



Conscientia, LLC

Application Outsourcing: Consulting and Sales Training Services

How Winners Sell Outsourcing Services: Proven Best Practices



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Conscientia provides outsourcing related assistance to both providers and buyers of application outsourcing and application management services:

- For outsourcing providers Conscientia develops and delivers **sales training** for outsourcing sales personnel. We also provide **coaching and selling assistance** for specific outsourcing deals.
- For outsourcing buyers Conscientia provides application management consulting, including developing an application management **sourcing strategy** and providing **buying assistance** for outsourcing services.

Our associates have a demonstrated ability to help clients create sustainable, mutually beneficial, "win-win" outsourcing transactions:

- We have many years of sourcing experience ... gained as buyers, as sellers and as deliverers of application outsourcing services
- We are experts on application development and application management
- We have a successful history of providing consulting and sales training services to clients in many industries
- We have a demonstrated ability to architect business solutions and to structure outsourcing deals for win-win success
- And, most importantly, we have a proven record of successfully transferring our experience and knowledge to our clients

Conscientia is a Latin word that is commonly translated as "shared knowledge". It reflects our business objective of sharing with new clients the knowledge and experience gained during many years of helping others to create business value using information technology.

Agenda

Creating Client Value

What is client value

Where does it come from

Outsourcing Sales Process

Client's Buying Process

Your Selling Process

Phases of the Sales Process

Phase One: Recognizing Needs ↔ Exploring Potential

Phase Two: Formulating Strategy ↔ Creating Preference

Phase Three: Evaluating Options ↔ Qualifying Opportunity

Phase Four: Refining Solution ↔ Architecting Deal

Phase Five: Selecting Provider ↔ Gaining Agreement

Key take-aways

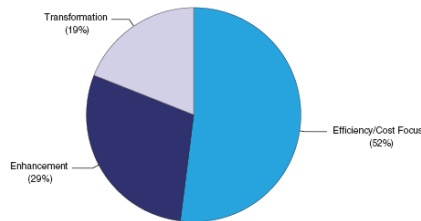
Questions and Comments

Value drives outsourcing sales like location drives real estate sales ...

Three analyst views of client value realized from outsourcing ...

Gartner

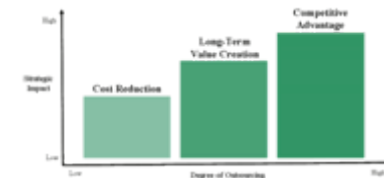
- **Efficiency / Cost**
 - Cost reduction
 - Cost control
- **Enhancement**
 - Application performance
 - Business performance
- **Transformation**
 - New business capability
 - Changed business model
 - Innovation



- **Strategic value**
 - Enable mergers and acquisitions
 - Improve speed to market
 - Drive revenue
- **Business value**
 - Enable growth and organizational change
 - Better manage risk
 - Improve quality of service, flexibility, scalability
 - Achieve SLAs and predictable costs
- **IT value**
 - Cost reduction
 - Focus on core competencies
 - Address skill and resource shortages
 - Improve IT operational efficiencies
 - Address lack of infrastructure

