PUBLIC SECTOR

THOUGHT LEADERSHIP POINT OF VIEW

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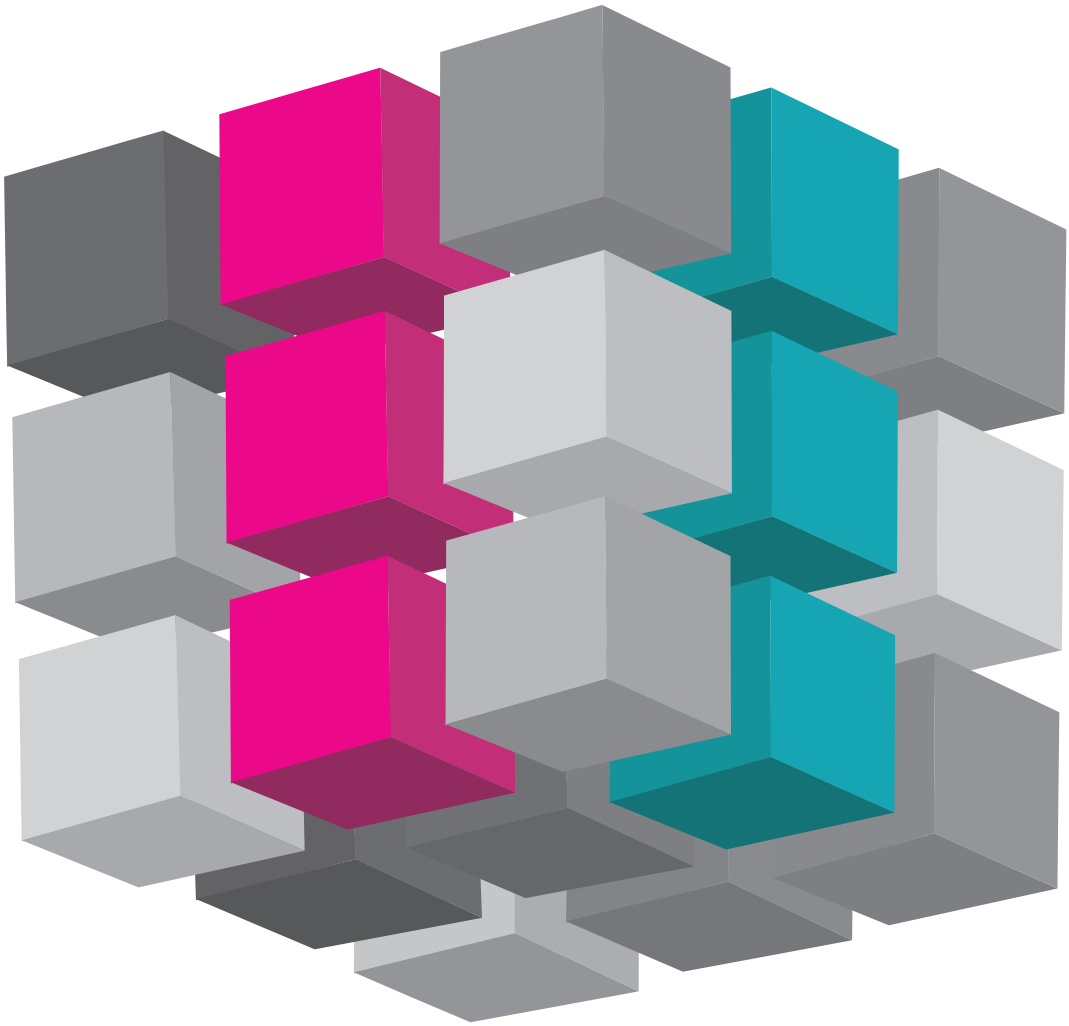
THE CLOUD EXPERTS

MANAGING RISK AND COST REDUCTION FOR ICT SERVICE DISAGGREGATION IN GOVERNMENT



Helping government organisations to get the most from the new supplier landscape - a discussion document from Outsourcery

MANAGING RISK AND COST REDUCTION FOR ICT SERVICE DISAGGREGATION IN GOVERNMENT

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ACKNOWLEDGEMENTS

Outsourcery™ recognises the influence of these United Kingdom public sector organisations and policies in the preparation of this Thought Leadership, Service Disaggregation Point-of-View.

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- **Cabinet Office Greening Government ICT**

UK PUBLIC SECTOR GOVERNMENT DEPARTMENT AUDIENCE

This Outsourcery public sector Thought Leadership Point-of-View is designed for the business policy owners and ICT executives responsible for disaggregating major ICT managed or outsourced systems, and replacing them with a multi-vendor cloud service model.

- **Head of ICT**
- **Digital Officer**
- **External Auditor**
- **Accounting Officer**
- **Cyber Security Officer**
- **Information Asset Owner**
- **Head of Risk Management**
- **Public Accounts Committee**
- **Information Security Officer**
- **Senior Information Risk Owner**
- **Incumbent Outsourcer or Systems Integrator**

LLOYD'S REGISTER · LRQA — ISO 9001 — UKAS MANAGEMENT SYSTEMS 001

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1. EXECUTIVE OVERVIEW

THE OLD WORLD

Over the years many government departments and agencies have outsourced their ICT services to large System Integrator (SI) organisations, in some instances believing they had also outsourced the risk by doing so.

Outsourcing everything to SIs has proven not to work on many levels. The practice has led to: a) contract lock-in with departments paying a premium in both time and money for any 'contract changes'; b) business risk in moving away from the chosen supplier leading to multiple extensions with no real competition; c) capital investment in physical infrastructure that becomes outdated and sub-optimal over the course of the contracts requiring constant upgrades (in many cases legacy infrastructure becomes either over or under specified to meet an organisation's changing requirements and a barrier to transformation); d) the inability to take advantage of new technology and cost reductions to name but a few.

