Sourcing an IT Consulting Partner

Overview

For competitive, financial, or technical reasons, your Small-to-Medium Business (SMB) is considering sourcing and/or partnering with an IT technology consulting firm. Assessing which reason is the highest priority directly relates to your business model, market conditions, and go-to-market initiatives.

IT consulting firms are well established in large corporations, who often rely on global technology resources to provide a better cost model. SMB businesses have realized they too need to do the same, therefore reaping the same benefits achieved by these businesses.

Technology consultant companies run the gamut in the marketplace. Finding, selecting, and working with the right vendor often has a direct bearing on your near term success, and eventually when the relationship grows and develops, a market differentiator. Pick one who will be there throughout your business' peaks and valleys. Mainly these firms are used for:

- Boosting your company over an immediate or long-term milestone effort,
- Dealing with a talent gap within your team,
- Providing a much-needed service,
- Transforming your internal and external IT infrastructure, and/or
- Designing and implementing new systems, processes, and leading edge technologies

Some SMB's think a savings of 25-30% is unlikely or unachievable. With the right IT consulting partner your company can profit from operational improvements, increased efficiencies, and heightened market share.

Large companies tap offshore vendors for application management purposes, and more recently, for Business/Knowledge Process Outsourcing (B/KPO) and infrastructure management services. It is time your company gains from these same outsource opportunities.

Key to every technology partner decision is the need to look at building a long-term relationship where they provide the skills and experience you need today as well as grow with your business strategies well into the future.

This white paper provides ideas to consider for SMB businesses when selecting a consulting company for your B2B businesses.

It is our opinion there are several key criteria SMB to large business' need to consider throughout the consulting selection process.

> Most outsourcing efforts only save 15-20%, all costs considered, while best-practice consulting firms are able to achieve 25-30% savings.

Compatibility

In many ways the partner's culture should align, match, or at a bare minimum overlap with yours. Throughout the initial evaluation process and phases, your team and the prospective consulting firm should spend sufficient time communicating and gaining an understanding of each other's:

Track record
verify each company's client and customer base, services, and projects

References
each should understand if there have been similar projects undertaken

Operating model
do the two companies have a similar philosophy

Support
who will drive the project from concept through post-implementation

Business aims
what does each expect of the other, and

Communication
how will the business and technical management levels relate to each other throughout the honeymoon period and inevitable issue resolution process

Stability

Throughout the relationship, your company's viability and its vendors, their working capital, and ability to weather the market's and financial world cycle's will greatly influence your final consulting partner choice. You and your IT, solutions, and financial teams must have peace-of-mind about your partner, their longevity, and financial health.

The capacity to scale personnel, hardware, and infrastructure, without an initial, milestone based, or full payment is a consideration on which firm is selected for the mid- to long-term.

Facetime

Meeting face-to-face, either the two management and/or lead technical teams, based on the criticality of the business' and project's initiatives and expected results, will help guarantee a better selection and qualification decision and final deliverables.

Your service providers should present and demonstrate an understanding of your business, technical, and solution requirements, workflows and, importantly the project's near– and long-term business benefits. Afterwards, it is beneficial for each to have the opportunity to clarify their positions, ask questions, and decide on next steps – an action plan to move ahead or not. For lengthy or complex projects or initiatives, follow-up rounds - detailed technical discussions around the proposed solution, or another face-to-face, may be warranted.

Specialization

If your firm is the same size as the large outsourcing companies, they can meet all your criteria, and/or your project or management team requires you to employ and work with a large complex team with many layers, then going with a similar sized vendor makes sense. Large firms provide benefits, so do mid-tier consulting companies.

It may be your company, business unit, or department is smaller, more focused, and has a desire to work hand-in-hand with the consultant's senior business, technical, and delivery teams. For this it is prudent to seek out a specialty firm.

Additionally, if your business initiative or project requirements can be more aptly provided by an industry - domain specialist, then a specialized provider who offers faster time-to-market, best-in-class focused design-to-delivery expertise, along with an innovative set of project methodologies would be the right and proper choice.

