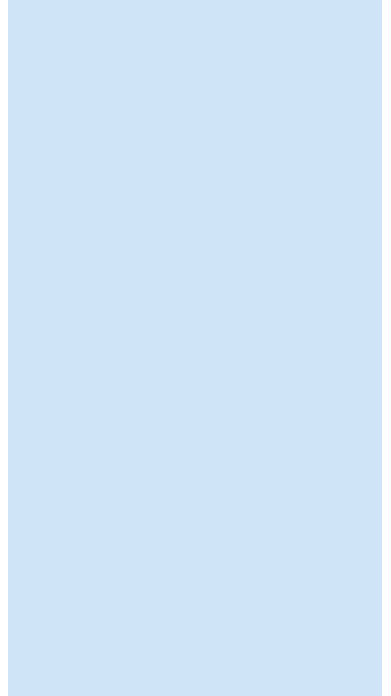


Managed Services Partnering





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Prior to co-founding Insight Test Services in 2003, Declan had a highly successful career in most facets of the IT industry, including hardware, software, professional services and consulting. He has extensive experience in delivering and managing software and hardware development projects and the associated quality assurance issues. He also has a particular interest in related areas such as regulatory compliance, outsourcing and managed services.

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The company has particular expertise in software quality matters as they relate to regulatory compliance and extensive experience in delivering a full range of software quality assurance and testing services to the financial services, ICT, life sciences and public sectors.

Insight may be contacted by email at **info@insight-test.com**.

The Top 10 tips for putting in place a software test managed service

What is a managed software QA & Test service and are we getting one from our Supplier?

Introduction

Insight is often told by its clients, we have a managed services partner but we don't experience what we expected from this partner. We also regularly hear at industry forums, such as the Test Managers Forum, that what one experienced software professional understands as a managed service is different from what another one understands. Suppliers need to define what their managed test service is in order that customers can understand the value proposition.

“Both customers and buyers (current & potential) have different understandings and expectations for managed software services”

If this is the current situation or starting point in a commercial relationship then there is a lot of work to be done to ensure satisfied customers and suppliers are created.

Vendors often promote themselves as *“the partner of choice for managed services”* or something similar. Unfortunately the word *“partner”* is heavily misused and again has different meanings for different individuals and organisations.

In order to provide a framework for the reader to create effective managed service relationships, the Insight management team has put together these top 10 tips based on our combined experience of over 100 years both providing and also receiving managed services.

Before we start we should look at some definitions that are relevant:

“Managed” *Planned, organised, coordinated & monitored resources to achieve the desired goal.*

“Service” *The receipt of skill, ingenuity, experience which creates economic value for the receiver.*

“Partner” *A member of a business venture created by contract (Offer, Acceptance, and Consideration)*

We need to explore each before looking at our top tips, in order that we can come up with an acceptable definition for a *“Managed Service Partner”*.

What does each imply?

Managed: *From the buyer's perspective the implication is that the supplier is managing all aspects for the supply of defined service deliverables. This means the supplier has sufficient resources in their broadest terms and/or sufficient influence on resources for all inputs and controls to the process of creation and delivery of the service deliverables (Outputs).*

Service: *If we consider the attributes of a service, it helps us understand the considerations for both parties to ensure success:*

Service Attribute	Meaning	Considerations for Managed Service
Intangible	Cannot be seen, handled, smelled or stored. Unlike a product/goods	Convert the service deliverables into tangible, documents, reports, metrics, sign off sheets, physical cd for example
Perishable ISA	Unused service time is lost, it lost economic opportunity	Formal estimation and scheduling to plan for productive utilisation. Time and project management.
Transportable	Service often consumed at point of production	Codify services, methods, processes, knowledge bases, software systems. Create re-use of deliverables and assets
Lack of homogeneity	Unique to each client, hard to mass produce, inconsistent quality	The customer situation is unique, the industry challenges are similar. Select supplier with similar experience, ensure they have a flexible approach and method that deals with uniqueness
Labour intensive	Generally based on human activity, economies of scale are difficult	Ensure supplier has strong HR management and uses best HR practice. Their training, methods, processes and tools are key for repeatability and efficiency
Demand fluctuation	Forecasting can be difficult for both parties	Professional planning process, flex fences, and use of subcontractors
Buyer involvement	Most services require a high degree of buyer involvement	Ensure a well defined service definition and delivery process is used. Define interfaces, interactions, information flows, sign offs dependencies and risks
Client based relationships	A positive experience for the client essential for referrals and repeat business	Recognise the stages of relationship development, plan for these

Partner: If we study the analogy of human relationships between partners we can see a road map of how relationships develop are nurtured and lead to long term satisfaction.