The world has changed and government has woken up to the fact that having a small number of large SIs controlling billions of pounds of government ICT spend isn't driving innovation or efficiency, and more importantly, isn't delivering the services UK citizens expect, need and deserve.

DEFINITION:

Disaggregation: Replacing a single enterprise ICT vendor system of managed or outsourced ICT infrastructure, platform and/or software, with a multi-vendor, largely SME, Cloud service provider framework, as the basis for significantly reducing the public sector client operating cost.

DISAGGREGATION CHALLENGES

There has been much debate around the tower model, stimulated by recent Government Digital Service (GDS) and Cabinet Office comments on how some recent implementations of the 'tower model' remain procurement driven and have failed to achieve true service disaggregation, and deliver the benefits that an effective disaggregated ICT service environment offers. At Outsourcery, we believe the debate is no longer whether services should be disaggregated, but is now about how best to achieve it at the lowest cost, and with minimal risk to service continuity.

Much of the debate around 'tower models' seems to be missing the fundamental skills challenge facing public sector bodies. Not every government department currently has the in-house expertise and governance to manage multiple suppliers and successfully integrate their services. In some cases this is driving departments into the relative comfort of old-style procurement practices.

Delivering transformative services, previously managed entirely by a small number of major suppliers, requires a significant commitment to rapidly gain the in-house skills needed to take overall control of the disaggregated service environment, and ultimately deliver the required benefits for their users and citizens.

"Getting the (department) skills to manage multiple suppliers, and to design and integrate technology, is a pre-requisite for the success of the proposed change (to multi-vendor, short-term cloud contracts)."

Source: Public Accounts Committee 2015

Until the skills and experience gap for Disaggregated Service Management can be bridged, it will remain tempting for departments and agencies to pass this responsibility to third-party Systems Integration (SI) specialists who may have a better understanding of the technology, but unfortunately not of public sector user needs and business priorities.

Adopting such an approach dilutes the ambitions and benefits of the disaggregation strategy, restricts the opportunity to deploy new SME suppliers, and slows down business-led transformation or innovation.

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Moving from an outsourced environment to a disaggregated model, whereby a department takes control of their own services, involves significant cultural change across the organisation and supply chain. Departments need to instil personal and collective empowerment throughout their organisation for staff to take control, be clear about their requirements, and take ownership for delivery.

This will lead to departments challenging, driving and demanding better services from suppliers, at better prices to meet their user needs. A lack of in-house skills and experience will be addressed and therefore must not be seen as a reason to delay or avoid service disaggregation.

ACHIEVING DISAGGREGATION AIMS

This Point-of-View paper discusses how the public sector can accelerate the journey towards creating a truly disaggregated service environment. They must ensure that it is flexible, agile, highly cost-effective, and totally focussed on delivering the government organisation's objectives and priorities, whilst managing the risk of moving away from traditional outsourced models.

"View the user first and look at the Digital Service first, then you make progress much more quickly than if you're looking at a contract or procurement. We've got to take our technology choices and our technology skills driven from user need."

Source: Cabinet Office GDS

Outsourcery maintains that the public sector can successfully adopt either of the following models to reduce and manage operational cost, comply with government policy, and mitigate risk in ICT service disaggregation, dependent upon individual circumstances:

Option 1: Multi-source with in-house service integration.
Option 2: Multi-source with external managed services/ Service Integration and Management (SIAM).

However, to be successful, common to both models must be the acceptance that responsibility and ownership for delivering the business outcome must remain within the department and that overall control of the ICT systems and infrastructure must not be passed to a third-party, or multiple suppliers, after the initial transition period.

5 STEPS TO BEST PRACTICE DISAGGREGATION

Step #1	Identify User Needs
Step #2	Take Ownership Inhouse – Design, deploy, run
Step #3	Minimise Risk – design loosely coupled services and align to security principles
Step #4	Reduce Cost – utilise frameworks (G-Cloud) that support multi-sourcing
Step #5	Plan Transition Early

2. DISAGGREGATION RISKS

The management of risk is a key factor in the transformation of ICT service delivery envisaged by disaggregation. Clear identification and management of supply-side risks, and onsite public sector client risks, will mitigate their potential impact, and therefore eliminate the related cost of a disaggregation project failing to meet the original goals.

CLIENT RISK

The risks posed by the public sector client when transitioning to a multi-sourced cloud service.

Client Risk	Description
Skills	Are there sufficient skills in-house to manage and integrate the disaggregated services? For example, commercial, agile developers, technical design architects.
Commerce	Does inhouse commercial knowledge and resource exist for Government Procurement Policy enforcement, procurement and management of multi-sourced vendors, rather than 'contract out' risk?
Continuity	During the transition process, how can you ensure service levels are not interrupted and targeted cost reductions actually do arrive? The worst case scenario to avoid is that the existing restricted ICT vendor contract has to be extended due to inadequate planning or risk mitigation.
Hybrid Integration	Typically, not all workloads will move to cloud straight away, and therefore hybrid environments may be required, which means a mix of co-location, public and UK Sovereign cloud services. Does the department have the necessary skills to architect, manage and support hybrid environments successfully from the outset?
Competition	Does sufficient vendor competition exist to ensure failing suppliers are quickly replaced?
Collaboration	Does the department have the in-house skills to deliver loosely coupled services whilst understanding how to manage multiple ICT suppliers so they work collaboratively to deliver a cohesive service?
Financial Stability	Crown Commercial Service (CCS) and government departments need to remove financial background check barriers (such as Experian™ reports) from SMEs and adopt the G-Cloud principles, approach and methodology to lower barriers of entry and improve competition. Multi-sourced contracts, with no contractual lock-in, give departments the power to switch service suppliers, for whatever reason, which removes the need for financial barriers in the first instance, which restricts supplier engagement.

