Overview
The old way of outsourcing—of focusing on cost optimization to the exclusion of all else—is giving way to new opportunities. Before organizations rush to embrace these game changers, they need to ensure the many moving parts of their sourcing ecosystem are up to speed.

That’s why the 13th annual Gartner Outsourcing & Vendor Management Summit 2010 was a timely response to the developing outsourcing revolution. Conference turnout was strong, with more than 760 sourcing and vendor management professionals gathered in Orlando. Across two-and-a-half days, attendees participated in more than 80 sessions, including end-user case studies, debates, analyst-led presentations driven by the latest research, interactive and classroom workshops, and lively roundtables. Attendees gained strategic guidance, best practices and pragmatic recommendations on how best to capitalize on change and create sustainable value in outsourcing. Hot topics included:

• New options for cloud sourcing
• Vendor selection, contracting and performance metrics
• Rescuing failed outsourcing deals
• Best practices in transition planning and execution
• Flexible governance frameworks
• Business-driven sourcing strategy

Registration is open for our 2011 summit
Our Gartner Outsourcing & Vendor Management Summit 2011 will take place September 12 – 14, at the Peabody Hotel in Orlando, FL. Be sure to bookmark gartner.com/us/outsourcing and check back in the coming months for conference details.
Findings from Gartner Outsourcing & Vendor Management Summit 2010

Here are key recommendations from this year’s most popular conference sessions conducted by Gartner analysts—especially useful for your 2011 planning and strategy considerations.

Developing a Strategic Vendor Management Program (D4)
Speaker: Christopher Ambrose, Vice President

The discipline of strategic vendor management has grown more complicated. Some vendors are more critical than others, and it can be difficult to identify which ones are truly strategic and move those relationships forward. Here is an action plan for building a strategic vendor management program:

- Recognize that strategic vendor management is a business discipline gap.
- Ask what your vendor management vision and charter are for your enterprise.
- Identify how competing interests and agendas affect the question, “Who owns the vendor relationship?”
- Distinguish between the practice of vendor management and what the role of a centralized vendor management program should be.
- Create a vendor management charter.
- Classify vendors based on more than money spent.

Critical Success Factors for Effective Multisourcing Management (D2)
Speaker: Linda R. Cohen, Vice President and Distinguished Analyst

Service delivery to business operations must be seamless. But accomplishing this can be tricky when your organization uses both internal and external resources. To achieve success, consider the following:

- Develop a strong sourcing governance model.
- Implement the 10 multisourcing management competencies.
- Install co-management discipline.
- Balance trust and control.
- Foster a culture of collaboration.
- Monitor for continuous performance improvement.
“Food for thought, coupled with actionable take-aways.”

Findings from Gartner Outsourcing & Vendor Management Summit 2010 (cont.)

Here are key recommendations from this year’s most popular conference sessions conducted by Gartner analysts—especially useful for your 2011 planning and strategy considerations.

The Comprehensive Guide to Effective Vendor Management (D1)
Speaker: Helen Huntley, Vice President

Organizations are growing more and more dependent upon external vendors. With more vendors supporting organizational ecosystems, a lack of vendor management puts your business at risk. Yet, too many organizations continue to underinvest in the management of their outsourcing service providers. When it comes to building a business case, they don’t account for a disciplined approach and instead spread vendor management responsibilities and activities around their organizations. The Gartner Vendor Management Framework will help you to improve control, reduce risk and drive more value from your vendors.

- Establish your definition of vendor management—a clear definition with a clear purpose—and set strategic objectives.
- Determine who is performing vendor management activities across the enterprise and identify gaps.
- Classify your vendors, and determine which are strategic versus tactical.
- Design an organizational construct for the vendor management program:
  - Reporting structure and staffing
  - Clear roles and responsibilities
- Establish how program effectiveness will be monitored.

