

Introduction to Awards

Outsourcing Malaysia Excellence Awards 2017



© 2017 Outsourcing Malaysia.

The contents of this document are the exclusive property of Outsourcing Malaysia. No unauthorized copying or distribution, either in physical or electronic manner is permitted with the express written consent of Outsourcing Malaysia.



TABLE OF CONTENTS

1. Introduction	4
2. Summary Information	4
3. Award Categories	4
4. Qualifications	6
5. Base Eligibility Criteria – Corporate Awards	6
6. Base Eligibility Criteria – Individual Awards	6
7. Exclusions – Corporate Awards	7
8. Confidentiality & Non-Disclosure	8
9. Appendix I – Outsourcing Professional Standards	8
10. Contact for Information	15

1. Introduction

The OM Excellence Awards have being instituted in 2011 continuously for six years (2011, 2012, 2013, 2014, 2015 and 2016) is being repeated in 2017 as part of the industry's endeavor at recognizing and rewarding excellence in outsourcing. To this end, the Awards are aimed at buyers / end-users and service providers, who have, individually and collectively pursued global best practices in crafting sustainable value by leveraging outsourcing models.

These awards are aimed at furthering the cause of outsourcing as a key strategic driver for value creation, as the Malaysia endeavors to become a world-class location for outsourcing services. The purpose of this document is to provide companies/ organizations interested in pursuing awards under the Outsourcing Malaysia Excellence Awards 2017 program [*hereafter referred to as OMEA*] with a comprehensive understanding of definitions, guidelines, process, structure and timelines for the stated awards.

2. Summary Information

- 2.1 **Categories:** The Awards are for purposes of recognizing “organizations” and “individuals” via separate categories. There is no cross-over within an Award category where both the organization and individuals are assessed.
- 2.2 **Independent Judgment:** These awards shall be judged by an independent panel of judges identified from the length and breadth of the larger services sourcing marketplace, both local and global. Multiple judges shall be judging each application to eliminate personality & familiarity bias.
- 2.3 **Criteria:** Judgment shall be undertaken in accordance with set-down criteria to be developed by our Advisory Partner Matryzel.
- 2.4 **No Recourse to Appeals:** All judgments shall be final and no questions shall be entertained. There is no Appeals process.
- 2.5 **No Access to Feedback:** No feedback shall be provided to applicants – either in qualitative or quantitative form.
- 2.6 **Eligibility:** The Awards are open to all organizations registered in Malaysia, and individuals working in the field of sourcing in Malaysia (regardless of their citizenship).

3. Award Categories

Following are the award categories for 2017. These categories are subject to refinement/ addition as the awards go into the next year and beyond. A total of 8 Corporate Awards and 28 Individual Award categories have been determined for the calendar year 2017, as described in the tables below.

All Awards are instituted under the ambit of the Outsourcing Professional Standards (OPS), owned by the International Association of Outsourcing Professionals (IAOP), the world's only standard-setting body for the sourcing and services globalization marketplace. Please refer to Appendix I for details on these standards.

Corporate Categories

Award Emphasis	Description of the Award	Award Focus	Award Name
Operational Excellence	Recognition of performance across the entire operational spectrum specific to services being offered to an end-user/ internal function or department. Operational excellence spans deployment of capabilities across service delivery, solution's relevance, people and technology competencies, process excellence and improvements, client value and attainment of outcomes.	Engagement/ Project	Operational Excellence in Information Technology
			Operational Excellence in Finance & Accounting
			Operational Excellence in Human Resources
			Operational Excellence in Contact Centers
Best Practices	Recognition of deployment of globally accepted best practices and Outsourcing Professional Standards (OPS) throughout the organization to deliver business outcomes, operational performances, and strategic enhancement in functional/ line-of-business aspects, including modern delivery models, cost rationalization initiatives, capital conservation and transformation, impact sourcing and responsible sourcing models.	Entire Organization	Best Practices in Information Technology
			Best Practices in Infrastructure Management Services
			Best Practices in Business Process Transformation
			Best Practices in Corporate Social Responsibility

