

## Becoming agile sometimes needs a long-term view

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**Pat Wooding - IT Administration Manager, TalkTalk Direct**



### Challenge

TalkTalk Direct is part of the Carphone Warehouse, Europe's leading independent communications retailer and the third-largest broadband provider in the UK with 2.7 million customers. In early 2008, TalkTalk Direct started working with Opal Retail, another member of the Group, to share best practice and attempt to synergise the multitude of operations within the Opal Group of companies. It became clear that this initiative would greatly increase the demand on TalkTalk Direct's IS Directorate for application projects and place considerable operational strain on its existing service delivery capability.

So, TalkTalk Direct started to look for a way to cost-effectively and flexibly vary capacity on a 'switch on, switch off' basis, which would enable it to meet sudden increases in its application development workload without resulting in any job losses. As the Carphone Warehouse already had an established partnership for the offshoring of excess IT development work, the same approach was quickly identified as the preferred solution.

However, before committing to this approach TalkTalk Direct wanted to determine its 'readiness to outsource'. Pat Wooding, IT Administration Manager, TalkTalk Direct, says, *“We realised that working with Opal Retail would lead to increased and more unpredictable resource demands in the future. So, we wanted to ensure that we had the right skills, processes and operational capability to successfully manage an offshore service and not incur unnecessary costs or work in re-writing applications if requirements were not specified accurately.”*

### Solution

Following an evaluation of proposals from two possible suppliers, Fujitsu was chosen to provide consultancy services in order to help TalkTalk Direct assess its approach to getting external resources and understand the changes it would need to make in order to create and successfully deploy a flexible offshore resource pool.

The scope of the 'readiness to outsource' study included identifying the operational and organisational changes that would be required to support and manage the outsourced activity and how the process would be implemented without the loss or reassignment of any UK staff. The study also had to show how the resulting solution would generate a return on investment within the first year either through costs savings or incremental new business.

Fujitsu conducted the study using a phased approach:

1. An 'As is' analysis of TalkTalk Direct's existing processes, performance, organisation, people and behaviour, external relationships and governance methods used to develop and support its applications
2. Assessment of offshore supplier behaviour and pre-requisites for success
3. Analysis of the types of workload that could be best passed to the offshore supplier, without affecting UK jobs
4. Development of the 'to be' operating model, detailing the changes needed within TalkTalk Direct to enable a mixed on-shore and offshore model to operate successfully.

### SUMMARY OF KEY FACTS

#### Organisation

TalkTalk Direct

#### Services delivered

Consultancy services to identify the operational and organisational changes that would be required to support and manage the offshoring of selected activities

#### Key metrics

- 2.7 million broadband customers

#### Benefits

- **Reduced risk** - could select the most effective offshoring strategy based on an independent analysis of all viewpoints, requirements and potential pitfalls
- **Improved performance** - provided a clear analysis of strengths and needs and a roadmap for future change
- **Optimised operational agility** - will be able to efficiently and cost-effectively manage peaks and troughs in demand
- **Increased revenue** - have the proven capability and capacity to attract significantly more new business
- **Enhanced decision-making** - comprehensive management information will help to optimise service performance and resource allocation

Fujitsu then drew on its experience with other customers in managing offshore operations in order to present TalkTalk Direct with three possible options to move forward:

- **Option 1** - buying in of generic development/ programming resources as needed
- **Option 2** - adopting a flexible resourcing model to acquire specific skills, probably as part of a Time & Materials contract or on a fixed price per project basis
- **Option 3** - contracting with a supplier to deliver a full-time service for a steady core workload.

*“What Fujitsu presented was not what we thought we were going to get,” explains Pat Wooding, “which was very brave! Rather than simply telling us what we wanted to hear Fujitsu looked at things independently and from all perspectives. It was then able to suggest a choice of approaches that would be more sustainable and offer better long-term value, depending on the nature and scale of the work that we chose to off-shore.”*

An assessment of the suitability of current services provided by the IS Directorate also revealed that application bug fixing was a good first candidate to be off-shored, followed by application enhancement and then new application development as the supplier gained in capability. The supplier could first ‘cut its teeth’ on low value support work and move onto more strategic projects when deemed ready.