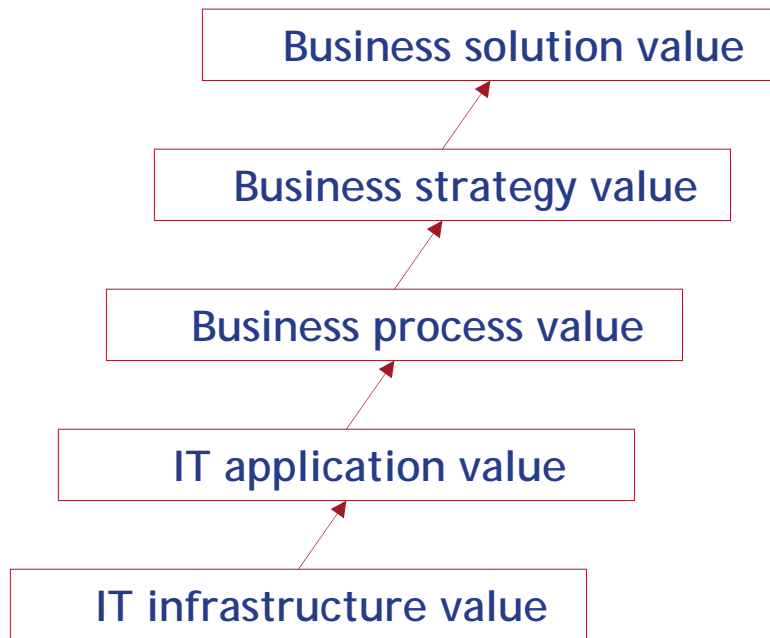
THE BOSTON CONSULTING GROUP

- **Cost Reduction**
 - Labor cost savings
 - Economies of scale
 - Cost variability
- **Long-Term Value Creation**
 - Higher revenues
 - Improved customer service
 - Increased productivity
 - Reduced time to market
- **Competitive Advantage**
 - Better management of business cycle volatility
 - Increased strategic flexibility
 - Collaborative opportunities
 - Enhanced global footprint



Value drives outsourcing sales like location drives real estate sales ...

... and a more recent Gartner view of client value realized from outsourcing



Examples of Impact/Outcomes

- Revenue growth
- Return on assets
- Revenue per employee

- Time to bring a new product to market
- Sales from new products
- Product or service quality

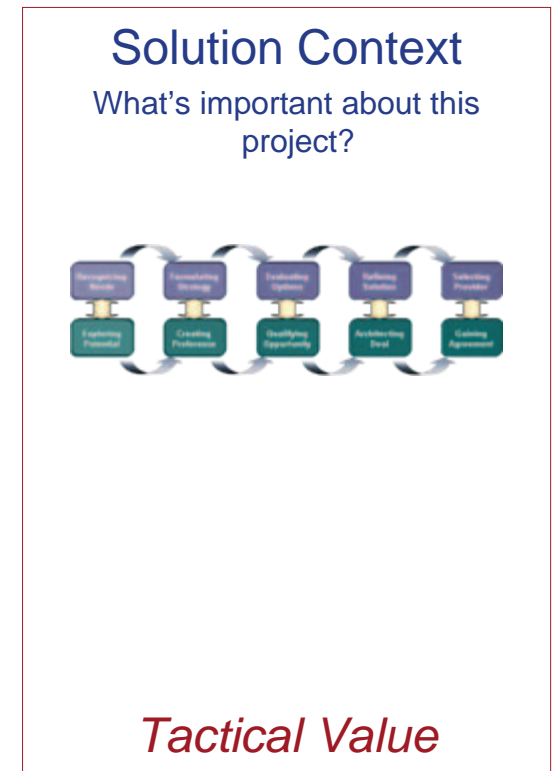
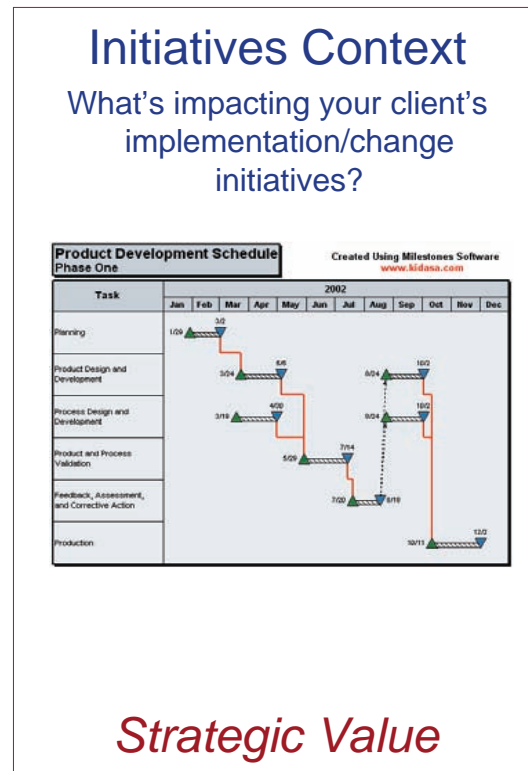
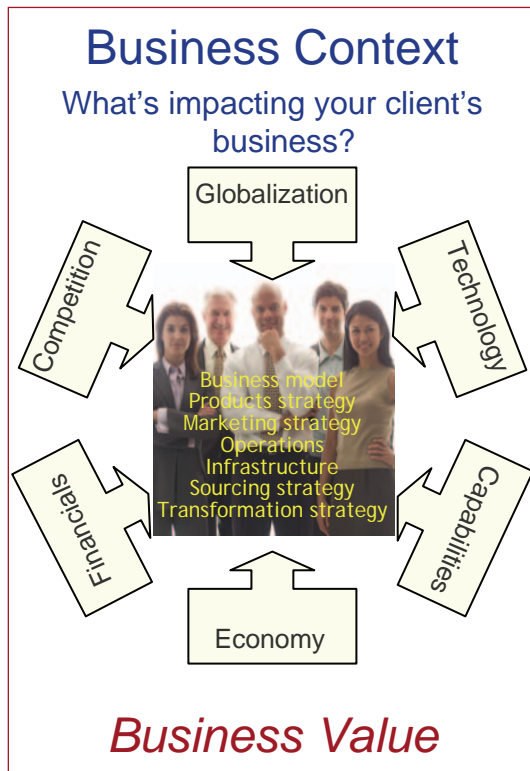
- Fewer handoffs
- Ability to cross-sell
- Supplier integration

