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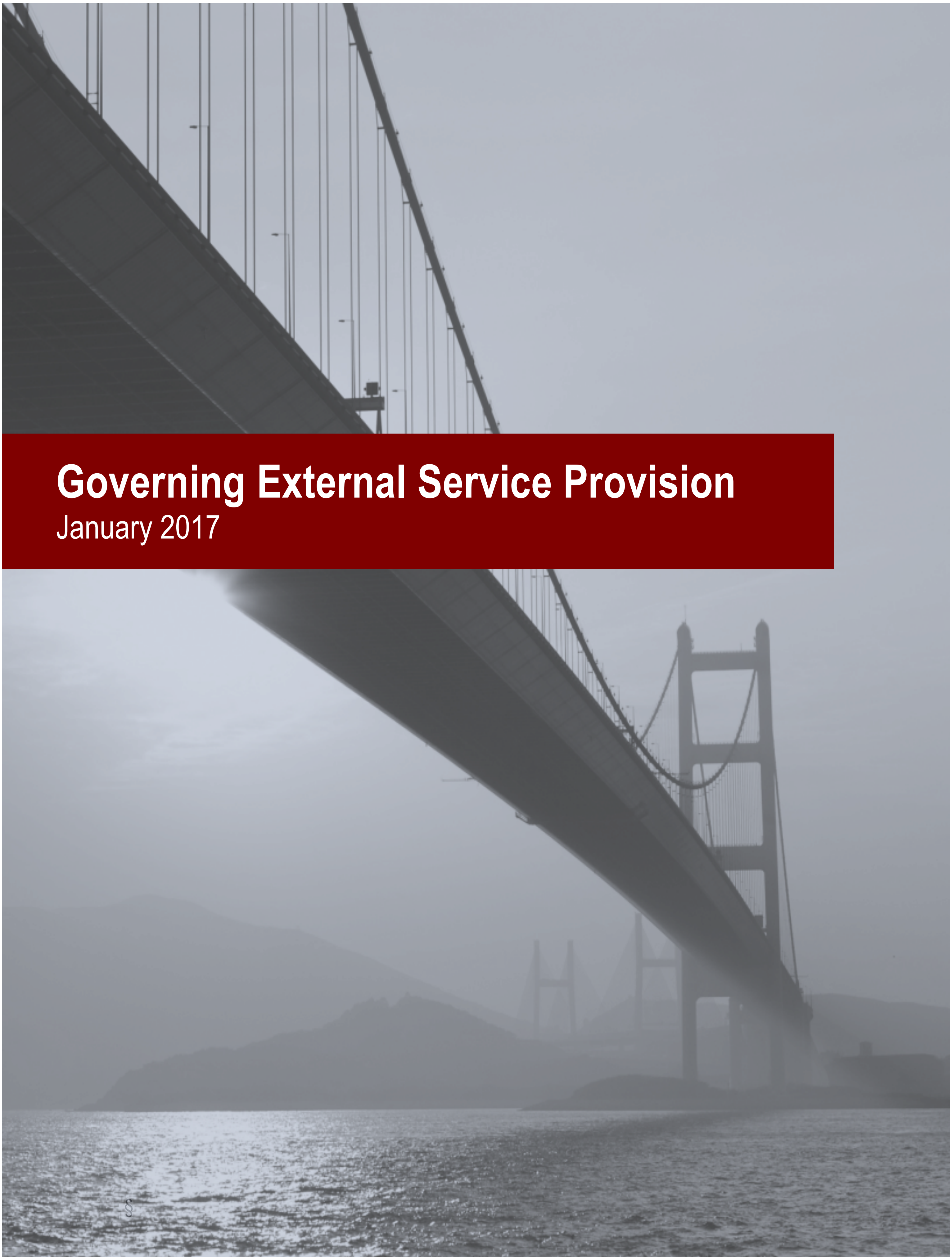

Governing External Service Provision

January 2017

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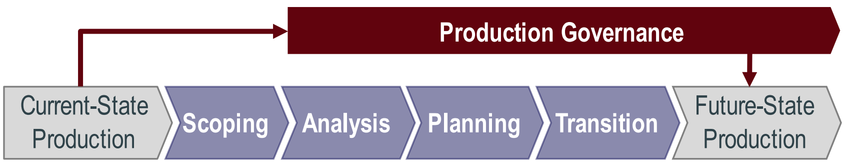
1. Introduction

The restructuring of any businesses is a permanent topic and often includes the utilisation of external service provisioning.

The areas involved to undertake a sourcing exercise comprise the analysis of the current production environment, identification of potential scope, the transition to a future-state and future-state or steady-state production. Governance is a key element of that journey. It consists of generic elements that apply to all setups as well as specialties that depend on the approach for external service provisioning.



