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# Partnering in the Delivery of IT Services in Parliaments

House of Commons / CANADA

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# The House of Commons Context

- 308 Members of Parliament (MPs)
- 1,500 Members and political staff
- 1,800 Administration staff
- 410 MP riding offices with 3 staff members each
- 2 Geo redundant data centre
- Information Services under CIO leadership
  - 250 staff members on IM/IT team (PMO, Architecture, Development, Security, Operations)
  - 250 staff members in Parliamentary Publications and Broadcasting

# Outsourcing by Type

Level of Outsourcing	Deliverable Ownership	Location of Resources	Remuneration Method	Example
<b>Level 0 – Staff Augmentation</b>	Deliverable ownership and team management in the hands of client.	Resources on site working as part of a broader team.	Time and materials.	Consultants hired to augment team of developers.
<b>Level 1 – Deliverable-based Consultants</b>	Overall project responsibility owned by client. Consultants own a piece of overall project.	Resources on site working as part of a broader team.	Deliverable-based fixed fee or retainer.	Consultants hired to perform build and test.
<b>Level 2 – Co-located Outsourced Resources</b>	Entire scope of delivery is owned by outsourcer.	Resources are co-located on client site.	Paid based on number of resources provided or quantity of work performed within defined SLA.	Outsourced help-desk resources residing on site.
<b>Level 3 – Off-site Outsourced Resources</b>	Entire scope of delivery is owned by outsourcer.	Resources are located off-site, on-shore.	Paid based on a utility model of work performed within defined SLAs.	Provision of local connectivity to riding offices.

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# The House of Commons as an Outsourcing Partner

The House of Commons IT Services are structured and managed as an IT outsourcing partner internally and externally.

We partner with internal service areas in the delivery of IM/IT services, and we act as the outsourcing partner for multiple government and parliamentary organizations:

- Public Works and Government Services Canada
- Senate of Canada
- Library of Parliament
- Office of the Ethics Commissioner

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# Outsourcing and Parliamentary Privileges

- How can we ensure that parliamentary privileges are respected in an outsourced scenario?
- Parliamentary privileges form part of the Canadian Constitution. Laws must be interpreted and applied in a manner consistent with them, and where there is a conflict between privileges and statutory provisions, the statutory provisions are “of no force and effect” to the extent of the inconsistency.
- ***Data security concerns***
  - Handing your data over to someone else can raise major security concerns, such as the misuse of data by the vendor. While you can investigate the vendor’s security practices, it is practically impossible to ensure their potential political neutrality.

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# Key Elements of a Successful Partnership

## *Escalation Management*

- ▶ The outsourcing vendor deals with many organizations and may not understand the urgency of your issues. Ensure there is a process in place for classifying requests and escalating issues.

## *Management of Outsourcer*

- ▶ At least part of someone's time will be consumed with managing the outsourcer. This will depend on the scope of the contract.
- ▶ You can't underestimate the time required to manage the outsourcer; however, this is a crucial element to ensuring success. Ensure you allocate adequate resources as most clients find the management of the project to be of greater complexity than they anticipate.

## *Honeymoon Period*

- ▶ Gauging success in the first year can be difficult because things are written off as "transition" costs. Be sure to track these expenses when assessing your project success.

## *Location*

- ▶ The physical distance between you and the vendor can create a communication gap as people in general find it easier to resolve issues in person. Be aware that the issue resolution may be prolonged given greater distances, especially those spanning time zones.

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# Key Elements of a Successful Partnership (continued)

## *Understanding Business Operations*

- ▶ As you run a unique business operation, it may take extra time for the vendor to understand how you operate. Concessions and process adjustments on both sides (the client and the vendor) are required.

## *Legal Issues*

- ▶ IT may have little experience reading and interpreting contracts, and this can often be a learning experience for those involved. Legal advice is recommended; we do have dedicated legal resources to support us.

## *Culture Shifts*

- ▶ Internal staff are resistant to taking a collaborative approach, sometimes saying “it is their job and not mine.” Ensure you have your employees on board by promoting the benefits of outsourcing to them prior to implementation while ensuring remaining employees have job security if layoffs have occurred.

## *Outsource Vendor Fit*

- ▶ Vendor fit with the organization is key to a successful partnership. This fit is defined in terms of both culture and size. Choose a vendor that is large enough to handle your risk, but small enough to consider you a significant client and cater to your needs.

## *Long-Term Contracts*

- ▶ Rapid advances in technology make it difficult to predict long-term fit and outsourcer capabilities. Sign shorter two- to three-year contracts.

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# When do we outsource?

## Your approach will drive which areas are considered for outsourcing

Approach Type	What	Outsourcing Urgency	Benefit	Next Steps
<b>Burning Platform</b>	IT needs cannot be met internally.	High	Strategic value	Assess whether there are vendors available to provide you with the resources needed to meet your growth demands.
<b>Bottom Up</b>	A specific area is performing poorly. This could be in terms of service levels or cost.	Medium	IT efficiency and business value	Starting with a particular area of inefficiency or high cost, identify if outsourcing this area is consistent with the organizational characteristics.