Individual Categories

Award Name	Description of Award	Focal Awards			
		IT	HR	F&A	CC
Best Professional Agent	Recognition of competencies in delivering operational / transactional services within a function, with emphasis on measurable service levels/ KPIs and continuous improvement in performance.	Y	Y	Y	Y
Best Team Leader	Recognition of competencies in managing small operational teams within a function or service, focused on teamwork, group dynamics, attainment of team goals, performance across customer SLAs/KPIs and enhancing team value to client engagement.	Y	Y	Y	Y
Best Operations Manager	Recognition of competencies in managing multiple operational teams within a function or client engagement, focused on teamwork, group dynamics, attainment of team goals, performance across customer SLAs/KPIs and enhancing organization's value to customer particularly across transactional efficiencies, productivity enhancements, resource utilization and continuous improvement.	Y	Y	Y	Y
Best Operations Director	Recognition of competencies in managing multiple operational teams across multiple customer contracts, focused on teamwork, group dynamics, attainment of team goals, performance across customer SLAs/KPIs and enhancing organization's value to customers particularly across transactional efficiencies, productivity enhancements, resource utilization, technology transformation, cross-functional value, analytics and continuous improvement.	Y	Y	Y	Y
Best Transformation Leader	Recognition of competencies in identifying opportunities for improvement across processes, technologies or skills in a manner that befits contractual obligations, while deploying globally accepted practices like Six Sigma, Prince 2, ITIL, CMM, CMMi, PCMM etc.	Y	Y	Y	Y
Best Thought Leader	Recognition of leadership aimed at external positioning of individual's and the organization's competencies in delivering value, including but not limited to attainment of marketplace respect, public visibility to publications or papers authored by the individual.	Y	Y	Y	Y
Best Account Manager	Recognition of leadership aimed at managing client expectations to and beyond the contract, resulting in enhanced relationships and penetration as evidenced by growth in business from the same customer/s, alongside enhancing internal service delivery competencies.	Y	Y	Y	Y

4. Qualifications

Following are the broad qualifications for individuals and entities desiring to participate.

#	Proposed Categories	Participation Parameters
1	Corporate Award Categories	Has to be Malaysian Registered Organization, regardless of classification as a Vendor, Buyer, Shared Service, Third-Party or Joint Venture. The ownership of such entities may be fully local, partially local or fully owned by foreign entity/s. Ownership has no bearing on qualification.
2	Individual Award Categories	Any individual who is an employee/contractor of a Malaysia-registered organization in roles applicable to the award categories is eligible. Origin/citizenship of the individual is not an eligibility criterion.
3	Number of Submissions	For both Corporate and Individual categories, there are no limits on the number of submissions. Applicants are free to choose and submit multiple applications, subject to qualifications and eligibility criteria.

5. Base Eligibility Criteria – Corporate Awards

For engagements to be submitted for awards, OM intends to create as much inclusivity as possible. However for purposes of ensuring that these awards compliment global expectations as also reflect the marketplace realities, the following principal conditions have to be necessarily met to qualify for inclusion.

- 5.1 All engagements must fulfill requirements and legal obligations of a “contract”.
- 5.2 Engagements that have a contracted tenor of a minimum of NINE (9) months or longer are eligible. Lesser duration engagements / projects are not eligible.
- 5.3 All engagements must be reflective of a “relationship” between business entities. Any business-to-customer engagement is considered out of scope.
- 5.4 The engagements have to reflect deployment of “technology enabled knowledge workers”.
- 5.5 All engagements should be governed, at the minimum, with tangible and agreed “service level agreements”.

6. Base Eligibility Criteria – Individual Awards

Following are the eligibility aspects for Individual Awards.

- 6.1 All individuals under “Full Employment” (i.e. engaged for 40 productive hours per week) are eligible. This includes both types of contracting – Permanent Employment or Contract Employment, subject to clause 6.2 below.

