

IT Outsourcing.

5 things CIOs should consider before changing outsourced IT provider



1

What does good look like?

What do you want from any new IT, or outsourcing contract? What didn't work for you before, and can you use any of that to help shape a contract specification, SLAs, KPIs and service credits etc. for a new provider's contract?

2

Did you get value for money from your current contract?

Do you know if you did? Did you monitor and manage the SLAs, KPIs and service credits within that contract? Does the contract include sufficient rigor and detail to enable you to manage it? If you don't have the resource or skills in place to manage contracts once they are agreed, the terms under which you agree them are worth very little.

3

Do you have all the resources and knowledge you need to manage a change?

Seek external advice from people who have recent, relevant experience in doing what you're about to do, as the service provider knows their service and contract inside out and do it on a daily basis. That could be a colleague, independent advisor, or another member of your network, or you could look to a consultancy to help. Don't underestimate the amount of planning, work and skill it takes to source the right providers, handle contract negotiations, agree clauses that protect your organisation, exit procedures, and manage the transition of services. Recognise that you'll need extra resource with the skills and experience to challenge suppliers – and pull that in when needed.

4

Are you building in the opportunity for innovation and evolution?

Building benchmarking clauses into contracts allows you on an annual or biennial basis if you choose to, to go out to market and determine whether the contract is still good value and whether it could be delivered in a different better or more efficient way now that improves service or reduces costs.

5

Do you know what happens if you try to leave?

You may set out with the best of intentions but, if something does go wrong and you want to switch providers mid-contract, have you agreed the terms under which you can do so? Exit clauses should be clearly defined at the outset of a contract, and not negotiated during the exit process, when you'll be on the back foot and vulnerable to paying out more than you should.

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