



Service Description- ISG Sourcing Solutions

G-CLOUD 15. LOT 3: CLOUD SUPPORT

ISG Sourcing Solutions support clients to implement their chosen sourcing strategy via a structured and systematic approach by selecting the best service offering from the most capable service provider at a competitive price. During Transition, ISG helps to plan and execute the transfer of operational delivery responsibility from one party to another.

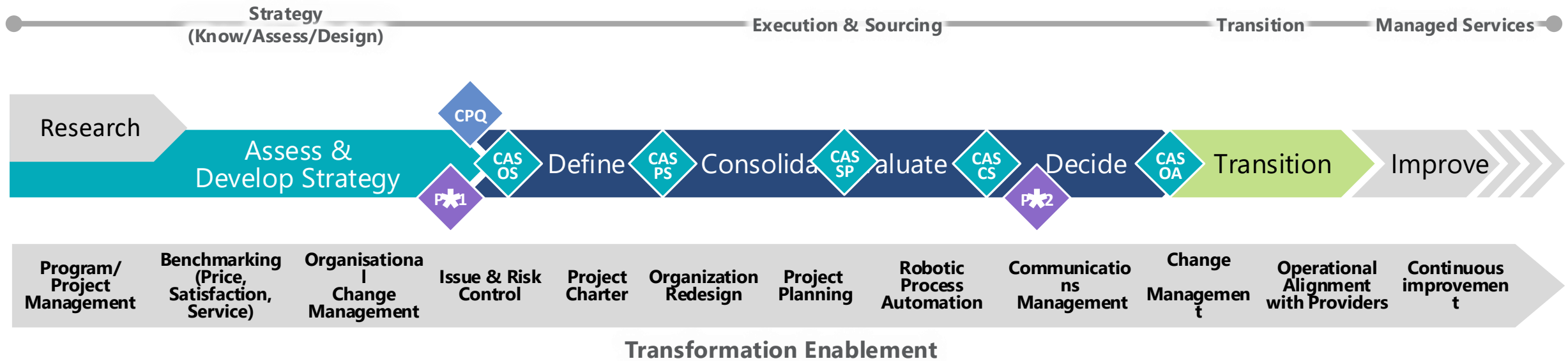
Sourcing Solutions Services

- **ISG Sourcing Strategy and FutureSource™** – a unique and comprehensive sourcing solution that helps enterprises and public sector organisations evaluate their business requirements, identify desired outcomes, fast-track the provider identification and selection process, collaborate with providers on developing the right solution, get to a signed contract and transition operations faster than ever before.
- **Operating Model Design** – There are many business scenarios where ISG provides Operating Model Consulting: Outsourcing / Insourcing, SIAM Transformation, M&A / Operational Integration, Enterprise Agility Transformation, Enterprise System Implementation, and Automation.
- **Renegotiations** – solidify a strategy, build consensus around the sourcing objectives and assess the scope and organisational readiness for renegotiating. Let us help you discern if the original business case for sourcing still applies or create a new business case based on today's needs and environment.
- **Deal Assurance** – provide Value for Money (VfM) and Commercial Excellence assurance to inform client decision making in outsourcing / renegotiations.
- **Transition & Transformation** – address the challenges of a services transition to a new service provider and build a positive foundation for partnership.
- **Strategy Realisation Office** – provide governance that ensures the strategic alignment, prioritisation, and management of our client's portfolio of transformation projects and programs

The Sourcing Lifecycle and FutureSource 2.0 Scope

The Transaction begins with the Sourcing Strategy and runs through the Transaction and Transition phases.

ISG's Business Decision Cycle





Sourcing Strategy & FutureSource™

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Six Big Questions

The ISG sourcing strategy provides the answer to six 'big questions' relevant to client challenges

Align & Analyse	1	What are you trying to achieve?
	2	What is your current situation?
	3	What are your peers & the market doing?
Evaluate	4	What are the best options ?
Recommend & Implement	5	Which is the most appropriate option and why?
	6	How can you implement the selected option?

ISG FutureSource™ 2.0 Strategy Approach

Consists of five distinct phases with clearly defined activities and deliverables.

	Align	Analyse	Design	Evaluate	Recommend
Primary Activities	- Develop project plan - Assemble the working team - Customise data collection templates - Develop communications and meeting cadence - Kick-off the project - Perform data collection	- Complete data collection - Perform current environment analysis - Create current environment profile and SWOT analysis - Provide ISG Market View - Develop business context - Develop base case	- Define solution drivers and constraints - Develop service design - Finalise base case	- Develop scenarios - Evaluate scenarios - Develop indicative business case.	- Define service delivery strategy - Draft target operating model - Update/refine business case - Develop and present implementation roadmap
Deliverables	- Final Project Plan - Kick-off Presentation - Data Collection Templates - Communications Cadence	- Business Context - Sourcing Strategy Objectives - ISG Sourcing Market Workshop - Current Environment Profile and SWOT Analysis	- Solution Framework - Service Design - Base Case	- Scenario Blueprints - Preferred Scenarios - Indicative Business Case	- Sourcing Strategy - Target Operating Model Requirements - Final Business Case - Risk Mitigation Strategy - Implementation Roadmap

 Executive stage approval

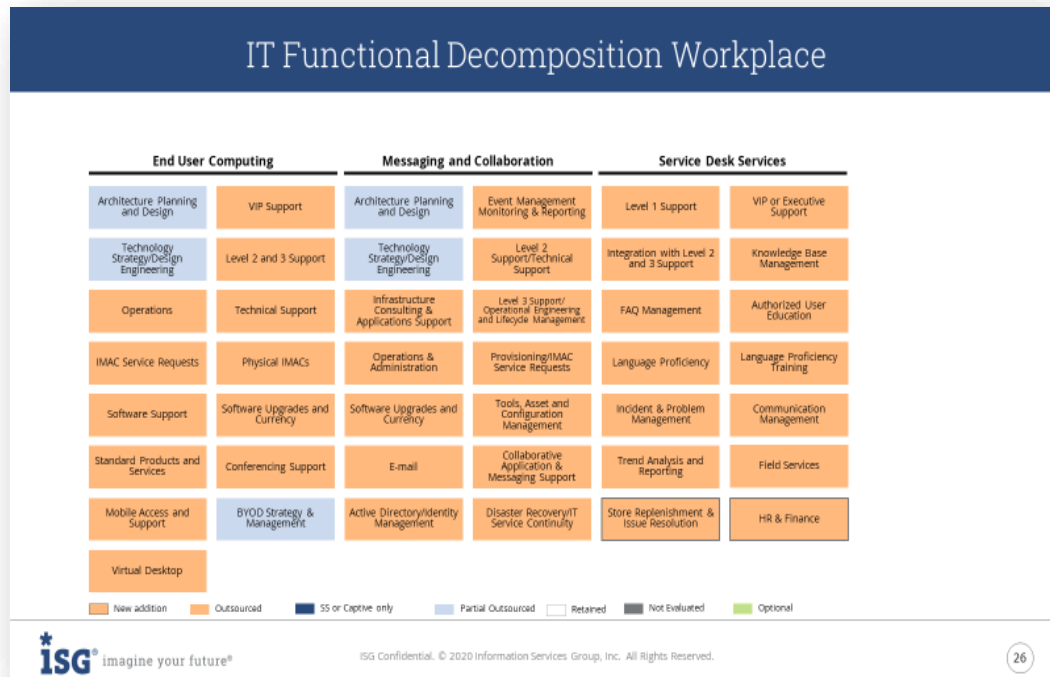
Sourcing Strategy Framework

We start by aligning your stakeholders around the critical dimensions required to meet business objectives.

							Dimension
Strategies	In-house		Selective Sourcing		Strategic Sourcing		Sourcing Model
	BPO		ITO/Apps		ITO/Infra		Scope
	Single Provider		Multiprovider		Tiered-Provider Model		# of Providers
	Better Value		Operational Transformation		Business Transformation		Strategic Rationale
Tactics	Onsite	Onshore	Near-shore	Hybrid	Off-shore	Provider-Driven	Location
	Assume Risk		Share Risk		Source the Risk		Risk Allocation
	Maintain Complete Control		Share Control		Relinquish Operating Control		Control Allocation
	Short Term		Medium Term		Long Term		Commitment
Target Operating Models	In-house		Staff Augmentation		Outsourced		Sourcing Model
	Traditional In-house	Captive	Traditional Staff Aug	Virtual Captive	Project Based	Managed Service	XaaS
	In-house	Independent	Guardian	Prime	Hybrid		SIAM*

Mapping out the “as-is”: Articulating current IT environment

Mapping out the “as-is” status both in terms of existing outsourcing relationships as well as potentially in-scope capabilities currently performed internally



As Clients recognise, to create an effective sourcing strategy, it is important to first understand the current environment.

ISG have developed a ‘Functional Decomposition’ of all core elements of an IT landscape.

This will be used as the basis to articulate a Clients current state and proposed target states including the status of whether the work is currently contracted with third parties.

Each element of the model is colour coded to clearly describe whether the activity is retained in house or sourced from the market.

This will be used to identify whether there are complementary services which should be included to enhance overall attractiveness to the market.

Mapping out the “as-is”: Building the Base Case

Mapping out the “as-is” estate from a financial perspective to act as the Base Case by which the future Business Case will be assessed.

COMPANY XYZ Base Case

\$380M of the current \$448M five-year Base Case considered
Addressable for the Sourcing Strategy Business Cases.

Total Base Case	Base Year	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Total 5 Year
	2019	2020	2021	2022	2023	2024	2025	2021-2025
Employees	28	41	48	48	48	48	48	
Contractors	8	7	5	5	5	5	5	
Student Workers	2	1.33	0	0	0	0	0	
Total FTE	38.0	49.3	53.0	53.0	53.0	53.0	53.0	
Employees Costs	\$5.6	\$8.2	\$9.5	\$9.6	\$9.6	\$9.7	\$10.0	\$48.5
Contractor Costs	\$0.6	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$2.2
Professional Services	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$2.8
Hardware	\$1.6	\$1.7	\$1.7	\$1.7	\$1.7	\$1.7	\$1.7	\$8.6
Software	\$3.2	\$3.2	\$3.2	\$3.2	\$3.2	\$3.2	\$3.2	\$15.8
Facilities	\$3.3	\$3.3	\$3.3	\$3.3	\$3.4	\$3.4	\$3.4	\$18.7
Communications	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
Service Provider1 3rd Party	\$67.6	\$68.2	\$66.5	\$67.7	\$68.3	\$68.9	\$70.0	\$341.4
Other 3rd Party	\$2.3	\$2.3	\$2.3	\$2.3	\$2.3	\$2.3	\$2.3	\$11.5
Other/Miscellaneous	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$0.7
Direct Expense Total	\$84.9	\$88.1	\$87.7	\$88.8	\$89.6	\$90.3	\$91.9	\$448.3

- Service Provider1 cost based on Service Provider1 forecast for 20XX and PC Forecast.
- Headcount and associated costs assume TOM fully implemented by 20XX.
- Most costs were annualized based on 8 months actuals (August YTD) extrapolated to 12 months.
- Annualization of Voice and Data Radio support costs needs validation against forecast.
- Service Provider1 Business Line Projects excluded pending sizing and tower allocation.
- Unmanaged Business IT spend excluded pending analysis.

