

TOP 10¹¹ CONSIDERATIONS

for employing a managed services model

In today's marketplace, it is becoming more and more attractive, and in some cases an imperative, for companies to hire out what are considered non-differentiating capabilities. Functions such as validation, quality, reporting and analytics are generally deemed necessary or supporting, but not strategically important when it comes to a pharma or device company's core mission of delivering lifesaving products to market.

Life sciences organizations are turning to innovative sourcing models as they seek to optimize resources and reduce costs, while ensuring successful business outcomes. Ultimately, they are looking for ways to be flexible and agile as it relates to ancillary ongoing operational or recurring functions. They desire to align with a lean organization where they are optimizing internal talent, and efficiently leveraging partners to focus on strategic priorities and activities that are not considered the organization's core competencies.

In today's marketplace, more sophisticated managed services offer an ever-widening set of functionalities for companies to consider. The value proposition for these services is also increasing and expanding, encompassing business and technical areas that were once deemed too business critical to outsource. Information management and analytics functions, compliance adherence operations and even project management are being considered as managed service opportunities. These services often include the corresponding technology and software to operate them, or even the end user capabilities they supply such as rich analytical environments and models. A new realm of possibilities has opened in this era of high value managed services. However, with this sophistication of offerings comes a set of critical items for buyers to consider. The following is a list of 11 key things to think about when taking advantage of the high value managed service marketplace.



1

BE CLEAR ABOUT THE REASON FOR GOING TO A MANAGED SERVICE

Are you addressing a skill gap? Do you believe that a managed service will provide you with a better capability than you can provide with FTEs? Is it a time-to-market opportunity that you will reconsider at a later date? Knowing the specific reasons that you are looking to a managed service to satisfy capability will help you determine the best fit. In the case of high value services, cost is rarely, if ever, a driving factor.

2

SPLITTING UP THE WORK

It is critical to understand how best to delineate responsibilities between the managed service provider (MSP) and internal resources, or sometimes even between MSPs. It is impossible to govern the initiative properly without a clear understanding of which organization is on the hook for the desired outcomes. In the case of an analytical environment for example, knowing who is responsible for data quality or which team will gather requirements and document the needs of the business are important to understand and agree to. Without clear lines of responsibility, it will be tremendously difficult to get the most out of the services.

3

ESTABLISHING SLAS

In a typical MSP scenario, the Service Level Agreements (SLAs) are almost self-evident. How many SharePoint sites are to be managed? What is the agreed to number of users to be supported? What is the agreed to execution time for a typical business process? These are easily identifiable and measurable work activities in a typical MSP arrangement. In high value MSP operations, the measurement is often a bit more difficult. As an example, you may be able to determine how many dashboards are developed or changed in an analytical environment, it is difficult to predict the number than can be addressed given the high degree of variability in effort. You need to choose meaningful SLAs that can be measured and allow for approximation or ranges where specificity cannot be achieved.

4

FINDING THE RIGHT LEVEL OF PROCESS RIGOR IS DIFFICULT, BUT IMPORTANT

Often when a company enters into an MSP agreement, they do not fully understand that to obtain optimal benefit they will likely need to change the processes that are currently in place. MSPs typically have a set of processes and tools that they use to efficiently manage functions such as work estimation and work allocation, status reporting and quality assurance. While there will be an urge to keep the current processes and tools especially if the feeling is that if it is not broken don't fix it, most MSPs will tell you that they have optimized their environment for maximum effectiveness. Good MSPs will know how to strike the balance between a rigid set of processes and a dynamic demand environment, and the fact that sound processes will allow for predictable results when implemented at the appropriate level.

5

PROCESS GOVERNANCE & OWNERSHIP, TRANSITIONING RESPONSIBILITY

High value and more complex managed services are often designed to take over functions that are currently managed by internal employees, in the hopes of moving them onto even more valuable work. These currently responsible personnel are often asked to manage the MSP and their operations while handing over the work. This transition can be very difficult, especially when daily activities and results have been the focus of their efforts for a long period of time. It will be very difficult however, if not impossible to hold the MSP accountable for results if they are not fully in control of how the work gets done.