- 6.2 Individuals on “Contract” are eligible, only when such contracts presume “exclusive relationship between organization and individual”. An individual who contracts his services out to multiple organizations is not permitted to apply.
- 6.3 **Work Experience**
- 6.3.1 Agents: A minimum of 1 year of continuous experience in the industry; including at least 1 year of continuity in the same organization and project (for Best Agent award).
- 6.3.2 Other Categories: A minimum of 3 years of continuous experience in the industry.
- 6.4 **Industry Models:** Individuals from all types of organizations ARE ELIGIBLE to apply – Shared Services, Internal Departments, Third-Party Providers, JVs, Virtual Captives, Government Institutions etc.
- 6.5 **Enabler Organizations** – Training Companies, Consulting Companies (without service operations), Accounting / Audit Firms
- 6.5.1 Individuals from such organizations are NOT PERMITTED to apply for any of the categories.
- 6.5.2 Individuals from Recruitment Companies are NOT PERMITTED unless their organization offers RPO as a distinct value-at-risk / managed service like any other normal BPO.

7. Exclusions – Corporate Awards

Ongoing contracts are eligible for submissions, subject to clear evidence of “commencement of implementation”. Contracts that have just been awarded but yet to be implemented are ineligible.

Following types of services are considered exclusive and out of scope for the stated awards.

- 7.1 Discrete Projects /engagements [spanning short periods of time for e.g. sales campaigns for telcos launching a new package/ offer like i-Pads for answering SMS-based questions etc]
- 7.2 Systems Integration engagements [spanning a few months where only resources are offered by vendors]
- 7.3 Staff Placement of non-knowledge workers where vendors only supply human resources to end-users
- 7.4 Pre-sales consulting engagements leading up to recurring outsourcing contracts – in such cases the consulting part cannot be submitted as a separate entry. It will have to be bundled with the service contract as a complete submission.
- 7.5 In case a vendor has offered pre-sales consulting but has not been awarded the service contract, such consulting engagements are not considered inclusive for any of the award categories.

- 7.6 Training & Workshop related engagements – should these be a part of a larger services deal they would be considered inclusive, but not engagements where end-users have sought training/workshop services exclusively.
- 7.7 Hardware procurement, replenishment & installation
- 7.8 Procurement, Installation and post-sales maintenance of software/products that do not have any service components, excluding enterprise solutions

8. Confidentiality & Non-Disclosure

OM commits to complete confidentiality and non-disclosure of submitted information to any entity/ individual/ organization not directly involved with the Awards, in perpetuity. OM will develop a separate non-disclosure agreement for judges so as to maintain confidentiality across board.

Further, applicants shall have no access to the Judges, or the Judgment Portal. Applicants shall also not gain visibility to assignment of judges for various award categories, so as to maintain strict independence.

9. Appendix I – Outsourcing Professional Standards

The IAOP is a standard-setting organization founded by practitioners 20 years ago to enhance the professional of outsourcing. Over the past two decades, IAOP has built the OPS from pooling on-the-ground experiences of practitioners across the spectrum – Buyers, Vendors, and Advisors. Today, the IAOP is a global community of over 350,000 practitioners spread across more than 80 nations, influencing over USD \$1.5 Trillion of annual spend on sourcing and technology.

The OPS has evolved in the past decade into its current version that comprises 10 Key Standards, and over 176 Best Practices that are applicable each day by organizations and individuals worldwide. The education around how to deploy these Standards are available through participation in the **Certified Outsourcing Professional (COP) program**. These Standards are documented in great detail in the **Outsourcing Professional Body of Knowledge (OPBOK)**, available only for individuals participating in the COP program.

Below are the summary details of these Standards and Practices that form the very basis of Matryzel's structuring of the content driving each award category. Matryzel is our Advisory Partner in this endeavor.