- All Service Provider1 cost considered Addressable.
- Professional Services, Hardware, Software, and Other Miscellaneous costs are COMPANY XYZ retained.
- FTE and associated costs included in addressable are Voice and Data Radio support (8 FTE) and 6 BCOE FTE.
- GRAF charges allocated across Service Provider1 services and are 100% addressable.
- Service Provider6 and Service Provider7 services considered addressable; all other Radio Network costs are not addressable (hardware, software, and lifts).

Mapping out the “as-is” also requires a Base Case. This is one fundamental component in enabling objective decision frameworks to be successfully created.

We work with Clients’ finance team and service owners to understand what costs are currently incurred in running the technology function.

ISG work with Clients to determine the appropriate level of detail but will at a minimum provide cost per tower and forecasted growth for the agreed period.

The base case can then be used as a fact-based record against which the potential suppliers will be assessed, if Clients decide to go to market for the services covered.

The development of the Base Case and any supporting Business Case will detail the opportunity of any sourcing engagement that Clients may wish to pursue as an outcome of this engagement.

Depending on data availability, it may need to be updated through the following phases of the Project.

Bringing external market perspectives: Sourcing suitability

Providing an external perspective on the suitability for sourcing for each of the in-scope services identifying which services are candidates for outsourcing vs those that should continue to be retained.



Not all elements of the model are suitable for sourcing from the market.

Underpinning the Functional Model is ISG's 'Swoop Charts'; categorisations of which elements are typically more suited to being retained in house and which are better candidates to be sourced from the external market.

These charts are used to review and guide Clients target state for appropriateness.

They will also provide critical input into deciding which services can logically be bundled, for optimal responses from the market and create the foundation for determining which services are best consumed in a 'services' model, and which are better suited to 'activity' models.

Providing an objective decision framework: Producing a strategy you can get behind

Propose an overall sourcing strategy having completed an assessment of a variety of options open to a Client based on the Clients' strategic objectives, scope of services as well as any existing constraints.

Sourcing Scenario Constraints

The following Constraints were considered in each Sourcing Scenario.

Constraint	Description
COMPANY XYZ Must Migrate to One or More Service Providers	- Service Provider1 will not provide long term support to COMPANY XYZ: - Services currently provided by Service Provider1 will need to be re-sourced using a new Service Delivery Model. - Timing for exit is fixed; COMPANY XYZ must exit Service Provider1 no later than June 20XX. - Cooperation from Service Provider1 will be based on Service Provider1 priorities, not COMPANY XYZ. - Potential partnership with COMPANY XYZ may overtly influence timing of strategy and solution - Common or divergent ownership interests may drive key decision points. - Timing of partnership discussions may impact timeline for sourcing strategy.
Geographical Support Requirements	- COMPANY XYZ will require onsite support in remote parts of Location1 including: - End user support - Wireless access points 'Instrumentation' related platforms
Strategic Planning	
Organizational Readiness	

Revised Sourcing Scenarios

Based on discussion with COMPANY XYZ and ISG evaluation, Scenario F provides the best option for COMPANY XYZ.

Service Delivery Objectives	Scenario A Outsource Maintenance and Support for All Applications, Infra and Network (Voice, Data, Radio)	Scenario C Multi-Supplier including inhouse for specific Towers (e.g., Radio)	Scenario F Outsource Infra leveraging Private Cloud with Public capabilities. ADM and Radio in-house
Best Possible Path	●	●	●
Seamless Transition and Transformation	●	●	●
Agility and Scalability	●	●	●
Improve Governance and Vendor Management	●	●	●
Improved Financial Management	●	●	●
Security	●	●	●

ISG Recommendation

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Each client has different imperatives and desired outcomes from the transformed sourcing environment.

During the strategy formation phase, ISG work with various stakeholders to articulate what a client's objectives are and what route is recommended to enable the achievement of those outcomes.

Taking into account a client's starting position and the nuances of your environment, we aim to describe the trade-offs that the different approaches may involve to enable the client to make an informed decision about their future direction.

This will give a client the information they will require on which method of sourcing is right for them (e.g., single provider, multi-provider).

Proposing an overall sourcing plan: Understanding who to invite to the process

In addition to identifying a 'future ready' sourcing strategy, ISG can identify appropriate partners utilising ISG's Candidature Provider Qualification process.

Long List of Providers – ADM and Infrastructure Services

3 Scope specific characteristics of longlisted service providers

Atos

- Atos has generated significant revenues from its data center outsourcing business and has made a sound decision of acquiring Syntel
- Atos' revenue from data center services represents more than 30 percent of its overall revenue. Over the last few years Atos has been aggressively promoting its Canopy brand which helps in modernizing data centers and managing private cloud and multiple public clouds
- Within this framework, Atos can deliver an end-to-end set of services ranging from consulting, migration, and transformation to application transformation and service orchestration, all protected by its trusted cyber security services

Capgemini

- Capgemini provides services for data center management and transformation as well as standalone managed hosting services from its own facilities. While most of its business has been centered in the EMEA region, it has been expanding globally and has a network of more than 40 owned or partner-owned data centers.
- Capgemini has undertaken several data center consolidation and transformation projects. These include the use of highly efficient techniques to optimize and relocate the applications and data from data centers that are spread across the globe and to reduce the data center footprint.

DXC technology

- DXC's portfolio of data center services covers managed hosting plus data center management and transformation services. DXC is building on its legacy of HP Enterprise Services and CSC. It has a couple of decades of experience in providing managed hosting services across the globe.
- DXC also has a global network of more than 90-owned and partner-owned data centers globally. It has eight global delivery centers and 21 region-based centers to address existing and future clients for on-shore, near-shore and off-shore requirements.
- DXC has a long history with key migration and transformation partners, including Virtual Clarity, Turbonomic, Krystallize and CloudGenera

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The Candidate Provider Qualification (CPQ) process is the method ISG advisors use to match requirements of clients with capabilities and characteristics of providers.

The CPQ process is informed by:

- ISG Quadrant Reports: which providers have skills in which areas
- ISG Architype Reports: which providers are suited to which types of clients
- Provider Profiles: primary research conducted with providers including focus on industry expertise
- Advisor Feedback: captured from recent and ongoing transactions
- Provider Briefing Notes: information pushed to market by providers and curated by ISG

As a result of the CPQ process, Clients will receive a long list of providers (c. 10-13) for consideration, with a goal of reducing to 5-6 for the next stage of the sourcing process.

Our Proven Sourcing and Contracting Method

Workshops for alignment combined with **frameworks** for the entire sourcing and contracting process.

Agreement Framework

Legal conditions, tailored to your policies, guidelines and frameworks

Service Framework

The scope of the services to be provided by an external partner clearly laid out in SLAs