Figure 1: Client Procurement Risks

SUPPLIER RISK

The risks posed by existing and new vendors to the public sector.

Supplier Risk	Description
Conflicts of Interest	Legacy ICT vendors are measured by profit and revenue factors which preclude innovation, cost savings and protect their respective market position. This behaviour is at odds with disaggregation models which will invariably reduce their revenue stream and remove supplier lock-in levers. Many therefore seek to protect line of business revenue rather than work with SMEs or offer modular services that reduce revenue and shorter-term contracts.
Behaviour Incentives	In order to instil cultural change within large SIs so that SME vendors are included in the supply chain to drive innovation, there is a responsibility on the commissioning authority to drive this change and oversee collaboration, fairness and openness across the supply chain. This is difficult to achieve if control is relinquished to a prime contractor or an external SIAM provider who is also delivering parts of the service. Transparency is important to alleviate margin stacking and SME profit being squeezed by larger organisations.
Financial Stability	Suppliers need to show transparency in service, cost and capability to enable government departments to compare services and make decisions based upon value.

Figure 2: Supplier Procurement Risks

RISK MITIGATION

The government has recognised that procurement and ICT acquisition policy has been inadequate and ineffective in managing risk and cost. New policies, such as those outlined below, now support government departments in their journey to disaggregation.

For example, procurement policy stipulates that no large, single, multi-year contract will be let for ICT services, and that these services should be disaggregated into smaller, modular cloud Software-as-a-Service (SaaS) propositions.

Policy	Description
Cloud First	Cabinet Office guide to procuring cloud services first, ahead of an on-premises ICT model.
Digital By Default	GDS guidance on ensuring that digital services are of consistently high quality.
Government Procurement Policy	Cabinet Office and CCS consolidated guidance on best practice for public sector procurement.

Figure 3: Procurement Policy Guidance

Procurement Policy Guidance was changed to reflect that SMEs, public service mutual or third sector organisations should not be inadvertently disadvantaged by the financial assessment process that government departments deploy on contract award.

Financial assessment of a potential provider is supposed to be undertaken in a flexible and not overly risk-averse manner, as we have seen executed successfully in the Digital Marketplace G-Cloud framework(s). This has lowered the barriers of entry for SMEs, supported achievement of the government's SME 25% supply chain objective, and resulted in sales of over £200 million for SMEs selling into UK government.

Unfortunately, the UK government has not been consistent in its approach, with CCS stipulating requirements for 'old style' financial assessments via Experian, and asking for financial information that prohibits SMEs, and SME plcs, from meeting the levels imposed for framework selection.

Departments are increasingly urged to engage with potential suppliers during pre-procurement, which enables SME suppliers to take them through their individual financial and stability position. This enables organisations to have a deeper understanding of suppliers and reduce risk as per Procurement Policy Guidance. It is recognised that some departments and agencies may not have adequate resource and time for this level of pre-procurement engagement.

However, if this is not addressed, the competitive, innovative SME landscape will start to decline and the government departments will again be left with only large ICT suppliers – resistant to change and protecting their own lines of business – which meet the Experian score.

The commercial barriers for SMEs need to remain low and not driven by historic metrics. History has proved that just because an organisation has a certain high Experian score, it can still go out of business or be acquired. This further states the need for pre-procurement engagement and for departments to loosely couple services, take ownership in-house and multi-source services, thus removing further financial risk upon supplier selection.

In a disaggregated service model, with shorter and smaller contracts, the risk to service represented by any one supplier is reduced and it is therefore easier to replace a problem component or under performing supplier, rather than having to fundamentally renegotiate or terminate an entire service contract. This reduction of risk should be reflected in the application of "suitable supplier" tests applied during procurement.

SECURITY & INFORMATION ASSURANCE RISK

Departments have always been responsible for protection of their data and understanding information assurance covering sovereignty, privacy and integrity of their data. The new Government Security Classifications Policy (GSCP) has replaced the previous six impact levels with the new classification OFFICIAL, SECRET and TOP-SECRET. CESG published the 14 Cloud Security Principles that organisations should consider when choosing a cloud service.

In order to apply the correct principles, government decision-makers need to understand what controls are required to protect their data and systems. To make sure departments choose the most appropriate solution with the associated cost benefits, it is imperative that departments understand the principles and align their requirements accordingly.

For example, one of the principles relates to location and physical security of the data centres which host the cloud service. The data may need to reside in a UK sovereign data centre which will focus the buyer on evaluating services from cloud providers who deliver their services from a UK data centre.

Disaggregated services must adhere to CESG security principles under the new GSCP. Departments are required to understand these new security classifications to deliver the user needs of the service. However, the barriers to entry are now lower and SMEs can more easily comply with Information Assurance (IA) conditions that were previously onerous.

Public Sector Security or Assurance Policy	Description
Cyber Essentials	Recommendations for National Cyber Security Strategy execution.
*CERT Incident Response	Guidelines for Computer Emergency Response.
HMG Security Classifications	New security classifications replacing the former Impact Levels.
HMG Security Policy Framework	Protective security requirements for HMG information assets.
**CESG Information Assurance	Policy processes, controls and skills certification.
CESG Pan Government Accreditation	Managing government threats in conjunction with risk profiles
***TNA Information Assurance Programme	Information management policy best practice.
Information Commissioners Office (ICO)	EU General Data Protection Regulation 2015 compliance.