*****Remainder of this page is left intentionally blank*****

#	#	#	#	Category
1	DEFINING & COMMUNICATING OUTSOURCING AS A MANAGEMENT PRACTICE			
1.1	Ability to define outsourcing in terms easily understood by individuals at all levels in the organization and outside stakeholders, including the public at-large. This includes:			
1.1.1	A working definition of outsourcing that is consistent with generally accepted concepts as commonly used by professionals in this field			
1.1.2	A framework for comparing and contrasting outsourcing and other forms of business relationships, such as suppliers, contractors, temporary and supplemental staffing, strategic alliances and joint ventures.			
1.1.3	A working knowledge of all commonly used professional terms as defined, for example in the Outsourcing Professional Book of Knowledge (OPBOK)			
1.2	Ability to define business drivers, timeframes and commonly anticipated benefits of outsourcing in terms easily understood at all levels of the organization and by outside stakeholders, including the public at-large. This includes:			
1.2.1	External business drivers, such as competition, globalization, technology, regulation and deregulation, among others.			
1.2.2	Internal business drivers, such as process improvement, competition for resources, competition for capital etc.			
1.2.3	Common benefits including: cost savings, improved focus, more reliable cost structure, access to skills not available to the organization internally, reduced capital requirements, improved management focus, innovation			
1.2.4	Timeframes for realizing these benefits based on market conditions and internal organizational business plans			
1.3	Ability to identify common challenges that impede organizational success with outsourcing, including			
1.3.1	Setting realistic expectations, choosing opportunities for outsourcing with the highest probability of delivering intended results; choosing most qualified providers; crafting a balanced relationship that offers sustainable benefits to customers and providers, alike; properly managing outsourcing's organizational impacts; managing the ongoing relationship			
1.3.2	Identifying internal barriers to outsourcing such as fear of loss of control; activities and processes being seen as too critical to be outsourced; perceived loss of flexibility; negative customer, employee and community reactions			
1.3.3	Identify behavioral and organizational issues that may occur during the transition to an outsourced operation, including those that can result from transfer of existing employees into the service provider(s) organization(s).			
1.4	Ability to define the role that a Certified Outsourcing Professional would play in achieving intended organizational outcomes through outsourcing. This includes:			
1.4.1	Strategic roles, such as, inputs into corporate strategic planning and formulation of the outsourcing policy			
1.4.2	Management roles, such as, team building, team management, and management of outsourcing suppliers			
1.4.3	Ability to interpret and apply the CODE OF ETHICS and BUSINESS PRACTICES for OUTSOURCING PROFESSIONALS			
1.4.4	Ability to benefit from, and contribute to the industry-wide body of knowledge through participation in the work of applicable professional organizations.			
1.5	Ability to map the structural and operational components of an organization to an outsourcing framework using a standard model such as that defined in the OPBOK			
1.5.1	Mapping at the activity, function and business process levels			
1.5.2	Mapping of an organization's value chain and its support services			
1.5.3	Developing and applying a framework for comparing, and contrasting the use of outsourcing across functions and companies, including:			
1.5.3.1	Classifying current and emerging forms of outsourcing, incl. departmental-level outsourcing, functional process outsourcing, business process outsourcing, knowledge-process outsourcing etc			
1.5.3.2	Comparing and contrasting measurable benefits organizations are realizing through each form of outsourcing within each structural area of the business.			
1.6	Ability to define unique considerations with offshoring, including:			
1.6.1	Strategic and operational benefits offered by various offshore locations			
	Financial and regulatory risks			
1.6.1.1	risks of operating in an alien political and legal environment			
1.6.1.2	Effect of cultural and work-practice differences			

2 DEVELOPING & MANAGING AN ORGANIZATION'S END-TO-END PROCESS FOR OUTSOURCING

- 2.1 Ability to develop for an organization an end-to-end process for evaluating, implementing and managing outsourcing relationships**
- 2.1.1 Select and define the most appropriate stages for the organization's approach to outsourcing, such as the "idea" stage, the "assessment" stage, the "implementation" stage, the "transition" stage, and the "management" stage.
 - 2.1.2 Define the key business question that is asked and answered at each stage
 - 2.1.3 Define the organizational decision-makers for each stage
 - 2.1.4 Define the process for setting the decision criteria for each stage and for determining if the criteria has been met
 - 2.1.5 Define the timeframes for each stage consistent with the organization's goals and objectives
 - 2.1.6 Evaluate an organization's specific processes against generally accepted process criteria, such as those defined in the OPBOK
- 2.2 Ability to manage an organization's end-to-end outsourcing design, implementation and management process**
- 2.2.1 Track individual initiatives as they move through the defined stages of the organization's process
 - 2.2.2 Create a "forward-leaning" management approach that helps ensure that outsourcing opportunities move through the process in an organized and efficient manner, including ensuring appropriate levels of executive support
 - 2.2.3 Set and manage to realistic timeframes for each stage of the process