- Implementation time for a new application
- Implementation of a new application

- Infrastructure availability
- Cost per transaction
- Cost per workstation

... and *client issues and objectives are the keys* to creating client value

Places to look for opportunities to create value for your client



Differentiation comes from your creating *unique client value*

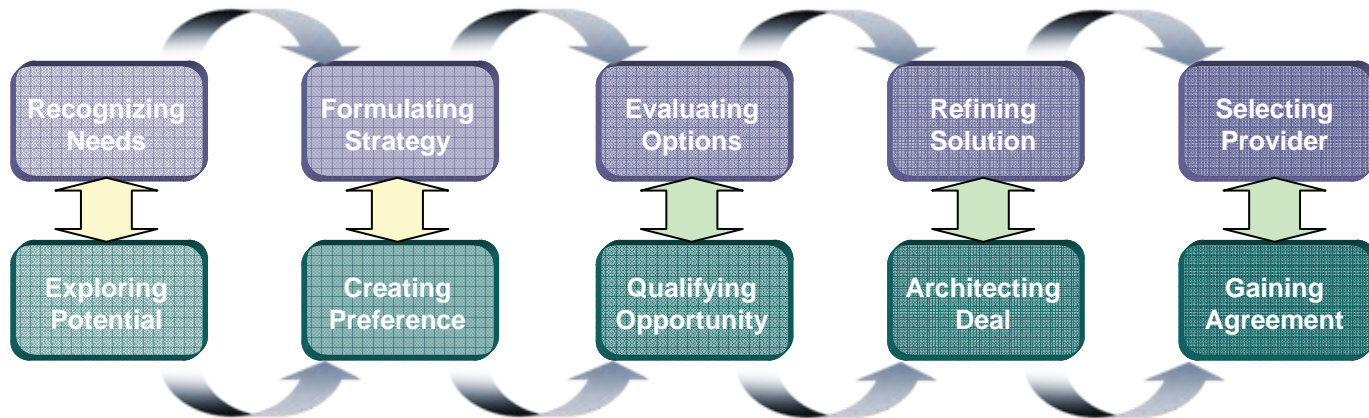
To be successful you must first understand your client's buying process ...



The Client's Buying Process

- Where they are in the buying process
- What they are doing now
- What they are expecting from you
- What you have missed if you are starting in the middle

... and then align your sales activities with where the client is in their buying process



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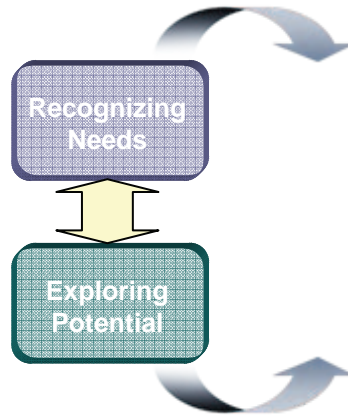
Your Selling Process

- What you should be doing in response
- What you need to do to make up for what you have missed
- How to decide whether you should continue to engage
- How to evaluate your progress
- What tools and techniques you should be using

Exploring Potential:

Identify potential opportunities early ... establish yourself as an advisor ... *lay the foundation for a consultative sale*

