



Paradigm Shifts in Vendor Partnering within the I.T. Services industry

Delivered at
Flextronics Software Systems Limited.,
New Delhi : March 3, 2006
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Vendor Partnering Modes...



(a) Value Enablers :

Travel, Transportation , Visa Services,
Security, Cafeteria, Facility Management,
Real Estate, Architects,
Infrastructure Products and Services etc



Vendor Partnering Modes...



(b) Value Enhancers :

Hardware, Software, Network and related services Vendors



Value Enhancers :

Hardware, Software, Network and related services Vendors



Historic Prelude...

and a lesson



- 1977 : GOI asks multinationals to leave
- 1977 : TCS opens the door for Burroughs :
- 1978 : TBL formed
- 1979-85 : Platform diversity at TCS
- 1980+ : TBL to TUL (1987) to
Tata Infotech (1996)
- 2006 : Tata Infotech to merge with TCS



At Arms Length *vs* Tight Coupling...



1. 1997 : Infosys wins a major service contract in US West Coast
2. To 2000 : Account grows to multimillion dollars
3. Around 2000 : Reverse pressure to buy hardware
4. Infosys Decision and Rationale

Structuring a Win Win Relationship...



1. Infosys is the largest Indian customer of Vendor X
2. Purchase Dept. introduces Infosys SBUs to Vendor X
3. Vendor X becomes a customer of Infosys
4. Joint Development of Service offerings on Vendor X' products
5. Joint penetration of market



Relationship Growth...



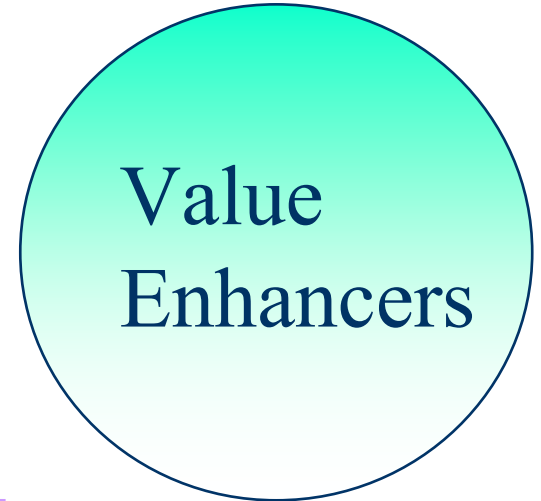
Purchase
Effectiveness

Skills
Development

Service
Offerings

Joint Solutions
for the Market

Value
Enhancers



Best Practices ...



1. Technology Standardization
2. Centralized Purchase function
3. Fairness in contract clauses
4. Process and Document standards
5. Quick Settlement

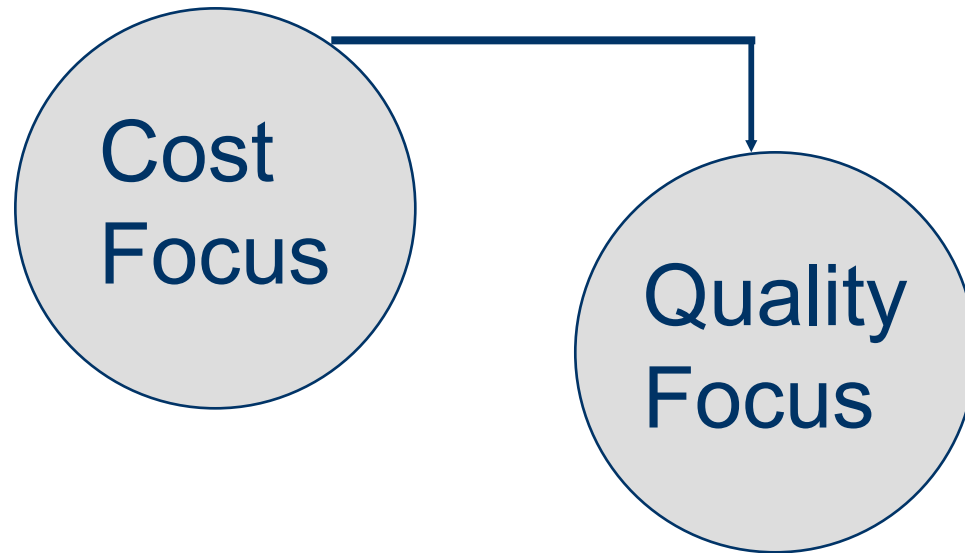


Value Enablers :