3 INTEGRATING OUTSOURCING INTO AN ORGANIZATION'S BUSINESS STRATEGY

- 3.1 Ability to work within the framework of commonly accepted strategic-planning tools and techniques to identify opportunities for leveraging outsourcing to enhance business outcomes, incl. such considerations as:**
- 3.1.1 Mapping an organization's desired competitive advantages, whether cost, functional or focus, to where they can be best obtained - through internal operations, outsourced operations, or thru blended operations
 - 3.1.2 Collaboratign with outsourcing providers to identify potential new opportunities for competitive advantage
- 3.2 Ability to develop and gain organizational agreement to a sourcing decision matrix that includes:**
- 3.2.1 Identification of specific criteria and weighting factors to be used by the organization for sourcing decisions, such as operational performance relative to the marketplace (benchmarking) and relative importance as a competitive differentiator
 - 3.2.2 A process for applying the methodology across the organization's operations
 - 3.2.3 A program for change leadership and management
- 3.3 Ability to define in detail scope of activities to be included in, and not included in, an outsourcing opportunity, including:**
- 3.3.1 Describing the operation in terms of discrete activities that comprise it
 - 3.3.2 Identification of inputs, outputs and resources utilized in each activity
 - 3.3.3 Grouping of activities into a logical scope of work suitable for an outsourcing project
- 3.4 Ability to define a process for prioritizing outsourcing opportunities, including:**
- 3.4.1 Assessing key factors in the prioritizing process, including:
 - 3.4.1.1 Benefit of the opportunity in financial terms
 - 3.4.1.2 Readiness of current and potential new suppliers
 - 3.4.1.3 Other potential benefits such as, freed resources, increased flexibility, quality improvements, capital cost avoidance etc
 - 3.4.1.4 Ease of execution factors, such as, ease of migration to the new environment, stakeholder issues, employee considerations etc
 - 3.4.2 Developing a comprehensive Risk Analysis Matrix, that includes:
 - 3.4.2.1 *Strategic risks*, such as, loss of control over future business decisions, loss of domain knowledge, stability of provider etc
 - 3.4.2.2 *Operational risks*, such as, impacts on organization's people, integrating provider's processes into the business's, risks from poor performance etc
 - 3.4.2.3 *Result Risks*, such as, how likely the organization is to achieve its intended results, governance, and the ability of the organization to work collaboratively with the provider, etc.
 - 3.4.2.4 *Transactional Risks*, such as, termination clauses, dispute resolution, liability, indemnity, warranties, asset transfers, intellectual property ownership etc
 - 3.4.2.5 *Unique risks*, such as those associated with offshoring and outsourcing at the customer interface, where the provider's employees work directly with the organization's customers
- 3.5 Ability to identify and assess implications of applicable business regulations and statutes, including: such as, the Sarbanes-Oxley Act**
- 3.5.1 Regulations and statutes that apply to most businesses, such as the SOX
 - 3.5.2 Regulations and statutes that apply to select industries, such as HIPAA
 - 3.5.3 Regulations and statutes unique to individual countries
- 3.6 Ability to effectively gain agreement to, and lead scope and prioritization evaluations across the organization**

4 CREATING AND LEADING OUTSOURCING PROJECT TEAMS

- 4.1 Ability to define skills required to support project teams at each phase of the outsourcing opportunity, including:**
- 4.1.1 *Policy Team*: responsible for setting up organization's overall policy towards outsourcing and for determining the appropriateness of outsourcing in specific areas under consideration
 - 4.1.2 *Idea Team*: tasked with generating ideas for review by the policy team
 - 4.1.3 *Assessment Team*: tasked with performing the detailed assessment, evaluation and plan development for the outsourcing initiative
 - 4.1.4 *Implementation & Transition Team*: tasked with execution of the outsourcing initiative
 - 4.1.5 *Management Team*: responsible for ongoing oversight and management of the outsourcing initiative
- 4.2 Ability to assemble effective teams for each stage of the outsourcing initiative.**
- 4.3 Ability to effectively direct project teams for each stage of the outsourcing initiative.**
- 4.3.1 Win and maintain support of team members given the numerous demands on their time

