A close-up photograph of a person's hand, wearing a white lab coat, balancing a large, colorful globe on their index finger. The globe is tilted and shows vibrant, blurred bands of orange, yellow, green, and blue. The person's face is partially visible in the upper right corner, wearing a blue surgical mask. The background is a soft, out-of-focus blue and white.

IT outsourcing: What to do when your contract is about to end

Stick or twist: What to consider when the contract comes up for renewal

Outsourcing contracts worth billions are up for renewal in the next few years. In this special report, Karl Flinders examines how unprecedented change is complicating the CIO's renewal decision

According to ISG, there are nearly 3,000 IT [outsourcing](#) contracts worth more than \$5m a year around the world coming up for renewal in the next three years – representing a combined total value of over \$270bn (£175bn). Among them are 1,400 deals in Europe, the Middle East and Africa (EMEA) worth more than \$14bn altogether. Accenture, Atos, BT, Capgemini, HP, IBM and TCS all have a large number of contracts coming to the end of term, says ISG.

Much to consider

[So what should a CIO or business leader be considering as a contract nears its end?](#) It is a great opportunity to shake things up and learn from past mistakes, but there is a lot of choice out there, so making the right decision is difficult.

A recent example of an organisation that shook up its IT outsourcing strategy when its contract came to an end is the UK's Driver & Vehicle Licensing Agency (DVLA). When its major IT outsourcing deal with IBM, Fujitsu and Concentrix – which had been running for 13 years – came up for renewal, the company decided to bring its IT back in-house. The [DVLA case](#) shows that nothing should be ruled out.

Technologies, models and consultants

There are a lot more options available today than when many of the contracts coming up for renewal were signed, which means there is a great deal to consider. As well as the numerous different models and contracts, technology has shaken things up. More IT services are now based in the cloud, which changes the nature of delivery. Then there is automation software and artificial intelligence (AI).

The greater rate of technology change and the speed at which consumers are changing their habits could make calling in a business consultancy a sensible move to help the CIO transform the business. Globalisation is also a factor – businesses have several service delivery location options, and [India is not always first choice](#).

“When a contract comes to an end, the client business gets an opportunity to do things differently,” says Ilan Oshri at the Centre for Global Sourcing and Services at Loughborough University's School of Business and Economics. He advises organisations to ask themselves two questions: “Are we going to renew and, if so, what will change in the new arrangement? And are we going to bring work back in-house? If so, how are we going to do that?”

Oshri says that the process of answering the first question offers the client business the opportunity to examine the latest models and technologies on offer. Meanwhile the second question also represents a real option for many business, although, Oshri warns, obstacles remain. He says: “Firms should regularly assess their ability to re-integrate the service. They should be in a sound financial position to bear any additional costs in bringing back the operations, and they must have an exit plan that ensures the transfer of knowledge from the supplier.”

“When a contract comes to an end, the client business gets an opportunity to do things differently”

Ilan Oshri, Centre for Global Sourcing and Services

Unprecedented change

Outsourcing consultant Jean-Louis Bravard – a former CIO at JP Morgan and former global financial services head at IT services giant EDS – says that CIOs should think about outsourcing deals all the time, and not just when they are coming to an end. He adds that planning for change now might be more complicated than it was last time around. “[The world has changed dramatically](#),” he says. “So any contract signed even five years ago is now obsolete. To make matters worse, I think that the rate of change is not about to drop in the next five years.”

Bravard advises CIOs to organise their thoughts around certain themes. He says that the big US suppliers such as HP and IBM are all trying to protect their business from insourcing and Indian players, as well as a greater number of international suppliers in business process outsourcing (BPO).

The advent of software robots will also force major changes to IT and BPO. “The human consequence on employment is obvious, but increasingly the CIO will have to become responsible for all production and interactions,” Bravard says. “Glitches will longer be tolerated, and fault tolerance and redundancy will be absolutely critical for all.”

He also points to how pay-as-you-go services have transformed IT. “Even internal solutions must be priced ‘by the drink’ and most often with a downward slope. This presents a huge challenge on pricing and funding for users and suppliers.”

