The State of Tools & Technology
In The Outsourcing Industry

Matt Shocklee
President & CEO – GSOS and IAOP Global Ambassador
Once Upon A Time…

In the past,

Corporate strategies existed “between four walls” and a traditional operational style and technology infrastructure were sufficient.
Today’s Global Reality…

Today, Extended Enterprise strategies and the adoption of strategic outsourcing offers cost savings, increased agility, process improvement and competitive innovation.
These Global Sourcing Relationships Have Typically Developed As A Series Of One-Off Deals Or Transactions

Global Sourcing of Business Services (ITO/BPO/KPO) Can Be 20% to 50%+ of Today’s CX Level Spend

Professional Services/Staffing

Outsourcing/Service Providers

Joint Ventures & Strategic Alliances

Shared Service Centers

ITO

BPO

KPO

New Models ASP/SAAS/Cloud

“All of this translates into supplier provided portal-mania and customers drowning in excel spreadsheets…resulting in outsourcing customers managing in the rear-view-mirror with too little transparency and understanding of real-time Business Value”
IAOP Is Working With Membership To Develop The Management Science of Global Outsourcing

The Global Outsourcing Life-Cycle

<table>
<thead>
<tr>
<th>IDEA</th>
<th>ASSESSMENT</th>
<th>IMPLEMENTATION</th>
<th>TRANSITION</th>
<th>MANAGEMENT</th>
</tr>
</thead>
</table>

**Areas of Key Value**

**Financial**
- Better managed &/or reduced costs
- Revenue growth
- Improved margins
- Improved asset utilization/balance sheet performance
- Access to new markets

**Capabilities**
- Provide access to required talent/skills
- Improved flexibility
- Improved ability to be responsive/scalable
- Improved adaptability
- Access to best practices

**Service Quality**
- Defined SLA’s with accountability
- SLA’s performance
- Quality of resources
- Low turnover & high retention rates
- Continuous improvement & innovation

**Risk & Compliance**
- Defined risk profile
- Processes to identify monitor, mitigate & report on risks status
- Periodic Non-SLA compliance reviews
- Global compliance
- DR & Contingency Plans

**Governance**
- Clear RACI models
- Processes for issue management/escalation
- Business case & value realization & reporting
- Transparency into supplier operation
- Competitive T’s & C’s

“Optimizing the health and business value in outsourcing relationships requires a framework and supporting tools/technologies for defining, measuring, and communicating the overall health and value derived from outsourcing relationships.”

Michael Corbett, Chairman – IAOP
Optimizing Business Value Through Sourcing Relationship Management (SRM)

Old World: Static Relationships
- Supplier owned data & technologies
- Suppliers reporting to customers
- Suppliers may charge customers for reporting
- Reporting in weekly/monthly summaries
- Customers repackage for governance & value

New World: Transparent Collaboration
- Higher degree of data & process transparency
- Real-time performance analysis/reporting
- Portfolio management approach to relationship mgt.
- Customer/Supplier integrated governance
- Interoperable service provision through standards

Continuous Real-Time Optimization of Business Value Across An Increasingly Globally Extended Enterprise

Critical Success Factors in Sourcing Relationship Management (SRM):
- Real-Time data access/transparency, analysis and communications
- Higher degree of data & process transparency
- Inter-Organizational process excellence between & among customers & suppliers
- Use of advanced tools and technologies to enable people & processes
- Highly trained, experienced and certified outsourcing professionals
- Periodic and systematic review of the health & value derived through outsourcing relationships
Join the IAOP Tools & Technology Innovation Chapter & Learn More About SRM

Contact Matt Shocklee, Chapter Chair at mattshocklee@gsos.org
Meeting Agenda

- Welcome and IAOP Overview/Updates
- The State of Tools & Technology In The Outsourcing Industry
- Customer Case Study – Kodak
  - Teresa Harris, Kodak, Global Partner Account Manager, Kodak
  - Matt Shocklee, President/CEO, GSOS and IOAP Global Ambassador
- Panel Discussion
- Networking event – Sponsored by OPI
Value Health Check Survey™ (VHCS)
Kodak Case Study – Best Practices & Key Lessons Learned

Teresa Harris
Global Partner Acct. Mgr.
Kodak
COP

Matt Shocklee
President & CEO
GSOS & IAOP
Global Ambassador
Discussion Agenda:

- Sourcing Relationship Management (SRM) & The Value Framework
- What is the Value Health Check Survey™ (VHCS)
- Kodak’s Outsourcing Environment
- Kodak’s VHCS Scope & Objectives
- Kodak’s VHCS Key Insights & Opportunities/Exposures
The Global Outsourcing Life-Cycle

IDEA | ASSESSMENT | IMPLEMENTATION | TRANSITION | MANAGEMENT
--- | --- | --- | --- | ---

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Michael Corbett, Chairman – IAOP
Discussion Agenda:

- Sourcing Relationship Management (SRM) & The Value Framework
- What is the Value Health Check Survey™ (VHCS)
- Kodak’s Outsourcing Environment
- Kodak’s VHCS Scope & Objectives
- Kodak’s VHCS Key Insights & Opportunities/Exposures
What Is The Value Health Check Survey™ (VHCS)

- Based on the Sourcing Relationship Value Framework™
- Web-Based diagnostic tool useable in outsourcing & shared service center relationships
- Identifies potential opportunities for improvement in the health and overall value derived from the relationship
- Enables a standardized and repeatable framework providing trend analysis and peer group scoring (future)
- Customizable to the unique needs of your outsourcing & shared service center relationships
• At the beginning of the sourcing lifecycle in order to establish consistently understood expectations of overall value

• As a periodic (i.e. annual) way to assess the health of your outsourcing relationships & opportunities/exposures

• In situations where you’re unsure of the health of the relationship or you’re certain there are issues....
How is the Value Health Check Survey™ Administered?

- Customer & Service Provider agree to execute a VHCS and sign Terms of Use Agreement
- Customer & Service Provider each identify a VHCS Administrator to lead their team through the process
- Conduct a Survey Administrator Orientation (30 min)
  - Set-up the contract/relationship & collect data
  - Enroll the respondents
  - Confirm the schedule
- One Week Survey Period:
  - Periodic Updates on Respondent Status
- VHCS Basic Report provided within a few days of the survey completion
- Optional Facilitated Debriefing and premium reports are available for a low fixed fee
How Does The Value Health Check Survey™ Work?

Financial Performance:

- **Customer Statement:** We are realizing the business benefits from the outsourcing relationship as outlined in the original business case &/or contracts.
- **Provider Statement:** Our client is realizing the business benefits from the outsourcing relationship as outlined in the original business case &/or contracts.
**Value - Health Check Survey (VHCS)**

**Admin | Logout**

<table>
<thead>
<tr>
<th>Field</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry of Customer</td>
<td>Health Care</td>
</tr>
<tr>
<td>Respondent Name</td>
<td>Will Smith</td>
</tr>
<tr>
<td>Sourcing Scope</td>
<td>Application Dev/Maintenance</td>
</tr>
<tr>
<td>Location From</td>
<td>U.S., UK</td>
</tr>
<tr>
<td>Location To</td>
<td>India, Ukraine</td>
</tr>
<tr>
<td>Service Provider</td>
<td>Allied Service, Inc.</td>
</tr>
<tr>
<td>Size of Contract ($/Yr)</td>
<td>$5M to $25M</td>
</tr>
<tr>
<td>Contract Start Date</td>
<td>1/1/2009</td>
</tr>
<tr>
<td>Contract Term (Mos.)</td>
<td>36</td>
</tr>
</tbody>
</table>

**Future Peer Group Scoring**

- Overall Score: 4.89
- Your peer group overall score typically: 5.13

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VHCS™ Provides Immediate Feedback to Participants

Section B1: Outsourcing Governance

- Your peer group overall score typically is 3.99

Section B2: Outsourcing Financial Performance

- Your peer group overall score typically is 4.70

Section B3: Outsourcing Service Quality

- Your peer group overall score typically is 5.66

Section B4: Outsourcing Risk/Compliance

- Your peer group overall score typically is 5.91

Section B5: Outsourcing Capabilities

- Your peer group overall score typically is 5.41

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Customer & Provider VHCS Administrators Each Receive Their VHCS Basic Report

VHCS General Information:
- PAGE 3 Overview of the VHCS Basic Report
- PAGE 4 VHCS Overall Results Summary
- PAGE 5 Customer Top 10 Value Statements
- PAGE 6 Customer Bottom 10 Value Statements
- PAGE 7 Provider Top 10 Value Statements
- PAGE 8 Provider Bottom 10 Value Statements
- PAGE 9 Customer & Provider Top 5 Not Observed Value Statements

