The new paradigm

Outsourcing Evolution

Siemens IT Solutions and Services
Value evolution

As IT services undergo an industrial revolution and global delivery becomes a standard expectation, business leaders look to outsourcing to deliver more than infrastructure excellence. But with almost all service providers limited to their IT background, few are positioned to deliver process expertise and business impact.

A service partner such as Siemens IT Solutions and Services, however, is uniquely positioned to take advantage of 155 years of global manufacturing experience and sector-specific process know-how. As service solutions are increasingly productized, one of the world’s most established product and solution companies is equally well placed to deliver industrial economies of scale and a globally optimized delivery capability in the IT solution and service space. Siemens was an industrial giant long before the IT service world became industrialized, and it is exactly this edge in experience which we bring to our outsourcing engagements and managed service partnerships.

In an era when strategic growth and cost reduction cycles are being increasingly synchronized, our approach to IT outsourcing delivers simultaneous cost efficiency and progressive business value generation. A paradigm shift in service thinking, this evolutionary approach replaces the static cost-out view of outsourcing with a dynamic long-term mechanism for business advantage. Evolved over years in close cooperation with numerous Fortune 500 companies as well as the Siemens global community, this systematic form of outsourcing and managed service partnership is designed to deliver multiple kinds of value beyond initial cost reduction. In a world where complexity of all kinds – from increasing competition and customer power to disruptive technologies and regulatory compliance – is challenging the execution of successful business strategies, value evolution in the outsourcing space provides you with the visibility, control and leverage to seize today’s unique business opportunities.
Value comes in many forms. For some, the value of moving services to an external partner lies in its power to transform customer contact and sales revenue – like the 600% increase in telephone sales experienced at the UK’s National Savings and Investments (NS&I). For another Siemens client, the value of outsourcing may lie in international expansion – like the fifteen-fold increase in infrastructure coverage we provided recently to a leading North American financial player. Then again value may come in the ‘simple’ form of IT cost reduction – as in the 85% decrease in network maintenance costs realized at another North American financial services customer. Public sector leaders are seeking to achieve a careful balance between citizen value and stakeholder value – a kind of value currently being transformed at customers as diverse as the National Assembly for Wales, Germany’s City of Wiesbaden and South Africa’s Department of Labour. Whatever kind of value you are interested in – as a Chief Information Officer, a Chief Financial or a Chief Executive Officer – our evolutionary approach to service partnership and outsourcing will not only deliver on initial expectations but continue to deliver long after that first challenge.

This is because our fully integrated model is built on long-term global relationships with some of the world’s most dynamic and complex organizations. Like Microsoft. Like the BBC. Like Siemens. Value evolution from Siemens IT Solutions and Services will provide granular visibility into your everyday operations, as well as continuous innovation from sector to sector. Extending your kind of value over time, an outsourcing engagement of this calibre moves beyond SLA satisfaction and ROI calculation – into your critical process challenges and your core strategic issues.
Extending performance

Between your infrastructure and your people lies an ever more complex layer of applications. Outsourcing and IT transformation which deliver on real business impact must demonstrate expertise in the applications space and support seamless work processes.

Software vendors tend to have different skill sets to hardware manufacturers, while offshore service providers are often limited to software core skills. Service providers come as all kinds, but the particular advantage behind this one in this context should be noted. Because we are neither a software vendor nor a hardware manufacturer, we deliver genuine objectivity and multi-vendor integration capabilities. Because we are not a pure offshore player, restricted to application development or management, we also command a full-scope global service portfolio – embracing infrastructure services and business processes as well as applications.