5 DEVELOPING AND COMMUNICATING OUTSOURCING BUSINESS REQUIREMENTS

- 5.1 Ability to develop a clear statement of organizational goals and required outcomes**
- 5.2 Ability to develop an accurate and complete baseline of current costs and performance levels as well as a gap analysis between these and required service levels**
- 5.3 Ability to develop a "Balanced Scorecard" that defines the critical business measures of success attributable to the area under consideration for outsourcing and is aligned with the organization's overall balanced scorecard.**
- 5.4 Ability to translate the organization's goals into one or more documents that effectively communicate current and future requirements and the selection criteria that the organization plans on using in the marketplace. The type of documents required, but are not limited to:**
- 5.4.1 *Pre-Qualification Letters (PQLs)* and *Requests for Information (RFIs)* that states the customer's expectations of any potential provider, including factors as, the length of time the provider has been in the business, its financial health, its current suite of services, its experience in the customer's industry, its current clients etc
 - 5.4.2 A *Business Case* document that explains such factors as:
 - 5.4.2.1 What the organization believes is likely to occur in the industry and business over the next few years
 - 5.4.2.2 The challenges and opportunities this will create, and
 - 5.4.2.3 Types of approaches to addressing and leveraging these changes currently under consideration
 - 5.4.3 *Requests for Proposals (RFPs)* that provide a detailed description on part of the customer of its business requirements, including:
 - 5.4.3.1 Communicating the organization's objectives and desired results in clear, complete and measurable terms
 - 5.4.3.2 How those results will be measured using scorecards and service levels
 - 5.4.3.3 The factors that will go into evaluating the providers' proposals including the relative weights for each
 - 5.4.3.4 Information and format required so that various proposals can be evaluated and readily compared against each other
- 5.5 Ability to utilize alternative collaborative approaches to defining and developing outsourcing solutions, such as, an independent qualification process for providers that can then be brought in by project teams to design and prototype solutions.**
- 5.6 Ability to ensure that a well defined and agreed to process and check-list for development and dissemination of the outsourcing business requirements to the potential services providers is followed, such as those defined in the OPBOK.**

6 SELECTING OUTSOURCING SERVICE PROVIDERS

- 6.1 Ability to utilize a wide range of techniques for identifying potential outsourcing service providers, such as:**
- 6.1.1 Identifying opportunities to expand current relationships with already existing successful providers
 - 6.1.2 Utilize organization's professional network to determine what other companies are doing and who they are working with
 - 6.1.3 Direct research, including, reviewing articles in the press, research on the internet, and attending conferences and trade-shows
 - 6.1.4 Working with consultants and other advisors
 - 6.1.5 Utilize industry-recognized benchmark data
- 6.2 Ability to establish and gain organizational agreement on an objective and systematic process for reviewing, weighting and scoring potential service providers, including such factors as:**
- 6.2.1 *Competencies*: as reflected in the provider's people, processes and technologies
 - 6.2.2 *Capabilities*: in terms of financial strength, overall infrastructure, management systems, and its complete suite of services
 - 6.2.3 *Relationship Dynamics*: as influenced by provider's mission and strategy, flexibility, relative size, importance it places on the customer and its outsourcing relationship management systems