VHCS Detail Data/Information:
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- PAGE 11 Governance Statements By Customer Rank Order Scores
- PAGE 12 Governance Statements By Respondent
- PAGE 13 Financial Performance Data/Information Section
- PAGE 14 Financial Performance Statements By Customer Rank Order Scores
- PAGE 15 Financial Performance Statements By Respondent Scores
- PAGE 16 Capabilities Data/Information Section
- PAGE 17 Capabilities Statements By Customer Rank Order Scores
- PAGE 18 Capabilities Statements By Respondent Scores
- PAGE 19 Service Quality Data/Information Section
- PAGE 20 Service Quality Statements By Customer Rank Order Scores
- PAGE 21 Service Quality Statements By Respondent Scores
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- PAGE 23 Risk/Compliance Statements By Customer Rank Order Scores
- PAGE 24 Risk/Compliance Statements By Respondent Scores
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- PAGE 35 Optional Facilitated De-Briefing Overview

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### VHCS Summary Scores – Focus on the Colors

**VHCS Basic Report**

<table>
<thead>
<tr>
<th>Customer Version</th>
<th>Combined Average</th>
<th>Customer</th>
<th>Provider</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Agreement</td>
<td>Priority</td>
<td>Agreement</td>
</tr>
<tr>
<td>Overall Score</td>
<td>5.92</td>
<td>6.21</td>
<td>5.58</td>
</tr>
<tr>
<td>Governance</td>
<td>6.18</td>
<td>6.04</td>
<td>5.78</td>
</tr>
<tr>
<td>Financial Performance</td>
<td>5.81</td>
<td>6.37</td>
<td>6.00</td>
</tr>
<tr>
<td>Service Quality</td>
<td>5.39</td>
<td>6.06</td>
<td>4.63</td>
</tr>
<tr>
<td>Risk/Compliance</td>
<td>6.85</td>
<td>6.47</td>
<td>6.47</td>
</tr>
<tr>
<td>Capabilities</td>
<td>5.38</td>
<td>6.12</td>
<td>5.05</td>
</tr>
</tbody>
</table>

**Legend**

- **Agreement Legend:**
  - Healthy 7-10
  - Zone of Uncertainty 4-6
  - Immediate Action Required 0-3

- **Priority Legend:**
  - Business As Usual 4-6
  - Moderately High to Highest 7-10

- **GAP Legend:**
  - Agreement = + or - 1.5 or more
  - Priority = + or - 3.0 or more

*NOT KODAK RESULTS*
## VHCS Summary Scores – Top 10 Value Statements

<table>
<thead>
<tr>
<th>Rank</th>
<th>Customer Score</th>
<th>Provider Score</th>
<th>Value Area</th>
<th>Customer - Top 10 Value Statement in terms of Agreement</th>
</tr>
</thead>
</table>
| 1    | 8.20           | 7.00           | Capabilities     | 7C. The contract we have with the supplier does not limit us from sourcing similar or related capabilities if required from alternative suppliers.  
7P. The contract we have with our client does not limit them from sourcing similar or related capabilities from an alternative supplier(s).                                                                                                                                                                                                                   |
| 2    | 8.00           | 6.50           | Financial Performance | 7C. We periodically review the financial performance of the contract with key internal stakeholders and our supplier.  
7P. Our client periodically reviews the financial performance of the contract with their key internal stakeholders and us (their supplier).                                                                                                                                                                                                                     |
| 3    | 8.00           | 8.25           | Risk & Compliance | 4C. The supplier is sensitive to the brand identity of our organization and demonstrates the importance of protecting the value of our brand.  
4P. We (the service provider) are sensitive to the brand identity and value of our client’s organization and we demonstrate through our actions the importance of protecting the value of our client’s brand.                                                                                                                 |
| 4    | 8.00           | 7.67           | Risk & Compliance | 3C. The supplier is currently supporting us from regions of the world that are relatively free from political, economic or other forms of serious business risk.  
3P. We (the service provider) are currently supporting this client from regions of the world that are relatively free from political, economic and/or other forms of serious business risk.                                                                                                                   |
| 5    | 7.40           | 7.75           | Governance       | 6C. Our governance processes facilitate fast and effective resolution to problems regardless of the organizational levels involved  
6P. Our client’s governance processes facilitate fast and effective resolution to problems regardless of the organizational levels involved                                                                                                                                                                                                                                                                                  |
| 6    | 7.20           | 7.00           | Risk & Compliance | 5C. The supplier demonstrates awareness of our business specific requirements concerning regulatory compliance & is appropriately compliant.  
5P. We (the service provider) demonstrate awareness of our client’s business specific requirements concerning regulatory compliance and we are appropriately compliant.                                                                                                                  |
| 7    | 6.75           | 7.00           | Risk & Compliance | 2C. The supplier’s business is financially sound and there are no apparent threats to their operations which would cause us concern.  
2P. Our outsourcing business (the service provider’s overall outsourcing business) is financially sound and there are no apparent threats or risks to our business operations which would cause our client concern.                                                                                                               |
| 8    | 6.40           | 4.25           | Financial Performance | 4C. We are realizing the business benefits from the outsourcing relationship as outlined in the original business case &/or contracts.  
1P. Our client is realizing the business benefits from the outsourcing relationship as outlined in the original business case &/or contracts.                                                                                                                                                                                                            |
| 9    | 6.40           | 7.75           | Financial Performance | 7C. The supplier has adequate provisions in place to protect access to their systems that have access to our data/information/systems.  
7P. We (the service provider) have adequate provisions in place to protect access to our systems that have access to our client’s data/information/systems.                                                                                                                                                        |
| 10   | 6.33           | 7.75           | Risk & Compliance | 7C. The supplier has adequate provisions in place to protect access to their systems that have access to our data/information/systems.  
7P. We (the service provider) have adequate provisions in place to protect access to our systems that have access to our client’s data/information/systems.                                                                                                                            |
### VHCS Summary Scores – Bottom 10 Value Statements