These firms live and exist by fully understanding how to manage and control outsourcing project and personnel costs while offering flexible engagement and contractual models:
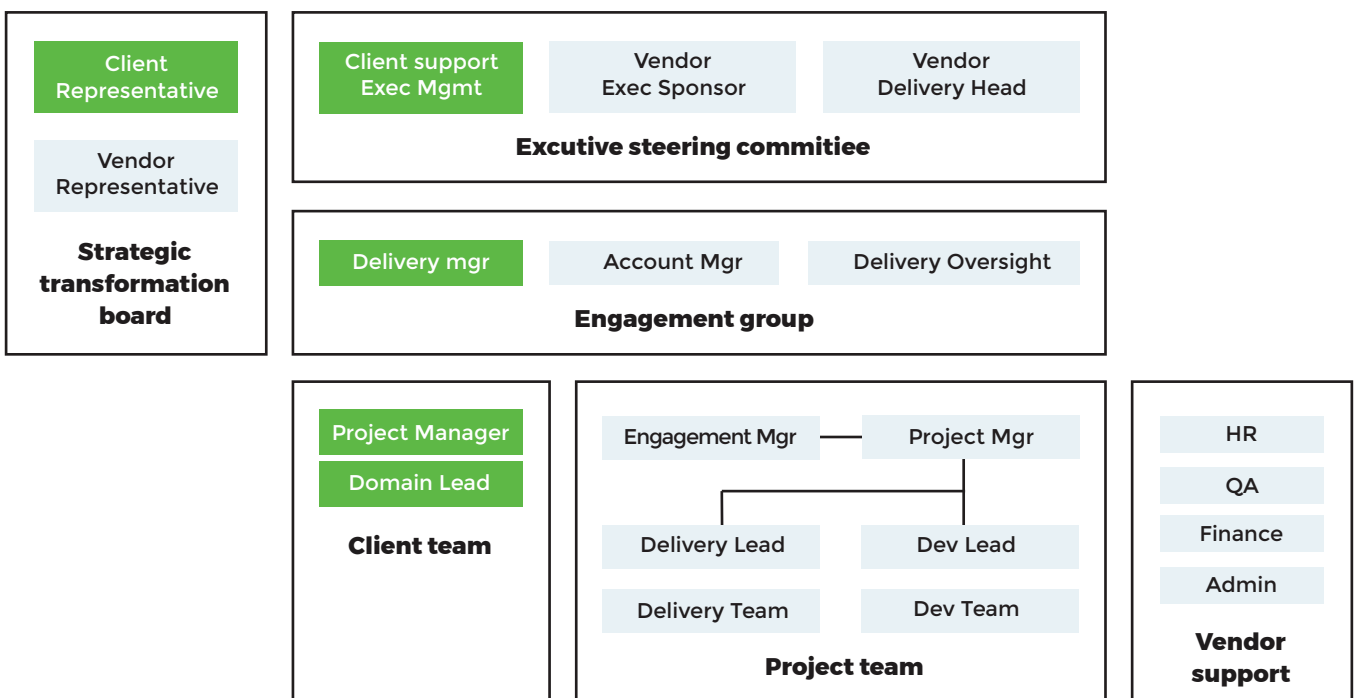
Fixed price	Time and materials	Milestone based

Project Methodology

A best-in-class consulting firm will have an established project methodology; permitting your team to fully understand how your project will begin, be managed and delivered, and supported post implementation. Without such an existing process and approach, all the best intentions can easily go awry - the honeymoon results do not last long-term.