Figure 4: Security and Information Assurance Policy Guidance

*Computer Emergency Response Team; **Communications Electronics Security Group; ***The National Archive.

As Digital Marketplace G-Cloud vendors are now required to demonstrate how their services align with the new security principles, this enables departments and local government to evaluate vendor propositions readily against the required security policy. Departments are responsible for self-accreditation and ensuring adequate controls are in place to protect their data and systems.

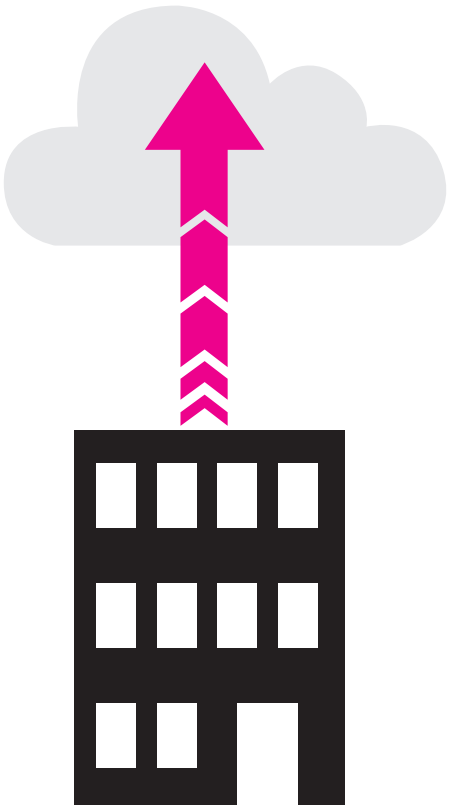
3. REDUCING COST

COST BENEFIT

Across government, there is a determination to make every taxpayer penny count. This has included a full overhaul of how ICT is procured and used across the public sector, in order to transform service delivery and achieve the best possible value for money. Over £200 million has now been saved by improving government digital services and moving more processes online, ensuring that a citizens' experiences are simpler, clearer and faster.

The focus on innovation, agility and value for money was not possible when the vast majority of government ICT spend was with a small number of traditional, large ICT vendors. This left the public sector paying more for technology solutions and services, whilst falling behind in the acceleration of technology-enabled transformation we now see being delivered in the commercial sectors by a host of new SME suppliers.

SME vendors are proven to have the hunger, capability and agility to deliver services more quickly and at more competitive prices than previously imaginable in the public sector. Such vendors are being encouraged to bring their energy, innovation and competitive cost models to the government market through disaggregation, which is forcing changes of behaviour across procurement teams and incumbent major ICT suppliers, to the absolute advantage of the taxpayer.



CHANGING MAJOR VENDOR ROLE

Larger ICT service organisations have experience in delivering service, mitigating risk, systems integration and contract management. However, selecting a single ICT vendor has been proven to compromise some parts of the service. There is still a role for the larger ICT organisations with their wealth of experience, but only if they deliver services in a modular fashion and not as a single outsourced entity.

The government is seeking best-of-breed services, competitively priced on the basis of only paying for what is required, when it is needed. An environment where innovation and self-service delivered by cloud providers means the days of generating revenue from large contracts through 'change control' are numbered.

"The (department) is aware of the risks involved in replacing the existing (ICT) contract, but it has not quantified them."

Source: Public Accounts Committee 2015

A multi-sourced vendor sourcing strategy in the government supply chain, rather than sticking with traditional single supplier or prime contractor models that led to an over reliance on the generalist skills of a few major ICT vendors, allows each supplier to specialise in their particular areas of expertise, thereby raising the overall standards of delivery for the full department solution.

This, in turn, provides government with the ability to quickly switch suppliers to a higher performing, or a more competitive vendor during the life of the service. G-Cloud has led the way by reducing contract lock-in for departments, lowering barriers of entry for new suppliers that bring a wealth of innovation to departments who previously didn't have access to such services, and actively supports a multi-sourced strategy.

TRANSITION STRATEGY

An impending lack of cost control will always be likely during transition planning if scoping and budgeting does not take place early enough, or lacks a robust business case, which then requires the existing restricted vendor ICT contract to be extended. This occurrence may become more commonplace for departments where transitional planning and ICT strategies are based on short-term conditions and financial budget uncertainty.

This situation, and the exceptional cost overhead, remains a significant concern for the National Audit Office (NAO) and is one that service disaggregation seeks to reduce.

"The (department) needs to recruit or procure new commercial and technical capability. The market for these resources is highly competitive."

Source: National Audit Office 2014

A 'stepping-stone' strategy for transition is far more beneficial to departments than a 'big bang' approach, particularly for larger, interconnected services.

Early transition planning will support this strategy, enabling government to divide services into manageable pieces based upon user needs, thus limiting the extension to existing contracts. Ownership for transition must remain the responsibility of the government department.

TRANSITION PLANNING

To move economically from large-scale managed or outsourced ICT procurement, to the Cabinet Office's GDS "Cloud First" model of short-term, multi-vendor contracts, has significant transitional cost implications for departments. These issues need to be effectively managed by early transition planning to ensure the economies of scale are delivered.

"The (department) expects the new (ICT) arrangements to reduce its running costs by 25 per cent. However, the department was unable to estimate the cost of change. It could not even provide the Committee with a range."

Source: Public Accounts Committee 2015

The Public Accounts Committee is particularly focused on how departments are planning to disaggregate large-scale systems removing the associated CAPEX, within the timescales set by the Cabinet Office. If not well planned and managed, disaggregation will affect key process performance, availability and potentially drive increased cost.

For the larger departmental ICT contracts, this process needs to be treated as business transformation for greater operational effectiveness and efficiency, rather than a tactical vendor change.