Strategy, not tactics

Mark Lewis, head of outsourcing at law firm Berwin Leighton Paisner, says that, as renewal deadlines approach, CIOs should be thinking [strategically rather than tactically](#). “First, strategically, how they can benefit from either renewing the current contract or going to the market potentially for a new provider or providers? It is tempting for CIOs to consider at a tactical level the disruption and cost of retendering.”

Lewis says that logic and market forces dictate a retendering exercise, and that there is no reason to exclude the incumbent from it, although he cautions: “There is the task of persuading the rest of the market that this is genuinely an open process and that the outcome isn’t a foregone conclusion.” If you’re not successful in doing this, then the most promising potential providers will be deterred from bidding.

Have an exit plan

Lewis urges CIOs to put [exit plans](#) in place. “One of the big – and more often than not – painful lessons learned by CIOs is that their exit plans and processes are not fit for purpose,” he says. And that can force the CIO into a corner. “If plans are not fit for purpose, there is an understandable desire by CIOs and their colleagues not to endure the pain of separation from the incumbent provider – unless the pain of separation is going to hurt less than staying with the incumbent.”

He says that a robust exit plan should address the hardware and software assets used for the services at the time of transfer as well as third-party assets and contracts, people, operations libraries and manuals. “In other words, all the people, tangible and intangible assets and know-how necessary for an incoming provider to make sense of the services before or at transition.” The exit plan also needs to include all the necessary processes and actions for a smooth handover to an incoming provider. ■

“The world has changed dramatically. So any contract signed even five years ago is now obsolete”

Jean-Louis Bravard,
consultant

DVLA brings its IT back in-house

When its major IT deal with IBM (previously PwC), Fujitsu and Concentrix came up for renewal after 13 years and £1.6bn spent, the Driver & Vehicle Licensing Agency (DVLA) undertook a two-year project to [bring it all back in-house](#). The [move in-house brought more than 300 staff to the DVLA from the suppliers](#), taking its total IT workforce to over 630. The insourcing is expected to save the government agency at least £225m over 10 years on top of £70m on procurement costs. The DVLA plans to become an agile IT organisation.

Coming home

The DVLA is the second biggest UK organisation in terms of direct debit payments – collecting £6bn a year in vehicle tax – and has larger UK revenues than Amazon.

Although the DVLA had outsourced for more than 20 years, its decision to [bring IT back in-house](#) took DVLA CEO Oliver Morley only a few days to make. Morley, who ran the National Archives before joining the DVLA in 2013, initially went back through old files about the outsourcing contract before making any decisions. He was surprised to see a note about the contract from Thatcher to a private secretary. “It was very political and, being before the days of procurement rules, there was a real desire to buy British,” says Morley. He adds that the DVLA had no choice but to outsource because “the complexity and challenge in the future was too great for it to cope with”.

External partners had provided the DVLA with IT services for 22 years, with the likes of EDS and IBM playing system integrator roles. Yet when the decision about whether to renew the deal came up, it was settled in less than a week and involved taking a very different route. “We took the decision to insource two days after my arrival at the DVLA in November 2013,” says Morley.

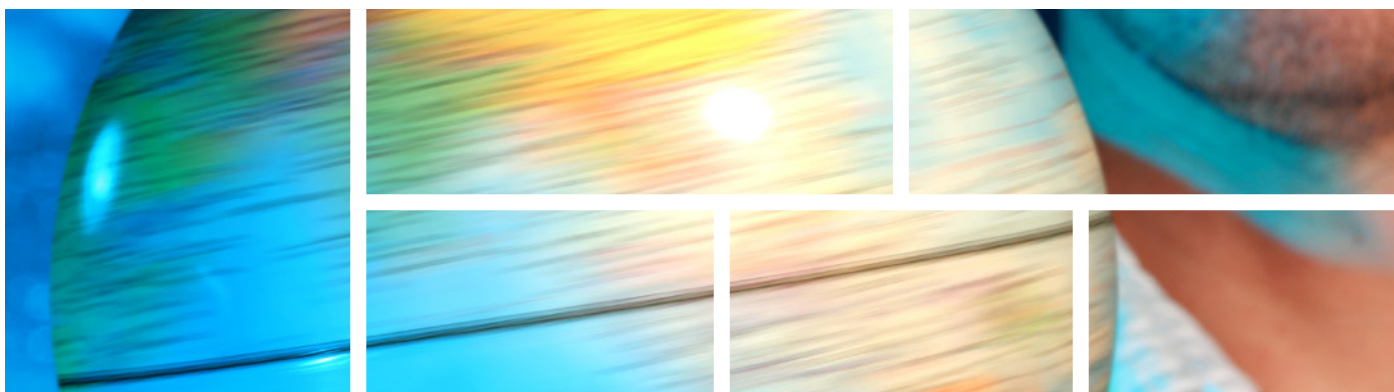
Iain Patterson, CTO at the DVLA during the transition period, says that when the contract came up for renewal, the team did what government departments do and looked at the service integration and management (Siam) and tower models for IT outsourcing. “We looked at the architecture and the cost of standing still, which we estimated to be in excess of £230m, and to run a procurement programme would have cost £80m,” he recalls.