## Bottom-up approach of outsourcing area evaluation

Outsourced Area	Outsource This Area If...	Risks/Challenges	Risk Mitigation	Recommendation
<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>▶ You need access to specific skills.</li> <li>▶ You are looking for cost savings (including savings from management overhead).</li> <li>▶ You would like to repurpose employees away from tedious tasks.</li> </ul>	Your organization doesn't value the full range of services provided by the outsourcer.	Quantify the benefits of a full range of services to assess if the costs are justified to your organization.	Every organization should evaluate its infrastructure for outsourcing fit. It has the highest average return, low variability of success, and few risks.
<b>Application Development</b>	<ul style="list-style-type: none"> <li>▶ You have cyclical needs for development.</li> <li>▶ You are looking for cost savings.</li> <li>▶ You are looking to improve development turn-around time.</li> <li>▶ You have complex applications.</li> </ul>	The key risk and detractor occurs when the outsourced application is key to business operations.	Define both internal processes for managing the application and processes to manage the outsourcer to ensure SLAs are met.	Only consider this if your organization has a well-defined software development life-cycle (SDLC).

## Understand the risks upfront - Outsourcing is subject to the same delivery and quality risks as any project



Organizations have found that one of the hardest things to achieve was a high level of quality in their project deliverables.

Only **18%** of organizations felt they had been highly successful in achieving good quality; meanwhile, **41%** of organizations felt the quality of their deliverables was unsatisfactory.

When your organization is outsourcing, there is significant risk that the costs will exceed what you expected, that results will differ from what was requested, and that the initiative will take longer than planned.

Don't let outsourcing get the better of you; find success in all categories by staying vigilant throughout the project.

Projects considered successful by this solution set will be those which are done on time, on budget, and with minimal defects. We will be reviewing strategies in terms of their level of achievement in these categories.

## You need strong vendors AND attentive internal management: The outsourcing team is only as strong as its weakest link

Just because you have decided to outsource, this doesn't mean you are off the hook. If your organization isn't ready to manage the relationship and communicate its needs, then it could very well become the weak link in the chain that allows the project to fall apart.

There are several things your organization can do to beef itself up in preparation for the new relationship:

- ✓ Review your own internal development process
- ✓ Change requirement methodology
- ✓ Delegate project management responsibilities
- ✓ Adjust internal processes
- ✓ Adjust company controls
- ✓ Add or amend infrastructure

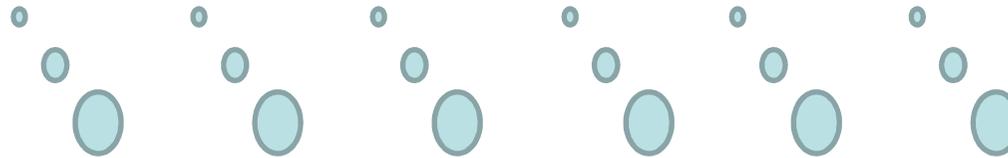
We will go into more detail about what each of these entails in the following slides.

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Infrastructure changes are easily done and critically important;  
spend some time getting it done right

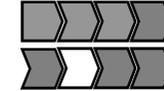
### The Importance of Infrastructure

Work simply cannot get done without the proper tools. An application development outsourcing project needs development servers and storage. This is essential for productivity and efficient testing. Moreover, if you don't have the appropriate infrastructure in place (e.g., inconsistent platforms used between your organization and the outsourcer), the application may not run properly on your systems once the development is done.



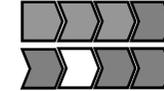
### Assessing Your Infrastructure Needs

The assumption when you use on-premise outsourcing is that they will use your equipment. Therefore, you need to be able to provide adequate equipment, which will cost you money, and secure access to any relevant data and information. If work is done off-premise, the supplier typically has its own development environment. In this case, you simply need to provide sufficient connectivity to your network so you can do code examinations and whatever other testing is necessary.



# Some Do's

<b>Heed the advice of vendors when discussing process changes</b>	<ul style="list-style-type: none"><li>▶ Vendors have significant experience in this area and can assist in suggesting efficient ways of changing/adapting processes. These include processes to manage the vendor itself.</li></ul>
<b>Talk to the vendors about your longer-term strategy</b>	<ul style="list-style-type: none"><li>▶ Vendors can assist in plans to expand or improve your capabilities over time.</li></ul>
<b>Spend time reviewing/adjusting/creating SLAs</b>	<ul style="list-style-type: none"><li>▶ Vendors and customers alike rely on SLAs for measurement of success and payment (in some cases).</li></ul>
<b>Audit</b>	<ul style="list-style-type: none"><li>▶ Audit your vendor. In many cases, errors are made through automated billing processes and are passed on to the customer.</li></ul>
<b>Sign up for two or three years</b>	<ul style="list-style-type: none"><li>▶ One-year contracts result in frequent renegotiation. Seven-year contracts are too long and will end up in renegotiation anyway.</li></ul>
<b>Validate vernacular</b>	<ul style="list-style-type: none"><li>▶ Ensure that the vendor's categories and labelling (especially for resource levels) is consistent with yours (e.g., what is an experienced vs. junior resource).</li></ul>
<b>Check references</b>	<ul style="list-style-type: none"><li>▶ Ensure that you have the opinion of someone other than the vendor. This will help internal buy-in and will help in partnering with the vendor.</li></ul>



# And Don'ts

<b>Treat it as a vendor only - it is also a partner</b>	<ul style="list-style-type: none"><li>▶ Partnering is a two-way street – client companies that hold the vendor at arm's length and treat it as a vendor only will miss out on improvement opportunities and make issue resolution more difficult.</li></ul>
<b>Get too involved in resource management</b>	<ul style="list-style-type: none"><li>▶ Employee turnover is a natural phenomenon. Allow the vendor to manage this itself. If required, provide the vendor with desired skill sets, but don't get involved in the day-to-day activities.</li></ul>
<b>Micro-manage</b>	<ul style="list-style-type: none"><li>▶ Instead of micro-managing the vendor, which is inefficient for both organizations, create adequate SLAs and meaningful audits.</li></ul>