Performance Framework

Required performance of the partner's services, linked to business needs/goals

Pricing Framework

The full costs of all services to create transparency/planning predictability



Outcome & Scope

Client internal workshop

Align on Goals, Collaborate on Scope,
Assess Readiness

Provider Scan

Client with provider workshop

Verbal RFI, Initiate Provider
Relationship and Learn Capabilities

Solution Preview

Client with provider workshop

"Test Drive" Solution, Preview Proposal
& Governance

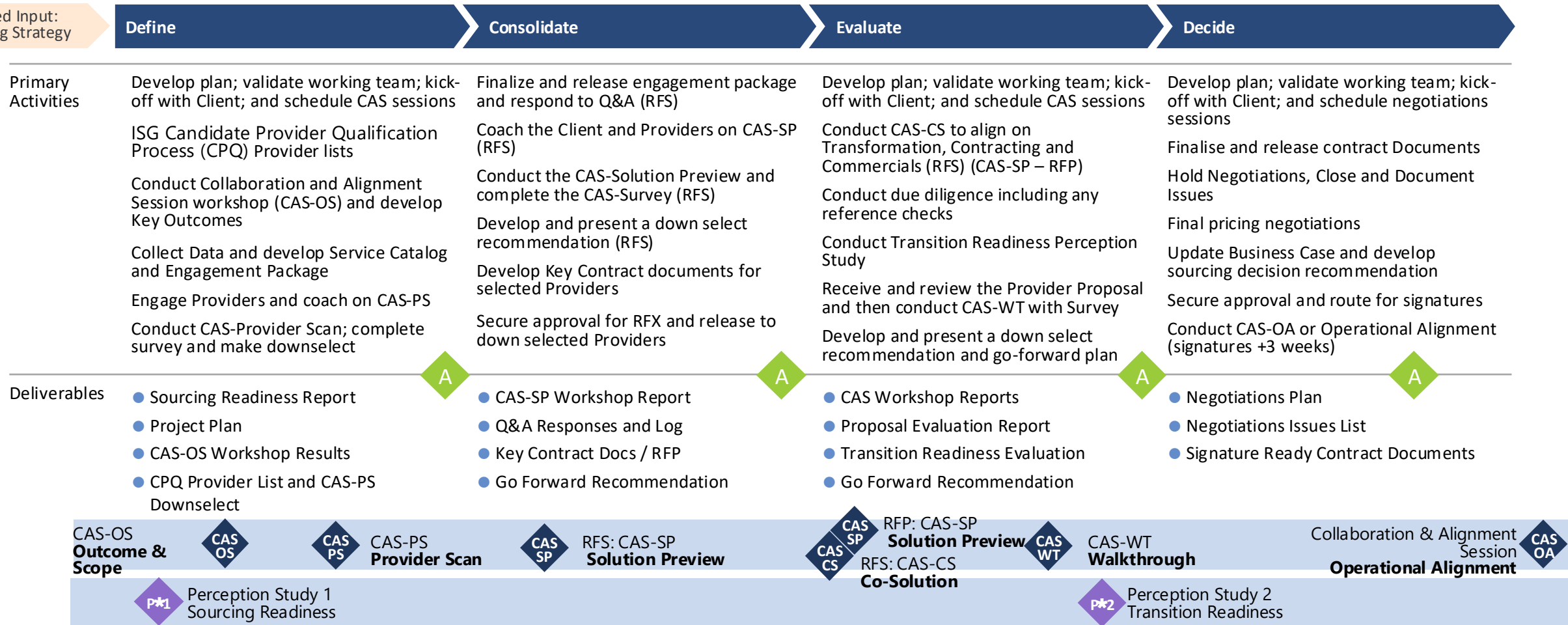
Operational Alignment

Client with provider workshop

Jump Start Transition, Align on
Operations and Business Processes

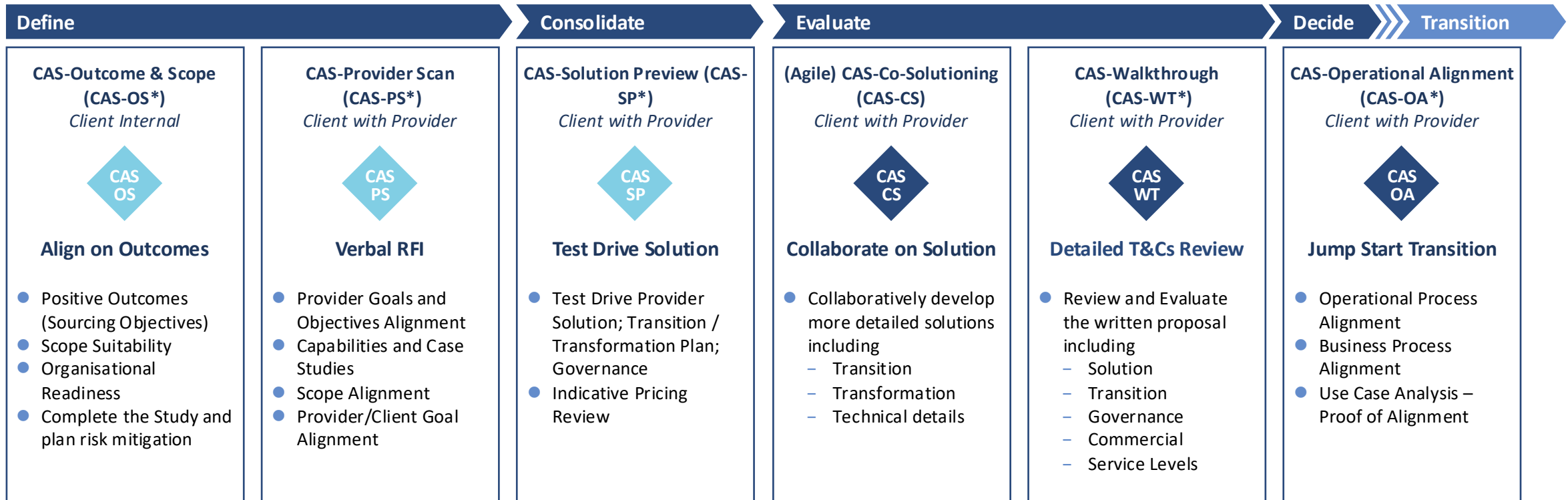
ISG FutureSource™ 2.0 Transaction Approach

We start the transaction with the things that matter: Scope, Financials, Provider Options, Readiness, and Collaboration.



ISG FutureSource™ – Six Collaboration and Alignment Sessions

ISG's unique collaborative method for accelerating solution design, alignment and stakeholder acceptance..



On-line
Surveys



Perception Study 1
Sourcing Readiness*



CAS-PS
Survey*



CAS-SP
Survey*



Perception Study 2
Transition Readiness*



CAS-SP
Survey*

* Same as standard approach

Key Events Summary

Event	Brief Description
CAS-Outcome and Scope (OS)	An all/half day on-site workshop with ISG and COMPANY XYZ leadership only – to review the Sourcing Strategy; the sourcing market and align on the scope to be in the sourcing transaction and the positive outcomes to be achieved (sourcing objectives).
Sourcing Readiness Perception Study	Conducted in conjunction with or shortly after the CAS-OS. This is an on-line survey run by a centralised ISG group to gauge the readiness of COMPANY XYZ, by client groups (e.g., IT, Procurement, HR, Finance, etc.), to undertake a sourcing project.
CAS-Provider Scan (PS)	An all/half day on-site workshop with each invited Provider to initiate the relationship; evaluate cultural fit; review Provider Capabilities and Credentials; align on Positive Outcomes and map Provider credentials to Clients Positive Outcomes.
CAS PS Survey	Conducted following the CAS-PS. This is an on-line survey run by a centralised ISG group and is used to evaluate the fit of the Providers to the scope of the work and the client culture. The evaluation output is used to help drive the client decision on which Providers to receive the RFP.
CAS-Solution Preview (SP)	An all/half day on-site workshop with each Provider to review their directional Solution to the RFP requirements (Engagement Package) with discussion about options if any. The review covers the Transition; Technical Solution and Governance.
CAS PS Survey (Initial)	Conducted following the CAS-SP. This is an on-line survey run by a centralised ISG group and is used to evaluate the fit of the Providers proposed solution to meet the COMPANY XYZ Outcomes. The evaluation output is used to help understand alignment and communicate any directional feedback to the Providers that was not provided during the collaboration session.
CAS-Co Solutioning (RFS Only)	An all/half day on-site workshop with each Provider to take a deeper dive into their proposed solution including the Transformation approach and timeline; detailed transition planning and other technical details (such as data center locations or hardware/software selection) needed to fully understand the solution and provide the Providers final, verbal feedback before their final submission/offer.
CAS-Walk Through (WT)	All day, on-site workshop with each Provider to conduct a detailed review of their submitted response including individual discussions on the MSA and legal topics; financial and commercial terms; the statements of work and service levels, etc. Providers update responses to codify their verbal responses during the sessions.
CAS PS Survey (Post Walkthrough)	The same survey as the CAS-PS is re-run after each CAS-WT session. No results are communicated to the Providers instead the evaluation output is used to help drive the COMPNAY XYZ decision on Providers to select for final negotiations.

Sourcing Artifacts and Accelerators – Define

Our FutureSource 2.0 methodology is an iterative improvement to the previous approach, with each phase supported by easy-to-configure IP. Here are some of the templates relevant for the Define Phase.



Use technology and apps to bring teams together, validating objectives and direction



Collaboration & Alignment Sessions to ensure that the client has robustly considered their capacity & capability to take on change

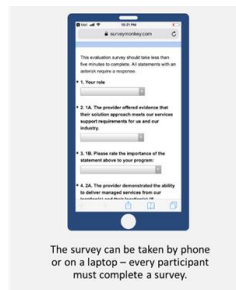


Service catalogue oriented contracting approach is used to accelerate transactions

1

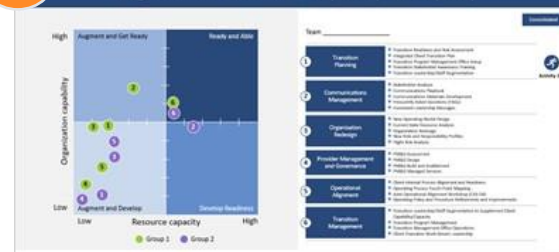
Based on the provider sessions, each AIG participant ...

- Scores the relevance of the provider's capabilities and credentials to AIG Company's high-level requirements
- Scores the client team's perception of:
 - Strength of the provider's implementation approach and strategy for the services in consideration
 - Alignment of the provider with AIG Company's positive outcomes
 - Alignment of the provider with AIG Company's corporate culture
- Lists the provider's top Strengths and Areas of Improvement for:
 - Solution
 - Transition
 - Governance
 - Cultural Fit
- Plus ad-hoc responses



2

Organizational Readiness – Capacity and Capacity



3

Catalog Service Approach to Service Description

ISG describes services specifying technology services to be managed and the generic processes to be performed in managing technology while avoiding describing the detailed procedures.

With a view that almost "Everything" is available as a Service (XaaS), contracts should be service-oriented and describe services in a top-down fashion, starting with a cross-cutting overview in the Service Catalog and then describing details related to Technology, Service Delivery, Performance, and Pricing.

The statement of work describes the contracted outcomes of generic IT business processes. This is the "WHAT" of the contract only and should be applicable across any layer of a technology stack – no more custom SOWs.

We don't try to write an operating manual before we get to signature – but we do make that a post signature obligation so both Parties develop and agree the manual before Go-Live!

Generic Business Services Delivered Through Processes	Apply Tool	Describe	Describe
1. Solution Services	Not Included	Not Included	Not Included
2. Service Delivery	Not Included	Not Included	Not Included
3. Performance	Not Included	Not Included	Not Included
4. Pricing	Not Included	Not Included	Not Included
5. Governance	Not Included	Not Included	Not Included
6. Compliance	Not Included	Not Included	Not Included
7. Security	Not Included	Not Included	Not Included

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Sourcing Artifacts and Accelerators – Consolidate

Our FutureSource 2.0 methodology is an iterative improvement to the previous approach, with each phase supported by easy-to-configure IP. Here are some of the templates relevant for the Consolidate Phase.



CAS-SP is a collaborative, accelerated, solution-designed workshop structured to drive the downselect of Providers to receive the Engagement Package

1

CAS – Solution Preview (CAS-SP)



Solution

Providers "test drive" their solution direction and identify any gaps for closure. This allows the provider the opportunity to refine their proposal, improve their pricing, and mitigate risk based on additional insight.



Transition

Client participants review the provider's overall transition plan timing, transition process (plan, knowledge transfer, shadow, reverse shadow, acceptance and sign off), milestones, measurement and metrics, and transition risks and mitigations.



Governance

Client participants review the provider's approach to governance, account management processes and team, and innovation management, etc. Optionally includes discussions of the commercial model; indicative pricing; volume discounts; etc.

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ISG will summarise the data collected through the consolidate phase to provide a recommendation of who to progress with

2

Recommended Provider

	At&S	Cognizant	Tech Mahindra	wipro
Sourcing Objectives	provider A	provider B	provider C	provider D
Optimize run cost	●	●	●	●
Improve service delivery quality	●	●	●	●
Enable consumption based model	●	●	●	●
Support Partnerships	●	●	●	●
Rationalize number of Suppliers	●	●	●	●
Minimize provider lock in	○	●	●	●

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ISG Recommendation 12



Readymade key commercial documents and templates can be configured for the client to save time and money

3

Exhibit 4
Pricing and Financial Provisions

Issued on: [Issue Date]
By: [Customer] ("Customer")

Responded on: [Response Date]
By: [Provider] ("Provider")

Sourcing Artifacts and Accelerators – Evaluate

Our FutureSource 2.0 methodology is an iterative improvement to the previous approach, with each phase supported by easy-to-configure IP. Here are some of the templates relevant for the Evaluate Phase.