7 DEVELOPING FINANCIAL ANALYSIS AND PRICING AN OUTSOURCING OPPORTUNITY

- 7.1 Ability to develop a financial model for establishing an outsourcing business case that ensures that:**
- 7.1.1 All relevant financial implications are considered, and
 - 7.1.2 that integrates with organization's overall financial analysis methodologies
- 7.2 Ability to fully capture current costs, including:**
- 7.2.1 ACB or some other method to capture current costs for an activity, set of activities, or end-to-end business process for outsourcing that:
 - 7.2.1.1 Captures costs of resources consumed by that activity
 - 7.2.1.2 All overhead costs, including but not limited to, costs for the people and equipment used in the activity, training costs, employee benefits costs, capital costs etc
 - 7.2.1.3 Matches cost levels to performance levels as defined by a scorecard or service level measurements
- 7.3 Ability to forecast future costs over the outsourcing decision timeframe, including:**
- 7.3.1 Probable change in business operations
 - 7.3.2 In its underlying business drivers
 - 7.3.3 In performance requirements
 - 7.3.4 In potential changes to technology and other factors that can impact the way the process is performed
- 7.4 Ability to project costs directly attributable to planning, execution and management of the outsourcing relationship, including:**
- 7.4.1 *Planning Costs*: staff time, travel, expenses for process documentation, establishing internal baselines, engaging the marketplace, negotiating and contracting with the provider, as well as use of consultants, lawyers and outside experts
 - 7.4.2 *Transition Costs*: Internal and external expenses for switching to the provider's processes, one-time investments in new systems and technologies, and costs of overlapping old and new operations during the initial transition time
 - 7.4.3 *Additional Potential Transition Costs*, such as:
 - 7.4.3.1 Termination Fees for any products and services currently utilized
 - 7.4.3.2 Fees for transferring licensed material and existing service contracts to the provider/s
 - 7.4.3.3 Relocation costs for moving people and equipment
 - 7.4.3.4 Any tax liabilities that may be created through sale of existing equipment to the provider
 - 7.4.3.5 any one-time stay bonuses, incentives or severance packages for current employees and managers
 - 7.4.4 *Oversight Costs*: all upfront and ongoing costs with managing the outsourcing contract, both internal and external associated with training, outside services or tools
- 7.5 Ability to project financial benefits of outsourcing over the decision-making timeframe, including:**
- 7.5.1 A direct comparison of projected total costs before and after outsourcing
 - 7.5.2 Application of NPV, RoI or IRR techniques to account for time value of money
 - 7.5.3 Translation of less tangible (soft money) benefits, such as increased flexibility, innovation, speed to market, risk sharing and others into tangible elements of an overall business case
- 7.6 Ability to evaluate and select the optimal pricing model for an outsourcing business relationship, including such options as:**
- 7.6.1 *Cost Plus*: where provider is paid for actual costs plus a predetermined fixed amount of percentage for profit margin
 - 7.6.2 *Unit Pricing*: where customer pays based on the amount of service, number of service units used
 - 7.6.3 *Fixed Price*: where the provider's fee is fixed regardless of volume of services provided
 - 7.6.4 *Incentive-Based*: where payments are connected to achievement of specified service levels or other aspects of delivery of performance
 - 7.6.5 *Gainsharing*: where provider receives a portion of any additional benefits, typically savings, it can generate for its customer
 - 7.6.6 *Achievement Bonuses*: which are typically one-time payments for achieving specific milestones
 - 7.6.7 *Risk/Reward Sharing*: where both customer and provider have money at risk, and each stand to gain a percentage of the additional value created by their collaborative efforts
- 7.7 Ability to define specific price levels within the chosen pricing models that are reasonable and consistent with current and potential future market conditions.**

8 DEVELOPING AND NEGOTIATING CONTRACT FOR AN OUTSOURCING AGREEMENT

- 8.1 Ability to define most appropriate structure for an outsourcing contract, including the use of separate term, scope of services, and pricing sections
- 8.2 Ability to ensure that each section of the contract addresses critical management considerations inherent in outsourcing business relationships, such as:
 - 8.2.1 A term section that defines the "intent" of the relationship, and how it will be managed, the contract terms that govern the agreement, initial transition from customer's operation to the provider's
 - 8.2.2 One or more scope of services sections that describe type, scope and nature of all services to be provided, where and when those services will be made available, and standards of performance, as defined by scorecards or service level agreements
 - 8.2.3 One or more pricing sections that reflect the pricing models, price points and payment terms
- 8.3 Ability to ensure that all legal considerations, for all jurisdictions involved, are reflected in the contract, such as those documented in the OPBOK
- 8.4 Ability to negotiate an outsourcing agreement that takes into consideration interest of all parties involved.
- 8.5 Ability to apply generally accepted negotiating principles to the development of an outsourcing relationship that are consistent with contemporary practices and learnings
- 8.6 Ability to develop an effective process and checklist to guiding an organization's approach to negotiating an outsourcing business relationship.

