

# Improving the Client/Supplier Relationship



## Mutually beneficial relationships in the multi-sourcing era

All major enterprises today are contracting with an increasing number of IT service providers which in turn are supplying ever more diverse services to the organisation. However, the results achieved are often not those that were expected—this is because there is much more to successful outsourcing than simply acquiring the right expertise or implementing the right individual service.

In the end, people and relationships are the key to the success or failure of an outsourced service. Yet all too often today, client-supplier relationships resemble an old-fashioned hierarchical superior-subordinate relationship: Onerous rules are imposed; consequences for any failure are harsh; very little true collaboration occurs; and the relationship tends to deteriorate over time, ending in a morass of mutual resentment rather than mutual benefit.

Organizations often think that with a strong set of contracts, the relationships between the different suppliers in a set of IT Services will naturally fall in place. However, managing the relationships and more importantly the interactions between the suppliers is probably the most difficult part of managing a set of multi-sourced IT Services. It can become especially tricky when “optimizing” one supplier’s functional area can cause more work for the entire IT Services value chain.

Capgemini’s Service Integration approach enables healthier peer-to-peer relationships that have proven to deliver superior results. In our model, the service integrator is a key stakeholder who engages with the client’s IT business and supplier ecosystems and methodically gleans information about existing gaps and potential opportunities. The result is not just a solution but a growing network of relationships that support the transformation of the client’s business—and continuously improve over time.

## Why outsourcing relationships are often unhealthy

Although your suppliers are all supposed to be working together to support you, in reality they may be fierce competitors at other clients and in other industries. Often they blame each other for incidents that may or may not have happened in the past, and they bring that baggage and unwillingness to work together to your account. However technically competent the individual supplier is, the potential benefits of the IT value chain won’t be realized unless the right relationships exist between the parties working in concert to solve your business challenges.

When an outsourcing deal isn’t founded on the right kind of relationship, there are tell-tale signs. An obvious one is that the client often expects to transfer all the risk to the supplier.

Another is finger pointing: at the first sign of a problem the parties descend into pointless attempts to apportion blame—something that is usually futile because of the complexity of today’s outsourcing. The outcome is usually that the problem gets fixed somehow but that nothing is done to find out why it arose, or to stop it from recurring.

These and other relationship problems can set up outsourcing initiatives for failure. Even worse, they can constrain the adoption of multi-sourcing strategies that could otherwise have delivered enormous business value and competitive advantages.

## How Service Integration improves relationships

It isn’t easy to change the rules of the game, but Capgemini’s approach to Service Integration can do so by creating a different and healthier type of relationship.

In the Capgemini approach, the service integrator is neither an agent of the client nor a “tower” (dedicated infrastructure) service provider, but sits between the two parties. The service integrator is the primary operational interface between the company and its IT service providers, with accountability for service performance, and thus has “skin in the game.”

Therefore the service integrator is highly motivated to get all the parties to interact in the right way and honor their obligations.

Restructuring the outsourcing arrangement in this way can transform the nature of the relationship. When there’s a challenge, instead of the client immediately blaming the supplier for not fulfilling its promises, the service integrator can investigate why things have gone wrong, explain, and take steps not just to rectify the situation but to ensure (as far as possible) it doesn’t happen again.

The presence of the service integrator means that outsourcing can, at last, start to fulfill the promise of continuous improvement.

As part of the drive for continuous improvement, the parties can decide to change their regime of Service Level Agreements (SLAs) in order to set objectives that will support business transformation. This is more advantageous for all concerned than trying to identify who has failed to meet their obligations—the emphasis of too many current SLAs.

## Supporting business transformation

Capgemini’s approach to Service Integration replaces the traditional hierarchical superior-subordinate type relationships between clients and suppliers with a new paradigm that supports the aim of business transformation.

With the service integrator acting as an interface between client and suppliers, the relationship naturally becomes more equal and less adversarial. Rather than being geared up to identify and penalize individual failure, the network of relationships is geared to collective success.





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## About Capgemini

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