Cloud Computing: The Next Generation (or the End) of Outsourcing? (B1)
Speaker: Benjamin Pring, Vice President

The hype around cloud computing isn’t what it was a year ago—it’s starting to fade. And now is the time for organizations to get serious and determine whether cloud makes sense for them. Application functionality delivered as a cloud service is establishing itself as the new norm for the software industry. In addition, Gartner has increased its sizing and forecast for cloud-compute services to reflect the greater-than-expected interest among our clients. Starting in 2012, enterprises will view the building of new applications on a cloud-compute infrastructure as the de facto norm.

Many IT leaders, even those at progressive organizations, are still nervous about aspects of cloud computing. Here are recommendations:

- Experiment with the cloud (and discover where in the enterprise it is already being used).
- Use virtualization as a catalyst to drive IT modernization (technology, process, people).
- Inventory existing cloud services.
- Identify the new opportunities for the enterprise that are emerging due to cloud computing.
- Develop an overall cloud-computing strategy; create a multidisciplinary task force to create consensus on the use of cloud services.
- Update and upgrade your sourcing skills.
Findings from Gartner Outsourcing & Vendor Management Summit 2010 (cont.)

Here are key recommendations from this year’s most popular conference sessions conducted by Gartner analysts—especially useful for your 2011 planning and strategy considerations.

Linking KPIs and SLAs for Better Business Outcomes (C3)
Speaker: Frank Ridder, Vice President

Organizations that outsource want to measure their providers with service levels that match their KPIs, but most contracts don’t provide for that. The processes for KPI and SLA development are seldom aligned. Different parts of the organization are responsible for the KPI and SLA processes. The essential, constant alignment between the process execution and the stakeholder is often not included. As a result, organizations too often defer to the service provider’s service levels.

Here are some tips to assist you:
• Develop your KPIs and SLAs from the business to the operation layer.
• Ensure that KPIs and SLAs are interconnected with each other.
• Less is more: over-engineering is a big issue in KPI and SLA development—focus on the important measures.
• Package your contracted KPIs and SLAs with well-designed behavior drivers.

Sourcing Strategies, Relationship Models and Case Studies (A5)
Speaker: Jim Longwood, Vice President

Successful organizations leverage multiple sourcing relationship models for their business-driven sourcing strategies. Choices range from best-of-breed to full service, with many options in between. When determining which sourcing relationship model is best for you:
• Assess your organization’s attitude toward building versus its buying skills and its competitive versus single-provider approaches.
• Assess your enterprise’s risk tolerance and willingness to accept or transfer management responsibility.
• Become proficient at evaluating new sourcing locations and global delivery options to support a global delivery perspective.
• Craft a mix of internal and external IT services, following a sound sourcing strategy to achieve business outcomes.
• There is no one-size-fits-all sourcing model.
• Consider using the MSI role to streamline selective sourcing.
• Revisit your sourcing models regularly and consider emerging delivery models, such as infrastructure utility services and SaaS.
Findings from Gartner Outsourcing & Vendor Management Summit 2010 (cont.)

Here are key recommendations from this year’s most popular conference sessions conducted by Gartner analysts—especially useful for your 2011 planning and strategy considerations.

The Ins and Outs of Vendor Transitions: How to Transition Successfully (D3)

Speaker: Helen Huntley, Vice President

In today’s dynamic multisourcing world, no matter what you do, there is a transition in your future. Here are suggestions for undertaking transition:

- If releasing an RFP, ensure that transition requirements are clear and vendor transition response requirements are articulated.
- Determine areas of risk for any transition.
- Review vendor transition responses as part of their bid for services. Customize transition plans for your specific enterprise and be sure they include major milestones.
- Create transition risk mitigation plans.
- Build your transition management governance team.
- Ensure that the enterprise transition plan is combined with the vendor transition plan to create one joint plan.