Our customers can extend their outsourcing advantage beyond infrastructure excellence into applications with a uniquely qualified partner. You may, for example, be surprised to learn that with 30,000 professionals Siemens employs more software engineers than Microsoft, Oracle or SAP – leveraging expertise in a wide variety of solutions and tools. Siemens IT Solutions and Services can also call on 25 years of experience as an important SAP system integrator, as well as on partnerships with Microsoft, Oracle, Fujitsu and many others. Currently supporting 800 customers across the globe when it comes to application excellence, we combine global availability, vendor neutrality and domain expertise to drive the business impact of enterprise software. Extending your value across technologies, borders, sectors and timescales, this proven capability in application outsourcing complements and reinforces our infrastructure offerings.
Customers who have already decided to extend their value into the applications space include media icon BBC as well as model municipality The City of Wiesbaden. Driving this expertise are lessons learnt from unique software engagements such as the Spiridon project at Siemens. Delivering uniform performance across all processes and functions in finance and logistics at the world’s most distributed industrial concern, Spiridon provides up to 60% cost savings over its various stages as well as continuous service improvement. In the words of Roland Lochner, GIO at Siemens Industrial Solutions and Services: “We chose a partner who understands our highly complex business. This has been a decisive step in improving our global competitiveness.”

Meanwhile, competition could not be tougher than in the rapidly changing telecommunications arena, leading Siemens Communications to leverage the unique advantages of secure offshoring when it came to application management. Sourcing our mature capabilities in India, application support for productive as well as development systems led directly to a 25% decrease in operational costs.

Automotive player John Deere also chose to extend its added value by offshoring ABAP4 programming to in-house Siemens people in India, leading to an additional 40% cost savings. Because of our unique position within the world’s most international industrial complex, we can also extend your application performance within any outsourcing engagement – by leveraging global resources, by employing multi-vendor insights and by applying in-depth sector and process knowledge. As the critical interface between technology and people, your application landscape represents a highly complex world best left to objective and highly qualified experts.
Siemens has been global, for example, a lot longer than any IT company. With developing markets opening up around the world, Siemens has already been in China 120 years, in Russia for over 150 years and in Brazil 130 years. Today, when IT services are being rapidly globalized, this track record in cultural knowledge and infrastructure development provides unique insights and additional security. Global sourcing, supposedly, delivers the best of both worlds, but all too often one of those worlds is less mature than the other. As pure-play offshore providers race to acquire onshore expertise, established Western players rush to ramp up offshore resources. In both cases one is left with obvious mismatches in promise and reality which only time can fix.

Taking advantage of a long-existent global infrastructure such as that at Siemens is one way of leveraging offshore efficiency and onshore intimacy simultaneously. Our Global Delivery Backbone is composed of over 25 Global Production Centers in 13 countries, and is itself embedded in the wider Siemens network of innovation, currently comprising 300 manufacturing sites in 193 countries. This kind of dual global infrastructure gives us the edge in secure and scalable global services. With an extensive portfolio way beyond application development and management, you can deploy this global delivery model to provide anything from help desk and desktop services to network and data center management, right through to sector-specific business processes.

Global maturity

Today, global delivery has become a standard expectation within outsourcing relationships. But as levels of cultural and portfolio maturity vary widely, it’s worth examining your service provider’s understanding of the word ‘global’.
Siemens IT Solutions and Services has built up a solid track record of sourcing IT services globally for a wide range of customer organizations. These include financial sector players such as Allianz, Barclays, Commerzbank, Fortis Bank and HSBC. They include manufacturing leaders as diverse as BASF, Continental, Ford, Henkel, John Deere and Linde. Telecommunication enterprises like Telecom Italia, airlines such as Lufthansa as well as public sector agencies like South Africa’s Department of Labour, the National Assembly for Wales and UK vehicle inspectorate VOSA have all benefited from our tiered approach to global delivery.

