

# Transformational Telecom Outsourcing:

## Prospects for Hosted and Managed Services

---



August 2006

Ed Hansen, Partner - Morgan Lewis

# Transformational Outsourcing

---

- Two Uses Of The Term
  - Internal Transformation
  - External Transformation
- Today We Will Focus On Internal Transformation
  - Transforming the telecom function
  - Application to external transformation

# Why TTO?

---

- Telecom Is Changing Very Quickly
- Opportunities During The Term Of An Outsourcing Indicate Almost Perpetual Transformation
- Recent Project
  - Transformative for customer and vendor
  - Nascent capability suggests opportunity for innovation

# The Outsourcing Paradox

---

- A successful outsourcing requires trust, understanding and alignment, yet the interests of the customer and the service provider are not naturally aligned
- A successful outsourcing must strive to be a partnership, yet the nature of the transaction can produce complex agreements, lengthy deal cycles and adversarial negotiations

# Let's Be A Little Provocative

---



## Contract for the Relationship

---

- Contract-Based Relationships Fail
- Relationship-Based Contracts Succeed



## **The Process of Inclusion**

---

More Effective Competition

# Foundation: The Process of Inclusion

---

- Background On Development
- Application To TTO
- Some Psychological Underpinnings
  - Anger
  - Credibility
  - Competitive Dynamics

# Foundation: The Process of Inclusion

---

- Built Around Mutual Learning / Not Elimination
- Goal Is To Provide The Information And Dialogue Needed To Keep Bidders IN The Process
- Changes Dynamic
  - Creates a positive atmosphere
  - Allows significant learning to take place
  - Reward expertise in providing the services, not expertise in handling an adversarial bidding war

# Foundation: The Process of Inclusion

---

- Built Around Mutual Learning / Not Elimination
  - Elimination mentality is destructive
  - Fallacy of win/win
  - Your relationship starts before the RFP goes out

# Foundation: The Process of Inclusion

---

- Built Around Mutual Learning / Not Elimination
  - Test the relationship before Contracting
  - Problem Solvers Solve Problems

# Fundamentals

---

- It's All About The Relationship
- 15 Critical Minutes
- Puffery
- Manufacturing Truth

# Fundamentals

---

- Staying In Control
- Creating Leverage
- Getting Under The Covers
- Create An Atmosphere For Learning



## **Additional Materials**

---



## **Building the Environment Step by Step**

---

## Process - Ten Basic Steps

---

1. Business Case Development
2. Identify Your Objectives, WRITE THEM DOWN And USE THEM
3. Establish Teams
4. Define Detailed Requirements With Respect To Services, Service Levels, Pricing And Key Business Terms
5. Develop A Realistic And Flexible Schedule

## Process - Ten Basic Steps

---

6. Engage The Suppliers
7. RFP Phase Negotiations
8. Term Sheet Development And Negotiations
9. Down-selection And Final Document Negotiations
10. Administer And Manage The Relationship