Wendy Collison, Support Services Manager, TalkTalk Direct, continues, *“Some areas of work that were identified as candidates to be off-shored now seem quite obvious, but sometimes you need someone external to point out what you already know! It was also useful to understand things from the offshore company’s point of view in that they obviously don’t want to take on just all of the mundane tasks.”*

Having considered Fujitsu’s recommendations TalkTalk Direct is now looking to develop a much closer relationship with an offshore partner than it originally anticipated. *“Going through this process has opened our eyes to the level of commitment needed on both sides of an offshoring relationship if you want a consistent and high quality level of service,”* adds Pat Wooding.

Gordon Perry, IT Director, TalkTalk Direct, comments, *“In our industry you hear about as many failed attempts to outsource as you do success stories. Clearly we wanted ours to be one of the successes and so we turned to Fujitsu in order to learn from its experience. However, Fujitsu delivered much more than that, because it considered the whole equation, for example by assessing the ‘as is’, the outsourcers needs, etc., so it gave us a well rounded set of recommendations. Fujitsu was also extremely conscious of the already high levels of demand on us and altered its behaviour to limit the impacts on our operations. All told a most pleasing experience for us, especially as we are not accustomed to using external consultants.”*

### Benefits

The consultancy services provided by Fujitsu have enabled TalkTalk Direct to:

- **Reduce risk** - could select the most effective offshoring strategy based on an independent analysis of all viewpoints and requirements that drew on Fujitsu’s previous experience to avoid potentially costly pitfalls
- **Improve performance** - by providing a clear analysis of business strengths and needs and a benefits roadmap that will form the basis of a long-term change plan

- **Optimise operational agility** - will be able to efficiently and cost-effectively manage peaks and troughs in demand
- **Increase revenue** - have the proven capability and capacity to attract significantly more new business
- **Enhance decision-making** - comprehensive management information will be available to help optimise service performance and resource allocation.

Pat Wooding comments, *“We asked Fujitsu a question and the answer it gave us was a surprise answer, but the right answer. It was not trying to sell us a solution. Instead it has recommended a series of phased changes to how we operate and work with other people that will enable us to introduce a whole new ethos of working and way of doing things.”*

*“Fujitsu made us look at ourselves closely and in the process it also highlighted that we actually do a lot of things very well, which is something we just don’t shout about enough!”* says Wendy Collison. *“Using our new service level agreements and key performance indicators we will be able to prove how good we are, which will put us in a much stronger position to win new customers and generate more revenue.”*

### Approach

It was one of TalkTalk Direct’s key criteria that the conduct of the study had no impact on its day-to-day operations. *“Fujitsu spoke at length to groups of people and individual managers and also observed our day-to-day activities. However, it was not at all invasive, because it had the right people with the right attitude and personality. All we had to do was set Fujitsu going,”* explains Pat Wooding.

As the project involved outsourcing certain aspects of the IS Directorate’s work a degree of sensitivity was also required. Pat Wooding adds, *“Even though no UK jobs were at risk you only have to mention the word ‘outsourcing’ and people automatically fear the worst. So, it was very important that Fujitsu was tactful and able to convey the positive aspects of what we were trying to achieve and how it would actually free our own staff up from some of the more repetitive work.”*

### Expertise

Using its vast experience and world-class analytical tools Fujitsu’s consulting services help organisation to develop and tailor IT strategies that support their broader business goals and ensure the best possible return on investment.

*“We chose Fujitsu because it provided a professional and strategic response to our needs,”* explains Pat Wooding. *“We also wanted to draw on its extensive experience of working with other organisations on similar projects. Our relationship with Fujitsu is very strong, because we maintain an ongoing dialogue and it listens to and understands exactly what we need. Fujitsu is also open and honest and very responsive, so you get what you ask for when you need it.”*

Wendy Collison agrees, *“Fujitsu immediately understood how we operate and was very free in its approach and thinking. It doesn’t just stick rigidly to a brief, but looks around the side of it to make sure you get what you need and not just what you ask for.”*

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