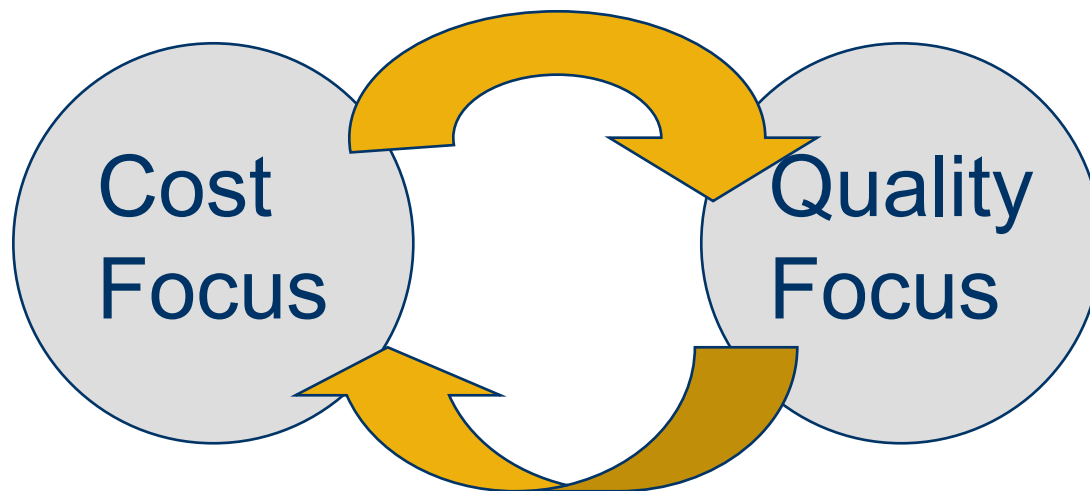
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Paradigm Shift...

