15. ISACA TrendTalk
Aufbau eines Providermanagements zur aktiven Steuerung von Outsourcing Partnern
Georg Stepan 11/2014
Region Central and Eastern Europe

Region CEE

Area 1,705,483 km²
Population 149.6 mn
GDP €1,256.6 bn
GDP growth 2.0%
Revenue ~ €5.1 billion
Employees ~ 21,200

Legend
- Economic indicators for 2013
- Average annual GDP growth, 2013–2016
- Revenue: International business and exports
- Employees including affiliated companies

Austria
Area: 83,879 km²
Population: 8.5 mn
GDP: €312.8 bn
GDP growth: 1.4%

Bulgaria
Area: 111,002 km²
Population: 7.3 mn
GDP: €40.7 bn
GDP growth: 2.0%

Croatia
Area: 56,594 km²
Population: 4.3 mn
GDP: €46.5 bn
GDP growth: 0.6%

Hungary
Area: 93,026 km²
Population: 9.9 mn
GDP: €108.7 bn
GDP growth: 2.3%

Montenegro
Area: 13,812 km²
Population: 0.6 mn
GDP: €3.2 bn
GDP growth: 2.7%

Slovenia
Area: 20,273 km²
Population: 2.1 mn
GDP: €36.3 bn
GDP growth: 1.2%

Slovakia
Area: 49,036 km²
Population: 5.4 mn
GDP: €70.8 bn
GDP growth: 2.9%

Azerbaijan
Area: 86,600 km²
Population: 9.3 mn
GDP: €55.8 bn
GDP growth: 3.9%

Bosnia & Herzeg.
Area: 51,129 km²
Population: 3.8 mn
GDP: €13.7 bn
GDP growth: 1.0%

Bulgaria
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Population: 7.3 mn
GDP: €40.7 bn
GDP growth: 2.0%

Croatia
Area: 56,594 km²
Population: 4.3 mn
GDP: €46.5 bn
GDP growth: 0.6%

Georgia
Area: 69,700 km²
Population: 4.5 mn
GDP: €11.4 bn
GDP growth: 4.7%

Hungary
Area: 93,026 km²
Population: 9.9 mn
GDP: €108.7 bn
GDP growth: 2.3%

Israel
Area: 22,072 km²
Population: 7.9 mn
GDP: €193.6 bn
GDP growth: 3.3%

Kosovo
Area: 10,887 km²
Population: 1.8 mn
GDP: €5.2 bn
GDP growth: 4.3%

Moldova
Area: 33,851 km²
Population: 3.6 mn
GDP: €6.0 bn
GDP growth: 3.7%

Macedonia
Area: 25,723 km²
Population: 2.1 mn
GDP: €3.0 bn
GDP growth: 3.0%

Montenegro
Area: 13,812 km²
Population: 0.6 mn
GDP: €3.2 bn
GDP growth: 2.7%

Romania
Area: 238,391 km²
Population: 20.0 mn
GDP: €149.9 bn
GDP growth: 3.2%

Serbia
Area: 77,474 km²
Population: 7.1 mn
GDP: €37.3 bn
GDP growth: 0.0%

Slovakia
Area: 49,036 km²
Population: 5.4 mn
GDP: €70.8 bn
GDP growth: 2.9%

Slovenia
Area: 20,273 km²
Population: 2.1 mn
GDP: €36.3 bn
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Area: 10,887 km²
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Our group structure

Power & Gas
Wind Power and Renewables
Power Generation Services

Energy Management
Building Technologies
Mobility

Digital Factory
Process Industries and Drives
Healthcare
(separately managed business)

Research and development
• Corporate Technology

Cross-Division activities
• Financial Services
• Siemens Real Estate
Our vision and our values

Siemens – the pioneer in

Energy efficiency  Industrial productivity  Affordable and personalized healthcare systems  Intelligent infrastructure solutions

Our values

**Responsible**
Fair-minded, sustainable conduct that creates trust

**Excellent**
Maximum quality, professional implementation, outstanding results

**Innovative**
A culture of constant improvement – day in and day out, every step of the way
CEE IT Responsibility in Central Eastern Europe
Facts & Figures

- **19** countries (CEE)
- **35** AREs (companies)
- **25,289** employees
- **18,678** workplaces
- **40** projects (FY 2014)
- > **1,200** demands (FY 2014)
- **120** Mio EUR (FY 2014) IT Budget
- **250** IT employees in 14 countries

19 Regional Headquarter
64 Sales Offices
56 Manufacturing/engineering/maintenance sites
CEE Information Technology

Efficient cross country collaboration based on our committed vision and mission

**Vision**

Our **business understanding** and professional IT expertise
together with our **team spirit across borders** and **passion for quality**
make us a **highly contributing partner**
to business success.