At the heart of the execution of Cloud First must be the operational governance of the disaggregated ICT through multi-sourcing, to ensure the ICT service level requirements are thoroughly specified, sustained and continuously improved.

The optimum approach is to consider the process to reduce operating cost as a 'disaggregation lifecycle' model, which reflects the construct of mainstream government policies by delivering continuous improvement. In principle, this would be viable with a mix of vendors, including SME vendors, who are able to react more quickly than larger incumbents. The strategic approach of lifecycle and continuous improvement enables the new delivery model to evolve, which will sustain a reduction in both risk and operating cost.

PERFORMANCE IMPROVEMENT

Once the cloud vendors for a project are selected then collaboration becomes vital to achieve performance targets, ideally managed by the department or through an independent external vendor if the department lacks the skills or experience.

The performance improvement and cost reduction will come from greater collaboration to achieve asset re-use and more shared services, with a higher degree of standardisation using integrated best practice. This more commoditised cloud-based approach to ICT procurement is also expected to deliver higher flexibility, enable a faster speed of change to meet emerging needs and encourage innovation amongst competing vendors.

The performance outcomes are a) delivery of user needs as the core of government departmental operations; b) in-house department teams are responsible for the ICT service, as they know what services are required to meet delivery of needs, and will therefore monitor, test and switch services as required; and c) departmental accountability and ownership of the services architecture and designs. Departments need to own the design, solution and risk. Risk cannot be outsourced, despite what a contract may state.

4. DISAGGREGATION OPTIONS

We have talked about the recent debate around the 'tower model', stimulated by the GDS comments on how best to achieve service disaggregation, and the benefits that an effective disaggregated ICT service environment will deliver.

At Outsourcery, we believe the debate is no longer about whether services should be disaggregated, but is now about how best to achieve it at the lowest cost, and minimal risk, to service continuity.

"The Tower Model combines outsourcing with multi-sourcing but loses the benefits of both. The model has arisen because organisations have used a procurement-led solution in response to legacy outsourcing contracts ending. Rather than change their approach and emphasis, they have ended-up outsourcing their IT again but in pieces."

Source: Office of the CTO

The programme that has replaced IT services in the Cabinet Office, Department of Culture, Media and Sport (DCMS) and the CCS has shown that multi-sourcing can produce over 40% cost savings, by delivering services that rapidly transform how people work.

OUTSOURCERY'S POINT-OF-VIEW

Whilst the policy may be under scrutiny, the key issue in ICT delivery is that outsourced contracts are being disaggregated and departments need to take ownership of understanding user requirements. This is achieved by delivering business outcomes via smaller, modular services, from a range of SME cloud vendors, including larger ICT organisations who have experience and understanding of service management and integration requirements.

Government now expects services to be broken down, in order for customers to understand the value they bring and at what cost. If a department lacks in-house expertise, these services can still be procured from organisations that have traditionally provided SI capabilities. However, both behavioural and organisational change is required. Vendors should seek to present these services in a modular fashion so the public sector can clearly understand and select what is required, whilst only paying for what they use.

If a department lacks the skills and experience to procure and manage a multi-vendor disaggregated service, these skills can be procured as a service component. This must also be separated from having any other delivery role within the service, as this would represent a real or perceived conflict of interest and limit true trust and collaboration between service providers.

