# NEO GROUP 2020 CASE STUDY

**Beyond Advice to Outcomes**

Advisory | Governance Support Services | Real-time Risk Intelligence
info@neogroup.com | www.neogroup.com

# I. Client Overview and Needs

Our client - a diversified enterprise with interests in healthcare technology and insurance services - faced a challenge and an opportunity. They needed to accelerate product development and leverage vendor capabilities to benefit from industry trends such as automation and other innovative developments, while also reducing operating costs and moving employees to higher value work.

One of the main issues was to harmonize the method and use of IT service providers across different companies within the group. One company had undertaken a formal outsourcing program using two different partners. The other company used several different resource and staffing agencies to access expertise as needed.

Both companies had a different approach to outsourcing, and neither were optimally managing their IT workforce.

Neo Group was engaged to assist in optimizing the workforce so as to reduce cycle time, improve service delivery and at the same time, drive savings.

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## II. Key Objectives

The objective was to create a solution leveraging partners that would accelerate product development and harmonize delivery practice and partners across the group's companies while driving significant savings. Neo needed to design a delivery solution which would drive savings across the companies and be under an effective ongoing governance model.

The initial problems that needed to be addressed were:

- Short term resourcing through contractors was widely used but it was expensive and often ineffective
- The companies within the group had different corporate cultures and approach to sourcing – different sourcing models but none optimally aligned to desired outcomes.
- Inadequate governance and vendor management at an overall enterprise level
- Inability to effectively support Agile Transformation.
- Service performance to the end customer was not as desired.

The agreed upon objective was to address above and accomplish:

- Rapid product development cycles to reduce time to market
- Enhanced service delivery and quality
- Higher end-customer satisfaction
- Lower cost of operations
- Better ongoing vendor governance

# III. Challenges

This engagement faced multiple start-up challenges, most notably although the client owned both companies, they each had their unique approach, use and ways of working with partners. All this would require getting multiple teams on the same page and for them to engage collaboratively.

The key challenges we all faced as we commenced this project were:

• How to get the clients to see the real health of existing design and delivery lifecycle and its likely causes.

• Difficulty in getting existing service providers to prioritize the client and engage in problem solving.

• The Enterprise Resource Planning (ERP) software in use was a niche product designed for P&C insurance. It had been extremely difficult and expensive to source resources for its ongoing customization and maintenance/ support.

• The diverse locations of current resources were expensive and in challenging labor markets.

• How to align design and delivery to cost to drive greater value.

So, these multidimensional challenges also presented many possibilities. This is where Neo Group stepped in to offer guidance and support ongoing execution.

# IV. Neo Group Solutions

Within two weeks of engaging across the two companies, the client and Neo Group collaboratively decided that the project needed to be organized into three phases to ensure optimal outcomes.

- **Phase One -**  an analysis of the complete portfolio of applications, roles and resourcing, performance measures and costs to yield a recommendation on what to source and what to retain.

- **Phase Two -** create a Requirement (RQ) document outlining current and future state needs. Develop and run a process to select the best partner(s), through collaborative solution design and sourcing process to arrive at a final solution, contract and pricing.

- **Phase Three -** plan and manage the transition to one or two new partners, and design ongoing governance.

Additionally, once phase three was underway and the transition commenced, it was decided that an additional **Phase Four** would be required. This would focus on the ongoing governance required to manage the new organization - the ongoing governance for the new structure was so different to what existed before the project commenced that it was agreed to make this process an additional phase of the project.

# Phase One

The first phase was about opportunity discovery starting with an analysis of the existing sourcing portfolio and operating models. Neo reviewed technologies, applications, resourcing, costs, service levels, reports, data and the partner relationships to build a detailed picture of the present state. This was not an easy task as none of these data or services were centrally managed.

Neo Group proprietary IP, SourcePrism℠ was leveraged to help capture and analyze this data. It enables the Neo team in collaboration with the client to identify and analyze technology, resourcing, location, ownership, automation, and optimization opportunities and helps to define what should be retained and what should be sourced. Additionally, this analysis can run multiple scenarios to create different models for the organizational future state. This is driven by client's objectives. While one client or area of analysis is focused on accelerating product development, another may have a singular focus on lowering costs and another might want to optimize both.

Using SourcePrism℠, it was necessary to analyze roles and tasks too.

It became clear early on that the client was using a high number of contractors from resourcing agencies. These agencies played an important role in supplying expertise on a temporary basis, but often many of these were being used for ongoing long-term delivery.

During this initial phase Neo Group needed to communicate a vision about how the client and partners needed to be focused on work and outcomes and not individuals.

The analysis also yielded that to realize accelerated product development and ensure higher customer engagement, the ways of working needed to evolve to an Agile model.

The final outcome of this phase was an agreed upon model for what technologies, roles and outcomes needed to be sourced in an Agile model and what needed to be retained to enable success. The business case and road-map was also clearly laid out. There was unanimous consent to this plan and future path.

# Phase Two

This phase was about how to collaboratively design a new operating model that would accelerate product development and enhance customer satisfaction, while delivering significant savings.

Neo Group leveraged its sourcing IP and designed an iterative process using Agile concepts. This is different to the typical ("waterfall") RFP where a clearly defined requirement specification is issued and potential partners provide a single very detailed - and fully costed - response.

Our experience since 1999 has shown us that a typical RFP process is inefficient. The bidders do not benefit from the knowledge of the client as a single RFP document is unable to explain it all. The client does not benefit from the wide experience of the aspiring vendors as they focus on evaluating responses.  Neo's Collaborative Solutioning approach involves the client and partner work together to clarify requirements and jointly explore potential solution alternatives. Often this requires 3-4 iterations to arrive at a mutually agreeable solution.

