

November 21, 2012

Sam Dowd  
346 Waverley St.  
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Dear Mr. Dalal,

In examining your process for deciding to outsource, and selecting a company to outsource to, I was impressed with several factors. In each phase of the process you made very critical decisions that contributed to the success of the relationship between Xerox and EDS.

- You did not immediately jump on the idea of outsourcing
- Once the decision *had* been made to outsource you were careful to identify reasons beyond just cost to outsource
- After the decision had been made to outsource to EDS, you were careful to develop a strong relationship among the core teams from both sides.

It was an excellent decision for Ms. Wallington to form IM 2000 with the mission of examining the issues facing CIM and recommend strategies to address them. It would have been a poor decision to form IM 2000 with the goal of simply implementing an outsourcing solution. In coming to the conclusion to outsource, IM 2000 identified some significant challenges and issues with IM that needed to start to be addressed internally before thinking about external solutions.

IM 2000 identified the fact that it was supporting legacy systems and simply dumping dollars and hours into them with no end in sight. This leads to my second point which suggests that IM 2000 made the decision to outsource for reasons beyond just cost. It is true that outsourcing can reduce costs. However, the extent to which costs can be reduced is generally overrated. If Xerox was to outsource simply to cut IT costs, it would have failed. IM 2000 identified the major issue involving the legacy systems, and they realized that outsourcing could provide

significant benefits in that area:

- More internal attention towards innovation to move away from the legacy systems
- Outsourcing the management of legacy systems to specialists
- The ability to have around the clock support for the legacy systems would provide significant benefits to a massive global organization of Xerox's scale

As a result, when they decided to outsource, and picked a company to partner with, they identified the major goal of allowing EDS to manage the legacy systems, and devoting significant internal time to developing new, innovative, and future-proof systems.

Lastly, when it came time to plan the actual outsourcing, you ensured that there was cohesion amongst EDS's core team, and Xerox's core team. This was critical to the success of the decision to outsource. Far too often companies simply sever ties with the division they are outsourcing, and expect the new company to just pick up where they left off. The decision to form what was essentially a transition team that had cohesion and mutually beneficial cooperation was key to the success of the plan. It was clear that instead of just shipping the support of the legacy systems off to EDS, Xerox wanted to ensure a smooth and seamless transition. By doing this, you protected your investment, ensured that employees were onboard, and enacted one of the most successful outsourcing contracts in the world.

I congratulate you on your success with your partnership with EDS. Your process, and implementation were key to its success, and I look forward to being able to use your methods and practices in my own company.

Sincerely,

Sam Dowd