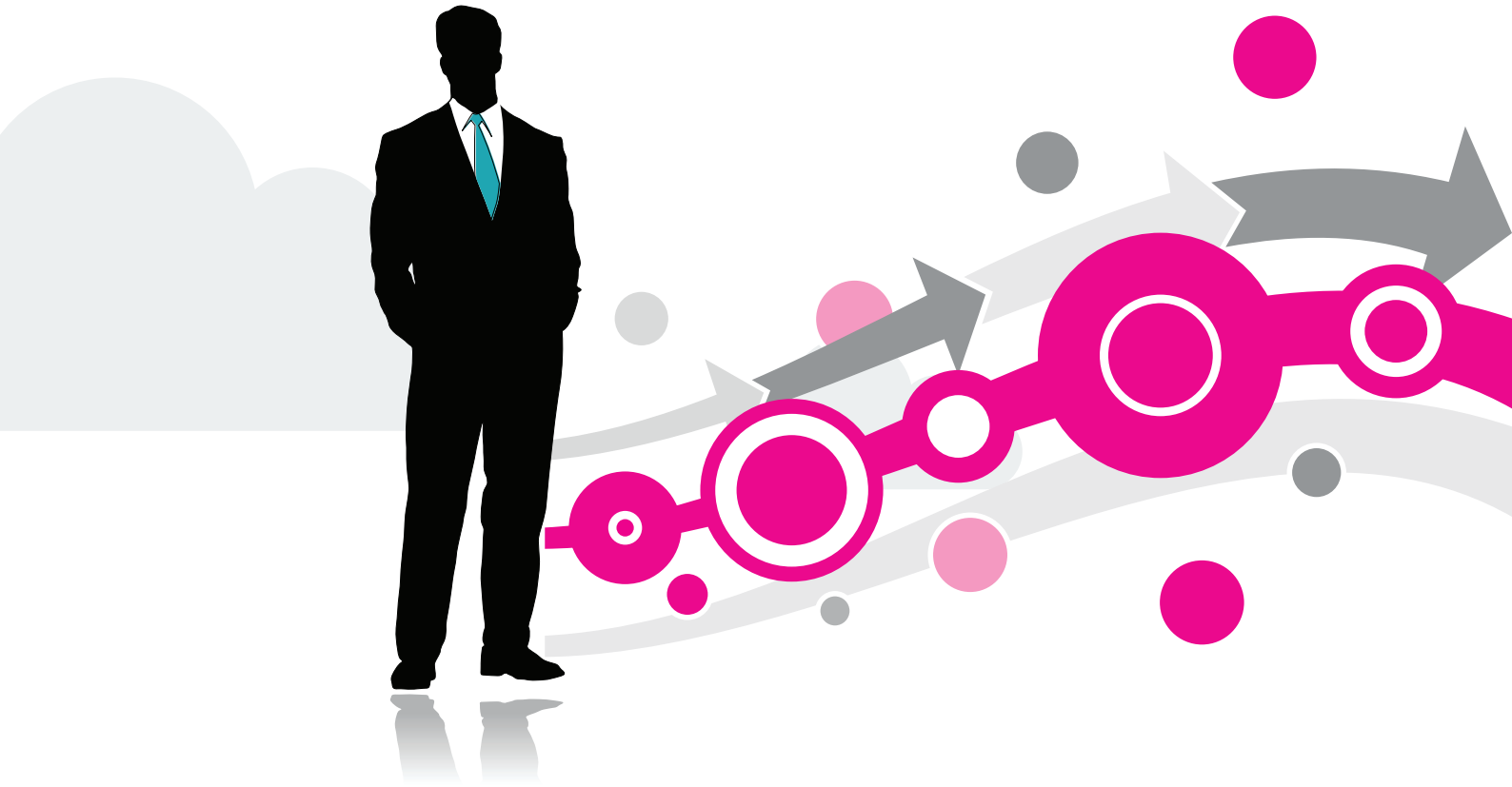
5. BEST PRACTICE STANDARDS

Increasingly ISO standards are the basis for establishing a best practice framework for government policy risk management, also enabling cloud vendors to collaborate more effectively using common practices, procedures and terminology.

Recently, new ISO standards have been launched to focus upon cloud services to further simplify integration and mitigate risks specific to the cloud delivery system, which would be very attractive to harmonising a multi-vendor model.

Content	ISO 17826 **Cloud Data Storage Management** Standard ISO 15489 Document & Records Management Standard
Process	ISO 22031 Business Continuity Management Standard ISO 14001 Environmental System Management Standard
Infrastructure	ISO 27017 **Cloud Security Management** Standard ISO 27001 Information Security Management Standard
Network	ISO 17789 **Cloud Reference Architecture** Standard ISO 20000 IT Service Management Standard (ITIL)

Figure 5: Integrated Risk Management Best Practice Standards



6. OUTSOURCERY DISAGGREGATION MANAGEMENT SERVICES

OUTSOURCERY TRANSITION MANAGEMENT

Experience in the public sector has highlighted to Outsourcery the critical importance of establishing a disaggregation transition strategy and plan at the outset with a department or local government entity, to ensure the targeted economic benefits arrive within the two-year contract without increasing risk. This key principle is similarly underlined by the NAO.

"Several factors have helped (the department) and (SI) to minimise the number of incidents affecting performance. These include taking a cooperative, partnering approach, having experienced and qualified project managers, and an extensive planning phase."

Source: National Audit Office 2014

All parties should realise that the transition to disaggregation is a lifecycle model, based upon continuous improvement, similar to many of the ISO standards adopted by government to minimise risk (e.g. ISO Format: Plan >> Do >> Check >> Act and continuously cycle around).

This practice will continue after the transition to disaggregation and provide the basis for contract management, greater innovation, higher flexibility and a sustained reduction in operating cost. This process may be aided by the new Cabinet Office CCS Contractor Relationship Management System.