Phase One



Sales Tools & Techniques

- Corporate reports (Annual Report, quarterly results, etc.)
- Investor information (especially presentations to analysts)
- Company web site
- Industry association reports
- Analyst research (economic, industry, technical)
- Media articles and reports
- Industry journals
- Business and consultant journals
- Analytical models (strategic, competitive, alignment)

What Your Client Is Doing

- Understanding how their business environment is changing
- Refining business strategies (model, products, markets, structure, operations, partners, etc.) in response to those changes
- Identifying and prioritizing business issues (strategic issues, operational issues, infrastructure issues, new opportunities, desired transformations)

What You Should Be Doing

- Understanding your client's business environment (economy, industry, structure, competitors, etc.)
- Understanding your client's business (SWOT, products, customers, etc.)
- Building relationships (management, business, technical, administrative)
- Providing thought leadership/advice based on knowledge and experience

Critical Question – Is There Real Potential?

- Does the client have real needs (pain or gain)?
- Are those needs acknowledged by appropriate level management?
- Are they compelling (business imperative, value potential, cost)?
- Is there sufficient motivation to act (urgency)?

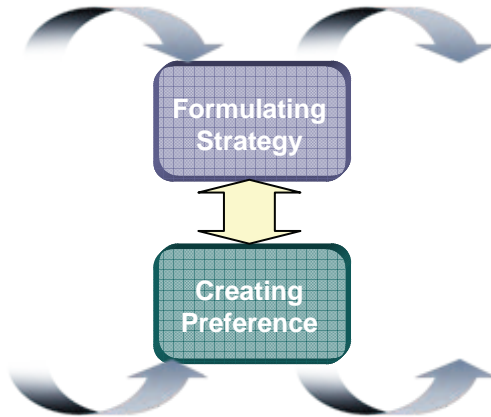
Critical Indicators Of Success

- Developed an informed understanding of the client's business issues
- Gained access to and established rapport with the client's key business and technical leaders
- Accepted as a valid and sought as a valuable trusted advisor
- Have identified potential opportunities where outsourcing is relevant

Creating Preference:

Shape the business solution to your advantage ... link the benefits to the issues ... *create competitive preference*

Phase Two



What Your Client Is Doing

- Envisioning a business solution
- Defining business requirements (objectives, capabilities, timing, etc.)
- Refining/updating their business initiatives relative to the solution
- Formalizing the initiative (responsibility, expected results, evaluation criteria, budget and schedule parameters, etc.)

What You Should Be Doing

- Understanding the linkages among the client's issues ("pain chains")
- Broadening the client's solution perspective (possibilities, other successes)
- Shaping the envisioned business solution to your advantage (scope, scale, benefits, timing, sequencing, alternatives, options, etc.)
- Building relationship and preference (alignment, confidence, trust)

Sales Tools & Techniques

- Client issues analysis
 - Key player analysis
 - Player-Pain association
 - Pain linkage analysis
 - Business initiatives analysis
- Solution analysis
 - Benefits identification
 - Issues-Benefits linkage analysis
- Preference development
 - Demonstrate knowledge and capabilities
 - Highlight prior performance
 - Show commitment

Critical Question – Is This A Valid Opportunity?

- Have the business aspects of a solution been defined by the client?
- Can the business solution be realized? Are the benefits sufficient? Are the dependencies and risks understood and reasonable?
- Has a responsible executive/manager been identified? Budget?
- Are the client's decision makers and SMEs accessible and available?

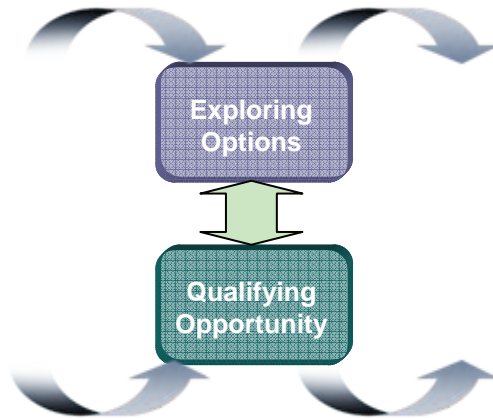
Critical Indicators Of Success

- Understand the client's desired business solution (vision, requirements)
- Can link the solution benefits to the client's business issues
- Identified the buying participants and understand their roles (people buy!)
- Accepted as a viable potential business partner by key decision makers
- Have confirmed that the solution is realizable and the benefits compelling

Qualifying the Opportunity:

Decide early if you can win ... if not, change the deal or get out ... *“hope is not a strategy”*

Phase Three



What Your Client Is Doing

- Decomposing the business solution into projects and components
- Deciding sourcing alternatives and strategies
- Defining the purchasing process (steps, roles, consultants, selection criteria, etc.)
- Selecting potential providers and issuing tenders (RFI, RFP, invitation, etc.)

