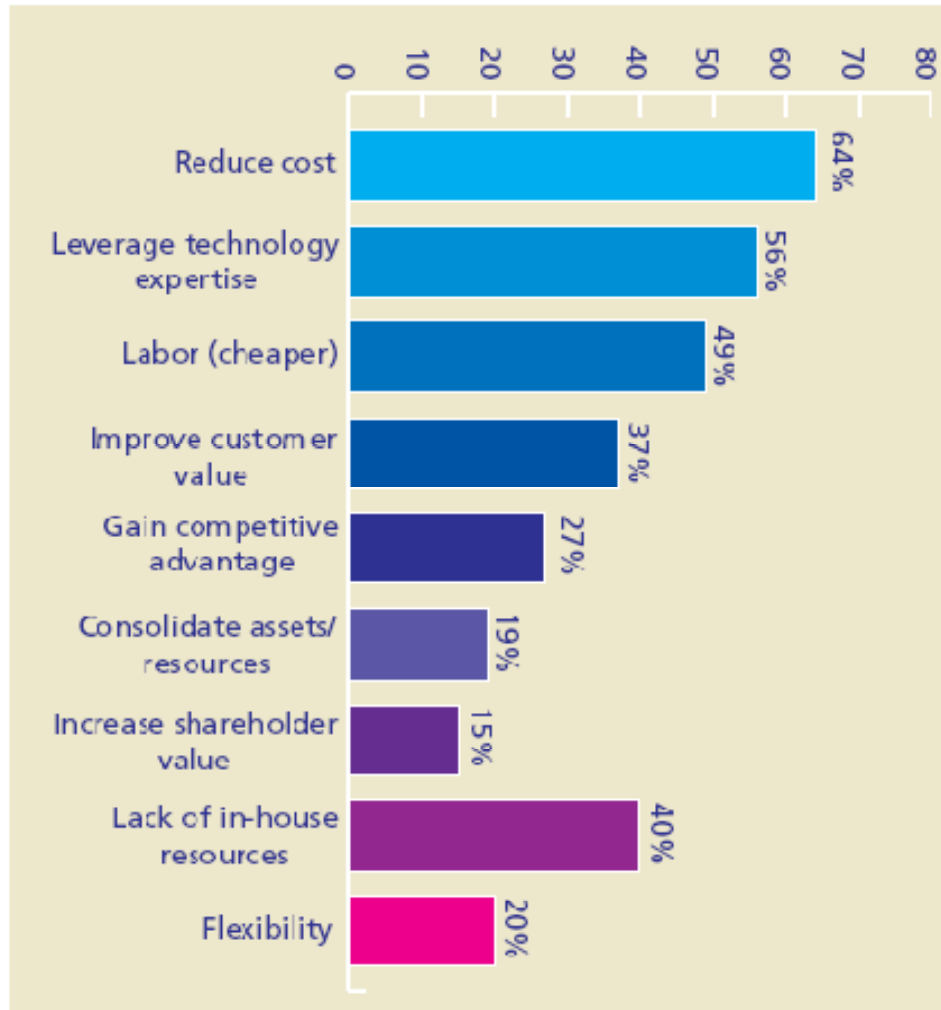
types:

- IT Services Outsourcing

- Business Process Outsourcing

- Shared Services Outsourcing

why outsource?



source:
Deloitte Consulting
Outsourcing Advisory Services Report 2008

what makes BI different?

- needs detailed understanding of your data
- information is a strategic asset of your firm
- fast development response time needed
- interactive development methodology needed
- mixes IT outsourcing with BPO outsourcing if you outsource analytics

who are the outsourcers?

- *Multi-Nationals*
 - IBM, EDS, etc.
- *Offshore Players*
 - India Inc. (TCS, Satyam, Infosys etc.)
 - China
- *Regionals*
 - T-Systems, Etc., Etc.

who are the outsourcing advisors?



- why use an advisor?
- who are the players?
 - *transaction specialists – TPI, EquaTerra*
 - *strategy consultants – McKinsey, Bain*
 - *shared service builders – Deloitte*
 - *generalist consultants – PwC, PA Consulting*