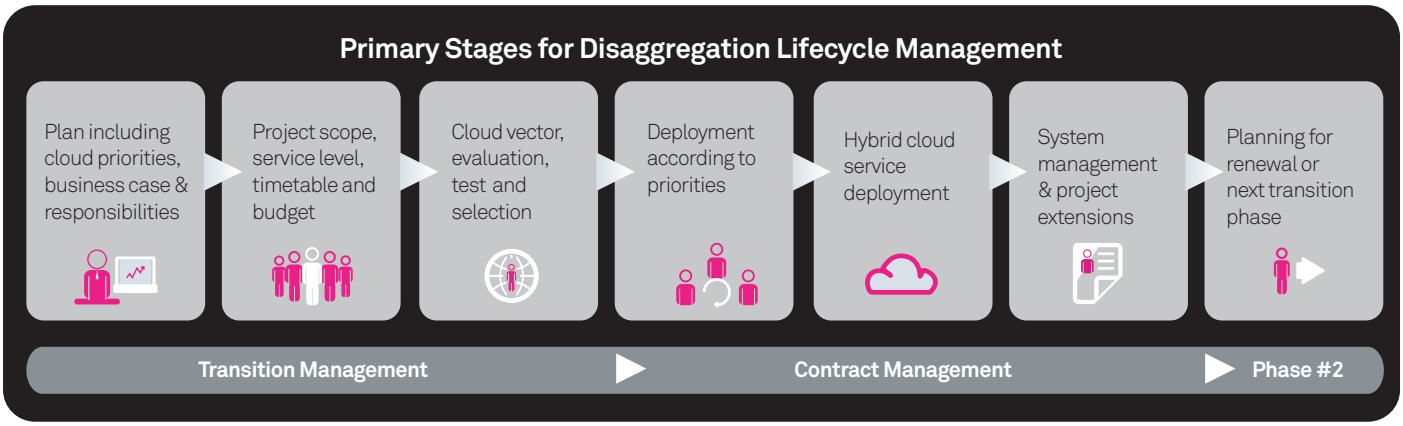
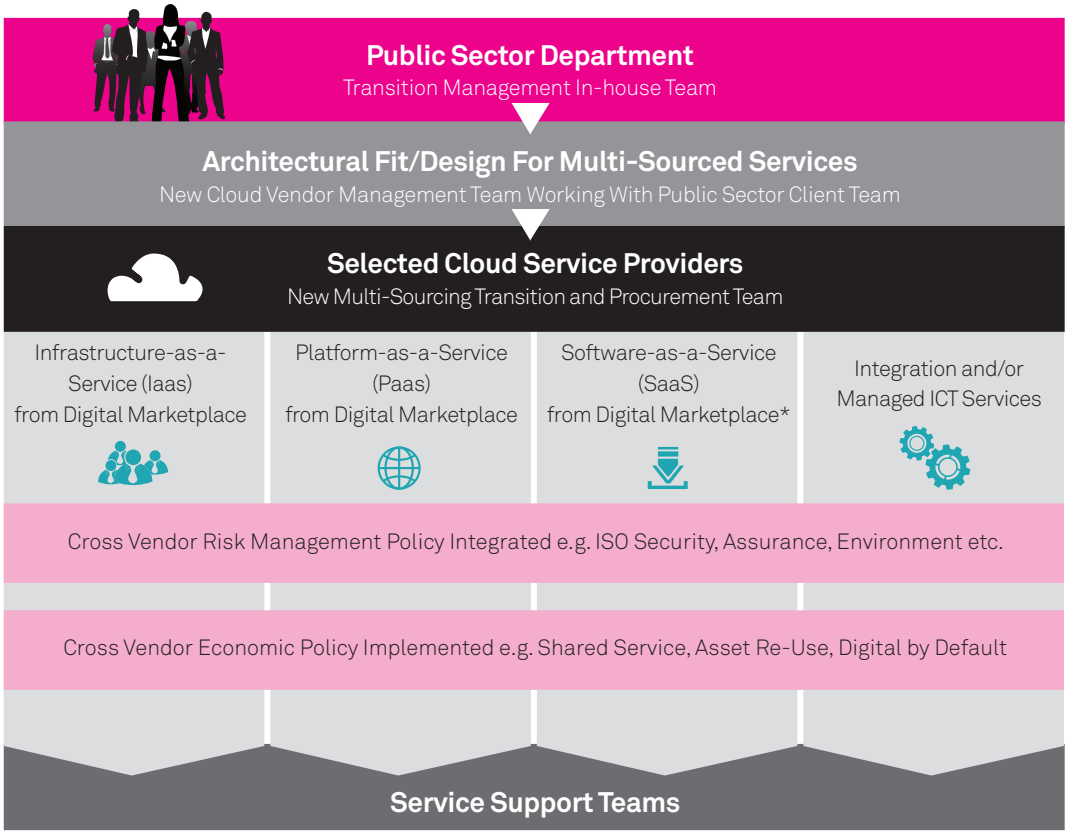


Figure 6: Outsourcery Disaggregation Transition and Contract Management Lifecycle

OUTSOURCERY'S OPERATING MODEL

The disaggregated cloud operating model is most likely to be the objective and emerge, rather than be the immediate consequence of transition planning and contracting. The primary reason for evolution is risk management and cost control, which would probably involve new skills from the department or government client.

The risks are not just based upon the contract meeting the agreed targets and service levels, but to ensure the critical collaboration works and core policies are being effectively implemented.



Defines User Needs, Services and Transition Management Plan.

Operating across Transition and Contract Management.

In Place During Transition and Multi-Sourcing Management.

Priorities according to the Transition & Project Plans.

Integrate risk-policy across vendors.

Integrate economic policy across vendors.

Figure 7: Outsourcery Outline Disaggregation and Contract Management Operating Model

*Includes Outsourcery's Microsoft Exchange, Dynamics CRM and Lync plus Microsoft Public Cloud options.

OUTSOURCERY'S FIVE STEPS TO BEST PRACTICE DISAGGREGATION

Stage	Subject	Description
Step #1	User Needs	Identify what users need and the business outcome(s) you are trying to achieve: what problem are you trying to solve?
Step #2	Ownership	• **Design:** knowing what users want and the outcomes being sought enables keeping or moving ownership in-house. • **Deploy:** multi-sourcing enables departments to plug together multiple services such as IaaS and SaaS. Ability to replace services for lower cost or more productive services as they become available. Deploy a multi-sourced operating model. • **Run:** manage services in-house or through a managed service provider. Cloud services can be easily managed if organisations have the in-house resource. If a SIAM or managed service partner is required, seek the supplier(s) to present services in a modular fashion enabling payment for only those services that are required, when they are needed.
Step #3	Minimise Risk	Design loosely coupled services and devices but not a 'system'. Multi-sourcing of services such as SaaS PSN cloud enables departments to procure commodity services that meet CESG security guidance at OFFICIAL PSN and have minimal dependency on other services so are independently replaced. There should be no system lock-in.
Step #4	Reduce Cost	Frameworks, such as G-Cloud, provide a marketplace for government to procure cloud services. All services detail capability, service and security levels, whilst providing pricing. The public sector can test services against competitors in order to continually benchmark quality and pricing, whilst the nature of G-Cloud contracts reduces supplier lock-in. Procuring modular services, such as cloud, means government only pay for the services required when they are used.
Step #5	Plan Transition	• **Plan early:** start transition planning 18-24 months before the end of current outsourced contract. • **Begin:** start with user needs and decide what capabilities or services are required. Identify and map in-house skills to user requirements and create new operating model. • **Start small:** identify workloads that can move quickly to the cloud model, such as test and development, which produce 'quick wins' showing savings of circa 70% and are not reliant on other systems. From user needs, identify what services are required to remain untouched, what can be improved, and what can be retired. For services moving to the disaggregated model, decide on whether they are fit for the cloud or whether they need repurposing.