<table>
<thead>
<tr>
<th>Rank</th>
<th>Customer Score</th>
<th>Provider Score</th>
<th>Value Area</th>
<th>Customer - Bottom 10 Value Statement in terms of Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2.60</td>
<td>5.75</td>
<td>Capabilities</td>
<td>5C. The supplier is providing us with the appropriate level of innovation and creativity in addressing our current and future business needs.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5P. We (the service provider) are providing our client with the appropriate level of innovation and creativity in addressing our client’s current future business needs.</td>
</tr>
<tr>
<td>2</td>
<td>3.60</td>
<td>4.75</td>
<td>Service Quality</td>
<td>7C. The supplier has formal continuous improvement processes in place and periodically reports on their progress in achieving continuous improvement.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>7P. We (the supplier) have formal continuous improvement processes in place and periodically report on our progress in achieving continuous improvement.</td>
</tr>
<tr>
<td>3</td>
<td>3.60</td>
<td>5.75</td>
<td>Capabilities</td>
<td>2C. The supplier has appropriate, recruiting, training and resource contingency plans in place to address current &amp; future needs we need in this area.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2P. We (the service provider) have the appropriate recruiting, training, and resource contingency plan in place to address current and future capabilities the client requires in this area.</td>
</tr>
<tr>
<td>4</td>
<td>3.60</td>
<td>6.00</td>
<td>Service Quality</td>
<td>6C. Based on current and future business needs, we are confident this supplier can meet our service delivery quality requirements.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6P. Based on current and future business needs, our client is confident we (their supplier) can meet their service delivery quality requirements.</td>
</tr>
<tr>
<td>5</td>
<td>3.80</td>
<td>5.00</td>
<td>Service Quality</td>
<td>8C. The supplier has acceptable quality controls policies and procedures in place for this outsourcing relationship.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8P. We (the supplier) have acceptable quality controls policies and procedures in place for this outsourcing relationship.</td>
</tr>
<tr>
<td>6</td>
<td>4.00</td>
<td>6.25</td>
<td>Risk &amp; Compliance</td>
<td>5C. The supplier has contingency plans in place that are periodically tested to ensure they can deal with a crisis without significantly affecting our business.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5P. We (the supplier) have contingency plans in place that are periodically tested to ensure we can deal with a crisis without significantly affecting our client’s business.</td>
</tr>
<tr>
<td>7</td>
<td>4.40</td>
<td>7.00</td>
<td>Service Quality</td>
<td>4C. The contract terms with the supplier have sufficient protection to address fluctuations in currency value and inflation.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4P. The contract terms with our client provide sufficient protection for them to address fluctuations in currency value and inflation.</td>
</tr>
<tr>
<td>8</td>
<td>4.60</td>
<td>7.25</td>
<td>Capabilities</td>
<td>1C. The supplier staff have the appropriate level of understanding of our business to be able to be responsive to the demands of our key users and/or stakeholders.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1P. We (the supplier) have the appropriate level of understanding of our client’s business to be able to be responsive to the demands of their key users and/or stakeholders.</td>
</tr>
<tr>
<td>9</td>
<td>4.80</td>
<td>7.75</td>
<td>Governance</td>
<td>4C. The supplier is responsive, flexible and adaptable to our changing needs for capabilities in this business area.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4P. We (the service provider) are responsive, flexible and adaptable to our client’s changing needs for business capabilities as it relates to this contract/relationship.</td>
</tr>
<tr>
<td>10</td>
<td>5.00</td>
<td>6.33</td>
<td>Risk &amp; Compliance</td>
<td>7C. We have the required number of skilled and experienced human resources to effectively &amp; efficiently govern this outsourcing contract/relationship.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>7P. Our client has the required number of skilled and experienced human resources to effectively &amp; efficiently govern this outsourcing contract/relationship.</td>
</tr>
</tbody>
</table>