Phase Human	Phase Business	Considerations
Introduction (Meeting potential partners)	Marketing	Seller is creating awareness of their value proposition and contacting clients to establish have they specific requirements that they have a solution for. Buyer is seeking external intervention to create value
Flirting (Signalling mutual interest)	Buying cycle	Buyer defining needs and assessing potential suppliers. Suppliers presenting their value proposition and differentiation
First Date (Spending some time together to establish is there longer term potential)	Trial-Proof of Concept (POC) - Pilot	An initial engagement, trial, proof of concept building mutual confidence and trust
Courtship (Getting to know each other, share vision and values)	Mutual learning - Memorandum of Understanding (MOU)	Based on a successful initial engagement, further engagements with more sharing of risk
Engagement (Making a serious signal of commitment to one individual)	Dependency commitment - Preferred supplier Contract	Mutual satisfaction that this combined relationship and contract will deliver greater satisfaction and value than any other alternative arrangement
Wedding (Confirming that commitment from a position of knowledge, trust, honesty, openness and mutual benefits)	Partnering	Ongoing shared risk, reward and celebrations, satisfaction, competitive advantage
Anniversaries	Annual reviews and restatement	Continuous review and restatement of commitments

We must of course acknowledge there are some other phases in human relationships

Phase Human	Phase Business	Considerations
A Tiff	Disagreement	Good practice and relationships have open communications and quickly resolve issues
A Row	Dispute	Escalation procedures may be necessary
A series of Rows	Dissatisfaction	Managed corrective actions
Counselling	Arbitration	Help from independent objective 3 rd party
Separation	Notice of termination	Contract terms need to be considered , last chance to fix issues - Lawyers making money
Divorce	Termination	Consequences of acrimony
Alimony	Penalties- Compensation	Preserve dignity and avoid courts



Top 10 Tips for managed services success

Tip	For Buyer	For Seller	For Both
Service Requirement clarity	Explain your goals and requirements in the context of your business – run a formal ITT process	Restate your understanding of requirements and how your offer will deliver results	Explore chemistry personal and organisational. Consider options and business case. Ensure a flexible but structured process for evolving requirements
Relationships develop	You must build confidence and trust before taking higher risks	Your complete process from marketing, sales and delivery must deliver results and create confidence and satisfaction	Clear shared goals up front, professional governance process, flexibility to address changes, visible win-win. People skills are fundamental
References are essential	You must do a detailed reference assessment to be assured of the seller's track record. A short phone call is not sufficient	Your confidence, experience, methods and tools must demonstrate ability to deliver results	References must be recent, relevant, as impartial as possible
Contract documentation	Protection is needed in the form of a contract, as is redress. However the relationship lost if contracts are the primary reference document to resolve issues. Schedules, Statement of Work (SOWs) and Service Level Agreements (SLAs) make clear the what, the when, the how and the payment terms	Contracts provide similar protection for the seller, they also ensure any risk or investment has a likelihood of return. The schedules, SOWs and SLAs ensure there is consistent understanding on the What, When, How and the consideration. They allow for managed change control and outline assumptions, risks, contingencies and dependencies	The contract should cover all the legal, governance and commercial frameworks. However, the operational documentation such as schedules, SOWs and SLAs guide and control the success of the service
Trial period	This can be in the form of a pilot engagement or probation period and should have well controlled deliverables and metrics to evaluate performance	This trial allows for demonstrating your added value, building understanding and relationships and knowledge transfer	The trial allows for refinement of requirements and the understanding of requirements, also demonstrate performance before committing to higher risk engagements