Every year, Siemens IT Solutions and Services processes 20 million calls in 16 languages, leveraging intelligent call routing and global knowledge management for maximum event resolution. 72 data centers cover 50,000 square meters while 2,000 TB of data storage is available online. Over 2 million desktops and associated infrastructure are supported worldwide from 18 service management centers. Almost 5,000 developers work from 16 East European cities alone. Our fully integrated onshore, nearshore and offshore locations range from Ireland, Romania and Poland to Turkey, Russia, India, Singapore and the Philippines. Our global service delivery is unlike that of any other provider because it is built on a worldwide network of manufacturing sites and because it offers equal maturity across onshore, nearshore and offshore dimensions. Together with comprehensive global governance provided by our Outsourcing Framework, this delivery mechanism is already trusted by the widest spectrum of private and public sector organizations. Trust in a genuine global player to deliver industrialized IT services on a highly secure and scalable basis.
Value evolution within our outsourcing engagements generates a wide spectrum of IT and business value. But central to that equation, at any level of mission complexity, remains consistent cost diminish-ment and removal. Leaving the static cost-out effect of conventional outsourcing behind, this approach introduces a dynamic sequence of cost-reducing measures. This can result, for example, in year-on-year decreases in costs of 33%, followed by 10.7%, followed by 8.4%, followed by 5-10% – as was the case with one of our global manufacturing clients.

After listening closely to your current concerns, Siemens IT Solutions and Services applies a dual system of transaction and consumption economics, eliminating the cost of service events as it prevents future events from happening. Value Comparison Analyses will give you a real-time X-ray of infrastructure costs as compared with your peers, while continuous innovation towards your Target Operating Model will lift IT performance as it removes the cost of excellence. Outsourcing may no longer be a purely bottom-line argument, but with us you benefit from repetitive outsourcing impact on your cost position. Our customers have typically experienced a simultaneous 50% drop in call abandonment rates and a 20% boost in first call resolution – reshaping their cost-value equation and transforming the power of their IT spend. This systematic interplay between more efficient event resolution and more effective event prevention continues to take effect over time, leading to progressive value generation within your IT.

Repetitive outsourcing impact

Cost reduction may not be the only form of value provided by IT outsourcing, but it remains the number one priority for most of today’s decision makers. The engineering discipline of Siemens ensures that this key challenge is systematically answered.
Robert Cowie, CIO at pharma giant Genzyme, describes the cost-value transformation that comes with this systematic approach: "With this helpdesk, 53 percent of calls can be cleared up after the first call, thus significantly reducing the number of interruptions to work. The Low Touch Migration concept also gives us the freedom we need to grow in a technology-driven, future-oriented market." One manufacturing customer saw average speed-to-answer narrow consecutively from 120 seconds to 90 and then just 45 seconds, while another financial services player witnessed a 15-20% reduction in cost per call and deskside visits. Coming from a global manufacturing base where defects are scientifically eradicated and innovation is incrementally introduced, Siemens IT Solutions and Services has the knowledge, the resources and the experience to bring a whole new level of transparency and control into your core IT functions.

Providing flexible pricing models and ongoing cost-out commitments, we approach your service landscape like any other distributed industrial process. At one of our customers, for instance, a reduction in network service costs of 60% was matched by a drop in call-hold times of 50%, a decrease in call abandonment of 50%, a surge in ticket resolution of 20%, along with an expansion to 24/7 support through globally sourced IT services. As cost continues to be a prime concern for customers from every sector, value evolution from Siemens IT Solutions and Services brings them a cost-cutting machine that keeps on working.
As information technology pervades every aspect of doing business today, the once-neat distinction between IT outsourcing (ITO) and business process outsourcing (BPO) is fast disappearing. Today, service partners need to fully comprehend multiple fields of business activity if they are to lay claim to higher-end outsourcing skills and genuine business value. It remains true, however, that IT service providers are not active players in the economic segments they serve. Service partners, that is, except Siemens IT Solutions and Services.

