

Evolve Together



What Motivates IT Outsourcing Providers – and Three Clues to Finding the Right One

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IT strategies today focus on driving innovation and implementing smart tools to enhance business operations and redefine customer engagement. But while Digital Transformation grabs the headlines and the Boardroom's attention, good old-fashioned tech support remains essential. As a business leader, you still need basic tech services such as Help Desk, desk side support, network management and staff augmentation. That's especially true if you have significant investments in legacy systems. Traditional IT functionality, moreover, plays a critical role in transitioning to new platforms while minimizing disruption to service quality.

In this environment, you seek third-party IT service providers that can address basic (and not very sexy) operational needs, while at the same provide the insight and expertise to support your comprehensive digital strategy. Your requirement, meanwhile, represents an opportunity for us as service providers to deliver short-term tactical results, while laying the groundwork for a long-term strategic relationship.

While that sounds like a straightforward win/win proposition, history suggests that it's anything but. Over time, in fact, outsourcing relationships often fall notoriously short of expectations. Customers argue that we as service providers fail to provide the commitment, focus and strategic perspective needed to support transformative change. Instead of investing time and resources in understanding business needs, customers complain that we offer generic cookie-cutter solutions. As a result, rather than forging true partnerships, client/provider relationships are confined to transactional orders given and fulfilled.

From our perspective as providers, meanwhile, we often find that clients talk the partnership talk but fail to deliver. For one thing, you expect us to gain insight into your requirements, but then aren't forthcoming about the true nature and extent of your operational issues. Plus, while you talk about partnership, you have no qualms about squeezing us on cost. And rather than leveraging the core competencies and methodologies we've built our businesses on, you often insist that we adjust our models to align to existing – and typically convoluted – processes and practices.

So, ultimately, who's at fault? As with most any contentious relationship, it's complicated. That said, understanding the service provider mindset can help you navigate this minefield-strewn landscape when selecting a partner. Insight into the objectives and incentives we as service providers face – particularly in terms of our sales teams – in doing our jobs can help you understand our behaviors and assess our ability. More specifically, this insight can help you determine whether we can address your basic needs, while helping you chart a roadmap towards a digital future.

Three things to consider when evaluating a technology partner:

1. We have to close deals. Obviously, sales teams need to sell. However, providers who face inordinate pressure to meet particular targets and particular timeframes can lose sight of their customers' best interests. For example, a provider who cuts off exploratory conversations and focuses on getting your signature on a contract might be facing an end-of-quarter squeeze to make his numbers. As a result, he is unlikely to undertake the exploration needed to understand your environment and define a strategy to transition to digital platforms. While some providers fixate on closing the deal, others never seem to stop asking questions. They thoroughly investigate different lines of business and build strategies and solutions that align with the defined goals of those individual lines of business. That type of provider – one who demonstrates a commitment to truly understanding your business – might have what it takes to become a trusted business advisor.

2. We have to close big deals. Bigger deals mean bigger margins, which mean we providers have a powerful incentive to sell you the latest whiz-bang (i.e., expensive) technology. Yes, an Artificial Intelligence (AI)-enabled service desk tool with self-healing and machine learning capabilities can reduce headcount and support shift-left strategies. But if the system raises your overall costs by 25 percent, is the investment worth it? A successful client/provider relationship is built on realistic expectations and pragmatic outcomes.

3. We are under pressure to appear to know more than we do. Service providers want to demonstrate strategic insight into your business and an ability to deliver true value-added services. Typically, gaining that insight requires time and in-depth discussions, as well as the involvement of specialized expert teams. Because these teams are scarce and valuable resources, provider sales teams can be tempted to dive in too deep and steer you down the “Big Picture Strategy” path prematurely – before understanding what that path should look like or where it should lead. That said, some level of strategic acumen is essential regardless of the project under consideration. A provider who consistently focuses on defining solutions rather than selling technology has partner potential.

To summarize, an effective IT outsourcing provider should demonstrate characteristics that include patience, curiosity, pragmatism and teamwork. As a buyer, you should understand that the dynamics of the outsourcing market can inhibit these qualities from emerging.



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Solution Engineer, specializes in delivering technology and process solutions that align with customer requirements. Areas of expertise include IT Services and Service Management, IT Strategy, ITIL and all aspects of Device Lifecycle Management.