

# SWICH HPP Strategic Sourcing Service



- A SWICH consultant can be engaged to execute strategic sourcing initiatives employing a client's existing tools, templates, and processes; or the client can leverage all or parts of the SWICH High Performance Procurement Strategic Sourcing program:
  - SWICH HPP Strategic Sourcing is a rigorous methodology that seeks and identifies cost and quality performance improvements through a competitive process that assesses vendors with an attractive value advantage that can help your firm achieve financial or business goals.
  - SWICH HPP Strategic Sourcing involves a defined, disciplined approach leveraging best practice tools and skills to execute procurement strategies and activities that accrue immediate benefits to your firm and engages suppliers in value-add contracts to drive future performance and innovation.
  - Sourcing projects vary greatly in their nature, value and complexity:
    - ❖ Complex, high-value projects may take weeks or months to complete.
    - ❖ Simpler, lower value projects can be completed within days or weeks.

# HPP Strategic Sourcing: Defined Methodology



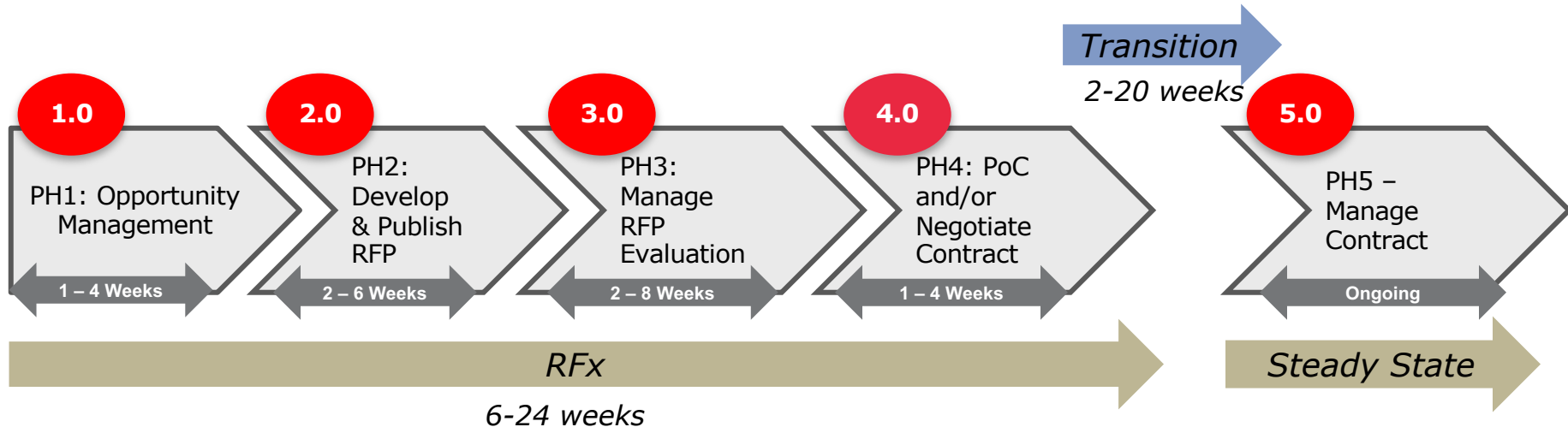
	PHASE 1 – Define	PHASE 2 – Measure	PHASE 3 – Analyze	PHASE 4 – Improve	PHASE 5 – Control
Objective	<ul style="list-style-type: none"> <li>Understand business drivers that will influence sourcing strategy</li> <li>Explore product / service delivery models</li> </ul>	<ul style="list-style-type: none"> <li>Finalize product / service specifications (incl. target performance metrics)</li> <li>Finalize / release RFP package to suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Select optimal product / service provider</li> <li>Refine transition plan</li> <li>Improve supplier response, contract terms</li> <li>Refine Business Case</li> </ul>	<ul style="list-style-type: none"> <li>Finalize transition plan (Go/ No-Go decisions)</li> <li>Finalize Product / Service Delivery Model</li> <li>Finalize comprehensive Contract</li> </ul>	<ul style="list-style-type: none"> <li>Execute implementation plan and track against milestones.</li> <li>Optimize supplier performance, manage change &amp; mitigate risk during contract</li> <li>Develop end of term strategy</li> </ul>
Key Activities	<ul style="list-style-type: none"> <li>Understand business drivers/ needs</li> <li>Confirm Milestones</li> <li>Initiate business case</li> <li>Understand current performance metrics and product / service specs (process and technology)</li> <li>Conduct initial supplier / market assessment</li> <li>Conduct preliminary risk assessment</li> <li>Propose initial sourcing strategy / approach to market</li> </ul>	<ul style="list-style-type: none"> <li>Describe product / service delivery requirements (specs)</li> <li>Refine business / base case through Scenario / Sensitivity testing, cost modeling, etc.