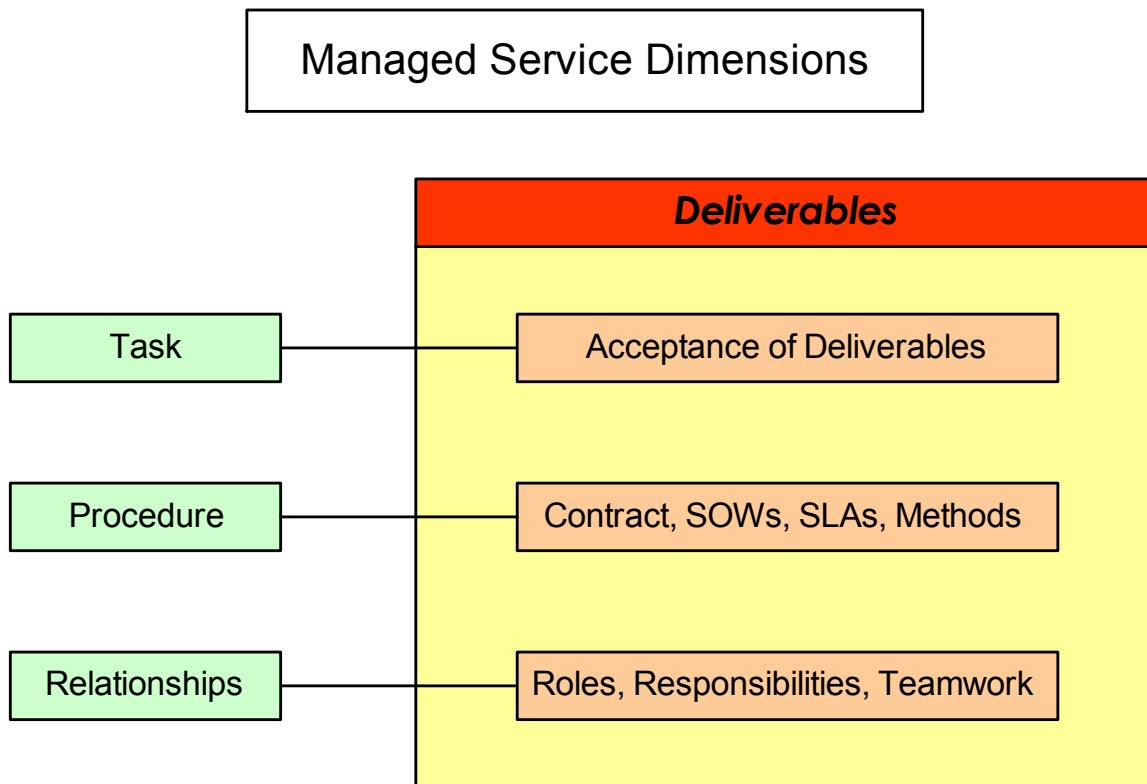
<p>Change Management</p>	<p>Structure, roles, skills and processes change, planning for this in advance is essential. Don't expect a lead tester with his/her own team to suddenly become a good vendor manager</p>	<p>New clients, new technologies, new processes, new staff are all risk potentials. Every client has unique attributes; your approach, methods and people need to be flexible</p>	<p>Aligning change management in both organisations ensures common understanding and common goals plus a common approach</p>
<p>Responsibility and Accountability</p>	<p>Your organisation and your supplier need to have clear points of contact and clear ownership for successful delivery. A managed service needs to be managed from the buyer side</p>	<p>Your client needs a single point of responsibility and accountability. Delivery success should be owned in proximity to the client. Escalation paths are also essential</p>	<p>Balanced score card metrics of performance form the basis for both parties to manage success and identify ownership for issues with service levels</p>
<p>Face-to-face time</p>	<p>Your supplier will need regular face-to-face time to discuss progress, changes, be up to date with your business and operational priorities and prevent issues arising</p>	<p>You need to build relationships and confidence, you need to understand your client as a person and their business to connect your service to their goals</p>	<p>Making time can be hard but if you don't the only time you will meet is when there are problems, and this will be counter-productive to developing partnerships. Meeting will prevent issues escalating, allow innovation, and leverage of joint synergies</p>
<p>Process</p>	<p>Expect your supplier to have an explicit managed service delivery process. Expect your supplier to tailor this process for your unique needs. Expect they can demonstrate competence and best practice in their area of expertise</p>	<p>You must be able to control scope, change, and delivery on commitments so having well defined processes are essential</p>	<p>Process allows control, predictability and confidence. Aligning operational processes is a key component to ensure delivery</p>
<p>Performance Management</p>	<p>You must measure key performance indicators with your supplier to drive improvement and increased value add. Your supplier is dependent on you so you must also measure your staff, process, org performance so they can get the best from the supplier</p>	<p>The service delivery process must measure performance. Your staff performance management system must reinforce the need to exceed customer expectations and reward accordingly</p>	<p>At the end of the day results are what counts. A managed service requires a governance structure that both parties subscribe to. Performance must be measured at all levels regularly and formal acceptance and sign off of deliverables signals success. Periodic senior staff strategic reviews are essential as are routine operational reviews</p>