A comprehensive engagement methodology has been developed so a client and provider get the most from limited interactions, with focus on co-creation & solutioning

1

What is CAS OA Operational Alignment (OA)?

- Specialized set of activities created by ISG to ensure a more effective and efficient alignment between the COMPANY XYZ future state operating model and key processes with those of Service Providers.
- Designed to better ensure a successful transition to the new operating environment and realization of COMPANY XYZ's sourcing objectives.
- Focused on aligning operating processes that require clearly defined handoffs and interactions between COMPANY XYZ and Managed Services Providers.
- Centered primarily about these interactions, (what happens in the "white space" between process steps), rather than detailed documentation of processes.
- Key to success is engagement of COMPANY XYZ process owners and SMEs during Process Definition and Use Case development prior to the OA Workshop.



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Templates are used and then completed for a final report on CAS performance by providers, enabling the evaluation of providers over time

2

Activity 3: Transformation – Workshop Poster

Activity 3: Transformation	
Strengths	Weaknesses
Opportunities	Threats (Risks)
Top 3 – 5 Things to Correct:	

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Once the Downselected providers have been thoroughly tested and scored, a recommendation for a successful provider will be made

3

Recommended Provider

	AtoS	Cognizant	Tech Mahindra	Wipro
Sourcing Objectives	provider A	provider B	provider C	provider D
Optimize run cost	●	●	●	●
Improve service delivery quality	●	●	●	●
Create consumption based model	●	●	●	●
Support Partnerships	●	●	●	●
Rationalise number of Suppliers	●	●	●	●
Minimise provider lock-in	●	●	●	●

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ISG Recommendation 12

Sourcing Artifacts and Accelerators – Decide

Our FutureSource 2.0 methodology is an iterative improvement to the previous approach, with each phase supported by easy-to-configure IP. Here are some of the templates relevant for the Decide Phase.



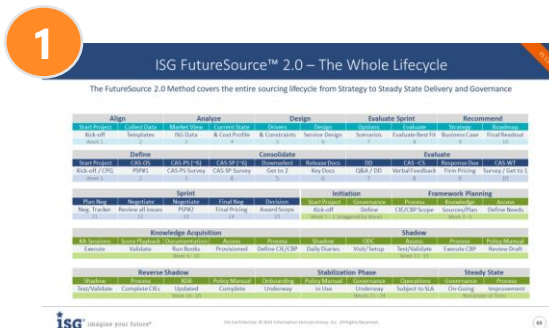
The Sourcing process culminates with the Decide phase, where negotiations plans are created and managed



A detailed view of the key negotiating topics is produced and used to ensure that in the heat of negotiation, we continue to focus on high value issues

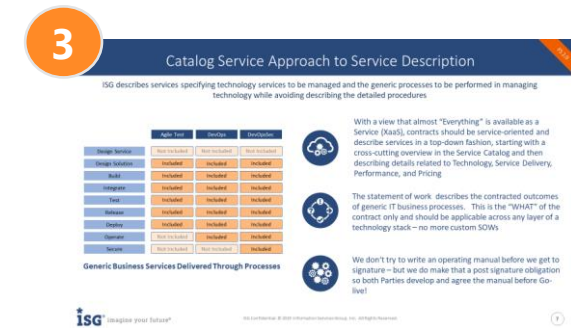


At the end of the negotiations and sourcing process, The client will have a fully signed and executed contract with the newly chosen provider



2

Item Nbr	Supplier	Stream / Tower	Date	Document
Example	Supplier Name	1.1 Applications	20/06/2008	PPT XYZ / Document name/etc...
1	TCS	2.0 TOM (Cross Functional & Governance)	12/06/2020	Assumptions
2	TCS	2.0 TOM (Cross Functional & Governance)	12/06/2020	Assumptions
3	TCS	2.0 TOM (Cross Functional & Governance)	12/06/2020	Exec summary
4	TCS	2.0 TOM (Cross Functional & Governance)	12/06/2020	Exec summary
...	...	2.0 TOM (Cross Functional & Governance)	...	...



*ISG Tango™



Smarter

Removes friction and manual efforts in negotiating and contracting deals.



End-to-end

From initial service scope, provider selection, and contract creation to signature.



Business-aligned

Built in gates ensure goals are met, and avoid committing to lengthy and costly sourcing agreements



Data-driven

Embeds ISG proprietary data and AI analytics

Empowering informed sourcing decisions with optimal efficiency.

ISG Tango includes:



Candidate Provider Qualification

Granular insights of who can deliver the scope of services



Market Scan

Extensive scan of providers to understand capabilities and market pricing



Virtual Deal Room

Secure role-based authorisation to manage document development in one place, at any time



Document Creation

Automated document creation reduces manual efforts of contract production



Transparency & Real-time Status

24x7 real-time view throughout the entire sourcing process for all stakeholders



Service Catalogue

Fully integrated catalogue to build the services to match the required scope



Operating Model Design

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What is an Operating Model?

An Operating Model describes how an organisation plans, delivers and governs its work.



It defines the **functional organisation** as well as the **disciplinary organisation**. It defines who makes which decisions and is responsible for certain outcomes. How the interplay between teams is organised.

No two clients are the same – nor are their operating models!



Scope of projects can be very different, too!

We created the Operating Model Framework to have
a re-usable set of tools to describe the aspects of a client specific operating model.

Client Operating Model Realities

Every organisation has an Operating Model it follows to meet its business goals and create value for its customers.



Sophistication

However, their Operating Model can be either ad hoc (i.e., formed on-need, on-the-go basis) or designed (i.e., purposefully created) and either tacit (i.e., in people's heads) or documented.



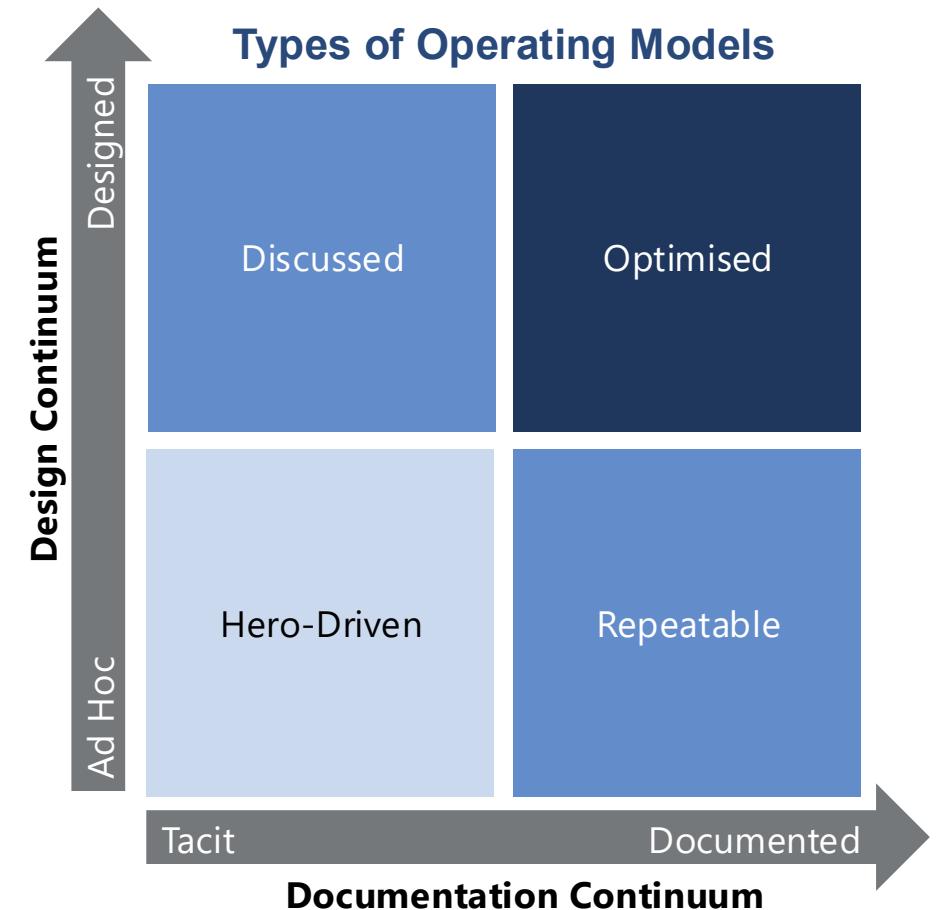
Maturity

Thereby **Operating Models can be grouped in different types** based on level of design and documentation.