The Future of Application Services: Preparing for What’s Next (B7)

Speaker: Matthew Goldman, Vice President

In the ongoing convergence of software and services, the separation of traditional sourcing layers is disappearing fast. As a result, enterprises are re-evaluating how they design, deploy and manage applications. Here are questions and tasks that application managers can utilize to prepare for the future:

- Assess your stack.
- Do we know what we need versus what we want?
- Explore options for new approach to sourcing.
- Revisit governance for application services.
- Know your inventory and portfolio.
- Take two meetings with new or different providers of the stack to learn your options and start preparing.
- Watch and listen for continuing consolidation.
Conference Highlights

• An on-site team of 22 Gartner analysts were complemented by nine Gartner-invited guest speakers from a diverse range of organizations, including MetLife, Procter & Gamble, Motorola and NiSource, among others.

• 39 solution providers showcased new and enhanced capabilities on the exhibit floor and walked through real-work implementations at eight end-user case study sessions.

• Over 75 attendees from separate organizations took advantage of the Gartner analyst private one-on-one consultative sessions.

• 150 attendees participated across 12 analyst-user roundtables on a variety of outsourcing topics.

• Over 500 attendees participated in the classroom and interactive workshop sessions and were immersed in real-world problem solving with practical take-aways.

• Team Send: Over 120 companies sent two or more employees and 14 organizations participated in the Gartner Team Send Program, where a combined 97 attendees took advantage of on-site benefits, including team sessions with Gartner analysts.

• New debate sessions premiered at the 2010 summit and highlighted opposing POVs on India versus China and whether cloud is worth the risks.

“Excellent best-practices discussions with access to experts.”
Attendee Snapshot

Who participated in the 2010 conference?

More than 760 sourcing and vendor management professionals from 28 different countries were on-site. Over 70% were end-users, representing more than ten industries. The audience included:

• **Decision makers**: more than 50% were at the senior management level (C level+VP+Director).

• **Cross-section of industries**: the top-five highest-attending verticals were technology, financial services, manufacturing, miscellaneous services and healthcare.

• **Buying power**: 90% had an annual IT budget of $6 million or higher.

Revisit session presentations

**Miss a session?** Need to review an important chart or recommendation again? Want to share a useful presentation with colleagues? As a conference attendee, you can access each slide from every session, free of charge. Log in to Agenda Builder at agendabuilder.gartner.com/std13 and click on the Documentation tab. (You will need to be a registered user of gartner.com.)

**Learn more with relevant research**

Want to learn more about the topics that you interest you? Turn to the end of each session presentation for a list of related Gartner research. Gartner research is available on demand at gartner.com.

**Discount extended! Save $300 when you order Events on Demand.**

We’ve extended the on-site conference discount until **Friday, October 22, 2010**. Pay only $295—a $300 savings—when you purchase Events on Demand, the multimedia offering that includes access to all session slides and audio. For more information and to order, e-mail eventsondemand@gartner.com and mention code **ext13st**.
Keynote Sessions

Gartner Opening Keynote: Outsourcing Revolution—Building Better Outcomes (K1b)
The conference's opening keynote addressed the new demands of outsourcing: greater flexibility and agility. New opportunities bring new relationship models. And selecting the right blend of providers and services to enable growth is becoming more important than ever. Here are action items that:
- Get business users on board by hosting a Cloud 101 workshop or road show.
- Get connected to business activity by monitoring activity to proactively manage demand.
- Manage the market by interviewing key providers to understand their investment strategies.
- Refine your service strategy by creating an evolution roadmap and timeline. Remember to assign responsibility, continuously monitor, update and adjust where needed.

MetLife’s Strategic Sourcing Journey—An Evolution to Drive Value and Business Growth (K2a)
This keynote explored the philosophy and methods behind MetLife’s enterprisewide approach to sourcing, their approach to developing business and supplier partnerships and their successes and challenges in creating a strong service delivery operation. MetLife learned the importance of these factors along the way:
- Leveraging internal business sourcing partners
- Proactively marketing efforts to “tell our story”
- Cultivating strategic vendor partnerships
- Developing a governance framework
- Gaining corporate partner acceptance
- Consolidating and integrating multiple vendors

Building Cooperation Through Ethical Influence (K2b)
Dr. Robert Cialdini explored the ways that scientific research can demonstrate the ability of certain cooperative and collaborative relationships to facilitate our goals. He described the six universal principles of influence: liking, authority, reciprocation, scarcity, consensus, and consistency. Dr. Cialdini also emphasized the ethical use of the principles so that those involved feel genuinely committed to a cooperative and collaborative approach. Attendees were reminded many times throughout the conference about the importance of collaboration in the new sourcing relationship models and this keynote brought home this critical message.