But it was not just about money, it was also about enabling IT to support digital transformation, which was part of the reasoning behind the appointment of Morley, who has a background in digital transformation.

DVLA’s previous IT outsourcing contracts did not fit the organisation’s digital future, because they did not allow for fast changes in response to business demand. In the past it would have taken weeks to get the contract right to allow for even small changes. “If you are going to transform an organisation digitally, you have to own the IT,” says Morley. “You need to be your own systems integrator, or you do not have the ability to change.” This is a key issue because the organisation will not do everything itself but will be its own systems integrator.

“For the most part, we are doing it ourselves, but we have plenty of partners [suppliers] big and small still with us, which will be doing a large part of the work,” says Patterson. “But we have the relationship directly with them, we co-ordinate delivery, we have mixed development teams, and it is very important that we own the overall model.

“If you are going to transform an organisation digitally, you have to own the IT. You need to be your own systems integrator, or you can’t change”
Oliver Morley, DVLA



“We have taken out the complexity of a manager over a technology company and are managing the services and contracts directly. The first thing we insourced was our architecture teams, which has allowed us more than two years to design ourselves out of contracts.”

Delivering skills

Looking forward to going it alone, the DVLA has made sure there will be skills and technologies available both in-house and in the supplier community to support its future plans. It has invested in IT talent at its Swansea headquarters, and is communicating with tech communities and universities about its plans.

“We are also retraining people to give them [digital skills](#),” says Patterson. “What we find with large monolithic contracts is the suppliers are not investing in their people because they are attempting to deliver on their contract and want a rate of return.”

Morley says that in the past the DVLA could not attract the right IT talent itself and even IT professionals in its home town of Swansea with the right skills would be overlooked. “There was a saying that if you were an IT professional in Swansea and wanted a job at the DVLA you would have to go to London and see Fujitsu,” he says. But this approach has now been turned on its head, he adds. “If you live in Swansea and work in IT, this is a great place to work.”

The IT teams at the DVLA have focused on legacy technologies, but new staff will be skilled in digital and open source. “We want to give them new skills and create a digital organisation, which is not just about technology,” says Morley. A recent hackathon at the DVLA saw a team of mainframe specialists win, which he says proves that skills are transferable. “But you have to give them interesting challenges,” he adds.

Going digital

The DVLA is now [moving digital fast](#): 90% of its customers use digital services today compared with 66% two years ago; it has abolished the physical tax disc; and has abolished the counterpart to the driving licence. “I would put us against anyone in the public and private sectors in terms of how much digital transformation we have done,” says Morley.

Patterson says there was a lot of government involvement in the DVLA’s insourcing project, and lessons have been learned which will be shared across government departments.

Following the completion of the project Patterson is moving back to the Cabinet Office and the DVLA is advertising for a replacement. “We are recruiting a new CIO for the new world,” says Morley. ■

“With large monolithic contracts is the suppliers are not investing in their people”
Iain Patterson, DVLA

Technologies to consider when renewing a contract

Significant technology change will have taken place since old contracts now approaching renewal were first signed. [CIOs need to know how cloud computing, automation and artificial intelligence can help them](#) meet the aims of the business, but they also need to be able to spot a fad. This, though, is easier said than done as businesses enter the new territory of digital business.