*NOT KODAK RESULTS*
### VHCS Area Scores – Capabilities Area Example

<table>
<thead>
<tr>
<th>Customer Ranked Score</th>
<th>Capabilities Value Statements - Agreement Rankings</th>
<th>Agreement</th>
<th>Priority</th>
<th>GAP</th>
<th>Agreement</th>
<th>Priority</th>
<th>GAP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Customer</td>
<td>Provider</td>
<td>N/O</td>
<td>Customer</td>
<td>Provider</td>
<td>N/O</td>
</tr>
<tr>
<td>8.20</td>
<td>7C. The contract we have with the supplier does not limit us from sourcing similar or related capabilities if required from alternative suppliers. 7P. The contract we have with our client does not limit them from sourcing similar or related capabilities from an alternative supplier(s).</td>
<td>8.20</td>
<td>7.00</td>
<td>0</td>
<td>7.80</td>
<td>7.00</td>
<td>0.8</td>
</tr>
<tr>
<td>5.80</td>
<td>3C. The level of employee turnover in all key areas of the supplier’s workforce relevant to this outsourcing contract are within acceptable ranges. 3P. The level of employee turnover in all key areas of our (the service provider) workforce relevant to this contract are within acceptable ranges.</td>
<td>5.80</td>
<td>5.00</td>
<td>0</td>
<td>6.60</td>
<td>5.25</td>
<td>1.4</td>
</tr>
<tr>
<td>5.40</td>
<td>1C. The supplier is currently providing an acceptable level of capabilities that we contracted for to support the scope of this outsourcing contract. 1P. We (the service provider) are currently providing an acceptable level of capabilities that the client contracted for to support the scope of this outsourcing contract.</td>
<td>5.40</td>
<td>5.00</td>
<td>0</td>
<td>6.40</td>
<td>5.00</td>
<td>1.4</td>
</tr>
<tr>
<td>5.20</td>
<td>8C. We have the necessary processes, tools and technologies in place to understand if we are getting the required capabilities from our supplier. 8P. Our client has the necessary processes, tools and technologies in place to understand if they are getting the required capabilities from us (the service provider).</td>
<td>5.20</td>
<td>5.50</td>
<td>0</td>
<td>6.40</td>
<td>5.50</td>
<td>0.9</td>
</tr>
<tr>
<td>5.00</td>
<td>6C. The outsourcing capabilities we are receiving from this supplier positions us competitively in the industry. 6P. The outsourcing capabilities that we are providing to our client positions them competitively in their industry.</td>
<td>5.00</td>
<td>4.50</td>
<td>0</td>
<td>6.60</td>
<td>5.25</td>
<td>1.4</td>
</tr>
<tr>
<td>4.60</td>
<td>4C. The supplier is responsive, flexible and adaptable to our changing needs for capabilities in this business area. 4P. We (the service provider) are responsive, flexible and adaptable to our client’s changing needs for business capabilities as it relates to this contract/relationship.</td>
<td>4.60</td>
<td>7.25</td>
<td>0</td>
<td>6.60</td>
<td>6.75</td>
<td>0.2</td>
</tr>
<tr>
<td>3.60</td>
<td>2C. The supplier has appropriate, recruiting, training and resource contingency plans in place to address current &amp; future capabilities we need in this area. 2P. We (the service provider) have the appropriate recruiting, training, and resource contingency plan in place to address current and future capabilities the client requires in this area.</td>
<td>3.60</td>
<td>5.75</td>
<td>0</td>
<td>7.00</td>
<td>5.00</td>
<td>2.0</td>
</tr>
<tr>
<td>2.60</td>
<td>5C. The supplier is providing us with the appropriate level of innovation and creativity in addressing our current and future business needs. 5P. We (the service provider) are providing our client with the appropriate level of innovation and creativity in addressing our client’s current future business needs.</td>
<td>2.60</td>
<td>5.75</td>
<td>0</td>
<td>6.80</td>
<td>4.00</td>
<td>2.8</td>
</tr>
</tbody>
</table>