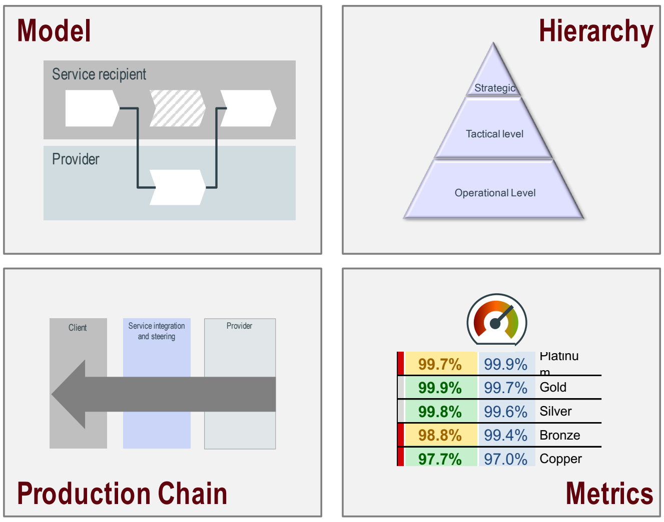
The focus of this paper is the governance between service provider and the service recipient or client of the production. It does not question the decisions or reasons behind the scoping or as to why a sourcing exercise should be started, how to select and link to a service provider or how to transition knowledge, functions and assets (transition). While outsourcing and associated steering mechanisms are per-se nothing new, actual implementations still vary to a great extent and can be, even when set up with best intentions, surprisingly immature and ineffective. This paper is on the one hand a summary of well-known basics. On the other hand, it is intended to provide guidance for governance implementations.

This paper summarises how the suited governance depends on a set of key influencing factors:

1. The **Model** of external service provision is mainly determined by business needs, the existence (or non-existence) of a service market and corporate policies.

2. The **hierarchical setup** to steer the relationship is determined by the chosen model, the size of the business and existing corporate governing bodies or policies.

3. The **Production Chain** to create a product or service using external vendors is determined by the product composition and the vendor landscape.



4. Steering parameters / **Metrics** are determined by industry, the chosen model and existing corporate standards.

Throughout this document, the term “client” refers to the company receiving the service produced by an external service provider. The external party finally receiving the end product or service is referred to as “customer”.

2. Models of external service provisioning

2.1. Overview

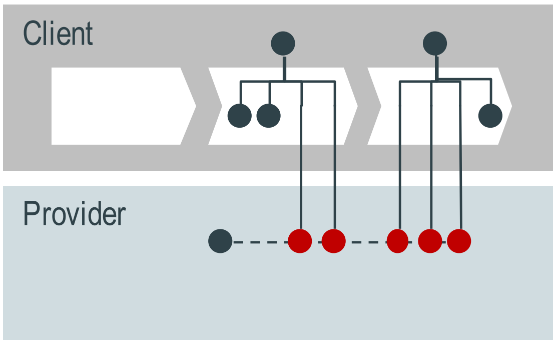
External service provisioning setups mostly fall into one out of three categories: Staff Augmentation, BPO and Managed Services. These categories represent a development path of relationship models: the first generation of the then outsourcing relationships were like for like move of tasks where the service provider copied the tasks as performed by the originating client company. The extreme form is Staff Augmentation or even Out-Tasking where the service provider personnel operate as extended – geographically distributed – team under the lead of the client.

In contrast, Business Process Outsourcing (BPO) and Managed Service models give service providers a higher degree of freedom regarding the fulfilment of work.

The choice of model is important for the governance of the relationship since it determines the operational topics between the client and the service provider.

2.2. Staff Augmentation / Out-Tasking

Under Staff Augmentation, the service provider personnel continue to operate the tasks that are currently performed by the client firm in the client's office or from a different location or country.



For the purpose of understanding external service provisioning and associated governance, this paper focuses on work or services performed from a different location – Staff Augmentation within the client's office is not covered.

The main characteristics of Staff Augmentation or Out-Tasking is that the service is actually the personnel that is qualified and trained to carry out the work.

The client continues to be responsible for the results of the work and the provider resources are directed by the client's line organisation. The provider resources are thence considered as extended team. The fact that a service provider may operate offices and employs personnel does not mean the provider is also responsible for the results of the work. Team steering and communication is the client's responsibility and it is normal that provider resources attend joint team meetings together with client employees.

Since the work is copied using the existing client structures, process ownership stays with the client. This includes the client's operational approach, process standardisation or work related intellectual property. Where the work involves IT systems, the service provider personnel typically work on the client IT systems and are on-boarded and off-boarded like client personnel.

Transition of work from the client to the service provider involves training of provider resources typically on both the client's and provider's premises.

