City of Minneapolis

Outsource Operations Review

Excipio consulting

Engagement Objectives

- Review the client satisfaction and provide an opinion in the following areas:
  - Test business case assertions and compare to actual results
  - Gauge customer satisfaction from internally completed Client surveys
  - Compare customer expectations on what they thought was in the Unisys base contract to what was actually covered in the contract
- Compare Unisys contractual obligations to actual performance
- Assess value and quality of service provided by Unisys related to contract amendments
- Examine select contract amendments and change orders for price comparison to existing contract
- Compare Unisys contract against industry benchmarks
- Review the previously completed SAS-70 audit as it relates to the Unisys services and contract

Excipio SM consulting

Process

- Interviews conducted with City internal Subject Matter Experts (SMEs) in charge of current or past City capabilities
- Interviews conducted with Unisys SMEs in charge of current support capabilities
- Collection of end user perspectives via round table discussion
- Unisys and City documentation provided
- Review of the Larson-Allen SAS70 audit (May 2006)
- Industry standard information and analysis from past Excipio clients

Excipio SM consulting

Validation of Outsourcing Business Case

- Virtually all of the original operational reasons still hold true today
- Public Works
  - Stated value to Council ($1.5M)
  - Documented value ($4.85M)
  - Actual value justified ($0)
- Data Center Replacement
  - Stated value to Council ($4.5M)
  - Calculated value ($1.53M)
- Disaster Recovery
  - Stated value to Council ($2.5M for facilities, $2M for hardware)
  - Calculated value ($763K for facilities, $2M for hardware)

Excipio SM consulting

Contract Observations

- Improvement opportunities exist for monitoring and maintaining the contract
- Management of the Unisys contract is spread across multiple individuals, decreasing performance visibility
- No single City source exists for process or information access
- The performance clauses in the contract are not being enforced, but alternate means have been implemented by the City to drive actions
- Some of the BIS staff seems complacent – “it’s better than where we were before”

Excipio SM consulting

Contract Recommendations

- City needs to establish metrics beyond the service level agreements (SLAs) to evaluate Unisys against the contractual obligations on no less than a quarterly basis.
- Although a single point of accountability exists within City, there is no single source for process or information access
- The City needs to own, and be responsible for, a continuous improvement plan for Unisys

Excipio SM consulting

City Process Recommendations

- The single largest, and most common factor, was a lack of communication
  - Primarily between BIS and the departments
  - BIS and Unisys are seen as one and the same, thus departments are unsure of who to talk to

- Recommendations
  - Provide departmental views of Service Desk statistics
  - Provide departments with asset lists and refresh dates
  - Provide departmental access to server performance metrics
  - Review both the internal billing and the IMAC allocation models, which are not based on market services or rates
  - Establish a single source of responsibility for the Unisys relationship

Excipio SM consulting

Conclusions

- Cost avoidance of the Unisys contract is estimated at $18.2M over the life of the contract
- The City, on its own, could not have advanced to the current state within the same timeframe
- The overall processes and performance has improved
- Both the City and Unisys have areas for improvement
- Communication appears to be the single largest issue for both organizations
- The City should start measuring and setting specific operational goals for Unisys to achieve that will directly impact the renewal of the contract
- The existing billing processes need to be simplified and revised to eliminate the numerous amendments and change orders

Excipio SM consulting

Questions and Answers

Excipio consulting