Strategic transformation board
- Client Representative
- Vendor Representative

Excutive steering commitiee
- Client support Exec Mgmt
- Vendor Exec Sponsor
- Vendor Delivery Head

Engagement group
- Delivery mgr
- Account Mgr
- Delivery Oversight

Client team
- Project Manager
- Domain Lead

Project team
- Engagement Mgr — Project Mgr
- Delivery Lead
- Dev Lead
- Delivery Team
- Dev Team

Vendor support
- HR
- QA
- Finance
- Admin

A project management process' main objective is to help you feel confident your vendor's entire team, corporate to implementation, is listening and most importantly, making your program and project a top priority. The best results in are in project execution. To do so, having a guarantee from the consulting firm and each team is imperative. Your vendor should rely heavily on efficient, transparent, and dynamic project management. As such, your partner's Project Managers control program execution and are your internal champions.

It is not unusual for an IT consulting firm to utilize five phases, each customized to your initiatives, thus ensuring all activities and deliverables are matched to your timetable, business needs, and go-to-market program. Incorporated into a standard project methodology is the client collaboration and feedback system, a key component in selecting a partner.

Value

What is the overall value the consulting firm brings relative to your goals and objectives? Your technology consulting firm should bring more to the table than IT skills and subject matter expertise. Likewise, we recommend companies make sure they are selecting and working with the right type and size company – too small of a firm may not be able to grow as you grow and/or have the requisite skills for long term projects.

As is all too common with some larger technology consulting firms, they may initiate the process with a prospective client by having a senior manager or

partner front-end the engagement, present a minimal project scope or bid a low rate, and then send in the 'B' team (bait and switch).

Resumes are also not a fool-proof way for selecting your team.

There are too many consultants with impressive credentials, i.e. 10+ years industry experience, who when the project is under full swing turn out to be less than ideal consultants.

Technical interviews are helpful when screening consultants – just like they are helpful when screening a potential employee. Always insist the consultants being presented and/or interviewed, be the ones who will ultimately be working on your project.

Innovation

To ensure your technology consulting firm can provide solutions, not just today but well into the future, innovation is another key selection criteria. Innovation, the creation of new knowledge applied to practical problems, helps companies grow market share and reduce the competition playing field. Enabling easier online payment options will speed and reduce collections.

Does your technology partner invest in research? How much of their overall staff works on innovative solutions and processes? Do they understand the technological and market environment?