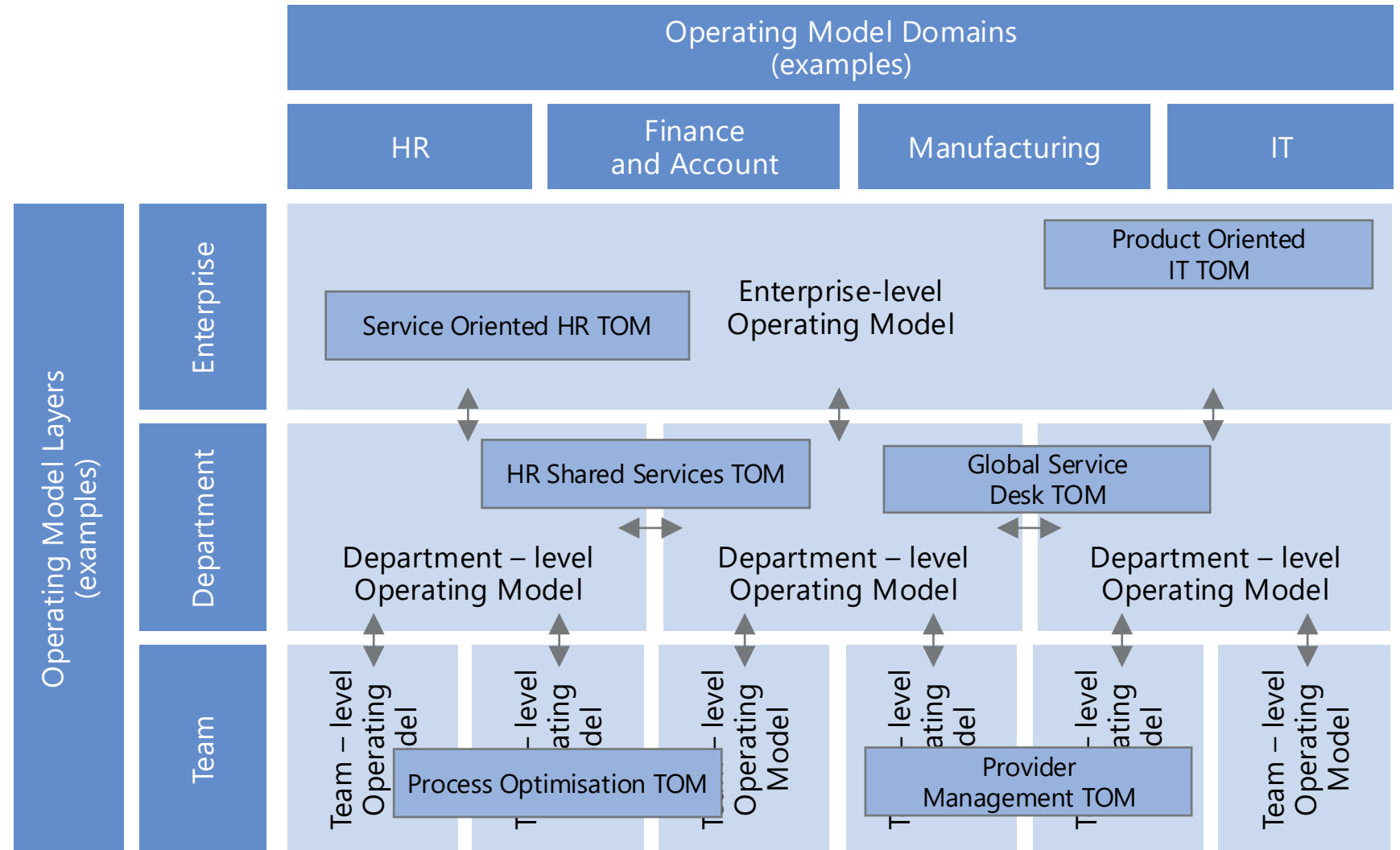
Time

In a typical client situation, there is the **As-Is** Operating Model, i.e., reality of how the organisation actually operates, and **Target** Operating Model, describing how the organisation needs to operate in the future.



Layered Approach to Operating Models

- In practise, **large enterprises do not have one Operating Model encompassing the whole enterprise.**
- Instead, the **Operating Model is divided into multiple Layers** (levels of detail) and **Domains** (area of applicability), which themselves are typically described at the highest layer.
- When documenting as-is or target Operating Model **it is important to define “for what”**, i.e., the Layer and Domain under discussion.
- Each Operating Model dimension might have **specific deliverables depending on the Layer or Domain in scope.**



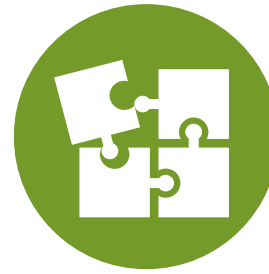
What are the Advantages of a Unified ISG Operating Model Framework?



Unified vision
and **professional communication**
towards our clients
and ISG internally



Easy to be understood
by
clients and
ISG consultants



Generic enough to
be **suitable for**
all ISG solutions
and teams



Leaves freedom to the
solutions to define their
specific deliverables
within the dimensions

All Eight Dimensions of the iFlex Operating Model Framework Should be Addressed for Optimal Delivery

Business Value: Alignment to key components of business value are at the **center of the operating model** and drive the operating model **strategy** based on **business objectives**.

Products/Services

Defining a **portfolio of products/services and enterprise architecture**, recognising different types of products, their business value and customer centricity may drive **different delivery models**.

Ways of Working

Simplifying workflow across the multiple **delivery value streams** and appropriate ways of working – such as **light-weight processes** – as speed to market, technology, provider landscape, and objectives change over time.

Organisation

Organisational structure that enables a **business/customer centric culture** which includes **business-aligned and flexible team setups** with **new empowered roles and skills**.

Partner Ecosystem

Creating an ecosystem of **partners** where **scarce skills** are **available** and/or **innovation** is shared; engaging culturally and managing the **ongoing relationship**.

Workforce Enablement

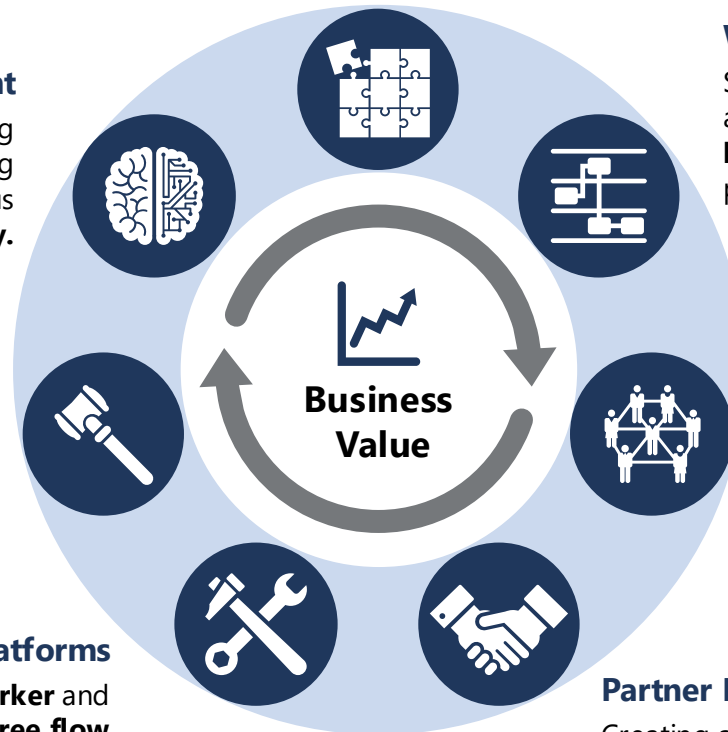
The Human Side of “X” Acknowledging and enabling the **cultural shift via change-leadership**. Fostering **employee-driven learning**, continuous improvement, **adaptability** and **accountability**.

Governance

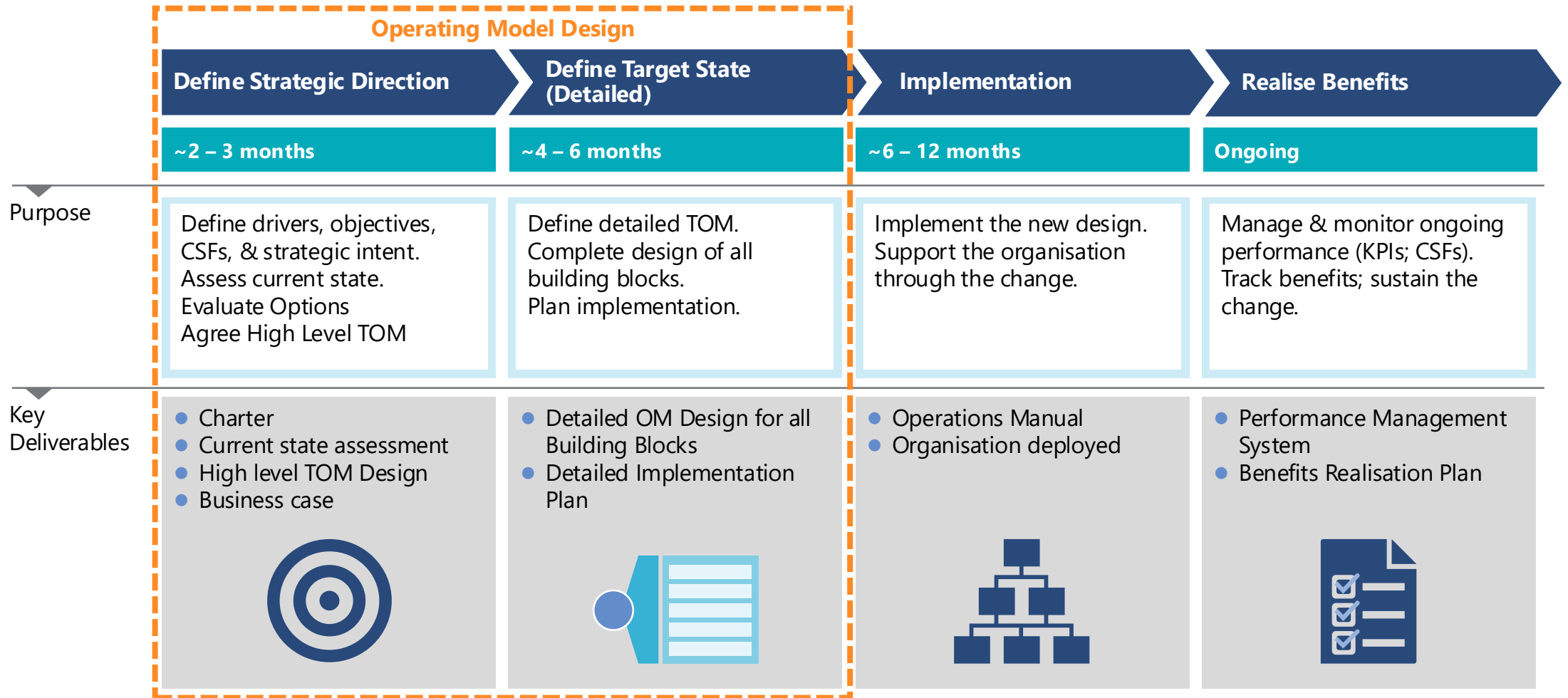
Providing the governance of the environment through appropriate **controls, visibility of performance**, legitimised **shared accountabilities** and clear **decision rights**.

Tools and Platforms

Focusing on the **experience of the skilled worker** and **select platforms** – enabling **collaboration, free flow of information**, and applying **automation** to repeatable process and flow by providing **the right tools**



Operating Model Transformation Approach





Renegotiations

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Renegotiations

A fundamental component of ISG's approach is a disciplined approach to contracting and negotiation intended to assure the delivery of value from the sourcing initiative. This approach is applicable to sole source negotiations as well as a competitive go to market approach.

ISG identifies three phases in successfully completing a restructuring / renegotiation. Starting from the existing service agreement, ISG will:



ISG's Partners and Advisors are generally highly qualified professional negotiators who for many years have negotiated contracts. ISG will provide insight during the negotiations regarding how Service Providers are likely to negotiate on each point of the requirements and what positions should be achievable.

As positions are negotiated, ISG will be able to provide additional ideas and content to support modifications to contract terms. Leveraging ISG's experience and knowledge of Service Provider responses, negotiating positions and final positions.

In addition to ISG's knowledge of Service Provider negotiating positions and style, ISG has a data repository of market price points for ISG's transactions which will enable us to share commercial insights.



Deal Assurance

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Deal Assurance

How ISG Support Clients to ensure you get Value from your Sourcing activities.



Value for Money

- ISG have the **authoritative Repository of Worldwide Sourcing Contracts Data** that contains **data on +226,000 sourcing contracts** covering all regions and industries.
- As **market leading benchmark specialists**, ISG are uniquely positioned to **provide assurance** to enterprise clients that their contracts (or Provider bids / proposals) **represent good value for money** when compared against market pricing.



