

Siemens IT Solutions and Services: Championing more efficient outsourcing

Executive summary

When consulting firms become involved in outsourcing work it is almost always to help clients determine the scope of a contract and to negotiate the most favourable terms. Trinity Horne's work with Siemens IT Solutions and Services (SIS) was an exception to this. Not only was the firm brought in by the supplier rather than by the client, but its efforts were also focused on the transition process, helping both sides establish an effective and sustainable working relationship.

SIS was in the throes of managing a particularly difficult transfer from an existing supplier who had little incentive to ease the way. Its client was a multinational corporation whose IT infrastructure spanned more than 100 countries, 70,000 customers, 500 applications and 12 languages.

With Trinity Horne's help, the number of problems resolved at first contact increased by 55% and client satisfaction improved three-fold.

Background: a new model of outsourcing?

Siemens is world famous as a powerhouse in the field electrical engineering and electronics, providing a wide range of services tailored to the needs of individual organisations. One of those services is IT outsourcing, where the Siemens division, Siemens IT Solutions and Services (SIS), covers everything from network and data centre services to desktop support and applications management.

Although viewing outsourcing as an important area of growth for the future, SIS is also acutely aware that global recession has been forcing huge changes on the sector. Increased competition has been making it harder for suppliers to differentiate themselves. Clients who are themselves under pressure to cut costs have been driving down margins to an unprecedented degree.

For SIS, these challenges came to a head in 2008, when it won a new account. Stealing the work out from under an incumbent supplier of many years' standing, SIS offered greater efficiency and lower costs. The opportunity was huge: if successful, this would be the first of many organisations looking to replace expensive outsourcing arrangements with more cost-effective alternatives. But the threat was equally huge, both in terms of financial penalties for failure and longer-term reputational damage.

"When you look at a several-year outsourcing deal, you assume that a client is locked in for the entirety of the period, but that's not usually the case," says David Nicholson, Siemens' Global Head of Service Desk and On Site Operations.. "Multinational clients, such as this one, want global solutions, and there aren't many suppliers who are genuinely able to provide this because the barriers to entry are high. A win such as this was a once-in-a-decade opportunity for us to vault straight into the top tier of outsourcing suppliers."

The problem the client faced: "It's not what we're used to!"

Although confident in its ability to provide an efficient service, SIS was also acutely aware that the ultimate customers in the new account might not welcome some of the changes. "This was a client that was moving from the equivalent of a Rolls Royce service to something that looked a bit more like a Ford," says Nicholson. "It was going to get them to where they wanted to go comfortably, efficiently and a lot more cheaply – in fact, the cost of the contract with us was half what it had been with the existing supplier – but it wasn't going to have all the bells and whistles you'd expect from a luxury car."

In order to pre-empt problems, Nicholson asked Trinity Horne to carry out an independent review of the infrastructure which would be used to deliver elements of the contract from a network, technology and process point of view. "Trinity Horne was the obvious choice," he says. "I've worked with them for 15 years and completely trust their ability to be both rigorously independent and cognisant of the sensitivities involved. Because they'd worked with us before they didn't have to waste time familiarising themselves with what we did and how we were organised."

TrinityHorne.

The next challenge was for the consultants to get up to speed with the multi-dimensional complexity of the contract. “They had to get into our slipstream and be credible in front of the customer from the word go,” says Nicholson. “Their knowledge and prior experience were crucial here.” Last but not least was that there was very little room to manoeuvre. “On a contract such as this, margins are very thin,” Nicholson continues. “So we had to make every minute count and every move matter. With no opportunities to test ideas, it was again Trinity Horne’s expertise which was crucial.”

The client consultant relationship

“We brought Trinity Horne in to help keep us honest, to help us be innovative as we delivered a high quality service from a fraction of its usual cost, and to provide an external perspective that would be as credible to our client as to ourselves,” recalls Nicholson. With so much at stake, the relationship between Nicholson’s team and the consultants from Trinity Horne, could not have been closer. Moreover, the firm’s obvious technical know-how and independence earned them credibility with SIS’s client. “What I like about working with Trinity Horne is that I get a holistic package,” Nicholson sums up. “I get multi-industry experience, methodologies and solutions – but I also get predictability and reliability. Trinity Horne is a totally known quantity in whom I have complete faith.”

*David Nicholson, Siemens’ Global Head of Service Desk and On Site Operations
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