</li> <li>Conduct thorough market scan / internal relationship checks</li> <li>Build out target operating model (retained org, governance framework, SLA management, accountabilities, process / operations integration)</li> <li>Prepare suppliers / Publish RFX process</li> </ul>	<ul style="list-style-type: none"> <li>Respond to Vendor Queries</li> <li>Evaluate RFP Solution Responses (including Vendor Presentations)</li> <li>Perform cultural assessment (both parties)</li> <li>Analyze solution pricing and update business / base case assessment</li> <li>Develop preliminary implementation plan, governance model and roles / responsibilities</li> <li>Prepare to negotiate contract (initial discussions, assessment)</li> </ul>	<ul style="list-style-type: none"> <li>Contract negotiation</li> <li>Review Transition readiness</li> <li>Confirm process/ technology handoffs</li> <li>Confirm Governance model (people/ process/ tech)</li> <li>Finalize retained organization plan (if applicable)</li> <li>Finalize communication, risk and compliance plans / programs</li> <li>Confirm transition performance / vendor payment linked to milestones</li> </ul>	<ul style="list-style-type: none"> <li>Launch / Follow established governance processes</li> <li>Continuously evaluate effectiveness of governance structure and stakeholder relationships</li> <li>Ensure tracking mechanisms for continuous improvement and innovation are sustained</li> <li>Establish periodic checkpoint for business strategy and service delivery alignment</li> <li>Ongoing tracking of benefits realization</li> <li>Manage risk/ regulatory requirements</li> <li>Monitor supply market</li> <li>Implement "End of Term" strategy</li> </ul>
Key Outputs	<ul style="list-style-type: none"> <li>Business Needs / Requirement Review</li> <li>Preliminary business case</li> <li>Sourcing Strategy Recommendation (hi-level)</li> <li>Executive Summary PPT</li> </ul>	<ul style="list-style-type: none"> <li>Refined business case</li> <li>Supplier / market assessment</li> <li>Final RFP package with required Schedules</li> <li>Initial Evaluation Approach</li> <li>Executive Summary PPT</li> </ul>	<ul style="list-style-type: none"> <li>Short-list of Preferred suppliers</li> <li>Due Diligence Plan</li> <li>Preliminary transition/ implementation plan</li> <li>Draft operating model</li> <li>Exec Summary PPT</li> </ul>	<ul style="list-style-type: none"> <li>Fully Executed Contract OR Ratified "No Go" Decision</li> <li>Refined transition/ implementation plan</li> <li>Final operational and governance plan (people/ process/ tech)</li> <li>Approval Documents</li> </ul>	<ul style="list-style-type: none"> <li>Product / Service delivery model that meets the business goals</li> <li>Satisfactory risk and compliance</li> <li>Continuous Performance Improvements (SLA)</li> <li>End of term decision</li> </ul>

Ongoing throughout Strategic Sourcing lifecycle: Business case, Risk Management, Communication and Change/Project management

# HPP Strategic Sourcing Process Timeline



- HPP employs project management fundamentals for RFx execution to ensure business milestones are achieved and KPIs are met or exceeded.
- Timelines below are a baseline. Actual duration can vary based on project complexity e.g.:
  - RFQ = ~ 1 month;
  - RFP = 3 – 12 months



# HP P Strategic Sourcing Tools & Templates



- A SWITCH consultant can be engaged to operate leveraging a Client's existing procurement tools or SWITCH material can be customized for the Client's use.