Commercial Excellence

- Having **advised on over 2,750 contracts valued in excess of \$485B**, ISG have unique experience in assessing outsourcing contracts to ensure that **clients like are receiving market aligned T&Cs** that enable **service excellence, flexibility** and **ensures use of best practices**.
- **Identify major gaps** between proposed contracts and market leading practice, **identify** areas of **risk or exposure** and recommend steps to **improve contract readiness for signature**.



Business Case

- Help Clients develop a **detailed Business Case** to **support** the **governance** and **approvals process** when seeking sign-off to proceed with Sourcing activities.
- Use **industry best practices** and ISG **benchmark data** to ensure that a Clients business case reflects the most comprehensive case, **validated by a third-party** to **accelerate business approvals**.



Transition & Transformation

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Transition Core Objectives

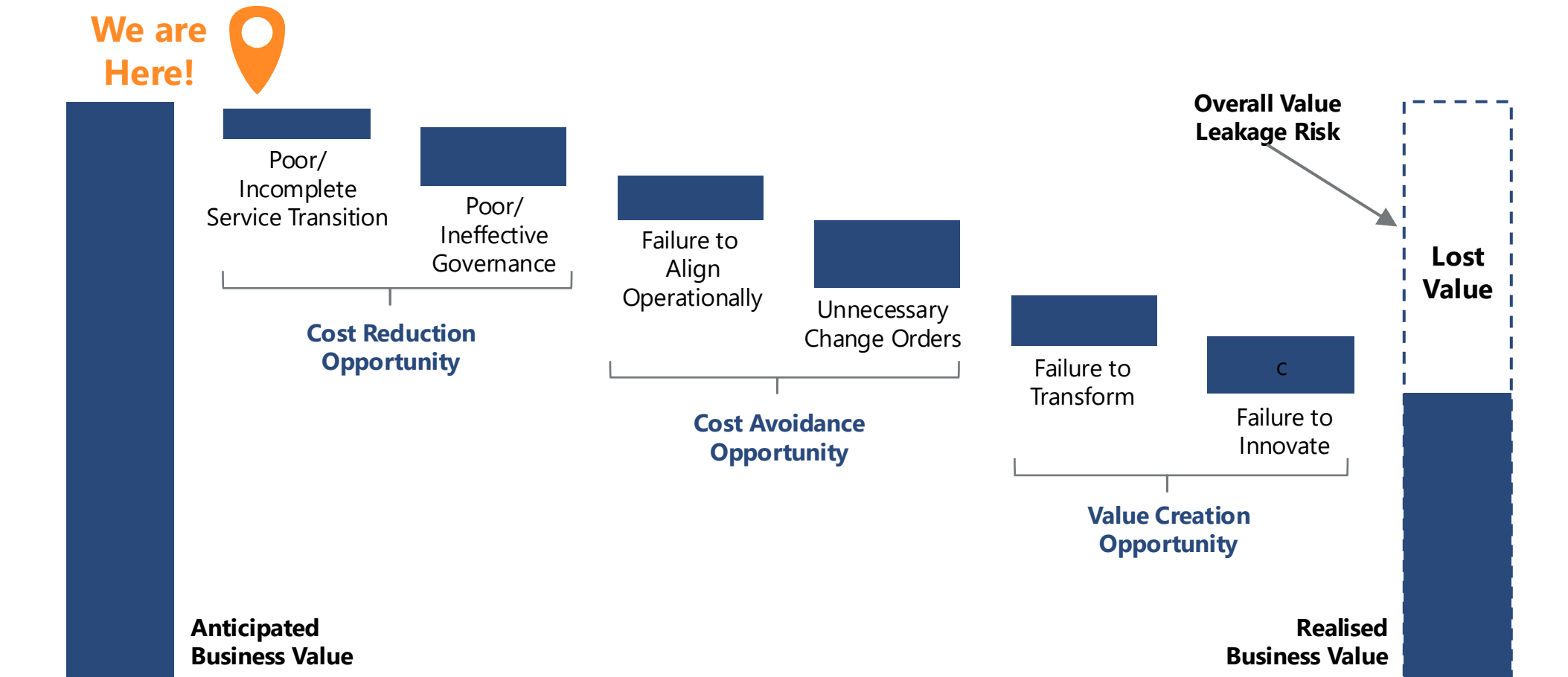
Key to ISG's proven transition methodology is a focus on five core objectives.

- 1** Execute comprehensive transition initiation or **preparation period*** where clients mobilize transition support.
- 2** **Operationalise service delivery** as defined in the agreement to prevent value leakage.
- 3** Establish effect **risk management**; identification, monitoring, mitigation.
- 4** Develop service delivery **knowledge capability** including verification of provider knowledge acquisition.
- 5** Establish the foundation for sourcing **benefit realisation** including client preparation to engage the provider effectively during and post-transition.

*Transition preparation should begin as early as practical during the selection process, but no later than the start of contract negotiations.

What's at Stake in Transition? Stemming Early Value Leakage

Value leakage occurs when business benefits of sourcing agreements are not realised. This begins in Transition. All value leakage can be prevented!



What a 'Good' Transition Looks Like

1. Client well-aligned internally to minimise provider confusion: well-established lines of communication, escalation and consistent expectations for the conduct of the transition program.
2. Ability to minimize business disruption – A “no noise” transition.
 - No degradation in IT service management processes and metrics e.g., response and resolution times.
 - No degradation or slippage in planned Releases or rollout of new Business services, products, capabilities.
 - Knowledge Acquisition and Transfer sessions are well-planned, scheduled in advance and avoid conflict with the SME’s “day jobs”.
3. Mutual culture of transparency established early on: early raising of issues and risks, collaborative problem solving, establish “One Team” serving the business (no finger pointing).
4. Ability to manage risks with sound mitigation plans.
5. Client effectiveness overseeing the provider: on-time achievement of Key Milestones, adequacy, understanding and quality of documentation and support processes/procedures, including key operating processes with which the provider will interface.
6. Effective execution of Client OCM: plans to support affected personnel in new roles and competencies are in place.

An effective transition results in a reliable engagement model for Steady State where processes are fit for purpose, consistent across business units and geographies, guided by defined and agreed Client-provider interactions and handoffs, and well understood by relevant stakeholders including the business.

The ISG Top 5 Reasons Why Transitions Fail

1



Transition planning started too late in the sourcing lifecycle

2



Unskilled or distracted client & service provider transition leadership

3



Ineffective client management checkpoints (reporting, governance)

4



Lack of future-state education & client retained organisation's change readiness

5



No standardised transition approach or methodology

How ISG can help mitigate this risk of transition failure:

Prepare clients during Negotiations so they are fully ready to engage provider

Augment client capacity with transition experts who know how to focus provider

Deploy proven meeting cadence for accurate and transparent checkpoints

Strong education curriculum and readiness built into client transition plan

Potent transition framework and quality gates to verify provider progress

How ISG Helps Mitigate These Risks and Challenges

Transition is a **mutual endeavor** in which Client and Providers are equally responsible for a successful outcome. ISG has an unwavering focus on this mutual success that sets the relationship for long-term success.



We have tested tools and methodology.

From **Governance Cadence & Templates** to **Critical Incident and Critical Business Process Exercises** to **Quality Gate Reviews** to verify progress to **Operational Readiness Assessments** – we know what is needed, when it is needed, and how to apply it.



We have expert, independent people.

Our transition consultants are **skilled transition leaders** who work alongside client Transition leaders with the capability to leverage ISG's tools and experience to **ensure the best outcome**.



We have the experience.

We have led **hundreds of successful transitions** for our clients. We have encountered and **helped clients resolve many difficult and challenging problems**.

ISG Transition Framework Methodology Phases

Transition deliverables are the responsibility of the client and the provider. ISG assists, guides, and supports.

	Transition Initiation	Framework Planning	Knowledge Acquisition	Shadow Support	Reverse Shadow Support	Stabilization	Steady State Entry
Typical Duration	2 weeks	2 to 3 weeks	4 weeks	2 to 3 weeks	2 to 3 weeks	As contracted	Contract term
Primary Service Transition Activities	Identify and onboard client transition leaders Define transition governance cadence and templates Plan client resources (retain, rebadge, etc.) Client preparation for transition before contract signature	Identify Critical Incident Exercise(CIE) and Critical Business Process (CBP) scenarios Define documentation assets and access Start access plans Define staff and KA plans Define templates Stand up governance	Execute KA sessions Execute/score playbacks Complete and verify App/Infra Information Documents (AIDs/IIDs) Finalise CIE/CBP scope Document Coding Training requirements Define production access	Complete daily SS diaries Plan ODC visit(s) Complete, test, verify production access Schedule CIEs Execute CBP observations and Coding training Review draft Policy & Procedures Manual	Document/score reverse shadow sessions Complete CIEs/CBPs and Coding training assignments Verify knowledge repository in place and complete Complete Policy & Procedures Manual (P&PM)	Initial SLA reporting Operational and governance meetings underway Policy & Procedures Manual in use Onboarding process	Semi-annual sessions planned Updated staff plan Steady state meetings, SLAs being reported in baseline phase
Service Transition Deliverables	- Wave plans by portfolio/tower - SME disposition plan - Transition leaders kickoff	- Detailed Transition Plan - Offshore access - CIE/CBP scenarios - Staffing plan - QG1 presentation	- AID/IID drafts - Playback scoring - Day One governance & operations design - QG2 presentation	- Daily diaries - Updated AID/IIDs - QG3 presentation	- RSS documentation & scoring - CIE/CBP results - Updated AID/IIDs - QG4/Operational Readiness exit gate	- SLA reports - Steady state provider and client retained organisation - P&PM in use	Steady state cadence of operation

 Contract Commencement Date
  Quality Gate
  Service Commencement Date
  Milestone



Strategy Realisation Office (SRO)

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What is SRO?

