

IS AN OUTDATED IT SOURCING STRATEGY HOLDING YOUR COMPANY BACK?

HOW TO SPOT THE 9 WARNING SIGNS

BOARDROOM AGENDA

Outdated IT sourcing strategies are preventing organisations from embracing industry disruption and taking advantage of the opportunities that technology presents.

Since most disruption is IT-led, Boards urgently need to elevate their IT Sourcing Strategy alongside Business and IT Strategy to ensure it can deliver on organisational goals.

The Boardroom Agenda below indicates 9 warning signs that your IT sourcing model is not strategic enough to take the company forward and counter industry threats.



1. IT IS FAILING TO DELIVER CHANGE AT THE PACE REQUIRED BY THE BUSINESS

Key cause:

The primary causes we see are non-structured business engagement leading to poor demand management and subsequent poor prioritization of internal and external resources.



2. YOU'RE NOT ABLE TO TAKE ADVANTAGE OF EMERGING SOLUTIONS AND SERVICES AS FAST AS YOUR COMPETITORS

Key cause:

Contractual lock-in forces organisations to sustain uncompetitive legacy applications and services. Alternatively, being wedded to principles like 'One Throat To Choke'. Lack of willingness to challenge established processes and levels of functionality.



3. YOUR MAJOR PROGRAMMES (PARTICULARLY AGILE / DEVOPS) FAIL TO DELIVER BUSINESS VALUES

Key cause:

The nature of Agile without a fixed deliverable end-point, and shared delivery accountability, combined with premium resource rates, makes for a perfect storm of highly profitable, unbounded income streams for suppliers without traditional forms of accountability.

However, at the business end, the lack of high-level sponsorship and alignment to business strategy means that many Agile programmes are tactical and failing to direct those resources to the most valuable areas.

In between, ways of working between organisations and their ecosystem of Agile suppliers are failing to exploit and share innovative thinking from an early stage.

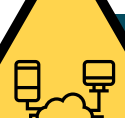


4. YOUR STRATEGIC PARTNERS DON'T DELIVER ON THEIR PROMISES / ADD VALUE

Key cause:

Customer: Organisations fail to execute effective vendor management processes for their strategic suppliers, allowing commitments to value-add to be lost in BAU operational concerns.

Supplier: Suppliers fail to deliver on promises to align to business outcomes - and on customized approaches for their strategic accounts.



5. IT SERVICES ARE NOT PERCEIVED AS A VALUE ADD TO YOUR BUSINESS OR YOUR CUSTOMERS

Key cause:

All too often, sourcing strategies are driven by blunt cost-down tasks, without taking time to re-assess the complete sourcing landscape. Organisations are therefore unable to deliver more of the right things through an optimal, holistic sourcing approach that recognises changes in the business need and in the supply chain options. The result may see short term savings but ultimately damages the perception of IT as a business enabler.



6. YOUR COST OF COMPUTE IS EITHER UNKNOWN OR EXCESSIVE COMPARED TO CLOUD PROVIDERS

Key cause:

Your existing contracts may be hampering your ability to enjoy the benefits of AWS Azure and other cloud providers. As may legacy apps and constrained approaches to data management and security.



7. YOU CAN'T BE SURE THAT YOUR INSOURCING-OUTSOURCING BALANCE IS ADAPTING WITH YOUR CHANGING BUSINESS NEEDS

Key cause:

Failing to revisit your sourcing strategy in a holistic way allows sourcing landscapes to be renewed on a tactical basis without checking their alignment to business need, market solutions and value for money.

In a fast-moving tech environment with Agile, increasing levels of Dev Ops and cost-effective SaaS solutions maturing at pace, the sourcing strategy needs to be comprehensive and frequently revisited.



8. YOUR SOURCING STRATEGY DOESN'T TAKE INTO ACCOUNT CUSTOMER OR USER EXPERIENCE

Key cause:

Key causes include poor contracting resulting in misleading 'sea-of-green' reporting, performance measures not keeping pace with changes in tech and delivery, and a tendency in outsourced contracts to report contractually accountable service failure, rather than Service failure before blame attribution.

User experience/perception falls short of reported performance. This results in a mismatch between reported performance and end-user experience - as a consequence, remediation is not triggered as early as it should be.



9. YOUR SOURCING STRATEGY LACKS CREDIBILITY AND CURRENCY, ISN'T ALIGNED TO BUSINESS STRATEGY - OR DOESN'T EXIST

Key cause:

Disruptive Sourcing in all its flavours is forcing sourcing strategy back onto the Boardroom Agenda but needs to be executed in a truly strategic and holistic fashion in order to achieve maximum value for the business.

Motivations behind sourcing strategies are too often tactical in nature, and only in response to a narrower business event. These include a major contract ending / failing, a cost-down challenge, updating the sourcing strategy section of an IT Strategy, lack of funds to take a more comprehensive perspective or detachment between sourcing responsibility and business implications.

In order to be elevated to Business Strategy, your Sourcing approach needs to be elevated to a strategic level too.

HOW CAN DISRUPTIVE SOURCING HELP?

Our 'Disruptive Sourcing' approach enables organisations to make smarter sourcing decisions, forge disruption-driving relationships and minimise costs.

AWARD-WINNING EXPERTISE



Helping Electricity North West re-shape their IT services to deliver next-generation services

**Winner of the 'Value Creation' award at the Global Sourcing Association (2019)

[Learn more](#)



Helping a global energy company reimagine sourcing in the digital era

** Shortlisted for the Management Consultancies Association (MCA) Commercial Excellence Award (2019)

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Coeus Consulting empowers IT leaders to deliver more. We do this by standing alongside our clients to create, execute or manage tailored and strategic change, and drawing upon our truly independent and unique experience to exceed expectations.

Our Sourcing Capabilities

Helping IT leaders acquire, contract and manage digital skills expectations.

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