Conclusions

Let us return to the initial questions:

What is a managed test service?

There are three key elements to be managed:



There must be a process for managing, governing and guiding the joint solution as there are two parties involved. This can be in the form of a steering group or primary sponsors from both organisations.

Each party must manage their agreed responsibilities and deliverables, with particular attention to interfaces, dependencies and agreed risks.

Scope:

The scope can be what ever is agreed and documented, so long as it's clear what either party is responsible for managing. There must be provision for scope change and enlargement as both parties, learn, as new information is discovered and as the relationship progresses and trust and confidence is built. The scope can be some or all of the following:

1. The supplier has full responsibility for definition of a test strategy, plan and execution of testing, on site, near and/or far shore.
2. The supplier has responsibility for test execution and defect reporting.
3. The supplier has responsibility for test automation strategy, planning and execution.
4. The supplier has responsibility for automation script development.
5. The supplier has responsibility for performance testing.
6. The supplier has responsibility for managing resources, their own, the buyers and 3rd parties.
7. The supplier has the scope of 1 to 6 above for a facility, product, program or project.
8. The supplier has responsibility for 1 to 7 above plus some or all of the following; process improvement, cost reduction, tool selection and deployment.
9. The supplier has responsibility for 1 to 7 above for the complete Software Procurement and Development Lifecycle (SPDLC) or any agreed component such as systems test or User Acceptance Test (UAT).
10. The supplier manages 3rd party software suppliers on behalf of the buyer (Integration test, UAT, audit etc).
11. The supplier provides individuals and team who work under the direction of the buyer's management.

The managed solution is defined in terms of the following:

- The business and operational requirements of the buyer.
- The business context of the buyer.
- The target situation and KPIs for the buyer.