What You Should Be Doing

- Analyzing and understanding the business issues, desired business solution, requested solution components, purchasing process, selection criteria
- Developing an initial/draft solution/response
- Analyzing buying participants, decision makers, and competitors
- Developing your value proposition and differentiation (unique value)

Sales Tools & Techniques

- Influencing the desired solution
 - Business capabilities
 - Value, priority
 - Scope, phasing, timing
- Influencing the buying process
 - Steps, criteria
 - “Power” management
- Competitor analysis
- Organization analysis
 - Power holders
 - Influence linkage
 - Obstacles
 - Sales coverage plan
- Value analysis

Critical Question – Should I Pursue This Opportunity?

- Is there consensus about the business solution and desired outcome?
- Do you have the necessary capabilities and available resources?
- Is the opportunity good business (profit or other value, risks)?
- How does the client view you (preferred, viable, stalking horse)?
- Can you win (technically, politically, financially) or change the game?

Critical Indicators Of Success

- Have or can obtain an understanding of client’s business issues, business solution, key players, linkages, etc.
- Are not disfavored by the desired solution or public buying process
- Have strong internal sponsor and access to power
- Understand the competitors and have identified differentiating client value

Opportunity qualifying template often used in IBM's application outsourcing division

What is the deal?

- Description
 - As the client first stated it
 - As you now see it
- Client's motivation to act
 - Pains and/or gains
 - Urgency
- Scope and scale
 - Functions, applications, etc.
 - People
 - Geography
- Client resources committed
 - People
 - Budgets

What is our solution?

- Business solution
 - Business capabilities
 - Linkage to client issues
- Delivery approach and phasing
 - Timing of capabilities
 - Timing of value delivered to client
- Staffing and partnering strategy
- Governance structure
- Pricing strategy
- Risk analysis

What are client's benefits?

- Business value delivered
 - Issues addressed
 - How achieved, such as:
 - Agility ... Speed
 - Revenue ... Cost savings
 - Process improvement
- IT values delivered
 - Initiatives supported
 - How achieved, such as:
 - Cost efficiencies
 - Operational effectiveness
 - Business alignment
 - Technology innovation

Can we win?

- Self-analysis (this deal)
 - Strengths and weaknesses
 - How to mitigate weaknesses
- Competition analysis (this deal)
 - Strengths and weaknesses
 - Likely strategies/tactics
- Solution analysis
 - Comprehensiveness
 - Quality
 - Versus competition
- Differentiation – unique value

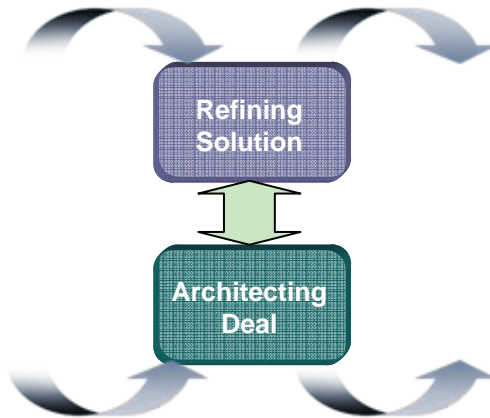
How do we win?

- Client's perception of us
- Major obstacles to closing deal
 - How to overcome
- Important players
 - Power owners
 - Decision makers
 - Influencers
- Initial sales plan
 - By player
 - With specific objectives
- Resources needed to close
 - Critical success factors

Architecting the Deal:

Converge the desired solution to your solution ... gain internal client support ... “sell” to all client buying participants

Phase Four



What Your Client Is Doing

- Executing their defined purchasing process
- Refining/revising their desired business solution based on supplier inputs
- Evaluating proposed provider solutions
- Evaluating provider desirability and commitment
- Down-selecting providers to the preferred/viable set

What You Should Be Doing

- Developing your proposed solution – being creative, not just reactive
- Validating your value proposition (value delivered) with client management
- Differentiating your solution (unique value delivered)
- Executing your sales coverage plan (updating and revising as necessary)
- Gaining sponsor support

Sales Tools & Techniques

- Influencing the desired solution
- Influencing the buying process
- Competitor analysis
- Sales coverage plan
 - Executive calls
 - Reference visits
 - Capability demonstrations
 - Delivery team qualifications
 - Delivery management involvement
- Value proposition
 - Quantification
 - Schedule

Critical Question – Am I A Potential Winner?