Many companies are geared towards supporting digital business – and if they are not, they probably should be. This technology-driven change transforms business at the front end, where the company is connected to its customers, as well as at the back end to process transactions in near real time. There is little point in having a flashy customer app in the front end if customer queries are just sent to a call centre at the back. Transformation must be front to back, and IT outsourcing (ITO) and business process outsourcing (BPO) must cater for this.

Then there are the high volumes of transactions by customers who want the instant gratification that digital brings. This has helped [cloud computing](#) gain a foothold, with software as a service (SaaS) and pay as you go both filtering down into most parts of the IT outsourcing sector.

Cloud computing

You have only to look at a company like Netsuite to understand how cloud is encroaching on the enterprise sector. The SaaS supplier has grown fast and boasts an impressive customer list. It has 2,500 staff and a turnover of more than \$400m in 2014.

However, adoption is going beyond the SaaS model. Steve Tuppen, director at cloud service integration firm Mozaic, says almost every renewal contract today involves some cloud. The former UK president at sourcing consultancy Compass says that cloud computing has moved beyond development and testing for businesses and into production. “This often means some public cloud use and a move towards transferring the application estate into the cloud.” He points out that greater use of the cloud, which breaks services down between more suppliers, is leading to contracts with [cloud brokerage companies](#) that manage multiple cloud services for businesses.

Outsourcing consultant and former CIO Jean-Louis Bravard says [disruptive technologies, including those based in the cloud, have allowed a move from fixed costs to variable costs](#) for most processes. “Even internal systems must be priced ‘by the drink’, and most often prices are going down,” he says.

The supplier landscape is changing accordingly. “Despite near-zero interest rates, the cost of funding a datacentre is still huge and only the biggest IT-based companies will probably be able to play the game,” says Bravard. “I would guess that today Amazon Web Services or Google’s IT parks are greater than BT’s or even IBM’s. Expect further entrants, such as Apple or Huawei.”

Automation and artificial intelligence

While cloud may be the biggest technology disruption in IT outsourcing, it could be small beer compared with automation and artificial intelligence. Ilan Oshri, a professor at the Centre for Global Sourcing and Services at Loughborough University’s School of Business and Economics, says: “There are opportunities to identify candidate tasks for automation.” He adds, however, that automation

There is little point in having a flashy customer app in the front end if customer queries are just sent to a call centre at the back. Transformation must be front to back

is unlikely to account for a significant chunk of renewal, at least not in the next five years. “The market size is still small and many client firms are still experimenting with the concept.”

While [software robots are being programmed to perform business processes](#), artificial intelligence (AI) has gone a step further and is offering business cognitive platforms that can complete a wide range of tasks and even learn as they go along. For example, an AI platform from IPsoft known as Amelia is already in its second iteration. Amelia can understand the semantics of language and learn to solve business process queries in a similar way to a human. Amelia initially learns using the same manuals as humans – it can read 300 pages in 30 seconds – but then through experience and by observing interactions between human agents and customers. If Amelia can’t answer a question, it passes the query to a human, but remains in the conversation to learn how to solve similar issues in future. It understands 20 languages, as well as context, and can apply logic and infer consequences.

Amelia is already used for services such as technology helpdesks, contact centres, procurement processing and to advise field engineers, among other business processes. One customer is a large US media company that has already realised huge advantage from using it in a call centre agent context. The company, which IPsoft would not name, receives around 65,000 calls to its contact centre a month. Before Amelia was adopted, it took an average of 52 seconds to answer a call and 18 minutes for a satisfactory resolution. With Amelia in place, calls are connected automatically and it takes an average of four and a half minutes to reach a satisfactory resolution.

Renewal is the perfect time to look at automation and AI technologies. According to Homan Haghghi, director at outsourcing consultancy Alsbridge, there is a request for automation with almost every new contract. “This can mean 30% less revenue for the supplier, which creates a conflict of interest,” he says. However, he adds that if a contract is up for renewal, businesses have the perfect opportunity: “Renewal is the catalyst for the introduction of things such as automation.”

One company that introduced AI through its IT services partner is Nationwide Building Society. It is using [AI technology from Tata Consultancy Services \(TCS\)](#) to reduce the complexity of back-end systems as it introduces more digital products. The building society is using a TCS neural automation system, initially for batch performance and capacity management. The software platform automates IT and business processes and can be on-premise or in the cloud.

