

## eSourcing Capability Models: Quality models and qualification methods for organizations involved in eSourcing

The IT Services Qualification Center (ITSqc) at Carnegie Mellon University develops capability models to improve the relationship between service providers and their clients. The eSourcing Capability Model for Service Providers (eSCM-SP) v2 was released in April 2004. The eSourcing Capability Model for Client Organizations (eSCM-CL) is being released in 2006.

### Barriers to Successful Sourcing Relationships

Managing and meeting client expectations is a major challenge in these business relationships, and examples of failure abound. The eSourcing relationships between clients and their service providers must overcome many challenges to be successful.

The eSourcing relationship challenges include:

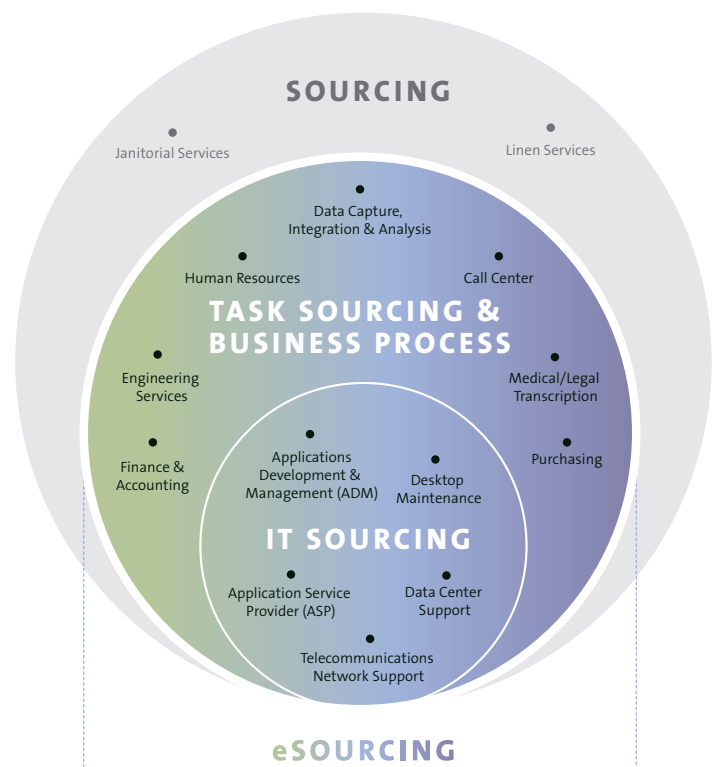
- Clients often have little experience in outsourcing and have no standard criteria for selecting a provider.
- Success criteria for the relationship are not well understood or agreed upon from inception by both parties.
- Clients' expectations often change as the nature of the services change, due to rapid shifts in technology and tools, and providers are not always able to keep up with those changes.
- The necessary trade-offs between the service's quality, speed, and cost are not always articulated and understood.
- The transfer of personnel, equipment, and knowledge between the client and service provider is often problematic.
- Service providers often have trouble analyzing and reporting their progress in terms that are meaningful for clients.

To help organizations succeed in the face of these challenges, the ITSqc creates "best practices" capability models for both sides of the eSourcing relationship.

### What is eSourcing?

We use eSourcing to refer to IT-enabled sourcing, that is, service delivery that uses information technology as a key component or as an enabler. Its services are commonly provided remotely, using telecommunication or data networks, and they range from routine, non-critical tasks that are resource intensive and operational in nature to strategic business processes that directly impact revenues.

Service providers use information technology as a key component of, or as an enabler for, delivering their services. These services include desktop maintenance, data-center support, and applications management, as well as human resources, customer care, engineering services and finance and accounting.



