

# Gartner **Outsourcing & Strategic Partnerships** Summit 2012

September 10 – 12, Orlando, FL  
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## **TRIP REPORT**

*Business Success Through Sourcing Excellence, Emerging Technologies and Stronger Relationships*

### **THE AUDIENCE**

The summit attracted nearly 700 attendees. The key sectors represented were technology and telecoms, financial services, healthcare, manufacturing and related services — with a wide range of other sectors also represented. Typical job titles at this event included CIO, Sourcing Manager, Contracts Manager, Vendor Manager, Strategy Manager, Chief Procurement Officer, Sourcing Relationship Manager, IT Director/Manager, Head of Supplier Relationship Management, and Technology Director.

**The annual Outsourcing & Strategic Partnerships Summit was held on September 10 – 12, 2012, at the Gaylord Palms Resort and Convention Center. Now in its 15th year, the summit attracted nearly 700 attendees, bringing together business and IT professionals from a cross-section of organizations and industries from 25 countries.**

Led by conference chair, Helen Huntley, the summit featured over 100 presentations including keynotes, Gartner track sessions, roundtables, end-user case studies, theater-style presentations and solution provider sessions to provide attendees with both actionable advice and strategic insight to optimize their sourcing/IT services strategies and service provider partnerships.





## CHAIR'S SUMMARY

**We developed the “Business Success Through Sourcing Excellence, Emerging Technologies and Stronger Relationships” theme for this year’s summit as a result of direct feedback from you, our attendees. You told us that you wanted practical advice and new approaches to help you outsource better, build stronger and more productive relationships with your strategic providers, and take advantage of the new opportunities presented by emerging technologies.**

**Track A, The IT Services Marketplace**, provided content to help attendees understand the forces, market trends and provider options to make informed sourcing decisions.

**Track B, The Executable Sourcing Strategies** track gave guidance on how to create a business-focused sourcing strategy and governance framework that support the achievement of business value. **Track C, Emerging Technologies**, provided advice on cloud, utilities, virtual computing, mobile, social, business intelligence and analytics, helping attendees to understand the opportunities and risks presented by these new technologies. **Track D, Managing Vendor relationships**, focused on enhancing value from vendor relationships, defining the roles, responsibilities, missions and charters and disciplines of vendor management and how the right vendor management program can optimize the deal for both sides. And finally, **Track E, Sourcing Excellence: Taking Supplier Evaluation, Selection and Contracting to the Next Level**, identified processes and methodologies to determine if your provider is the right fit and highlighted the latest contracting and pricing best practices.



As I mentioned in the closing keynote of the summit, you face a number of important changes, challenges and choices. Our advice is:

### Changes:

- Examine your enterprise needs and readiness for emerging technology
- Create formal communication plans to educate the enterprise on why change is occurring, the value expectations for outsourcing and provide updates on the status of the outsourcing deals, especially major milestones
- Keep current with changing market conditions, providers and options
- Consider diversifying your geographic delivery options to include onshore, rural, nearshore and offshore outsourcing

### Challenge:

- Establish disciplined vendor management processes and procedures
- Classify your vendors. Know the ones that are truly strategic
- Assign the right individuals to manage your deals
- Ensure alignment between your IT and business strategy
- Develop a vision for how vendors work in your ecosystem

### Choice:

- Examine your sourcing strategy’s relevance to current reality
- Remember — all decision makers do not reside in IT
- Choose providers with care
- Embrace cloud computing for business competitiveness
- Understand the new contracting and pricing options

I hope you found the summit to be informative, useful and enjoyable, and I hope to see you again in 2013.

**Helen Huntley**  
Research VP,  
Conference Chair, Gartner



# SUMMIT HIGHLIGHTS

## Top-of-Mind Concerns — The Questions Most Commonly Asked by Attendees

- How do I set up the right sourcing strategy and management team?
- How do I determine the vendor management mission for my enterprise?
- What emerging technologies should I be examining for our current and future needs?
- How do I determine whether to offshore, nearshore, onshore or rural source to meet my needs?
- How do I evaluate and select service providers, especially in new emerging areas?
- Is cloud real and ready for us to use now?
- How do I determine which vendors are strategic and how do I treat them differently?
- How do I contract and manage hybrid IT services?
- How do I establish an operational, organizational and governance model for vendor management?
- What impact will cloud and utility models have on data center outsourcing and hosting?
- What are the best practices for managing the integration between multiple vendors?
- How do I assess which vendors have the best global delivery model?
- How do I ensure that my data and IP are secure when using external service providers?
- Which key trends are impacting the IT services market and providers?

## Selected Summit Highlights

**Helen Huntley**  
Research VP  
Conference Chair



### Gartner Keynote: Outsourcing 2020 — Get Your Vision Right for the Future

Helen Huntley opened the summit on Monday morning with a keynote session that focused on the future of outsourcing and how we should start to prepare for it. In this wide ranging session, Helen spoke about how IT's impact on the business has increased,

how the outsourcing environment has changed, how the rising expectations of IT — starting with corporate board of directors — will influence the CIO, how business models are changing, and the move to the cloud. So where should you start?