Siemens IT Solutions and Services has the unique distinction of existing within the world’s most global industrial enterprise, active at one and the same time in automation and drives, in industrial solutions, in transportation, in power generation and distribution, in telecommunication, in medical solutions, in lighting, in logistics, in finance and in real estate. This remarkable geographic spread and economic penetration means that the IT service arm of Siemens is well placed to leverage multi-sector domain and process intelligence. We currently field 17,000 professionals in worldwide IT outsourcing, backed up by hundreds of thousands of Siemens experts from all industry areas. A quick look at the track record and current impact of Siemens on an industrial scale is illuminating. From single messages on a single line to millions of simultaneous calls, Siemens has been at the forefront of communications history. From the first views inside the human body to full-body 3-D scans, the same is true of healthcare. And of transportation – from the first electric railway to cutting-edge magnetic levitation trains. From the invention of the dynamo to the world’s most efficient gas turbines, from the first commercial metal filament lamp to high-tech organic LEDs and from the first electronic controls to fully automated factories, Siemens has been responsible for an unparalleled range of industrial innovations.
The scale of its current impact can be easily gauged if we take a look at the world’s largest single economy – the United States. 90% of US mail is processed on Siemens postal automation systems. Siemens makes a third of all light rail vehicles in North America. It produces 3.3 million energy-saving lamps in the US daily, as well as processing more than 144 million healthcare information transactions every day. It produces more than one third of the USA’s electricity while Siemens technologies are used in 40% of automobiles built there. This kind of accumulated industrial acumen is hard to find anywhere else on the planet, and generates added process IQ when it comes to your IT performance.

Not only do we transform your infrastructure performance and extend your value to application excellence, we also utilize our unique process insight to reinvent your process landscape and directly impact your top line. The UK’s National Savings and Investments, for example, not only saw a dramatic push in telephone sales of 600%. Critical business processes were transformed, including paper processing time down from 9 to just 5 days. Meanwhile, innovative pricing models support faster-than-ever passport delivery at the UK Passport Service. Coming from a globally distributed industrial concern, Siemens IT Solutions and Services has been able to make these and many other core business transformations.
Cultural fit

Outsourcing is not only a question of innovative infrastructure, applications and business processes. Fundamentally, it’s a question of human cooperation. Cultural fit between client and outsourcer could not be more vital as sourcing engagements approach the condition of strategic business partnerships.

Often regarded as a soft factor further down the scale of sourcing criteria, cultural fit is the key to long-term value evolution. That is why we don’t limit innovation to the level of technology or finance. Cultural innovation is about being ready to engage with the client’s organization and cooperate successfully with its people over time. Several unique characteristics of Siemens IT Solutions and Services help in this regard. For a start, the more federalized decision-making structure within any Siemens organization means that management takes place closer to the ground locally and each outsourcing engagement is allowed to flex and adapt to unique customer situations. This is the organizational equivalent, if you will, of vendor neutrality in the technology field.

Secondly, Siemens IT Solutions and Services has a solid record in nurturing outsourced talent and above-average staff loyalty. In a long-term sourcing engagement, where knowledge transfer is critical to success, this particular aspect of our cultural fit is especially worth mentioning. As Genzyme Chief Information Officer Robert Cowie puts it: “We don’t get as much churn from our Siemens staff as we do from our regular IT staff because they’re so engrained into the organization.” Cultural fit is also a question of respect, of approaching each engagement afresh and learning to understand your exact strategic challenge.
In dialogue with our clients, this commitment to cultural integration is often remarked upon. As Bernard Herdan, Chief Executive of the UK Passport Service, explains: “We have established an excellent working relationship with Siemens Business Services* who have continued to produce innovative and flexible solutions to deliver what has been a substantial change to the UK Passport Service – it is a genuine partnership.”

Another IT director from a client organization concurs: “Siemens listens extremely well during negotiations. You would think that all vendors listen extremely well during negotiations but that is not the case.”

Outsourcing is now a global phenomenon, involving service staff across every continent. As a global employer with a reputation for people excellence, Siemens provides transferred staff with above-average training and career opportunities. This is yet another aspect of cultural fit well worth considering. Robert Cowie points out the characteristic staff integration within Siemens outsourcing engagements. “Siemens team members also attend my monthly staff meetings and have an equal voice in the decision-making process. We have a shared reward system. This is without doubt the most important thing that we’ve tried to accomplish. Siemens employees are Genzyme employees.” Or as Anthony Claridge, Corporate IT Director at manufacturer Leica Microsystems puts it: “My partner keeps giving me new ideas, just as I pass on information as I work. It’s as though Siemens Business Services* were an extension of my department.”