Contracting for change

Renewing a contract for this type of [rapid technology change](#) is easier said than done, though, according to Mark Lewis, head of outsourcing at law firm Berwin Leighton Paisner. What is available today, compared with even five years ago, includes public cloud systems, automation and robotics in both ITO and BPO, platform BPO, standardisation of business and process models and front-end digitisation tools and user interfaces, he points out.

He says: “The main problem in all outsourcing contracts is how to mandate deployment, through the life of a current contract, of all or some of the above, without starting again or introducing projects – the cost of which wipe out the savings and efficiencies that new technologies, computing and business models and processes might deliver. The best a customer can do – naturally with the provider and before committing to the contract – is to identify likely system developments and provide in detail in the contract when and how, if at all, the identified technologies, models and processes could be deployed, as well as the pricing principles for such deployment.” ■

“Renewal is the catalyst for the introduction of things such as automation. This can mean 30% less revenue for the supplier, which creates a conflict of interest”

Homan Haghghi,
Alsbridge

Sourcing the solution: Finding the best outsourcing location mix

Finding the best location – or mix of them – for IT services has become a more complicated task in recent years because CIOs have more options. Suppliers all around the world now offer IT and business process delivery services, all of which have their own advantages.

In the past CIOs might have made a choice between keeping work onshore or shipping it to India, but today [there is a move to multishoring](#). There are IT service suppliers in eastern Europe, south-east Asia, south America and even Africa. India itself has changed and many CIOs should dispense with preconceived notions about its advantages and disadvantages, and start looking at the locational choice afresh.

No one place fits all

Offshore services have become so mainstream in the private sector that canny marketing executives and media-savvy CIOs do not refer to offshoring but “rightshoring”. This is the belief that the best IT services will be delivered onshore, offshore, nearshore or all three.

Today a UK business can have call centre services delivered from a low-cost region in the UK, have its digital software development done in Ukraine and the application development in India. Some large global companies have a different mix of delivery locations for businesses units in different geographies. The Asia Pacific arm of a global business might choose a combination of India, the Philippines and China, while the North American arm might use Brazil, Costa Rica and Mexico.

It is not just a case of finding a supplier in these locations that fits your needs and packing it off to them, but of actually [setting up operations](#) or partnerships offshore. This can be a joint venture with a supplier, a captive centre or a fully fledged operations unit.

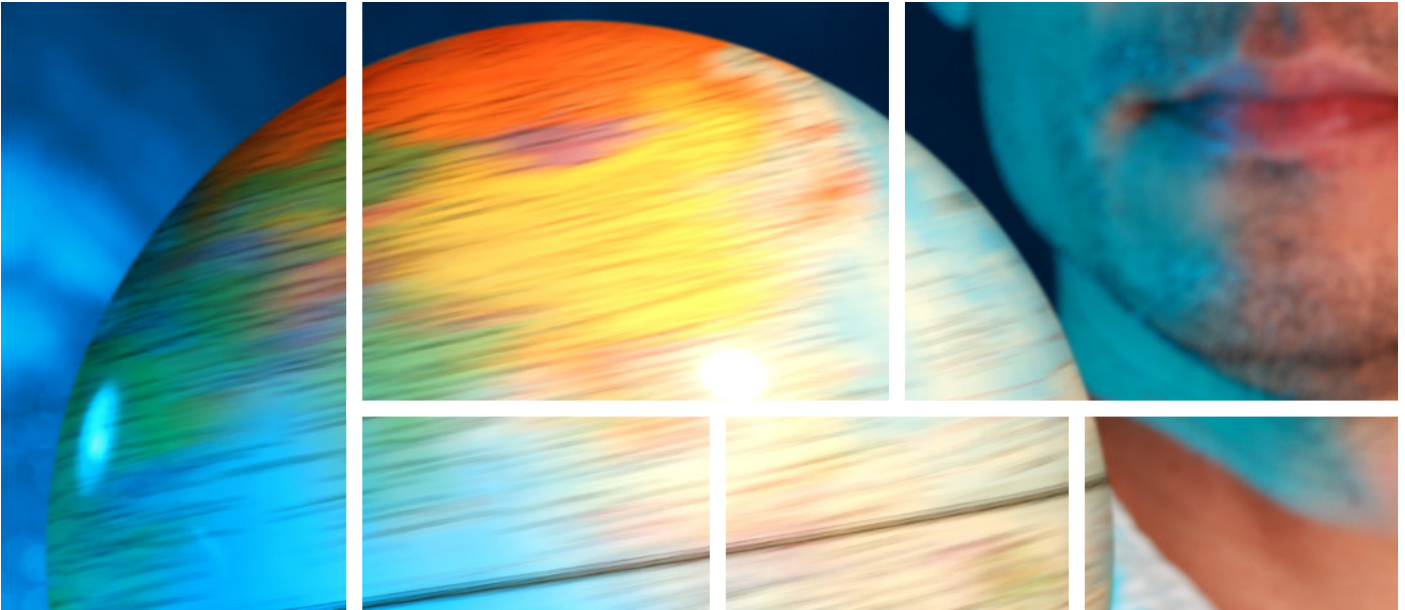
[Large companies are the pioneers here](#). Last year the multinational pharmaceutical business [AstraZeneca opened an IT service centre in Chennai](#), India, which kicked off an insourcing strategy focused on global delivery. The Chennai operation is focused on SAP, infrastructure operations, application development and maintenance, as well as cloud and mobile, and delivery centres will be opened in eastern Europe and California. And in 2013 Daimler announced plans to save €150m a year by bringing IT services in-house and expanding its IT operations in India and Turkey.