**Mission**

- **Improve**
  - Business productivity with high quality services
  - Business competitiveness with IT innovations realized in close partnership with our business partners
- **Ensure**
  - Sustainable value from our services and IT solutions
  - Business continuity with reliable services and security measures
- **Enable**
  - End-users to fully exploit the power of business process automation delivered by our systems
  - IT systems to provide full value to our business partners
  - Continuous improvement of our capabilities
The IT Delivery Model Changed Dramatically - Past

- SIS as internal delivery partner with sporadic external support
- Local Service provision based on predominantly local internal contracts
- Management at arms length
- Contracts as basis but execution often on known procedures and long-lasting relations as partners
In July 2011 Siemens and Atos have established a global partnership.

**IT-Outsourcing agreement/ Customer Relationship Agreement (CRA)**

- Seven year frame agreement (2011 – 2018)
- Scope: Managed services and systems integration (IT infrastructure + applications)
- Preferred partnership principles for internal IT (First Call / Last Call mechanisms)
- Defined budget for joint R&D investment in key verticals over three years
- Address potential for Hi-Tech Transactional Services (HTTS) in selected verticals
- Joint go-to-market approach in selected industries – Atos participates in Siemens One

**Global partnership agreement**
**The IT Delivery Model Changed Dramatically**

**Past Situation**
- SIS as internal delivery partner with sporadic external support
- Local Service provision based on predominantly local internal contracts
- Management at arms length
- Contracts as basis but execution often on known procedures and long-lasting relations as partners

**Current Situation**
- ATOS as external delivery partner requires formal Procurement (with SCM) and contracts
- € ~ 80'000 p.a. costs from SIEMENS to external
- Contractual obligations exactly to be defined and fulfilled for audit-proof contract compliance
- Globalization of processes and contracts require cluster-wide consistent implementation
- New competencies needed: multi-vendor management, external provider management based on formal criteria catalog
Decision: Setup a cluster wide IT Provider Management department

- **19** countries (CEE)
- **35** AREs (companies)
- **25,289** employees
- **18,678** workplaces
- **40** projects (FY 2014)
- > **1200** demands (FY 2014)
- **100 Mio €** Purchasing Volume

Manage all internal IT demands of the Siemens cluster CEE towards suppliers
Ensure IT provider performance and service quality across CEE

Competition - Select the best supplier at best quality and costs per topic
Ensure the strategic partnership between Siemens and Atos in CEE
CEE IT Service Provider Management
Main Responsibilities

- Competition – select the best supplier at best quality and costs based on CEE IT supplier strategy
- Ensure the strategic partnership between Siemens and Atos in CEE
- Active supplier contract management – explore, optimize and renegotiate existing contracts
- Manage the providers based on clearly defined performance criteria’s
- Professional escalation management and quality assurance of provider deliverables
- Interface to SCM – Utilize the strength of professional procurement
**Setup**
- responsibilities
- processes
- interfaces
- transparency
- handover
- first supplier strategy
- prioritizing

**Establish**
- develop preferred suppliers
- reassess contracted services
- ensure market conform prices
- full transparency about provider performance
- professional escalation management
- high quality and operational stability secured
- implement continuity programs
- increase competition of suppliers
- ensure Siemens obligations
- cluster wide collaboration with SCM
- increase supplier market knowledge

**Additional value add**
- full competition between suppliers (tenders wherever possible)
- cluster wide bundling of services
- reassess defined performance KPIs
- utilize supplier innovation potential
- bundling strength of IT and SCM
- close cooperation with CIT by bringing a respected input to global activities
- benchmarking of IT services with other Siemens clusters and comparable companies
- collaboration with other clusters
Siemens & Atos
Relationship Development

Relationship & service satisfaction

Company Internal Relationship

Professional Customer & Supplier Relationship

Change Management (Siemens & Atos)
Service, Delivery and Contract Optimization
Global Atos Outsourcing Standards

Time

Year 1
Year 2
Year 3
### Professional IT Outsourcing – Customers Expectations

- Ability to deliver contracted (promised) services
- Culture of Customer Orientation and professional communication behavior on all levels
- No “bought” contracts – cost level need to be sustainable
- “Ready for competition” & “Willingness to compete”
- Transparency about cost drivers
- Long term collaboration, trust and partnership
- Innovative solutions & active information about new technologies
- High quality outsourcing process standards in all delivery locations
## Professional IT Outsourcing – Customers Key Know How

### Technology Competence - IT Architecture and Solution Management

IT strategy, Innovation management & IT Governance as well as solid Infrastructure and application know how are key to manage outsourcing providers successfully.

### Sourcing Competence - keep competition up and running

Sourcing strategy, Provider & market knowledge and professional procurement are needed to ensure supplier competition and market conform pricings.

### Contract & Claim Management - contract lifecycle management in all aspects

Contract transparency, well defined and standardization contracts and claim procedures (inbound and outbound) are necessary to ensure we get, what we pay for.

### Performance Management - measure what is contracted

Transparency about providers service performance and alignment of improvement activities are basis for user/customer satisfaction.

### Relationship Management - keep the long term partnership in focus

Professional outsourcing is no short term activity – to keep the partnership active and beneficial, structured relationship management is required.
Thanks for your attention!

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