*In January 2007, Siemens Business Services was bundled with four other IT and software units within Siemens to form the new Group Siemens IT Solutions and Services.
Customer focus

No two outsourcing engagements are alike. Service industrialization is thus not the basis for commodity relationships, but a performance platform for highly individualized organizations to realize their strategic business objectives.

Your immediate challenge might be international expansion. It might be regulatory compliance in an ever more complex environment. It might be harnessing new sales channels and business models to meet stronger customer expectations. Or integrating a complex acquisition. Or uniting legacy systems and pooling information flows to get up to real-time speed. Or supporting greater municipal entrepreneurialism. That challenge will take on particular cultural inflections depending on your geographic location. Your immediate aim may simply be to identify and contain network maintenance costs, or it may be to protect a whole industry from global competition. Outsourcing has been applied in a wide variety of forms for a vast array of reasons. But what has been missing to date is a holistic form of outsourcing that could meet multiple challenges simultaneously and continue to do so.

Geographic, technology or process limitations have hampered many outsourcing experiments and quickly exposed them to the law of diminishing returns. Our vision of value evolution is an expanding series of benefits defined and driven by you. Harnessing an integrated suite of tools from initial Value Comparison Analyses and Target Operating Models to Transformation Roadmaps and Innovation Radars, we have developed a consistent approach to outsourcing excellence which can be applied to any customer scenario, at any point in your infrastructure life cycle. Customer focus is the key.
As Denyse Densmore, Director of IT and Client Services at Genzyme Corporation, puts it: “Siemens Business Services* is focused on end-user satisfaction every day, not just at contract time.” Kevin Sheehan, Director of Operations at the UK Passport Service, also describes an environment of mutual commitment: “There were tensions at first, but the two groups have now become partners, real partners, thanks in particular to constant communication and a real willingness on both sides to work in partnership.”

With a globally connected and quality-consistent sourcing approach, Siemens IT Solutions and Services has set new standards in service excellence. This is not just reflected in individual customer results, such as a 43% customer service improvement and a 52% productivity increase at UK’s National Savings and Investments, or a 40% cost reduction and a 99.7% SLA satisfaction rate at Barclays Bank. In customer renewal and client retention rates, the real defining metrics in the service industry, we record figures well above the average for what is a fragmented, volatile industry. Current renewal rates among SieQuence® customers, for instance, are 95%. The SieQuence solution is a special outsourcing engagement model which harnesses the combined strengths of the Siemens global network. Value evolution, therefore, is not only proven on the front lines of problem resolution and event management but supported by exceptional customer recognition and loyalty.

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The Shared Services IT project at Siemens involves the eight largest infrastructure in the world, spanning multiple business lines and almost 200 countries. Shared services is a sourcing approach not altogether different from classic IT outsourcing. Siemens needed ways to control costs and yet continue to develop new business areas. This is exactly the same challenge of simultaneous efficiency and innovation faced by every outsourcing customer. We are leveraging our considerable in-house experience to date in order to transform the global competitiveness of the entire Siemens network across multiple business sectors, and this is exactly where our unique process and domain knowledge can be of real competitive benefit to our many other customers.

Empowering excellence at the world’s largest manufacturer outside the automotive industry is far from simple, and involves understanding and transforming the value of IT within factory automation, healthcare, transportation, logistics and a host of other business sectors and segments. In turn, the wealth of experience generated here will drive unique expertise in similar scenarios outside the Siemens community. Empowering excellence at Siemens is a win-win equation where we can serve external customers with ever deeper process knowledge and ever more complex sourcing experience.
Value evolution is thus a holistic outsourcing approach which not only answers the multiple challenges facing today’s organizations around the world – from the cost and operational efficiency of IT to specific business outcomes such as speed to market, process transformation, market competitiveness, customer loyalty and profitable growth. Global governance, multi-tiered service delivery and fully integrated service solutions are the outward characteristics of this approach. Internally, these engagements are driven by the kind of commitment and reliability that has become synonymous with the word Siemens over the past 155 years.