#### Types of sourcing services

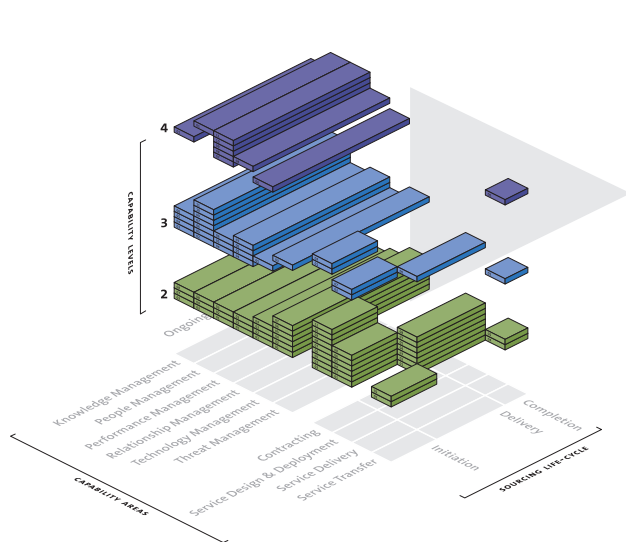
The middle two circles, IT Sourcing and Task & Business Process Sourcing, are covered by eSourcing. The outer circle, Sourcing, is not primarily focused on eSourcing.

## eSCM for Service Providers

The eSourcing Capability Model for Service Providers (eSCM-SP) v2 provides IT-enabled sourcing service providers a framework to improve their capability to deliver consistently high quality services and aids them in establishing, managing, and continually improving relationships with clients. The intent of the eSCM is to present service providers with a set of best practices that help them effectively manage sourcing relationships, and it presents clients with a way to evaluate and compare service provider's capabilities.

ITSqc developed the eSCM-SP for three purposes. It helps IT-enabled service providers appraise and improve their ability to provide high quality sourcing services, and it gives them a way to differentiate themselves from the competition. Prospective clients can evaluate service providers based on their eSCM-SP level of certification and Practice Satisfaction Profile.

By grouping these Practices into increasing levels of capability, the eSCM-SP describes an improvement path for a service provider. Providers may advance from a minimal level of delivering services, to the highest level where they are proactively enhancing value for clients, regardless of the requirements or scope of sourcing efforts.



### The eSCM-SP v2

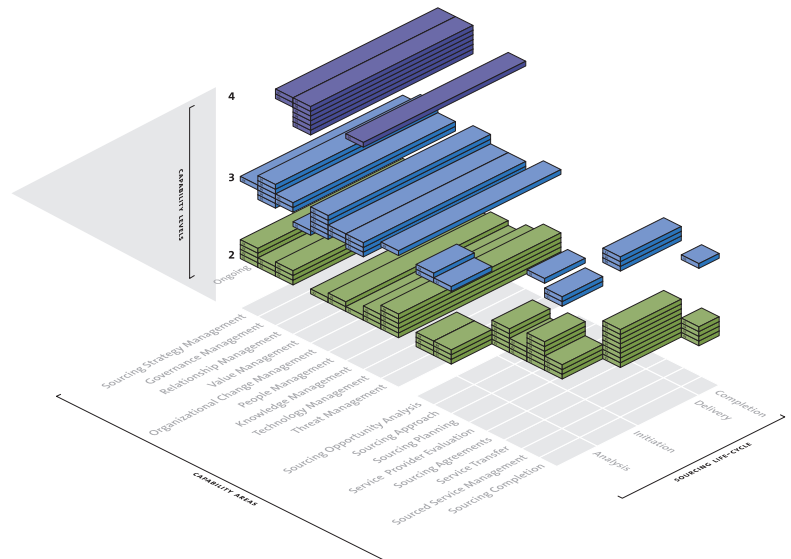
The eighty-four eSCM-SP v2 Practices are arranged within three dimensions: Sourcing Life-cycle, Capability Areas, and Capability Levels.

## eSCM for Client Organizations

Over the past several years, many organizations, from manufacturing firms to banks to hospitals, have been delegating computer-intensive activities to internal or external service providers because they are focusing on “core competencies” or lack their own in-house capabilities. In many cases, they have not been satisfied with the results.

The actions of the client organization and those of the service provider in these sourcing relationships are both critical for success. ITSqc has developed a best practices model that allows client organizations to continuously evolve, improve, and innovate their capabilities to develop stronger, longer term, and more trusting relationships with their service providers.

The eSourcing Capability Model for Client Organizations (eSCM-CL) enables client organizations to appraise and improve their capability to foster the development of more effective relationships, better manage these relationships, and experience fewer failures in their client-service provider relationship.



### The eSCM-CL

The Sourcing Life-cycle addressed by the eSCM-CL extends earlier than the Phases of the Sourcing Life-cycle covered by the eSCM-SP. Its ninety-five Practices address the sourcing activities of the client organization dealing with its sourcing strategy and analysis of its operations and potential sourcing opportunities during the Analysis Phase.