The Strategy Realisation Office (SRO) is a governing body that ensures the strategic alignment, prioritisation, and management of our clients portfolio of transformation projects and programs

1 Strategic alignment for deployment of resources



Deploys resources in alignment with corporate vision, strategic imperatives, and strategic goals

2 Prioritisation and business value of investments



Evaluate, prioritise, and sequence investments. Monitor and track value to minimize risk and increase ROI

3 Management of Transformation Projects and Programs

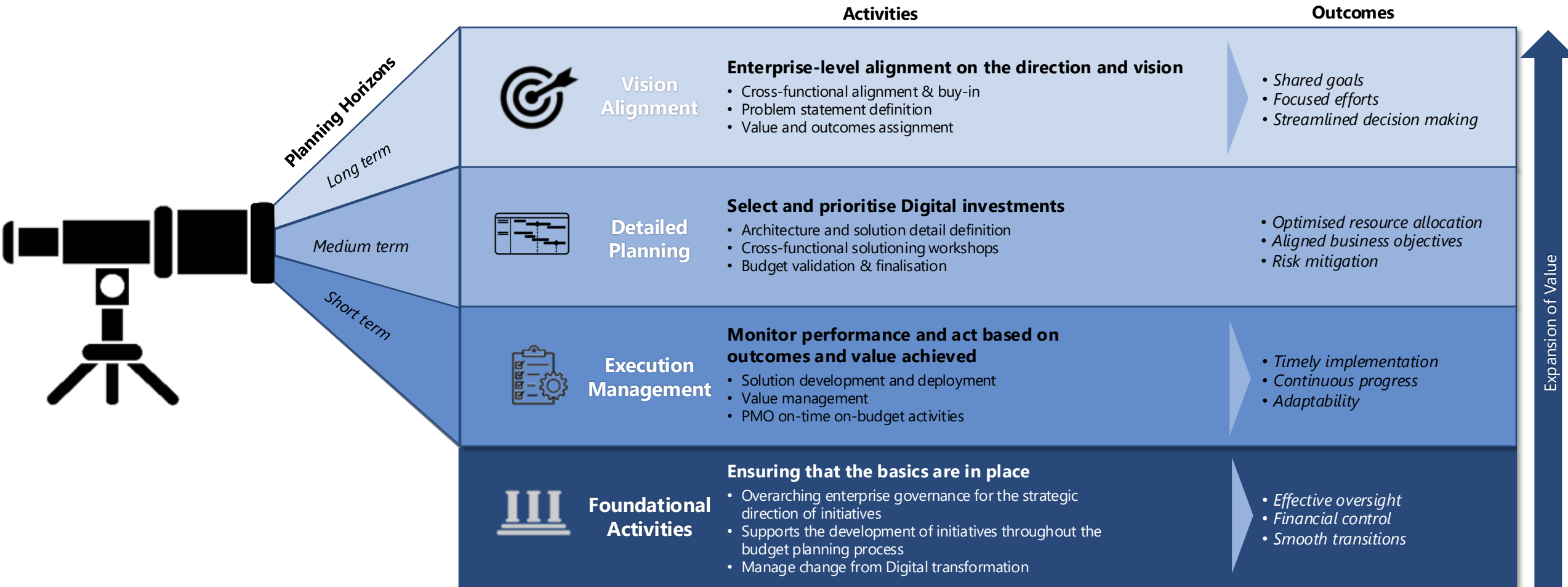


Accountability, responsibility, and structure to enable transformations supported by change management

The SRO takes strategic responsibility for optimising transformation investments and maximising ROI – aligning tactical project execution to strategy

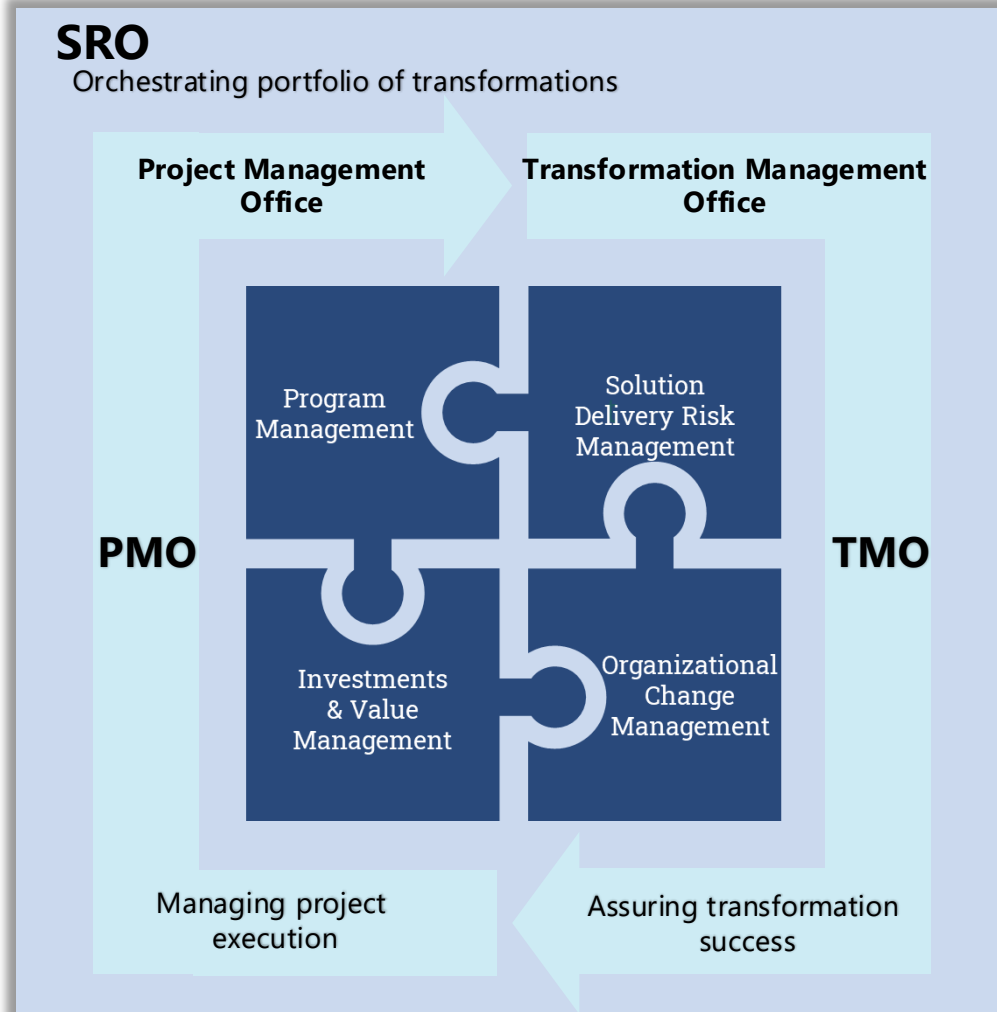
What will SRO do – activities and outcomes?

The SRO activities cover building a solid foundation and managing strategic priorities, risks, and opportunities across various planning horizons



How does the SRO deliver?

The SRO is the execution engine, working closely with the leadership and business functions to set the strategic direction and execute the transformation with the PMO and TMO functions



Benefits of SRO

Strategic level

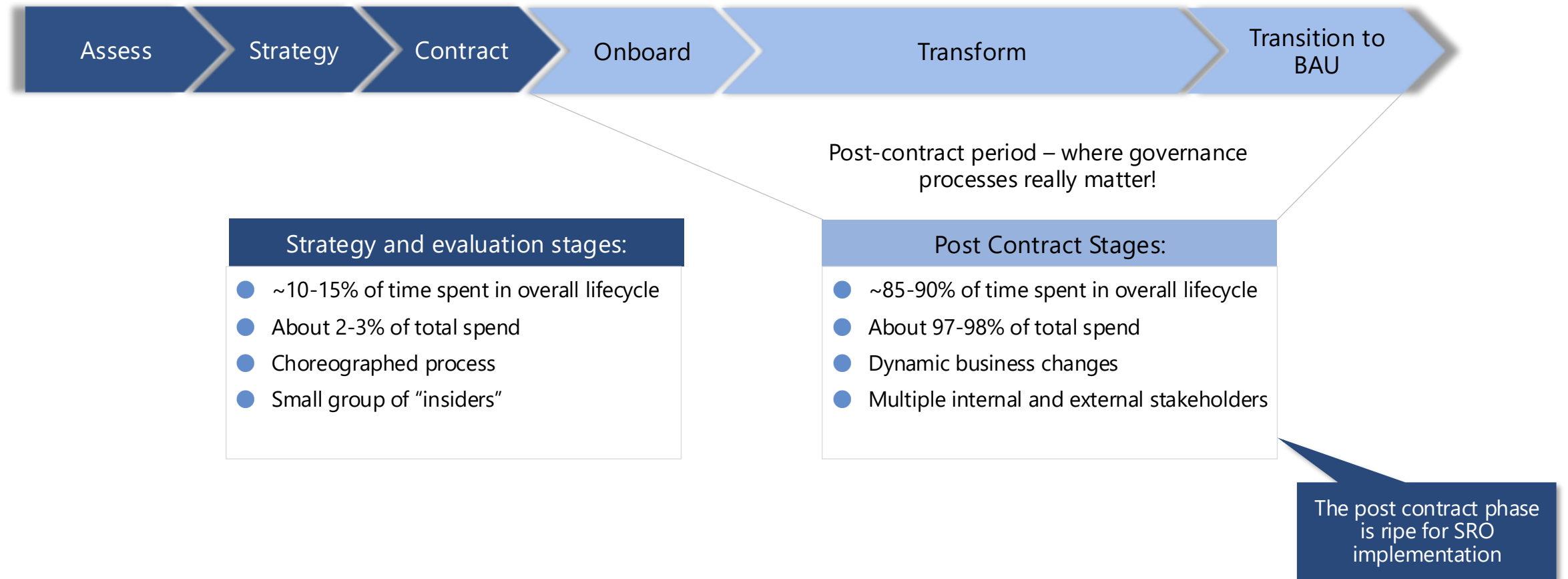
- Improved investment decision making for innovation and transformation
- Ensures deployment of resources are aligned to strategic objectives
- Cross-functionally shares risk and reward encouraging cultural adoption

Tactical level

- Consistent and repeatable investments evaluation process
- Increase user adoption and stakeholder engagement through change management
- Realise benefits through tracking and monitoring of business value