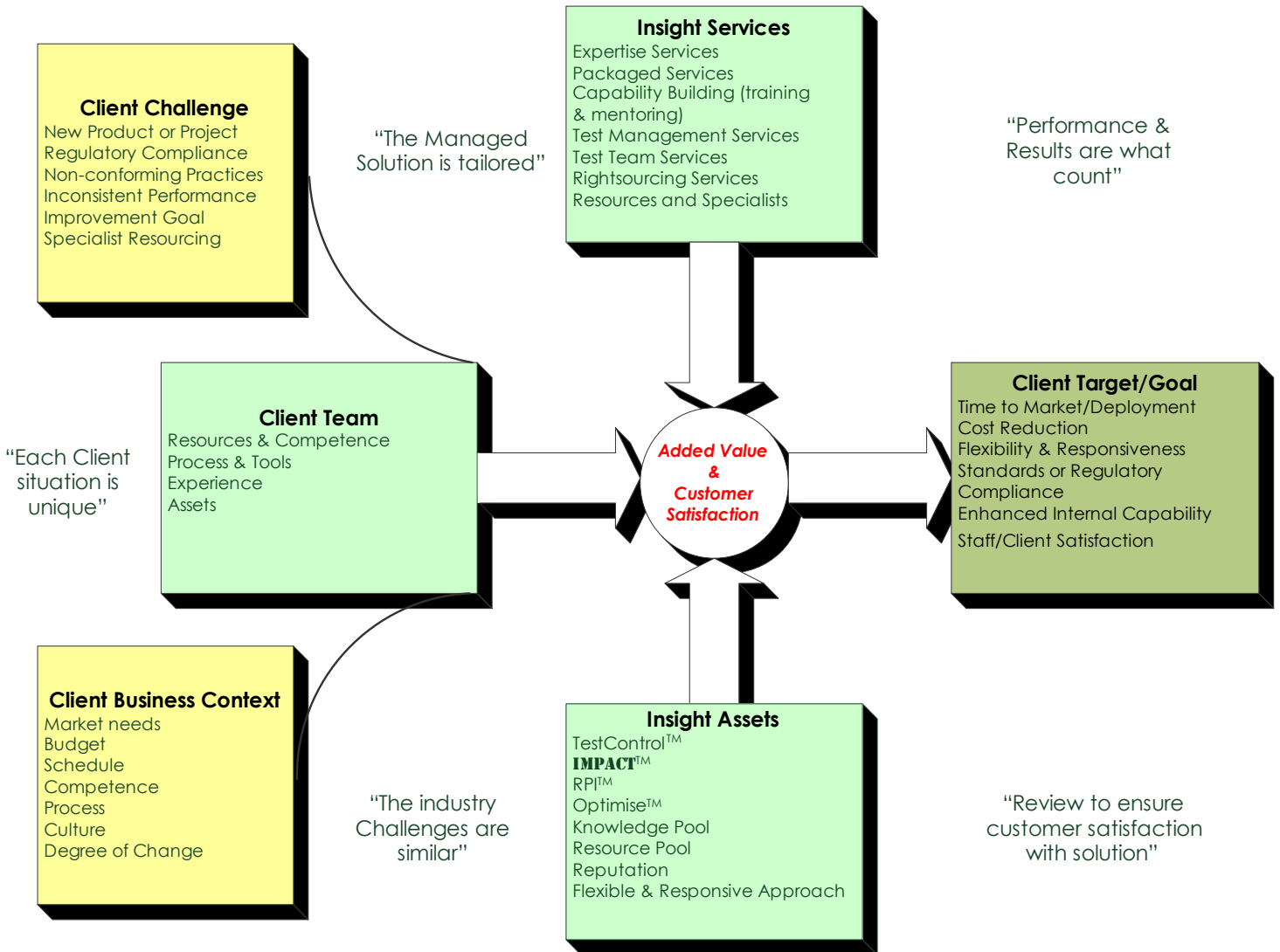
"A Best in Class Supplier will make sure they understand all three of these."

The managed solution components consist of:

- The suppliers services, capabilities and competence.
- The suppliers assets, methods, processes, tools, expertise, resources.
- The buyers assigned assets, methods, processes, tools, expertise, resources.

"A Best in Class Supplier will apply its services and both sets of Assets to the engagement."





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How do we know we are receiving a managed service?

Task

- Our supplier meets deliverable commitments, on time and within budget
- We accept and sign off on all agreed deliverables
- We know at any point in time the performance levels the projects and that of our supplier
- We see a reduction in defects detected in production
- We see defects identified earlier in the SPDLC
- We know what risks have been mitigated against
- We see a reduction in Test cycle and the number of cycles
- Our business and users are happy with the investment

Procedure

- Contracts, SLAs, SOWs are in place
- Governance structure is in place makes decisions and supports success
- Metrics and reports are provided regularly as agreed
- Our supplier deploys good practices, methods and procedures that complement ours
- Our supplier adapts their approach to respond to our business conditions

Relationships

- Our supplier exceeds expectations with proactive advice, suggestions and innovation
- Our supplier and their staff are professional and meet their commitments
- Our supplier addresses issues promptly and to our satisfaction
- Our supplier is flexible and responsive to requests
- Our supplier understands our business and operations
- Our supplier pushes back when they feel it is in the best interest of our business and developing the relationships
- Our supplier is open and transparent
- Our supplier respects and integrates into our company culture

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Additional relevant information & useful tools may be found at:

<http://www.insight-test.com/Resources/Downloads/WhitePapers/index.html#>

1. *Risk Based Testing: A Common Language for project stakeholders*
2. *User Acceptance Testing and how to make it work*
3. *Right-Sourcing: (In and out sourcing, covers vendor selection and management, SLAs and contracts)*





About Insight Test Services

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