6

TRANSITION CAREFULLY, NOT QUICKLY

The transition period for engaging an MSP can vary widely from a simple "cut over" of services for something rudimentary such as network monitoring, to something more complex such as data stewardship. Allowing the appropriate time for both the definition and refinement of the proper service model, as well as bringing on the appropriately skilled and trained team members will pay dividends in the long run. Do not be in a hurry to swap out the current team without knowing that the new team can pick up the tasks quickly. It may take months to properly transition to the new resources and model.

7

RESOURCE ONBOARDING & TRAINING WILL DETERMINE THE TIMELINE TO RESOURCE EFFECTIVENESS

With any change in team members comes a need for some level of onboarding and training. In today's highly secure world, even the act of simply allocating email and system access can take days to weeks. Add to that specific training requirements for compliance, HR, systems, processes and technology and it becomes easy to understand how important an efficient onboarding and training process is and how important it is to incorporate that time into the schedule and SLAs.

8

CROSS-TRAINING IS CRITICAL

We have all been taught to avoid any single point of failure in our technology systems. This should also be true with a well-designed managed service. A good MSP will make sure that their people are cross-trained to the degree possible to avoid any single resource change having a substantial impact on the effectiveness of the initiative. This discipline is critical to ensure that when it is time to move resources out of the service, bring new people into the mix, and in general manage the effectiveness and cost balance of the initiative, that no one person's knowledge or skill can interfere with optimizing execution.

9

KEY SUCCESS FACTORS: LOCATION, LOGISTICS & COMMUNICATION

We now operate in a globally distributed working world. It is possible and indeed often practical to have teams working together that are separated by thousands of miles and multiple time zones. While this presents challenges such as working time misalignment and language interpretation, many of the challenges have long since been overcome. For managed services that focus on more routine activities, this is especially true where good documentation and rigorous process can facilitate effective operations. This is not as true for high value managed services, which tend to be more intimate and complex to execute, however. There is a careful balance that needs to be struck especially when there is a substantial dialogue required to facilitate the work effectively. In most cases there is no easy substitute for physical presence, or at a minimum alignment of time schedules and communication models. Consideration needs to be paid to these factors when it comes to dividing out the work and assigning it to the appropriate location and skilled personnel. In this paper, we have tried to provide you with some food for thought. We believe these are critical items to think about when leveraging an MSP to do provide more complex and business critical services for an organization. We know that there are many other considerations. In this ever-changing business world where divesting non-differentiating business functions and sometimes even differentiating ones is becoming more and more common, it is keenly important to understanding the key elements to successful MSP engagement. Hopefully this list and these insights provide some valuable guidance for those organizations looking to take advantage of this rapidly evolving opportunity.

10

BEWARE OF UNANTICIPATED COSTS

Many high value managed services include an implementation phase that deploys new or custom technology as part of the service. This implementation is both part of the start-up cost as well as long term operating cost. Custom data feeds, custom reporting and analytics, custom processes all add up and can be significant. If these are not fully understood and clear up front, they can severely impact both budget and functionality. The “nickel and dime” effect of modifications and process ownership that often occurs during implementation can not only impact cost, but if known beforehand, may have changed the decision to go with the selected MSP. While some of this may be unavoidable, most of the time, good clear negotiations and delineation of responsibility will minimize the potential for severe negative impact.

11

PICK A PARTNER, NOT A VENDOR

Yes, this sounds totally cliché, but it is critically important nonetheless. A good MSP for high value services will not inflict their rigid operating model and try and convince you why it is best you conform, but rather consider your particular situation, environment, needs, capabilities and current operating model and devise an approach that will work best for you. They will consider your starting point, and desired future state working with you to rebalance work, redesign processes, communicate to those involved and adjust their models to fit your situation. They will become a true partner, even to the degree that it might cost them work to do the right thing. The value of working with a true partner cannot be overestimated and will pay dividends in the long run yielding the best TCO.

When thinking about leveraging a Managed Services Provider for more complex and business critical services for an organization, we understand organizations have multifaceted considerations. In an ever-changing business world where divesting non-differentiating business functions—and sometimes even differentiating ones—is becoming more and more common, it is keenly important to understanding the key elements to successful Managed Service Provider engagement. Verista's SMEs and consultants look forward to sharing their insights and guidance with organizations seeking to take advantage of this rapidly evolving opportunity.

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