

**Klaus F. Odenwlder on**

## **Contract Management, Processes and Tools in Outsourcing at Contract Start**

The market is full of all types of service offerings and software tools for managing contracts. The offers can be confusing, and no one meets all needs especially when it comes to outsourcing. What suits you best in the initial outsourcing period? And how effective can consultancy services and software tools be during this time?

### **What to do first: Decide on Processes or Tools?**

Often management considers tools as a silver bullet that magically will make complex outsourcing management processes and its alignment disappear. We frequently observe that companies fall into the trap of trying to implement the “ultimate solution” across all aspects of contract management and governance processes and dilute the management energies that should be focused on a healthy client-provider relationship.

We believe that it is better to get the management basics in place before embarking on elaborate tool implementations. Outsourcing clients should focus on transition and contract management processes as well as governance at contract start. In every outsourcing environment, governance and processes should come first even if the future mode of operation (FMO) will be reached well after transition close-out. Once the environment and processes are well managed and stable, tools can be successfully applied to further improve the effectiveness and efficiency.

Does this mean you should not use or implement tools at contract start? Not at all. ODENWLDER CONSULTING suggests a practical approach, born from years of experience in this field. We advocate to rely on easy to use tools in an incipient outsourcing relation.

### **The important things occur at contract start**

Implementing contract management processes requires experience. Being able to track the parties' contractual obligations is vital. The Contract Management and Transition Team need the contract language translated into clearly defined deliverables and easily accessible reference material as soon as possible. Therefore the early availability of a comprehensive contract analysis represents a key asset and prerequisite for a successful outsourcing.

Deploying the right experts who have the skill and experience to perform a comprehensive contract analysis saves time and money. Experienced experts can do it faster and at higher quality than most clients can do internally or offshore. What is not done well at the beginning is much more cumbersome and costly to correct in the aftermath.

#### **Consider this:**

Know your contract and obligations right from contract start and reinforce deliverables ownership and responsibilities before you think of processes and tools.

Focus on making processes operational and running. If processes are ill-defined, a process supporting tool will only electrify the chaos.

Use tools you have already deployed to start with. Nobody is perfect! This applies to tools too.

### So what is recommended?

There are several key areas to manage on Day One: deliverables, roles, responsibilities, service levels, governance boards, service continuity, etc. Too often, the focus is on service operations while the other areas get neglected e.g. obligations that are to be performed by both parties under the agreement.

Managers new to outsourcing are often put off by the size and complexity of an outsourcing contract, which can run to thousands of pages. They do not have the experience nor the time to analyse the contract and to extract all contract obligations.

ODENWLDER CONSULTING can provide your company with a comprehensive contract analysis shortly after contract signing. A professional contract analysis improves and secures the client's control over the outsourcing service provider. It puts the client on equal footing when it comes to contract knowledge and deliverables management, since outsourcing clients often do not have the breadth of experience the service provider has.

ODENWLDER CONSULTING favours a simple solution with exiting tools for managing contract obligations. Our experts analyse the contract and document the contract obligations and deliverables in spreadsheets that gets the job done in conjunction with calendar functions in Outlook. It is low cost, low risk, and allows the client to remain focused on keeping control over the contract and its deliverables. Our emphasis is on operational processes not on tools.

The contract analysis spreadsheets enable the client team to manage the daily, weekly, monthly and periodic deliverables that were included in the contract to ensure value and quality of the services. With a disciplined contract deliverables tracking process and a stringent calendar management, nothing that was promised in the contract by either party will be forgotten.

### Contact **ODENWLDER CONSULTING**



Dr. Klaus F. Odenwlder has over 20 years of experience in various outsourcing functions for IBM and more than 10 years as Project Team Leader and Contract Manager in new IT outsourcing deals. Dr. Odenwlder worked with a large variety of international outsourcing clients from SMEs to 'mega-deals'.

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#### Consider this:

Rely on experienced professional experts to perform the contract analysis.

Efficient tracking and monitoring requires to differentiate several kinds of obligations.