Reflected in outstanding renewal rates, this commitment creates unique outsourcing relationships which thrive on the engineering discipline of a manufacturing giant. Evolving over time to embrace more infrastructure elements or new geographical markets, these relationships are built to grow and continue. Designed to evolve your benefits over time, from initial cost out to continuous innovation and repetitive business impact, outsourcing engagements from Siemens share a distinctive long-term attitude.
An outsourcing relationship with Siemens IT Solutions and Services is special for a number of reasons. Unlike any other service partner in its position within a global manufacturing complex, we are best placed to understand IT from a pure business perspective and deliver higher-end outsourcing benefit across applications and processes. Commanding a full outsourcing spectrum from help desk to verticalized end-to-end processes, we also have a unique approach to global delivery based on a multi-tiered structure and a long-established global manufacturing footprint. Vendor independent and singularly loyal to our customers, Siemens IT Solutions and Services is also the partner for long-term flexibility and strategic maneuver.

With €5 billion in annual research and development driving a world-leading innovation machine at Siemens, its service arm is also extremely well positioned to leverage new technologies such as RFID across a multiplicity of business environments. Because of its in-house participation in so many business sectors, Siemens IT Solutions and Services can also transform your operations with crossover innovations, as it has with automotive LEAN concepts applied at financial service provider National Savings and Investments. In the words of Dr. Deon Haasbroek at South Africa’s Department of Labour, “It’s not the word Siemens, it’s the people behind it.” As the people directly involved in outsourcing begin to have much more of a voice in sourcing decisions, many analysts have already remarked upon the Siemens lead in people excellence. Siemens IT Solutions and Services also leads the field in client retention – the all-telling metric in an industry swamped in marketing spin. Whatever your special environment or strategic scenario, an outsourcing relationship with us can make immediate differences to your IT cost-value equation before going on to impact your entire business along a number of fronts. High profile engagements such as the BBC and National Savings and Investments show just how transformational outsourcing can be – from complete media digitization to total customer focus in financial services. But every day in hundreds of engagements around the world, we are delivering on incremental service improvement and progressive value generation.

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Small transformations like a 20% increase in call agent productivity or a consistent improvement in IMAC on-time delivery from 90% to 95% and on to 100% – these are the ingredients of greater responsiveness to environmental change and smarter evolution over time. No other manufacturer is quite like Siemens, the world’s most distributed industrial network and ranked by Fortune as the No 1 electronics enterprise. It follows that no other service partner is quite like us, a Top 10 global outsourcer with unique customer loyalty. Outsourcing is no longer a tactical point solution focused exclusively on cost out. But as the outsourcing agenda matures into strategic end-to-end solutions focused extensively on business impact, you too can rely on the cumulative global expertise and proven process capabilities of Siemens. Why stop at outsourcing when you can also evolve?
Our vision of value evolution is an expanding series of benefits defined and driven by you:

• We provide a full outsourcing spectrum from help desk to verticalized end-to-end processes.

• Our approach offers simultaneous cost efficiency and progressive business value generation.

• We bring granular visibility into your everyday operations, as well as continuous innovation from sector to sector.

• We deliver objective consulting and multi-vendor integration.

• We combine global availability, vendor neutrality and domain expertise to drive business impact.

• We provide the edge in secure and scalable global services, with our proven multi-tiered approach.

• You benefit from repetitive outsourcing impact on your cost position.

• We have the knowledge, the resources and the experience to bring a new level of transparency and control into your core IT functions.

• Through the geographic spread and economic penetration of Siemens, we are well placed to leverage multi-sector domain and process intelligence.

• We have set new standards in service excellence, with exceptional customer recognition and loyalty.