Company boards, small to global enterprise, are demanding their technology organizations find ways to grow current business while opening new markets and business sectors. In a recent survey conducted
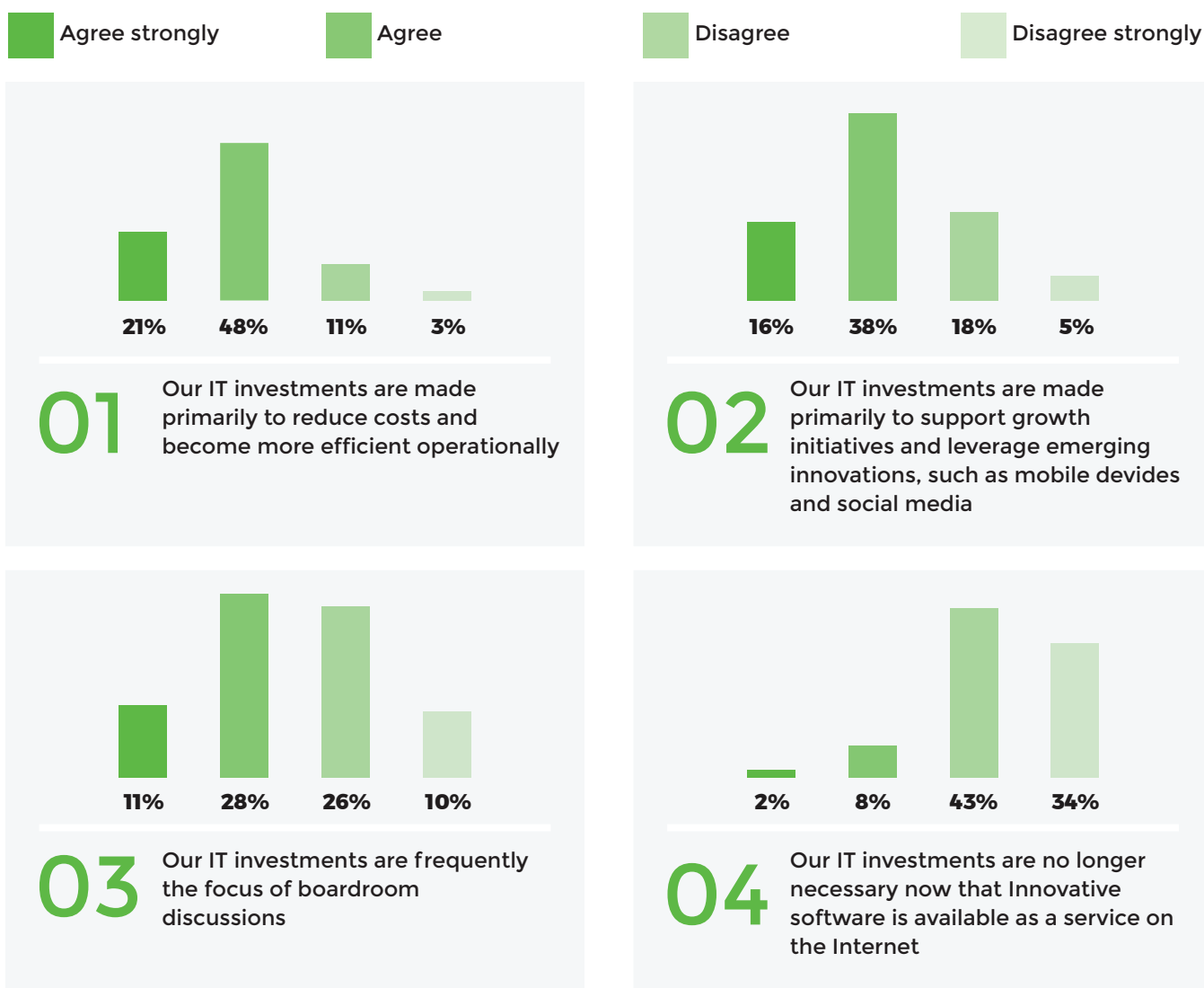
by PwC, 80% of CEOs believe innovation will drive efficiencies and lead to a real competitive advantage.

It is critical your technology consulting firm spends time exploring emerging technologies and IT trends, thereby helping your business anticipate rapidly developing technologies to create opportunities as the technology matures or is sunsetted.

Figure 1. Technology investments are made to both improve cost efficiency and drive growth.

To what extent do you agree or disagree with the following statements about capital investments in strategic IT that your company is making over the next three years?

Legend: Agree strongly | Agree | Disagree | Disagree strongly

01 — 21% | 48% | 11% | 3%
Our IT investments are made primarily to reduce costs and become more efficient operationally

02 — 16% | 38% | 18% | 5%
Our IT investments are made primarily to support growth initiatives and leverage emerging innovations, such as mobile devides and social media

03 — 11% | 28% | 26% | 10%
Our IT investments are frequently the focus of boardroom discussions

04 — 2% | 8% | 43% | 34%
Our IT investments are no longer necessary now that Innovative software is available as a service on the Internet

Source: PwC 14th Annual Global CEO Survey

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Blueprint for Action

To be sure, technology dramatically has and does impact the strategies and operating models of SMB businesses. And it is time to you reap the same benefits achieved by large businesses when partnering with the right technology consulting firm.

In a great relationship, partners need to have similar visions – this is also true in business. If each partner speaks the same language and shares the same values, they are more likely to have the same vision for success.

It is critical to have a partner that fully understands and helps promote your firm's roadmap and itself is moving towards similar common strategic goals. If your technology partner does meet these key criteria, then you have yourself a partner.

Making sure your IT outsourcing consulting partner is compatible and stable, has a proven time tested methodology, provides value, and invests in innovation will speed your business's initiatives and long-term success.

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