**Agreement Legend:**
- Healthy 7-10
- Zone of Uncertainty 4-6
- Immediate Action Required 0-3

**Priority Legend:**
- Moderately High to Highest 7-10
- Business As Usual 4-6
- Moderately Low to Lowest 0-3

**GAP Legend:**
- Agreement = ± or - 1.5 or more
- Priority = ± or - 3.0 or more

**NOT KODAK RESULTS**
VHCS Value Opportunity Matrix

Value Opportunity Matrix (VOM): Capabilities

Key Areas for Potential Value Improvement

- Closely Review for Value Improvement
- Sustain Value & Balance Resources

Legend: Value Opportunity Matrix: 1 = Customer  1 = Provider

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### VHCS – Detailed Participant Responses - Capabilities

#### Alignment Issues

**Focus on Colors 1st**

- **Agreement Legend:**
  - Healthy 7-10
  - Zone of Uncertainty 4-6
  - Immediate Action Required 0-3

- **Priority Legend:**
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  - Business As Usual 4-6
  - Moderately Low to Lowest 0-3

- **GAP Legend:**
  - Agreement = + or - 1.5 or more
  - Priority = + or - 3.0 or more

---

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Statement 1</th>
<th>Statement 2</th>
<th>Statement 3</th>
<th>Statement 4</th>
<th>Statement 5</th>
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**Customer Min:** 4 4 1 3 4 4 2 4 2 3 2 5 4 5 3 3 2.8 3.9

**Customer Max:** 6 8 6 9 7 8 7 8 4 8 7 8 7 8 10 10 10 10 6.9 8.4

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**Provider Avg:** 5.00 5.00 5.75 5.00 5.00 5.25 7.25 6.75 5.75 4.00 4.50 5.25 7.00 7.00 5.50 5.50 5.72 5.47

**Provider Min:** 3 3 3 3 3 3 7 4 3 3 3 3 5 5 3 3 3.8 3.4

**Provider Max:** 7 7 8 7 7 7 8 8 8 8 8 8 6 7 7 7 7.4 7.3

**Group Avg:** 5.20 5.70 4.68 6.00 5.40 5.93 5.93 6.68 4.18 5.40 4.75 5.93 7.60 7.40 5.35 5.95 5.38 6.12

**GAP:** 0.40 1.40 2.15 3.10 0.80 1.35 2.65 0.15 3.15 2.80 0.50 1.35 1.20 0.80 0.30 0.90 0.67 1.31
VHCS – Process to Enhancing Value

Optional Fee-Based Facilitated De-Briefing Process

Customer & Provider VHCS Administrators Introduced to the VHCS Basic Report

Customer Team Internal Review

Provider Team Internal Review

Joint Debriefing

Debriefing Report

Customer/Provider Create Final Report Detailing Opportunities For Improvement (OFI’s) & Action Plans
Discussion Agenda:

- Sourcing Relationship Management (SRM) & The Value Framework
- What is the Value Health Check Survey™ (VHCS)
- Kodak’s Outsourcing Environment
- Kodak’s VHCS Scope & Objectives
- Kodak’s VHCS Key Insights & Opportunities
Kodak – Who We Are?
- The world’s imaging expert for consumer and professional photographers, filmmakers and entertainment professionals, graphic communications
- Operating and manufacturing locations around the globe
- Headquarters in Rochester, New York
- Approximately 20,000 employees globally

Kodak – Why Do We Outsource?
- We outsource so we can focus on our core strengths
- We’re looking not just for improved cost but high quality service & innovation
- We strategically multi-source to ensure competitiveness
- We use commercial tools & technology to assist us in delivering value

Kodak – What Do We Outsource?
- We are engaged in ITO and BPO
  - ITO = Data Center, Networks, Applications Maintenance/Development
  - BPO = Contact/Call Center, HR (Payroll and Benefits), Finance
Discussion Agenda:

- Sourcing Relationship Management (SRM) & The Value Framework
- What is the Value Health Check Survey™ (VHCS)
- Kodak’s Outsourcing Environment
- Kodak’s VHCS Scope & Objectives
- Kodak’s VHCS Key Insights & Opportunities/Exposures
Kodak’s VHCS Scope & Objectives:

**Scope of the VHCS at Kodak:**
- Global Customer Contact/Call Center environment
- VHCS involved 27 respondents from both Kodak and our Service Provider
- VHCS may be used with more of our Service Providers over time

**Kodak’s VHCS Objectives:**
- Understand how our “key internal stakeholder’s” prioritize and score their level of agreement with key drivers of outsourcing business value
- Understand if there are any alignment and/or perception issues between our key stakeholders as it relates to our priorities and level of agreement
- Understand the degree of alignment between our key internal stakeholders and our Service Providers key internal stakeholders
- Collaborate with our Service Provider to identify opportunities and exposures to optimizing the overall health and business value delivered in our relationship
Discussion Agenda:

- Sourcing Relationship Management (SRM) & The Value Framework
- What is the Value Health Check Survey™ (VHCS)
- Kodak’s Outsourcing Environment
- Kodak’s VHCS Scope & Objectives
- Kodak’s VHCS Key Insights & Opportunities/Exposures
Kodak’s Key Insights:

**Overall:**
- We’re still in the process of finalizing our next steps, but overall the VHCS was a success so far!
- We confirmed some areas of opportunity that we were aware of and identified others that we want to explore further
- We’d like to expand the use of VHCS to our other contact/call center providers

**Insights Concerning our Internal Stakeholders:**
- We have a strong framework in place for success
- There are regional requirements based on unique service and governance expectations that we need to consider

**Insights Concerning our Service Provider:**
- Our service provider is aligned with us regarding key areas of priority
- Service provider was more enthusiastic throughout the process than we thought they would be

**Insights About the VHCS:**
- The VHCS framework and process is easy to understand and implement
- You need to get strong Senior Level Service Provider buy-in early or else you risk delays in the process
- The process can enable good relationships to get even better, i.e. providing common ground to facilitate healthy, focused and productive discussions.
Kodak’s Key Opportunities/Exposures

**Overall:**
- Kodak and Service Provider agree to explore how we improve sharing of best practices and innovation across our regions

**Financial Performance:**
- Continue with our focus on cost control given the global economic conditions

**Service Quality:**
- Consistently demonstrate proactive assessment and improvement re: key performance metrics
- Greater emphasis on six-sigma projects

**Capabilities:**
- Innovation – communicate what is on the horizon, where to make the next step-change while still managing operations.
- Bring forward industry best practices.

**Risk/Compliance:**
- There are adequate provisions in place to protect our data
- Service Provider has adequate sensitivity to Kodak’s brand identity

**Governance:**
- Explore how we can reduce overall time spent managing the relationship (ie, how much information is needed, and how often to meet)
Kodak’s Plans For The Future

**Overall:**

- We’re moving forward with our Service Provider in several areas as previously mentioned.
- We’re considering starting VHCS with our other Service Providers to better understand the health of all of our relationships.
- We’re considering VHCS as a tool to assist us in periodic health checks of our outsourcing relationships.
Thanks For Your Time – Any Questions?

Teresa Harris
Global Partner Acct. Mgr.
Kodak
COP

Matt Shocklee
President & CEO
GSOS & IAOP
Global Ambassador
Meeting Agenda

- Welcome and IAOP Overview/Updates
- The State of Tools & Technology In The Outsourcing Industry
- Customer Case Study – Kodak

- Panel Discussion
  - Dr. Beena George, Associate Professor, University of St. Thomas
  - Jeff McCauley, Blazent Software
  - John Sandry, EquaTerra
  - Michael Ford, UnitedLex

- Networking event – Sponsored by OPI
Panel Discussion

Use, Benefits and Future of Tools and Technology in Outsourcing

Dr. Beena George
Associate Professor
Univ. of St. Thomas

Jeff McCauley
Director of Sales
Blazent, Inc.

John Sandry
Client Executive
EquaTerra

Michael Ford
Executive Vice Pres.
UnitedLex

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# ToolsMAP: IT Outsourcing – Data Center

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Thank you!

Please visit www.IAOP.org for more information about IAOP and upcoming chapter activities.