Proposers must complete this form using the format presented within this form and use same numbering system. Insert fiducial responses following each question. Provide as much detail as necessary to demonstrate that the Proposer understands and can fulfill the requirements. Responses should reflect, where applicable, the Proposer's overall approach and the Proposer's experience in delivering the specified approach.

**1. Executive Summary**  
Provide an executive summary that clearly explains Proposer's overall approach to service the CLIENT account. Where appropriate, provide graphics that clearly demonstrate the overall approach. Structure which illustrates the Proposer's approach will be used to determine if the approach will be selected and how the service proposals will differ across the Regions. This should be a summary. Proposers will be asked to expand explicitly in each of the functional delivery strategies in the Work Plan.

## Technical & Business Requirements

- General Requirements
- Complete Form "A" and include separately with Proposal.
- Identify any services the Proposer is currently delivering to CLIENT (in addition to identifying any potential Conflict of Interest in the Proposal Submission Form - Form 3).

**Examples - Format of Required Responses**

Ref #	CLIENT Requirements	Comply (Y/N)	Supplier Response
21	The Supplier will describe its solution to meet the Problem Management requirements in the Attachment.		Supplier ABC will implement a robust Problem Management system and will use a suite of commercial software packages from Vendor XYZ to track, manage, and resolve issues. Supplier ABC will also...
22	The Supplier's responsibilities include:		
23	1. Tracking and managing problems:	Y	

**Statement of Work**

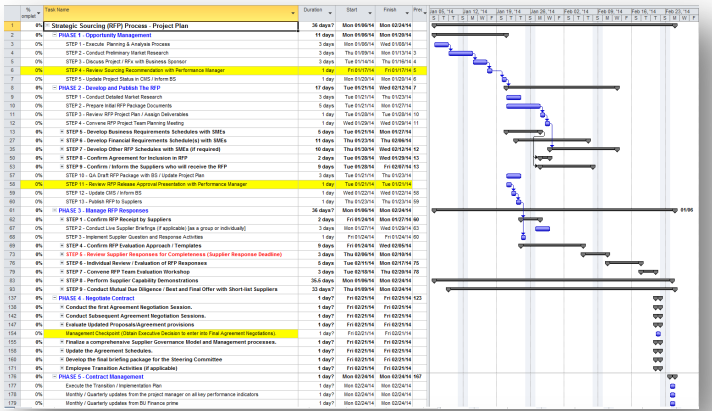
**APPENDIX X - PERFORMANCE MANAGEMENT**

Ref #	CLIENT's Approach to Performance Management	Comply (Y/N)	Supplier Response
121	CLIENT's Approach to Performance Management		Performing proactive and reactive troubleshooting to effectively identify and resolve problems.

- CLIENT's Approach to Performance Management
- CLIENT's approach to performance management is founded on the application of consistent measures across all contributors to the delivery of services. The basic building blocks of the performance management framework measures and key attributes are as follows:
  - KPIs - KPIs are statistical measures of performance used to assess achievement of performance expectations. KPIs have been established and set out for each component of the Assignment i.e. Datacenter Hosting, Managed Services, Desktop Services and Service Desk Services.
  - CLIENT's Contractor Performance Policy - This is the CLIENT's policy. The Vendor will be evaluated using CLIENT's Contractor Performance Policy, which is in detail below.
- The chain of performance management includes the following components:
  - CLIENT's Annual Corporate Goals
  - Established annually by CLIENT's Board of Directors
  - KPIs and continuous improvement goals for the Information Technology (IT) Department are included in CLIENT's annual corporate goals
  - CLIENT staff members annual performance incentives are set out based on achievement of annual corporate goals
  - CLIENT Business and Individual Annual Goals for Information Technology (IT)
  - Created directly from annual corporate goals and based on services delivery objectives at the CLIENT business unit level
  - CLIENT team member annual performance incentives is paid based on achievement of personal and business unit goals.
  - Vendor KPIs
  - KPIs are created directly from Information Technology (IT) business unit goals and are reflective of the performance standard required from the Information Technology (IT) department for CLIENT to meet its goals.
  - Fifteen (15%) of the Vendor's Fees for the entire Assignment is at risk against meeting specified KPI thresholds.