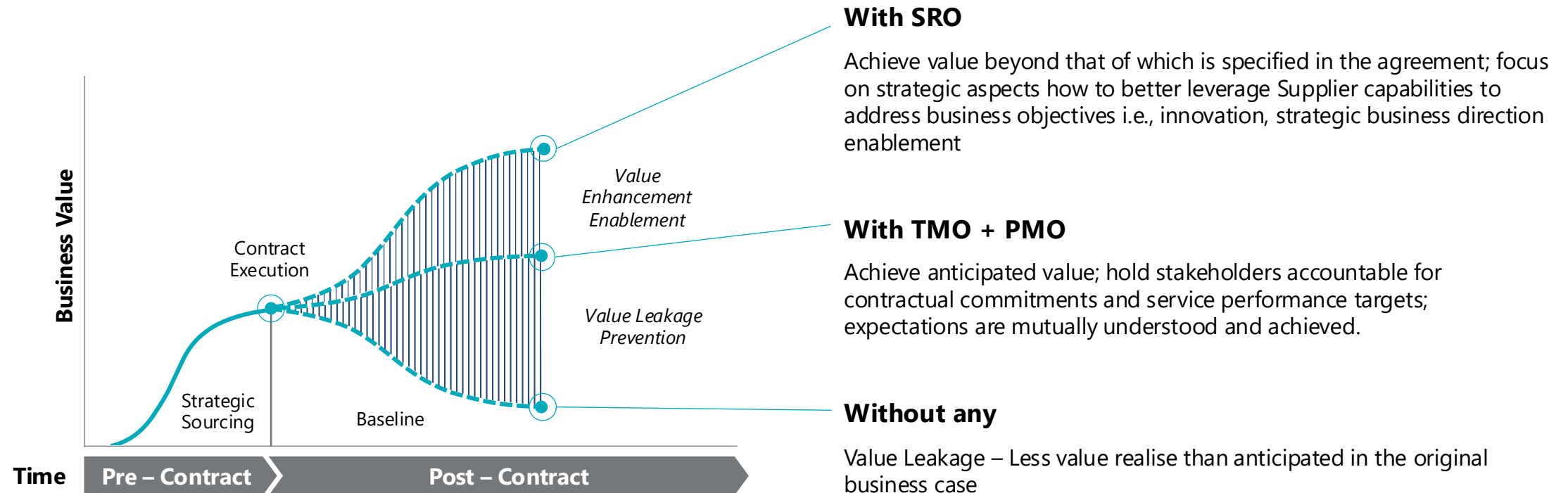
Sourcing cycle for transformation

While finding the right transformation partner is the most important pre-requisite, the most value is delivered after contract signing



Impact of SRO on Value Realisation

Finding the right transformation partners puts you on the right trajectory, and SRO is key to prevent value leakage and realise full extent of transformation value



An example of how this would work in practice

ISG could support you not only in finding the right partners for you to achieve your enterprise vision, but also to assure the realisation of that vision

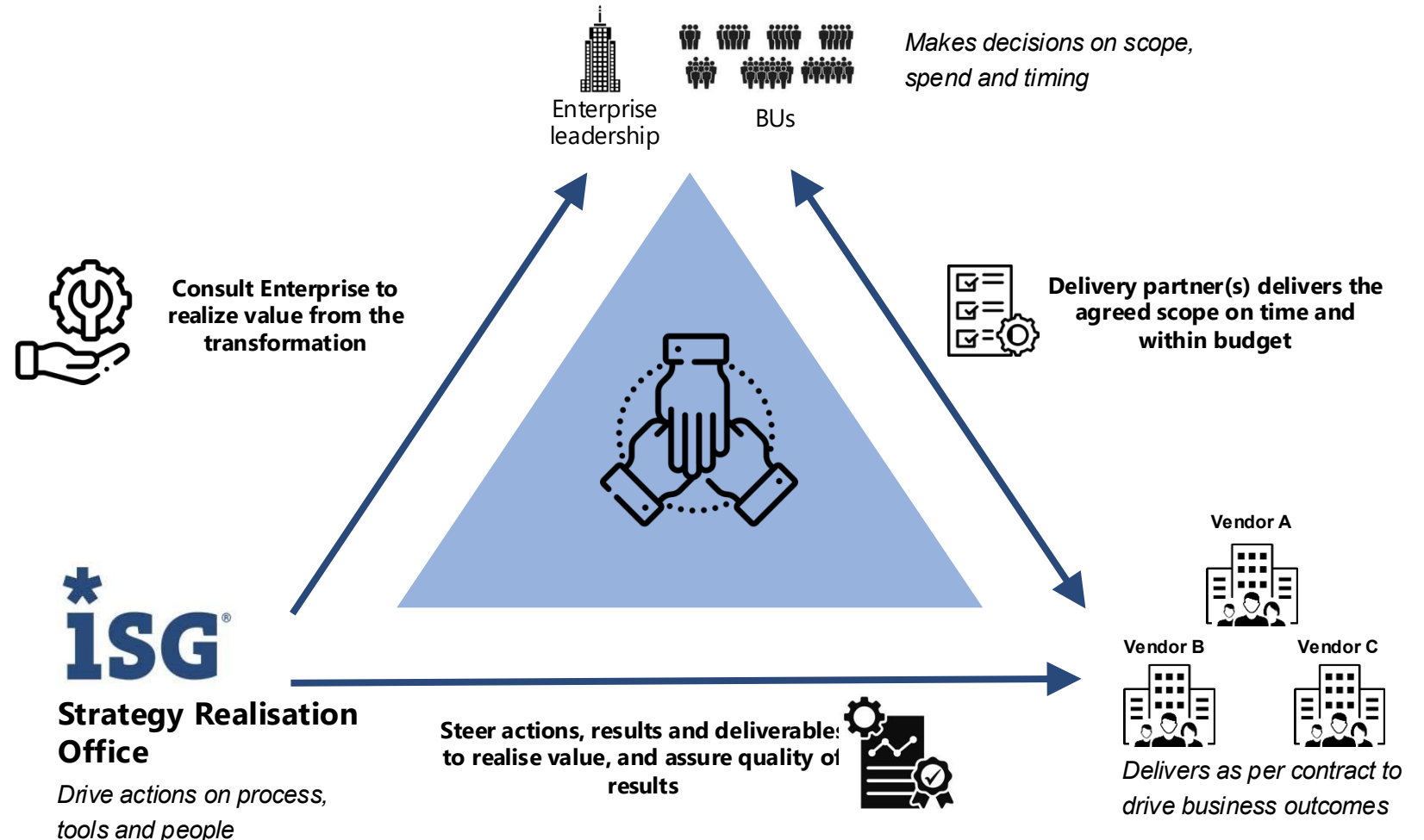
ISG's **FutureSource™**
to drive selection of
partner(s) to deliver on
the enterprise vision

ISG FutureSource™ 2.0 – The Whole Lifecycle

The FutureSource 2.0 Method covers the entire sourcing lifecycle from strategy to steady state delivery and governance

Phase	Objective	Strategy	Execution	Measurement
Strategy	Define the vision and strategy for the enterprise	Identify the key business drivers and opportunities	Develop a clear and concise strategy	Establish a framework for measuring success
Execution	Implement the strategy and drive the transformation	Identify the key risks and opportunities	Develop a clear and concise execution plan	Establish a framework for measuring success
Measurement	Monitor the progress and performance of the transformation	Identify the key risks and opportunities	Develop a clear and concise measurement plan	Establish a framework for measuring success
Governance	Ensure the transformation is aligned with the enterprise vision	Identify the key risks and opportunities	Develop a clear and concise governance plan	Establish a framework for measuring success

ISG FutureSource™ 2.0 – The Whole Lifecycle





About ISG

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ISG is the partner to help you: answer the critical questions, find the right providers, get the most out of your digital transformation and navigate major industry-defining trends.



ISG is a global technology research and advisory firm.

1,600 employees

In more than 20 countries

900 clients

Including 75 of the world's top 100 enterprises

We are technology advisors and researchers **who help your enterprise:**



Determine a future vision.

Evaluate, establish and prioritize your most critical long-term business objectives.



Find the right partners.

Source, evaluate and help you get the most from technology service providers, without conflict or compromise.



Lead rapid change.

Redesign your operating model, using technology to drive faster and positive change across your organization.



Realize value at scale.

Provide data and tools to optimize cost, governance organizational change, vendor management, and more.

What matters most to your business?

Our advisory is focused on it.



Automation

Leverage robotic process and cognitive automation technologies.



Cognitive and Analytics

Accumulate data capital and monetize it effectively.



Digital Engineering

Move into a differentiated position in a secured, intelligent and connected economy.



Networks

Create an optimal, right-fit network services strategy that adds significant value to your business.



Sourcing

Find the right partners and make the best deals.



Benchmarking

Track and meet your cost, performance and quality objectives.



Cost Optimization

Drive greater value for your enterprise and get the most efficient and effective business operations and technology.



Future of Work

Integrate the best of digital, physical and human solutions.



Organizational Change Management

Empower your people to realize benefits faster and increase productivity through technology usage.



Cloud Advisory

From strategy to implementation to managed services, we help you to define your Cloud journey.



Business Operations

Transform general and administrative processes to deliver new efficiencies and unleash superior business value.



Cybersecurity

Transform your existing information security into an agile and vigilant operation to protect your enterprise.



HR Technology and Transformation

Engage the workforce of tomorrow and deliver value to the business in a new way.



Software

Optimize your strategic software suppliers and ecosystems.



Technology Modernization

Architect your organization's infrastructure and applications for success.

Our data-driven research can help ground your buying decisions in objective and balanced evaluations.

Access the authoritative source
for the latest data and trends
in the global IT and business
services industry with

ISG Index™

Track, compare and benchmark
cost, quality and productivity
across all functional areas of
business and IT with

ISG ProBenchmark®

Monitor, understand and improve
your partner relationships with

**ISG Experience
Assessment Center**

Gain intelligence and insight
on technology providers with

ISG Provider Lens™

Fuel your learning
and networking with

ISG Events™



Our SaaS platforms help you

benchmark your entire IT landscape,
drive operational excellence,
govern your third-party relationships
and make strategic decisions.

ISG GovernX®

turns your third-party risk management complexity into clarity.

ISG ProBenchmark®

provides IT price benchmarking to ensure your outsourcing contract is price competitive.

ISG Inform™

is the only IT benchmarking solution that goes beyond cost and combines service quality and personnel productivity to provide a complete picture of your IT landscape.

ISG Executive Insights™

is an integrated data analytics platform that addresses the challenges of supplier proliferation and enables you to gather real-time insights to make strategic decisions.

But what really sets us apart?

Our data put us in a league of our own. It's data from:

\$485

billion in sourcing deals

32,000

total engagements

**This results in insights,
perspective and
experience**

that no one else can deliver



Thank You

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ISG (Information Services Group) (Nasdaq: IHI) is a leading global technology research and advisory firm. A trusted business partner to more than 900 clients, including more than 75 of the world's top 100 enterprises, ISG is committed to helping corporations, public sector organizations, and service and technology providers achieve operational excellence and faster growth. The firm specializes in digital transformation services, including automation, cloud and data analytics; sourcing advisory; managed governance and risk services; network carrier services; strategy and operations design; change management; market intelligence and technology research and analysis. Founded in 2006, and based in Stamford, Conn., ISG employs more than 1,600 digital-ready professionals operating in more than 20 countries—a global team known for its innovative thinking, market influence, deep industry and technology expertise, and world-class research and analytical capabilities based on the industry's most comprehensive marketplace data. For more information, visit www.isg-one.com.