These types of developments have given places like Bangalore some of the most in-demand real estate in the world, with some of the world’s biggest companies across all sectors establishing deep roots in the Indian city.

Peter Schumacher, director at business consultancy Value Leadership Group, says businesses use offshore centres to help them differentiate. “You have to use offshore centres today to do things that you can’t do elsewhere and not just cut costs.” Because companies – not suppliers – own the offshore resources, the savings made are invested in further offshore work. Schumacher says it is as much about creating business opportunity as cutting costs.

These locations are becoming deep talent pools. Some places in India, for example, have staff with years of experience who can support businesses with

In the past CIOs might have made a choice between keeping work onshore or shipping it to India, but today there is a move to multishoring



strategic plans such as digital developments. Years of offshoring have matured India as a service delivery location. While lower cost is still an attraction, it is the transformative opportunities that are now attracting many businesses.

India changed – and it needed to

Indian service providers could not offer lower-cost equivalents forever. Automation offers a cheaper alternative for many IT and business process tasks, software as a service is eating into the enterprise software market, and shareholders of the now huge Indian players want non-linear business growth.

The [Indian outsourcing experience of US manufacturer GE](#) is indicative of the country's IT services evolution since GE arrived there 20 years ago. GE's annual IT services spend has topped \$1.6bn in recent years, but today it is reducing the proportion of IT it outsources from about 75% to under 50%, according to Tony Zupa, former executive vice-president of global IT sourcing, supplier management and outsourcing at GE Capital. Now an independent consultant he says that, despite this reduction, the likes of India's Tata Consultancy Services and Cognizant have great opportunities because, over the years, they have built strong relationships with GE and understand its business. He says outsourcing to India can help GE with its industrial internet and contribute to its growth as a business rather than just reduce its costs. "Outsourcing to India by GE is not going to go away," he says. "There is a balance needed."

CIOs renewing contracts need to think about India in a different way, according to Schumacher. He says [scale is India's biggest draw](#). It has the infrastructure and skills that can help companies start from zero and scale up with thousands of staff. Labour attrition might be high, but it is easy to find replacements, he says, with new recruits available to fill gaps quickly. "India has the biggest and most diverse talent pool." And it is not just new graduates, but highly skilled and experienced staff. "There are a lot of people available in India with 10 to 15 years' experience."

Many such workers have been employed at other global businesses. There are former employees of tech giants such as Google based in India's technology hubs, and knowledge is the new resource being traded. The likes of Google employ thousands in India. When these people move on, the knowledge and experience goes with them and other companies can tap into it, at a lower cost in many cases.