- Does your solution meet the client’s needs (stated and unstated)?
- Is your value proposition compelling (deliver sufficient value)? And, is it compelling relative to the competitions’ value propositions?
- Is your differentiation compelling (create a propensity to buy)?
- Does your solution have internal support? Power support?

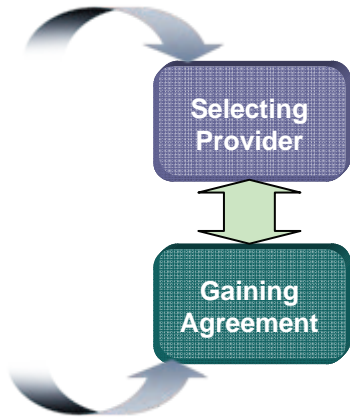
Critical Indicators Of Success

- Convergence between client’s desired solution and your proposed solution
- Explicit support of powerful decision makers
- Discussions focused on capabilities to be delivered rather than cost/price
- Negative players moved to neutral; neutral players moved to supportive; negative influencers neutralized

Gaining Agreement:

Demonstrate you have the low risk, high value, reasonably priced alternative ... build a compelling reason to buy around a critical issue

Phase Five



What Your Client Is Doing

- Resolving concerns
- Negotiating to their/joint advantage (selecting is their leverage)
- Finalizing terms and conditions
- Evaluating provider desirability and commitment
- Selecting provider

What You Should Be Doing

- Resolving concerns
- Negotiating to your/joint advantage (value proposition is your leverage)
- Finalizing terms and conditions
- Communicating the value of your solution
- Communicating your value as a partner

Sales Tools & Techniques

- Value proposition
- Preference development
 - Best risk alternative
 - Additional capabilities
 - Preferential treatment
- Senior level managers
- Experienced negotiators

Critical Question – Can I Close The Deal?

- Do you have an internal sponsor? A power sponsor?
- Is your solution the preferred solution?
- Are you the preferred provider?
- Does the client have a compelling reason to buy from you?

Critical Indicators Of Success

- Support of the powerful decision makers
- Acceptance by the even more powerful decision “sustainers”
- Acknowledged value delivered by your solution
- Acknowledged compelling reason to buy from you

Key take-aways ...

- **Client value is driven by client issues**
 - Link to all levels of value: *business issues, strategy issues, operational issues, infrastructure issues, transformational issues*
 - Communicate the value -- don't assume the client sees the linkage
- **Provider differentiation is deal specific**
 - Don't confuse qualifiers with differentiators
 - Differentiation ⇔ *delivery of unique client value*
 - Shape the solution and architect the deal to your advantage!
- **Know where your client is in their buying process ... and engage accordingly**
 - Align your selling activities with the client's buying activities
 - Accommodate client buying participants who are lagging behind
- **Avoid the commodity end-game**
 - Engage the client early in the buying process
 - Become a *trusted advisor*
 - Create competitive preference
 - Influence the evaluation process to your advantage!
- **Heed the "vital signs" at each phase of the selling process**
 - *Critical questions* that help you decide to continue or disengage
 - *Critical success indicators* that mark your progress towards winning

... and if you only do a few things these are the most important

- **Player-Pain analysis and linkage**
 - Identifies the sources of value for the client
 - Allows you to link your solution benefits to the client's "*value chains*"
- **Competitor analysis**
 - Not generic analysis, but an informed prediction of what you think each competitor will propose
 - Allows you to adjust your solution to create deal specific differentiation (*unique client value*)
- **Client organization and buying participant analysis**
 - Defines the playing field for the deal
 - Allows you to align your selling activities for each buying participant with their *vision, issues, priorities, role, power and preference*

Francis Bacon:

"Hope is a good breakfast ... but it is a bad supper"

Questions?
and
Comments!

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