A contract analysis should distinguish and compile:

- > Contract deliverables with due dates
- > Recurring events and obligations
- > Milestone dates
- > Conditional and event driven obligations
- > Contractually required roles
- > Contractually required boards and meetings
- > Documentation obligations e.g. procedures manuals content
- > Reporting obligations
- > Contract references to service baselines (scope, SLA, resource volumes)
- > Rules of conduct conventions
- > Process relevant contract clauses

No.	Deliverable & Obligations	Company	Owner	Target Date	Due Date	Documents	Reference	Page No.	Category	Completion Criteria	Remarks
100	Verification of Documentation	Client	John Doe	Being transitioned	Not in Transition Phase	Schedule 1	1.3 (a)	101	Deliverable	Contractual Acceptance Document	Contractual documentation to be verified. The Service Provider will translate it into English within maximum 200 10 100 days of end of transition phase.
110	Vendor's Standards - Technology service types	Provider	Henry Conrath	after the transition phase	Not in Transition Phase	Schedule 1	1.5 (b)	110	Obligation	Contractual Evidence of different delivery	Contractual documentation to be verified. The Service Provider will provide the vendor's standards (e.g. ITIL, ISO 9001, etc.) in English within maximum 200 10 100 days of end of transition phase.
120	Independent Standard Test Set	Provider	Hans Gnzl	after the transition phase	Not in Transition Phase	Schedule 1	1.5 (b)	120	Obligation	Contractual Evidence of different delivery	Contractual documentation to be verified. The Service Provider will provide the independent standard test set (e.g. ITIL, ISO 9001, etc.) in English within maximum 200 10 100 days of end of transition phase.
130	Product Catalogue	Provider	Hans Gnzl	after the transition phase	Not in Transition Phase	Schedule 1	1.5 (b)	130	Obligation	Contractual Evidence of different delivery	Contractual documentation to be verified. The Service Provider will provide the product catalogue (e.g. ITIL, ISO 9001, etc.) in English within maximum 200 10 100 days of end of transition phase.
140	IMAC Checklist	Provider	Hans Gnzl	after the transition phase	Not in Transition Phase	Schedule 1	1.5 (b)	140	Obligation	Contractual Evidence of different delivery	Contractual documentation to be verified. The Service Provider will provide the IMAC checklist (e.g. ITIL, ISO 9001, etc.) in English within maximum 200 10 100 days of end of transition phase.
150	Verification Phase - SW	Provider	John Doe	Being transitioned	Not in Transition Phase	Schedule 1	1.6 (a)	150	Obligation	Contractual Evidence of different delivery	Contractual documentation to be verified. The Service Provider will provide the verification phase (e.g. ITIL, ISO 9001, etc.) in English within maximum 200 10 100 days of end of transition phase.
160	List of Client Final Points (aka Network Services)	Client	John Doe	Being transitioned	Not in Transition Phase	Schedule 1	1.6 (b)	160	Obligation	Contractual Evidence of different delivery	Contractual documentation to be verified. The Service Provider will provide the list of client final points (e.g. ITIL, ISO 9001, etc.) in English within maximum 200 10 100 days of end of transition phase.
170	Documentation on archive strategy	Client	John Doe	Being transitioned	Not in Transition Phase	Schedule 1	1.7 (a)	170	Deliverable	Contractual Evidence of different delivery	Contractual documentation to be verified. The Service Provider will provide the archive strategy (e.g. ITIL, ISO 9001, etc.) in English within maximum 200 10 100 days of end of transition phase.
180	Documentation on File Protection	Client	John Doe	Being transitioned	Not in Transition Phase	Schedule 1	1.7 (b)	180	Deliverable	Contractual Evidence of different delivery	Contractual documentation to be verified. The Service Provider will provide the file protection (e.g. ITIL, ISO 9001, etc.) in English within maximum 200 10 100 days of end of transition phase.
190	Malware Store Concept	Provider	Henry Conrath	after the transition phase	Not in Transition Phase	Schedule 1	1.8 (a)	190	Deliverable	Contractual Evidence of different delivery	Contractual documentation to be verified. The Service Provider will provide the malware store concept (e.g. ITIL, ISO 9001, etc.) in English within maximum 200 10 100 days of end of transition phase.
200	Verification Phase SW	Provider	John Doe	Being transitioned	Not in Transition Phase	Schedule 1	1.8 (b)	200	Deliverable	Contractual Evidence of different delivery	Contractual documentation to be verified. The Service Provider will provide the verification phase (e.g. ITIL, ISO 9001, etc.) in English within maximum 200 10 100 days of end of transition phase.
210	Information on Inventory of devices and their configuration	Client	John Doe	Being transitioned	Not in Transition Phase	Schedule 1	1.9 (a)	210	Deliverable	Contractual Evidence of different delivery	Contractual documentation to be verified. The Service Provider will provide the information on inventory of devices and their configuration (e.g. ITIL, ISO 9001, etc.) in English within maximum 200 10 100 days of end of transition phase.