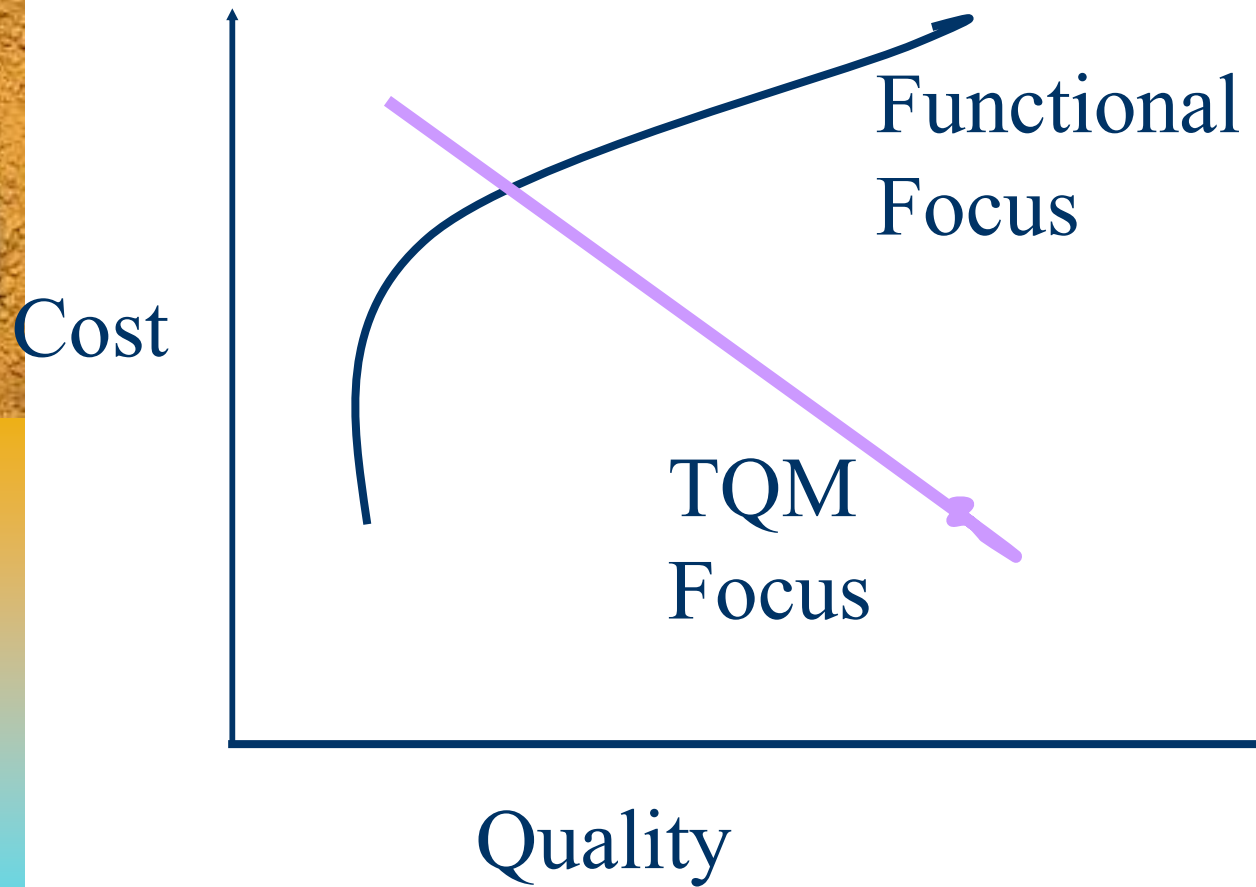


Earlier

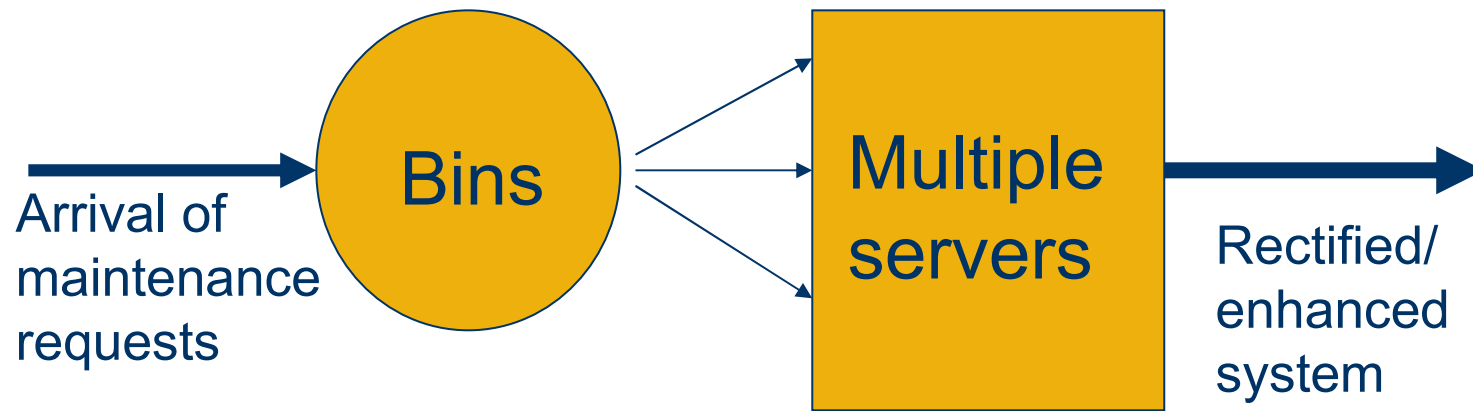


Current

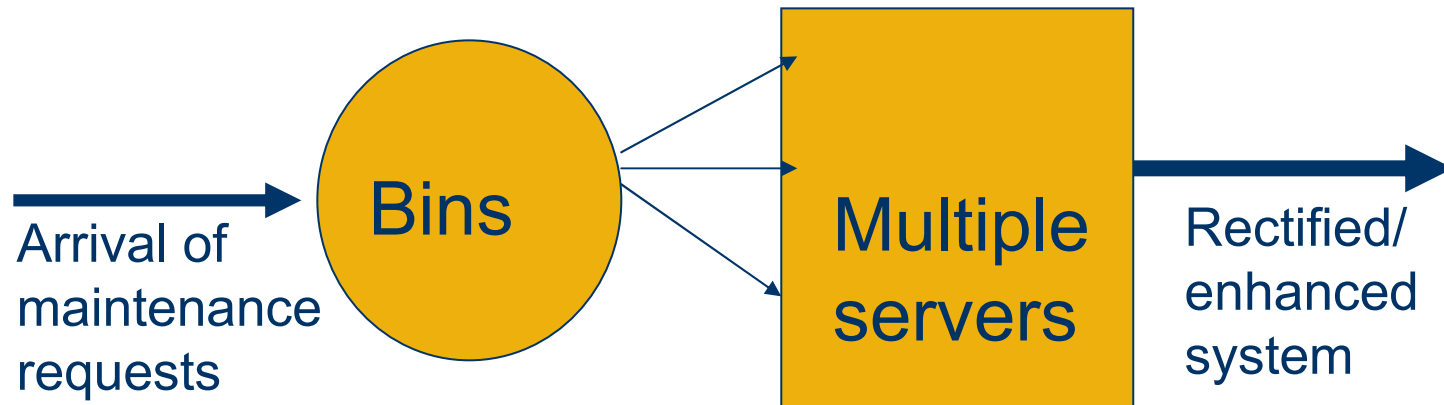
Toyota Production System...



Transaction Focus...



Transaction Focus...



Output is a function of

Arrival rate ; No.of service providers ;
Service provider productivity .

It is also a negotiated agreement based on
service level expectation

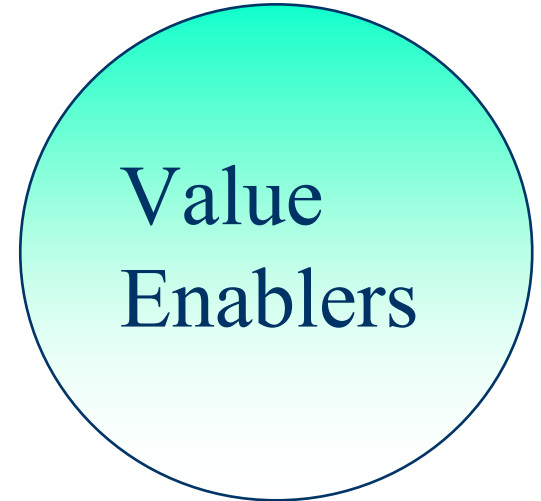
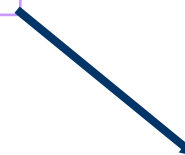
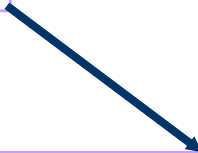
Relationship Growth...

Purchase
Effectiveness

Quality
Assurance

Continuous
Cost
Reduction

Value
Enablers





Enabler /Enhancer ...



1996 : Nynex as a customer

1997 : The DHL story

2000+ : Post Y2K era : large value contracts

- * Continuous Cost Reduction
- * Transaction volume based resourcing
- * Maintenance to Development

Best Practices ...



1. SLAs
2. Centralized Policies with decentralized Purchases
3. Process and Document automation ; coupling
4. Fairness in contract clauses
5. Quick Settlement



*Best Wishes for your
Success*

by

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