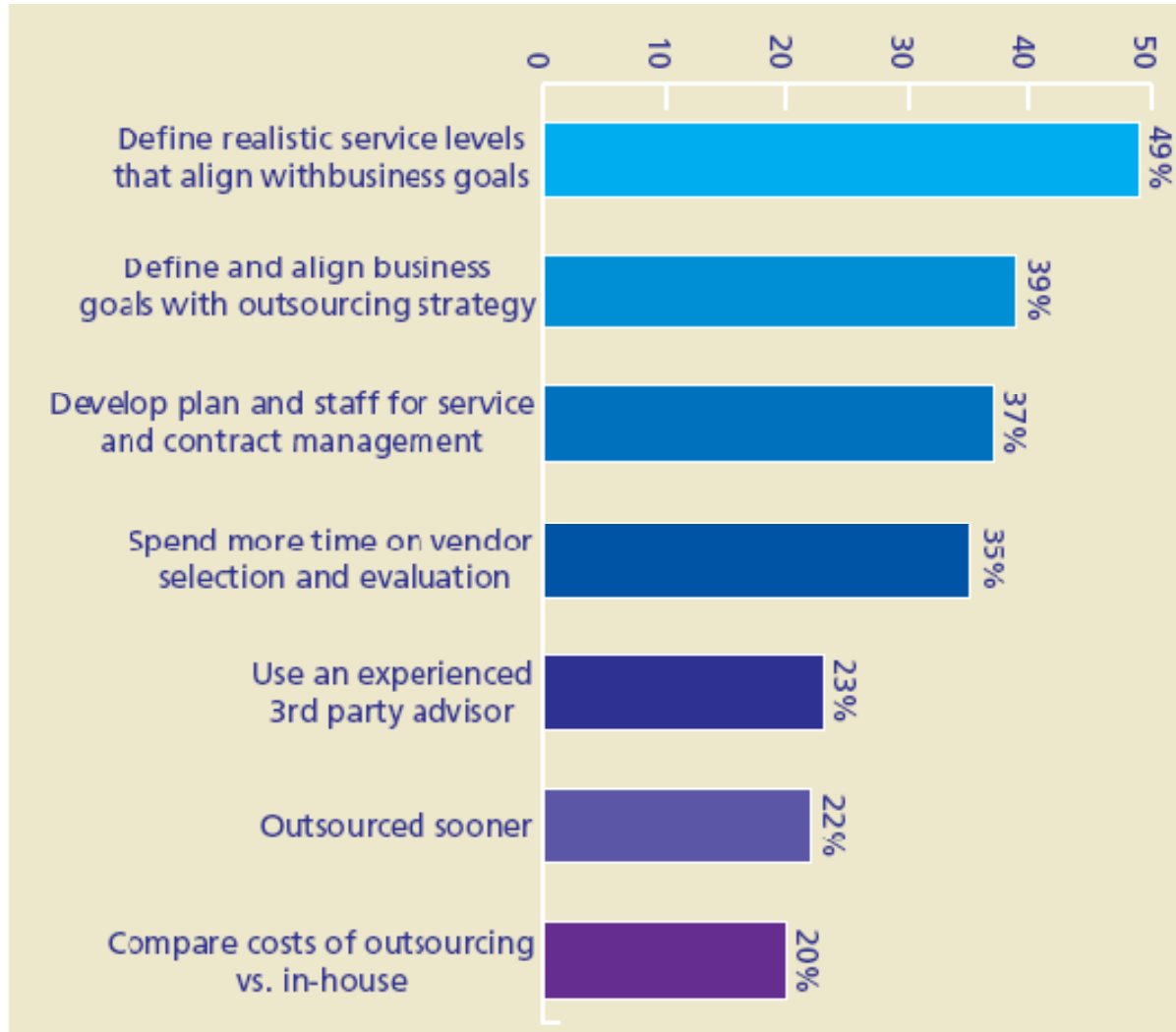
single or multi-source?

- how clever are you?
- how mature are your processes?
- how well do you know the service provider community?
- what's your governance structure like?
- is the risk of multiple touch points too much?

six myths of offshoring

- offshore outsourcing is costing local jobs
- there's a stigma to offshore outsourcing
- the cost benefits of outsourcing are overstated
- it's a buyer's market for workers
- there are huge cultural barriers
- the ROI of outsourcing hasn't been proven

what others would do differently



source:
Deloitte Consulting
Outsourcing Advisory Services Report
2008

key success factors

- without executive sponsorship... don't even try
- what are the company goals and objectives – is outsourcing the right answer at all?
- have your strategic vision and plan worked out before talking to the provider community
- select the right vendor – using a sourcing advisor
- sort out your governance structure from day one
- communicate with everyone affected – they know something is up before you do

outsourcing in BI – case study

- client:
 - *Large Telecommunications firm in Australia.*
 - *As at 1998, 10 existing data warehouses and more than 600 data marts. Developed due to silo mentality in separately managed business units.*
 - *Technologies used: VSAM, DB2, ORACLE, SQL Server, Excel, BO, Cognos, SAS, Hyperion, etc. etc.*

case study (continued)

- Outsourcing Wave 1 – Infrastructure Approach
 - *Outsourced to US-based Systems House*
 - *5 year deal to run all IT systems not just BI*
 - *Contract required annual cost reduction, but target was across the board, not specific per system function*
- BI Result:
 - *5 years later, 14 data warehouses and 800+ data marts.*
 - *No incentive for application or technology consolidation, data quality improvements or innovation due to very broad contract terms*

case study (2)

- outsourcing wave 2: BI-specific outsourcing
 - *BI systems outsourced to India Inc. Outsourcer, chosen specifically for BI skills*
 - *Outsourced contract motivates improvements and monitors per portfolio*
- BI result:
 - *5 Years later: 8 Data Warehouses and 400+ data marts*
 - *Technology solution stack reduced, data quality improved, and innovation occurring*
 - *BI Outsourcer now strategic partner for client, relationship strong and communications good*

BI lessons learned

- do outsource
 - *design, code, test and deploy functions*
 - *user support for application functionality*
 - *break/fix including co-ordination of third parties*
 - *analytics (but only to someone prepared to understand your business)*

- maybe outsource
 - *data interpretation and data quality roles*
 - *user support on data*

- don't outsource
 - *architecture & design (or at least remain involved!)*
 - *business – IT alignment functions*
 - *governance and compliance monitoring*

conclusion

- help
- strategy
- internal messaging
- alignment between the business and technology