Figure 8: Outsourcery's Five Steps to Best Practice Service Disaggregation

SUMMARY

Government policy has created the opportunity for departments to move away from large, cumbersome contracts that restrict innovation and delay service improvements, often at a cost outside the original agreed scope of the contract.

"The (department) faces an enormous challenge in moving to a new contracting model by 2017."

Source: Public Accounts Committee 2015

With the resource constraints and level of organisational change required to successfully move to a disaggregated service model, the engagement of SMEs, such as Outsourcery, is crucial.

With the resource constraints and level of organisational change required to successfully move to a disaggregated service model, the engagement of SMEs like Outsourcery, is crucial. This will ensure the public sector moves rapidly into a cost effective ICT operating model, which produces real business benefits and increases effectiveness in the digital arena. Innovative cloud services are now assured, mature and available, at a commoditised level.

With the addition of new procurement frameworks, such as the Digital Marketplace G-Cloud, government departments are now able to procure these services quickly. Disaggregated service procurement provides government with the opportunity to regain control of their respective business requirements and deliver improved operational effectiveness, reducing risk and cost, in the emerging digital economy of the 21st Century. Organisations, such as Outsourcery, can provide the guidance, skills and capability to make the transition smooth and effective.

7. ABOUT OUTSOURCERY

Outsourcery is a leading UK, SME provider of cloud based IT and business communications services and solutions to enterprise and SME markets, along with specific expertise in the public sector via the G-Cloud 6 Government Digital Marketplace. Outsourcery has been delivering cloud propositions to technology partners and clients of all sizes since 2007. The business employs over 100 people, across three UK sites, with UK based data centres providing data sovereignty.

These initial expert services are designed to assist public sector clients in understanding the risks and costs of disaggregation and create the foundation for effective cloud service transition, vendor selection according to GDS criteria and contract management using best practice.

During transition planning to achieve a disaggregated delivery model, the public sector client can be reassured that Outsourcery has a comprehensive IaaS and SaaS cloud solution proposition immediately available in the Government Digital Marketplace G-Cloud #6. These competitive offerings can be combined with Microsoft™ Public Cloud and professional services. In addition, Outsoucery can develop a hybrid model that is customised to support legacy systems in conjunction with new digital workloads.

#1: EXPERT WORKSHOP: A DAY IN THE CLOUD

Develop a shared view of cloud objectives in supporting the overall business strategy, an executive consensus regarding cloud priorities, opportunities and areas warranting further investigation, a key business stakeholder, and integration concepts with other cloud-based products.

#2: PLAN WORKSHOP: CLOUD TRANSITION PLAN

Understand the current public sector business structure, prevailing IT architecture, demonstrate the transition planning stages including business case with risk (e.g. security and continuity) and cost (e.g. asset re-use and shared service), detailed designs for appropriate cloud solutions and transition project structure with timelines.

Outsourcery delivers Pan Government Accreditation (PGA) cloud services at OFFICIAL and OFFICIAL SENSITIVE providing both internet (formerly IL2) and PSN Protect (formerly IL3) connectivity from UK sovereign data centres.

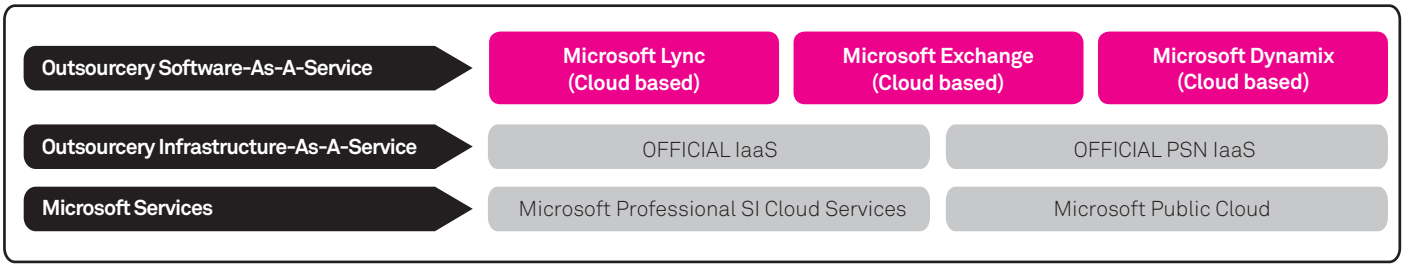


Figure 9: Outsourcery Cloud Solution Set, Including Microsoft Alliance Solutions

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8. CLOUD CASE STUDY

Outsourcery Client	London Business School – world leading International business school based in London
Business Case	The data centre suffered from multiple challenges including hardware and PBX telephony reaching the end of useful life, email capacity limitation, non-secure email accounts being initiated due to capacity issues leading to compliance problems, administration inefficiency due to PBX lack of flexibility and consequent business school brand reputational damage.
Outsourcery Cloud Solution	An Outsourcery Unified Communications (UC) solution based on Microsoft Office 365 Education with hosted email, high functionality and competitive pricing, integrated with an Outsourcery private cloud implementation of Microsoft's Lync Server with Enterprise Voice capability. This created a complete UC function, including presence information and easy conference call set-up, to enhance productivity, collaboration and retain reputation.
Outsourcery Selection Rationale	Outsourcery was selected as the cloud vendor because "nobody else had the same depth of experience as Outsourcery when it came to implementing Office 365 and Lync. They were also the only supplier that committed to taking full ownership for the management and support of the complete solution, including working directly with Microsoft to address technical issues on any aspect of the solution." **Source: Business School Head of Infrastructure & Media.**

Figure 10: Outsourcery Cloud Case Study

9. NEXT STEPS

For more information please contact:

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