Helen's advice was that you should start thinking about:

- Harnessing the power of your available data, 80% of which is unstructured
- Mobile computing
- Social and gaming capabilities
- Partnering with the right suppliers
- Using emerging technology to your business advantage
- Changing your IT staffing vision, focusing on business acumen and vendor management capabilities

**Mark P. McDonald**  
Gartner VP and  
Gartner Fellow



### Gartner Keynote: Digitizing Business — How New Technologies Can Drive Business Value

In the second Gartner keynote of the event, Gartner Fellow Mark P. McDonald spoke about how digital technology and the "Internet of Things" have created new technical capabilities, and how to turn these into business revenue and value. Mark spoke about how businesses have a choice. They can apply new technologies to achieve even greater levels of operational integration and control, a technological approach to business, based on making the enterprise better. Or, they can fully digitalize, realizing the potential to create new forms of revenue and new ways to deliver customer value. The key advice from this keynote was:

- Recognize your digitized assets and resources
- Assess your opportunities for digitalizing the business — create new experiences, capabilities, and capacities
- Identify opportunities based on the different types of digitalization
- Create a cross-capability creation team
- Listen from the "outside in" design, and act from the "inside out"
- Create, learn and evolve your digitalized business

**Helen Huntley**  
Research VP  
Conference Chair



### The Discipline and Mission of Vendor Management: What Works Best for Your Organization

Vendor management must be a disciplined process in your organization, and it starts with identifying the vendor management mission/charter, defining organizational models, determining roles and responsibilities, and developing key processes throughout the enterprise to effectively manage your suppliers. The advice from this session was:

- Determine your vendor management mission/charter
- Structure vendor management as a continuing disciplined program
- Classify vendors and manage all, but ensure you invest deeper in strategic relationships
- Plan how multiple vendors will work together in your environment
- Determine your VM organization structure and roles/responsibilities

**Chris Ambrose**  
Research VP



### Managing Your Most Strategic Vendor Relationships

Many vendors call themselves "a partner," but few behave as one. Partnership takes more than words; it takes commitment and change by buyers and sellers of IT services. This session examined how to build and enhance those select few vendor relationships that elevate themselves above traditional buyer-supplier interactions. Chris Ambrose's recommendations are:

- Don't label too many vendors as strategic, and even fewer as partners
- Collaboration with vendors starts by first looking at your own internal culture of collaboration
- Host regular town halls with vendor executives interacting with the collective operations staff
- Develop new business-based metrics for evaluating vendors value and performance
- Monitor the balance of trust and control between parties

# THE AUDIENCE

**Frances Karamouzis**  
VP and Distinguished  
Analyst



## Anywhere, Any Time, Any App: Designing an Executable Sourcing Strategy

The applications world is one of constant change, with thousands of offerings and newer, faster and cheaper ways to deliver them to users — with or without IT being involved. This session explained Gartner sourcing strategy and governance best practices for application services. Recommendations from this session include:

- Sourcing strategy: Leverage a structured approach for your application services sourcing strategy
- Sourcing management: Establish solid competencies, and execute consistently across players
- Metrics: Aligning metrics to desired business and IT outcomes is a big issue, so you need to be clear on the goals
- Constantly adapt: The application market (software and services) is very dynamic. Be agile — Adapt

**Bryan Britz**  
Research Director



## How to Drive More Operational Innovation in IT Outsourcing

Clients often clamor for more innovation in ITO. Providers often fail to deliver it.

This session discussed why an outsourcing provider's ability to deliver insightful analytics into operations, and to offer proactive recommendations based on their "economies of experiences", are core to delivering innovation. The key recommendations from this presentation were:

- Increase the importance of innovation in how you value the relationship, even if it may involve cost

- Drive smaller operationally oriented innovations that leverage economies of experience
- Reward provocative hypotheses supported by deep analysis when setting innovation objectives
- Include providers' industrialization strategies and expected analytic outputs in evaluation criteria
- Explore clients' experiences with providers' innovation programs and overall culture
- Fix known data hygiene issues

**Steve Buckley**  
VP, Gartner Consulting



## Contract Negotiation Techniques and Tips for Outsourcing Success

Negotiating and executing an outsourcing contract is crucial to developing successful vendor relationships and performance. Here, Steve Buckley identified some new techniques. His recommendations were:

- Build a strategy for each risk element before heading to the negotiating table
- Know what you truly need and what you are willing to negotiate
- Be determined about driving to specifics in the contract; you'll be glad you took the time
- Position for negotiation. Get the right people involved
- Control the negotiating process. Use your contract as a template; record all agreements
- Understand what you want and what the vendor is after — strive for a win-win, and be prepared with alternatives

**Alexa Bona**  
VP and Distinguished  
Analyst



## The IT Sourcing Executives Guide to Cloud Contracting

Contracting for cloud services is gaining popularity because of the promise of lower costs and faster implementations. This session highlighted the key areas that have been problematic in cloud deals from a cost and risk perspective and discusses how to negotiate the best contracts to mitigate excessive risk.

- Ensure that you have locked in maximum pricing on renewal of cloud agreements
- Ensure that you are clear about what is included, and watch out for typically unrecognized costs such as storage, sandboxing and premium maintenance
- Know and update your switching/exit cost, ensuring that you can exit contracts and get your data out effectively and efficiently
- Seek contractual uptime and performance guarantees that meet your business needs, and beware of exclusions to those guarantee
- Work with IT management and business units to amend IT governance policies to create high-level guidelines to address the specific aspects of purchasing and managing cloud service acquisition, including payment, technical, security and risk elements.

The topics raised that this year's summit generated a lot of commentary on Twitter. To continue the conversation with your peers and Gartner analysts, please use "#GartnerOUT" tag



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See You Next Year! The Gartner Outsourcing & Strategic Partnerships Summit 2013 will be held in the Hilton Hotel in Orlando on September 23 – 25. We hope to see you again!

2013  
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