“India has the biggest and most diverse talent pool”

Peter Schumacher,
Value Leadership Group

Not just for giants

You don't have to be a pharmaceutical or oil giant to tap into this. Mid-sized companies can benefit from the work done by large companies to establish offshore delivery locations. For example, Cambridge University Press, a publisher of academic journals and books with English language courses and education businesses across the world, has significant outsourced operations, many of which are offshore. It has expanded its offshore operations over the last five years. The company also has offshore captives. Its first was in [Manila](#), the Philippines, where it started around five years ago with 40 staff developing and testing software, and supporting its online digital products.

Mark Maddocks, CIO at Cambridge University Press, says it is cost-effective, with low attrition, and wage inflation not as bad as people say. It does, however, require [management time and overhead](#). "They are my team and I still have to manage them," he says. The company also does offshore software development in India, with centres in Kolkhata and Hyderabad, each of which has about 50 people. It has just launched a hybrid of traditional offshoring to a supplier and a captive through a BPO operation, where it shares a building with the existing team in Hyderabad.

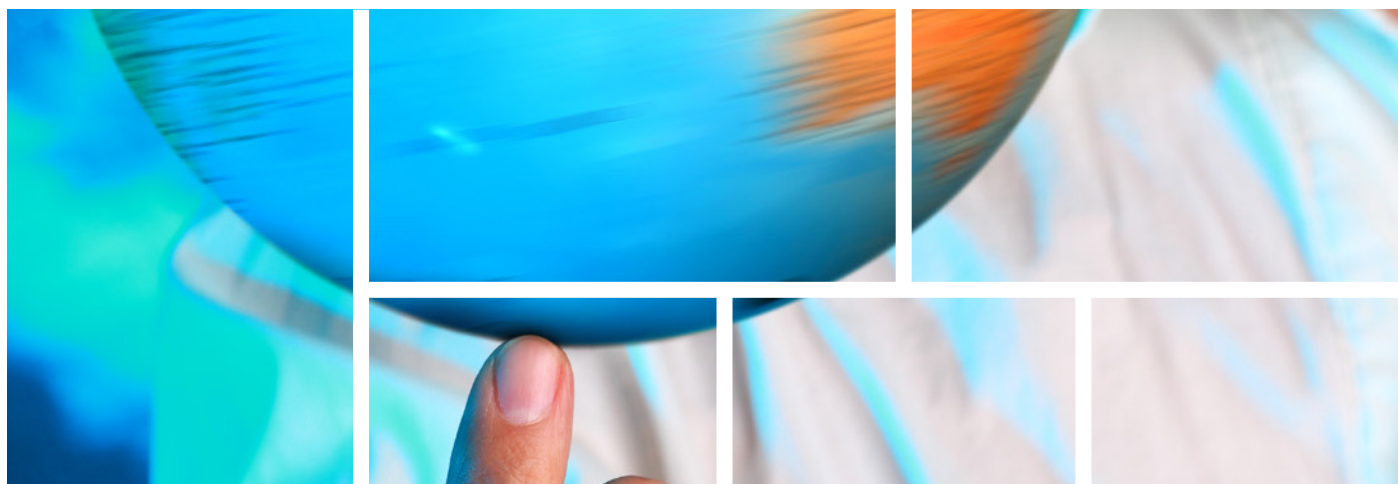
What shore is right for you?

Offshore is not for everyone. Recent years have seen the rise of many of the nearshore alternatives. The short travel distances, similar time zones, high levels of education and good English skills of central and eastern Europe have made the region a major source of services for UK companies.

The former Soviet bloc had a strong educational emphasis on engineering and the sciences. Many of the countries in this region today have a highly skilled workforce in areas such as computer science, but at much lower costs than the UK. Some companies believe that [eastern Europe has a distinct advantage over places such as India when it comes to outsourcing](#) because employees tend to take a more collaborative and less process-driven approach to projects. Eastern European countries in the EU could also be a good choice for work which requires compliance with the Data Protection Act.