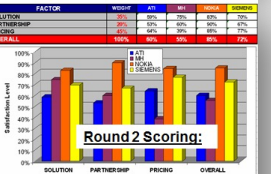
**Pricing Forms**

Type & Quantity of Resources	PHASE 1			PHASE 2			PHASE 3			PHASE 4		
	Qty/Rate	Qty/Rate	Sub-Total	Qty/Rate	Qty/Rate	Sub-Total	Qty/Rate	Qty/Rate	Sub-Total	Qty/Rate	Qty/Rate	Sub-Total
Project Manager	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Business Analyst	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Infrastructure Resources	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Cost Integration Resources	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
IT Resources	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Database Administrator	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Training Resource	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Resource (Supplier to identify)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Resource (Supplier to identify)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Resource (Supplier to identify)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
etc.	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total Resource Costs</b>			\$0.00			\$0.00			\$0.00			\$0.00
<b>Additional Materials / Services</b>												
Item A	\$0.00		\$0.00	\$0.00		\$0.00	\$0.00		\$0.00	\$0.00		\$0.00
Item B	\$0.00		\$0.00	\$0.00		\$0.00	\$0.00		\$0.00	\$0.00		\$0.00
etc.	\$0.00		\$0.00	\$0.00		\$0.00	\$0.00		\$0.00	\$0.00		\$0.00
<b>Total Other Fees</b>			\$0.00			\$0.00			\$0.00			\$0.00
<b>Total Charges</b>			\$0.00			\$0.00			\$0.00			\$0.00
<b>Total Fees</b>			\$0.00			\$0.00			\$0.00			\$0.00



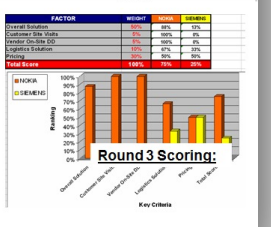
**Factor Scoring**

FACTOR	WEIGHT	ATL	MT	LCORR	MT	NOKIA	SHINING
APF A - OVERVIEW & OBJECTIVES	20%	2.5	2.5	2.5	4.5	2.5	2.5
APF B - REQUIREMENTS	20%	2.5	2.5	2.5	4.5	2.5	2.5
APF C - IMPLEMENTATION OBJECTIVES	20%	2.5	2.5	2.5	4.5	2.5	2.5
APF D - STATEMENT OF WORK	20%	2.5	2.5	2.5	4.5	2.5	2.5
APF E - COMMERCIALS	20%	2.5	2.5	2.5	4.5	2.5	2.5



**"TCO" Analysis**

Vendor	TCO
Vendor A	\$100,000,000
Vendor B	\$120,000,000
Vendor C	\$150,000,000
Vendor D	\$180,000,000
Vendor E	\$200,000,000



# Spend Analysis to Strategic Sourcing to Saving\$: A Client's Example



- The due diligence into “Telco & Wireless” costs from the SWITCH HPP Spend Analysis led to a business case that drove a complex “Next Generation Network” RFP that secured over \$1MM / year savings vs current state.

FACTOR	Vendor2	Vendor1	Vendor3
Overall Scope	40.0%	70.0%	60.0%
Footprint	40.0%	60.0%	80.0%
Migration Plan	40.0%	70.0%	80.0%
Security Requirements	40.0%	60.0%	40.0%
SLA Requirements	40.0%	60.0%	60.0%
Proof of Concept / Pilot	40.0%	60.0%	60.0%
Financials	80.0%	100.0%	60.0%
<b>TOTAL SCORE</b>	<b>64.0%</b>	<b>96.0%</b>	<b>88.0%</b>