9 MANAGING TRANSITION TO AN OUTSOURCED ENVIRONMENT, INCL. IMPACT ON EMPLOYEES AND COMMUNITIES

- 9.1 Ability to develop and oversee the transition plan to the outsourced environment, including considerations such as:
 - 9.1.1 Detailed definition of operational interfaces between customer and provider organization
 - 9.1.2 Forecasting of volumes for ramp-up through production
 - 9.1.3 Risk assessment and contingency plan development
 - 9.1.4 Operationalizing the management structure, communications plans, and human resources plans
- 9.2 Ability to develop and coordinate the communication of an organizational agenda for change that demonstrates how customers, employees and shareholders shall benefit
- 9.3 Ability to develop and coordinate and end-to-end process for managing impact of outsourcing on the organization's personnel, including such considerations as:
 - 9.3.1 Identify applicable employment laws and precedents, in all applicable jurisdictions
 - 9.3.2 Lead the effort to identify impact of an outsourcing decision on each and every affected individual, both those in-scope and those out-of-scope
 - 9.3.3 Oversee implementation and communication processes
- 9.4 Ability to assess potential community and media reactions, to develop and oversee action plans to minimize any negative impacts

10 | OUTSOURCING GOVERNANCE

- | | |
|-------------|---|
| 10.1 | Ability to design and oversee an organization's outsourcing governance model, including such considerations as: |
| 10.1.1 | Establish a multi-level structure for linking operational, management and executive levels of all organizations involved in the outsourcing business relationship with defined roles, responsibilities, reporting, meeting frequencies et al |
| 10.1.2 | Identifying and promoting the use of technology to track, report and facilitate communications |
| 10.1.3 | Ensure a well-defined escalation process is established that's usable by all organizations |
| 10.1.4 | Implementing a change management process |
| 10.2 | Ability to design and implement an interdependent Project Management Office (PMO) for managing across multiple organizations, that addresses: |
| 10.2.1 | <i>Project Portfolio Management</i> : ensures right projects are initiated with appropriate priority |
| 10.2.2 | <i>Project Execution</i> : done with a level of rigor reflective of the scope and effort that went into defining and crafting the outsourcing business relationship initially, and directs company resources to effect changing project objectives |
| 10.2.3 | <i>Project Tracking & Reporting</i> : utilizing a well-defined and agreed-to system for measuring and reporting project information to the central repository, including standardized feeds based on information exchange architectures. |
| 10.3 | Ability to define and implement and interdependent planning methodology that includes such elements as: |
| 10.3.1 | Regularly updated outsourcing business plan that puts in place a formal process for periodically reviewing and updating all aspects of the relationship between the companies, including strategies, operations, financial considerations, and business relationship management |
| 10.3.2 | A joint risk assessment planning system that is a forward-looking tool acting as an early-warning system for potential future problems |
| 10.4 | Ability to measure, assess and continually achieve improvement in organizational outcomes through outsourcing relative to original goals and changing business needs. |
| 10.5 | Ability to evaluate and assess current providers relative to changing business capabilities, competitiveness and organizational needs |
| 10.6 | Ability to renegotiate existing relationships relative to current performance, changing requirements and marketplace realities |
| 10.7 | Ability to define and manage a program of continuous improvement that integrates lessons from previous outsourcing implementations into future initiatives. |

10. Contact for Information

For greater details or further clarifications, please contact the following:

Outsourcing Malaysia: Justin J Antony, Head – OM; justin@pikom.org.my

OR

Our Advisory Partner Matryzel Consulting – Bobby Varanasi, CEO; bobby@matryzel.com