The Five Dysfunctions of a Team (K3)
In the world of outsourcing, cooperation and collaboration between the internal and external teams is critical. Jeff Gibson made the point that teamwork remains the ultimate competitive advantage, both because it is so powerful and so rare. Based on the teamwork model outlined in Patrick Lencioni’s best-selling book, “The Five Dysfunctions of a Team,” Jeff uncovered the natural human tendencies that derail teams and lead to politics and confusion. They include: absence of trust, fear of conflict, lack of commitment, avoidance of accountability and inattention to results.
Keynote Sessions (cont.)

Outsourcing’s Wild Ride: Where Will It Take You? (K4)
This keynote examined the future direction of the outsourcing market and provided recommendations on what we can expect to see in the future as new offerings, pricing models and vendors take the stage. Highlighted were the 10 realities that will shape outsourcing’s journey, most notably: consumerization, globalization, cloud, security and privacy, and hyperverticalization. The four new norms of outsourcing were also reviewed:

- Externalization—think “outside in”
- Asset-lite—acquisition as the last resort
- Service-led—if it’s not a service it’s “no deal”
- Ecosystems—the wisdom of (the right) crowd

This is an exciting time in outsourcing. Conference attendee roles are being redefined, and the better question may be “Where will you take the ride?”

Closing Town Hall: Making Bad Outsourcing Deals Better (K5)
Speakers: Christopher Ambrose, Bert Chancellor, Linda R. Cohen, Helen Huntley, William Maurer, Julie McElmurry
In this interactive closing town hall, both Gartner analysts and Gartner-invited guest speakers fielded questions from conference attendees on how best to fix their outsourcing deals. Many of the answers focused on conference themes:

- Developing a culture of collaboration
- Establishing clear rules and roles, open dialogue and shared dashboards
- Developing the discipline of organizational change management
- Implementing dynamic governance and business-oriented metrics

Customizable post-event worksheet
Take a moment to complete your own post-event trip report, a valuable resource for future reference and a great way to share what you learned with colleagues. Visit gartner.com/us/outsourcing to access the trip report worksheet.
### 2010 Summit Sponsors
Many thanks to our sponsors for helping make the Gartner Outsourcing & Vendor Management Summit 2010 an outstanding experience for everyone involved.

**Premier**
- BrasilIT+

**Platinum**
- Accenture
- Genpact
- Neoris
- Ciber
- HCL
- Patni

**Country Pavilion**
- ChinaSourcing

**Silver**
- BancTec
- Blazent
- Bleum Inc.
- Broadridge Financial Services, Inc.
- BT Global Services
- Insignia Technology
- LogiGear
- MindTree Ltd.
- Mphasis, an HP company
- MSC Malaysia
- NIIT Technologies
- Politec Global IT Services
- Q3 Technologies
- Siemens Enterprise Communications, Inc.
- South African Consulate General
- Stefanini IT Solutions
- Tangoe, Inc.

**Kiosk**
- Atlantic Canada
- Boeline
- Columbian Government Trade Bureau – Proexport
- Czech Republic
- Dextra Technologies
- Embassy of the Republic of Poland, Trade & Investment Section
- IDA Ireland
- MDSL
- Orchestral, Inc.
- Praxis
- Quarksoft LLC
- Rivermine
- Uruguay XXI

### Media and Association Partners
- HRO Summit
- Iaop
- Iraag
- Iicg
- Tec
- Vssa

### Registration is open for our 2011 summit
Our 2011 Gartner Outsourcing & Vendor Management Summit will take place September 12 – 14, at the Peabody Hotel in Orlando, FL. Be sure to bookmark gartner.com/us/outsourcing and check back in the coming months for conference details.