All parties quickly recognized that accelerated Agile methodology would be at the heart of the success of this process just like it would be for future work. To make this work needed a new approach from our client and a partner willing to work in partnership through an iterative process - eventually arriving at a more detailed definition of the entire scope.

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# Phase Two continued

Neo Group supported the development of a detailed Requirements document and leveraged its Supply Wisdom™ solution to shortlist invited partners. The initial response from the invited partners was used to identify the three potentials who were then invited to the collaborative design sessions.  In these sessions, it began with the partners walking thru their solution options, while and the client listened and engaged. There were additional sessions where each provided feedback to each other and brought in new ideas.

Eventually, the process and designs yielded the preferred solution and associated partner. The decision was based not just on the solution and pricing but more importantly on how the partner engaged in solutioning and their willingness to pursue a future vision.

Once the partner had been selected using this collaborative process, Neo Group worked with the partner and client to define the detailed statements of work - setting out a vision for how the new partnership would work.

# Phase Three

Phase Three focused on the actual transition to the new partner and how to manage this new relationship.

Neo Group worked with the partner and client to define transition structure and road-map. It was important to define all the different connections and relationships for all sections of the various services that would be delivered. Neo Group applied a RACI (Responsible, Accountable, Consulted, Informed) matrix across all connections and information flows so it would be clear in all instances who was the responsible manager.

Neo Group worked with the client to ensure that the transition period could cope with the spike in requirements for space and hardware as existing teams would be working with the new partner during the transition. Even just the physical allocation of extra chairs and office space needed to be managed in a controlled fashion.

Before the transition took place, the in-house security team audited the partner facilities to ensure all due diligence on physical and information security was in place.

Planning the transition alone was a big task. All existing incumbent contractors and partners were given notice, but their notice periods and offboarding had to be managed carefully so no in-flight programs were impacted negatively.

The new relationship needed enhanced governance to assure ongoing success, and this included finding resource to help with these processes. Neo Group designed a 3-layer governance operating model where the operational governance sits at the bottom with program management and strategic governance on top.

Neo Group took the responsibility for monitoring and supporting the transition so that the client teams could focus on supporting and managing delivery.

As we worked with our client on phases two and three it became clear that the new relationship was entirely different to what had been in the past. The recognition for enhance performance management, financial management, contract management, risk management and relationship management were clear and it required adequate expertise and resourcing. In partnership with the client, Neo Group proposed a Phase Four - a proposal that was accepted by the client.

# Phase Four

The client had governance leadership but not the other resourcing required to ensure enhance ongoing governance. Neo Group offered ongoing services, building and managing the governance model, so the partner could be managed effectively in the short-term and would continue to offer increased value to the relationship in the long-term.

At Neo Group we call this service Governance Support Services (GSS).

GSS handles the nitty-gritty of managing partner relationships. The contract is monitored, performance is checked and even paperwork such as invoices from the partner are monitored and scrutinized against service delivered.

The GSS approach changes the old static nature of managing partners. A contract used to be agreed and then filed away for years, only checked again when a dispute arises. The GSS approach is to constantly monitor and review the contract and its associated terms, obligations and requirements.

GSS monitors performance, finance, resource, and handles reporting, helping the client manage their partners more effectively. Neo's GSS service enables the client's time to be freed up to focus on strategic issues while the tactical and operational ones are handled by Neo. Example, the client works with partner's senior leadership to align overall objectives while Neo ensures that every action taken by the partner will map back to the Statement of Work or Contract - no tasks can be charged unless they are contracted and agreed.

# Phase Four continued

The result for our client was not only an Advisory service that provided a report or a partner contract but Neo Group mapped all the required services and relationships and then created a novel way to find a partner to help design a new solution. Neo Group oversaw the Transition process and then provided reassurance to the client by staying close and building a governance model they can rely on.

The project has created far greater efficiency for the client, greater accountability and oversight of costs, but more importantly the client now has a partner that is incentivized to seek out better processes and solutions. They are now on a joint mission to deliver more with less and that creates more value for our client, but also improves the service they offer to their customers.

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# V. Results

The end result has been a successful transition to a new services partner and a structured governance model that values the relationship and is responsive to the needs of our client. To summarize some of the key outcomes:

- Service delivery has been standardized streamlined. It is easier to manage how services are delivered within the group compared to the previous situation where different companies within the group used different models

- Better leverage of the dual shore model. The onsite/ offshore distribution of resources has now been rationalized and optimized to strike the right balance between service delivery effectiveness, quality, time and costs.

- Spend transparency and cost efficiency. Getting the processes and control has allowed the business to control costs and become more efficient. The transparency of designing more efficient business processes has also allowed more effective cost control.

- Scalability and ability to grow. The business growth can be easily supported by the new partner, since they are a Tier 1 IT service provider with significant bench strength in all relevant technology and subject matter domains

- Access to top technology talent. By working with a world-class technology partner our client now has access to excellent resources.

- Innovation partner. The new partner is more than just a service provider. They now work together to continuously improve the structure of the business and to introduce new ideas and improved delivery mechanisms. The governance model is ensuring this.

The client is now in a better position to grow and adapt their business - with the ability to reduce wasted effort in addition to improving performance and service to the end customer.

# VI. About Neo Group

Globally recognized as a leading advisory firm since 1999, Neo Group helps enterprises build new capabilities and reduce costs significantly by leveraging analytics, digital technologies, and global talent. Neo Group helps enterprises through the sourcing lifecycle by going beyond advice to supporting outcomes.

For more information on Neo Group's services, visit neogroup.com or email (info@neogroup.com).