But IT leaders should not forget onshore and even local opportunities. The DVLA is a case of a large organisation backing a UK location with investment and building a community of skilled staff around it. The organisation not only took the decision to insource its IT but also planned to create startup hubs and work closely with educational establishments in its home city of Swansea to create a base of skilled staff. ■

In eastern Europe employees tend to take a more collaborative and less process-driven approach to projects



You got a friend: Digital drives business consultancy in renewals

CIOs looking to replace or change their IT outsourcing contract amid the digital revolution might consider business consultancy services to help them make the right choices.

Digital is transforming businesses and how they deliver products and services, taking IT to the core of their operations. [Suppliers know this and are selling the 'digital dream' to companies](#) that need to revamp their services – a mobile app at the front of the business, perhaps, and process automation at the back.

CIOs and other decision-makers need to know their IT service provider understands their business plan and can deliver IT to support it. For example, banks – which traditionally have huge IT services contracts, in which changes to scope and [agile development](#) are difficult to introduce – need an IT contract that supports the development of mobile apps. Meanwhile, an appliance manufacturer might want access to software development skills on demand as it develops internet-connected machines.

Renewals fit for digital

To be sure their contracts fit their business needs as renewal approaches, CIOs might need the help of business consultancy. John Keppel, president north Europe at ISG, says expert advice is more important than ever. “Almost every industry is undergoing its own wave of change brought about by new opportunities or competitive threats directly attributable to advancements in IT. From social to robotics, mobile to the internet of things, new channels to customers are appearing, new sources of revenue and service ideas are emerging, and new competitors unencumbered by historical business models are suddenly taking share.” IT suppliers are at the heart of these issues, he says. “Never before have they been quite so critical to their clients’ businesses.”

Businesses need flexibility and suppliers must sell answers to a business challenge rather than just to the specified requirements, according Keppel. And that means CIOs must be clear about where the business is going.

Jean-Louis Bravard, outsourcing consultant and former CIO at JP Morgan, says business consultancy that explains what is happening and who the suppliers are is valuable to enterprises. “That role by Gartner or Forrester Research is absolutely fundamental, but I think the consultancy in terms of what each firm should do now is a total waste and even self-defeating. The amount of disruption is so high you just cannot afford to educate a third party. What is needed is business expertise. Knowledge is not enough. With the speed of change and the number of competing solutions, the ability to decipher strategies and deploy them is just not for young MBA graduates.”

But Bravard does not think that traditional CIOs, who look after operational IT, have the time to focus on strategy. “‘Run’ CIOs have an incredibly tough job and should leave the technology strategy to others,” he says.

The right consultancy

Getting the right [consultancy support](#) is not straightforward. CIOs must understand what is being offered. Mark Lewis, outsourcing lawyer at Berwin Leighton Paisner, says for business consultancy to work in the digital age, it needs to meet certain criteria. “Business consultancy is essential, provided that

“Never before have IT suppliers been quite so critical to their clients’ businesses”
John Keppel, ISG

it truly focuses on what is happening in digital in the customer's sector and peer group; understands and can communicate in detail what the future might look like; and can describe it for the customer, map it out and take customers on a journey to adopt those digital technologies," he says.

He adds that there are justifiable concerns about the independence of advice from consultancies within suppliers. "They aren't independent, although they may well be able to help with the strategy and the journey to achieve it – as long as you are comfortable that their solution is best for your organisation. Businesses would be well advised to focus on a best-of-breed business consultancy solution, which would also have the advantage of keeping suppliers honest."

What the consultants think

One supplier that is growing in the consulting market is [Cognizant](#). Phil Dunmore, its head of consulting UK, says the traditional line between business and IT has disappeared, or become blurred. "There is a need for the entire IT organisation, including its sourcing partners, to work seamlessly with the business to develop digital strategies and solutions."

Dunmore says that IT must support the business with ideas as well as implementation, and [IT services contracts must move from fixed to flexible contract design principles](#) in order to support digital. And digital is delivered through an agile approach that needs a blend of business and IT capabilities. "Business demands and technology are changing so rapidly that contracts need to enable a flexibility in the type of services and capabilities the partner is expected to propose and deliver, driving potentially different contracting methods with the accent on delivering business outcomes and innovation." ■

“Business consultancy is essential, provided that it truly focuses on what’s happening in digital in the customer’s sector”

Mark Lewis,
Berwin Leighton Paisner