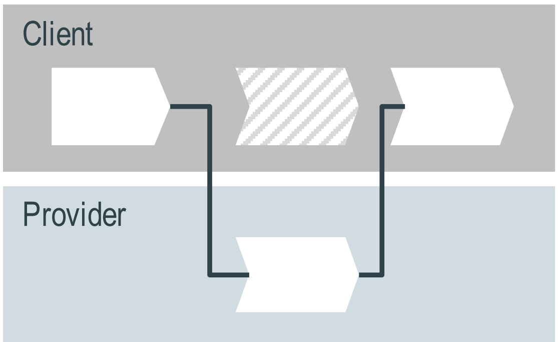
Training at the provider's premises by the client's staff depends mainly on the willingness / ability of staff to travel and be gone from their home / families for extended periods of time.

Charging is usually based on resource requirements and associated rate cards per skill profile, geography and seniority. As a result, the service provider has little or no benefit from further improvements. The only opportunity for the provider to improve the margin is by offering skill sets at a lower cost base.

This outsourcing model is widely used across industries for information heavy processes, such as in Financial Services, IT, Media and Advertising. The model is also popular for its comparatively quick implementation in captive providers that operate within a group of (internal) client entities.

2.3. Business Process Outsourcing (BPO)

In contrast to Staff Augmentation and Out-Tasking, Business Process Outsourcing or BPO model targets at executing a full or partial client process by the service provider. Client and provider are connected at pre-defined process interfaces and the provider becomes responsible for the output of a process. The result of the provider work is defined process units.



The client company is responsible to specify the processing quality criteria, define the performance benchmark and measure the process output handed back by the provider.

If a provider does not yet offer the specific process as a service, the client process work is transitioned using the existing client structures, tools and process manuals. In this scenario, the process ownership initially stays with the client.

Where IT systems are required to execute a process, the following scenarios can apply:

1. The provider personnel use the client's IT systems. Service provider personnel are on-boarded and off-boarded like client employees.
2. The provider uses their own process implementation and underlying IT systems and connects to the client IT. Staff accounts in IT and on- or off-boarding procedures stay with the provider.

BPO charging models can be exclusively or a combination of the following:

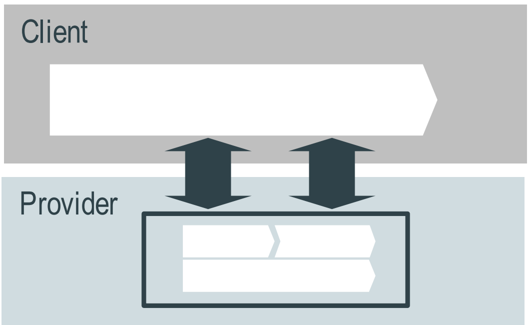
- FTE/resource pricing based on rate cards as a revenue baseline
- Unit pricing for cases processed
- flat fee based on assumed client volume consumption

A BPO provider can have the freedom to re-organise and optimise the transitioned process as long as the process interfaces are left unchanged. BPO contracts typically cover this via clauses to address process optimisation as well as the approach to share the benefits of such optimisation between client and provider.

The BPO outsourcing model is widely used across industries and is not limited to information processes. Applicable areas include industries such as Manufacturing, Logistics, Financial Services and IT as well as many support areas like HR, Finance, Legal or Procurement.

2.4. Managed Service

Managed Service can be regarded as the next evolution step following BPO. The main specialty is that there is very often an existing market for the service before a client decides to procure the product or work from a provider. Under Out-Tasking and BPO, clients transition the work to a service provider. Managed Services can already exist and can be offered to clients. There is no clear distinction between BPO and Managed Service since even business processes can be managed like services. As a specialty, a Managed Service can exist as a package that contains more functionality than the client actually requests.



Product offerings include service centres, event management, facility management, security or mandated booking systems for tour operators.

Client and provider are connected at pre-defined process or service interfaces and the provider becomes responsible for the output of a process. The result of the provider work is units processed or produced.

The client company is responsible to specify the required output and quality criteria, baseline the performance and measure the output created by the provider. Process and service ownership is typically with the provider, however, there may be scenarios where a client is still responsible for a process that links into the provider service.

Typically, the provider uses their own process or service implementation and connects any underlying IT systems to the client IT platforms. The staffing of any service or process is completely the responsibility of the provider and is transparent to the client.

Managed Service charging models are typically

- based on units processed or produced and on product price cards, or
- flat fee based on assumed client volume consumption

A Managed Service provider is free to re-organise and optimise any internal implementation as long as the interfaces with clients are left unchanged. Since the service implementation is fully the responsibility of the provider, any service or process optimisation are not necessarily transparent to the client.

Managed Service Outsourcing (MSO) is in varying maturity stages depending on the industry. Developed industries include Logistics, Manufacturing, Security, IT/ISP or service centres, whereas Managed Services are in comparatively infant stages, for example in the Insurance industry.

2.5. Comparison

The decision for a specific model depends on a variety of drivers including but not limited to:

- Sourcing objectives e.g. labour cost arbitrage, access to skills, lower market entrance barrier, risk optimisation through geographical diversity
- Corporate constraints (e.g. mandatory use of corporate service centre another country)
- Existence of a service market from which to procure (→ Managed Service or BPO)
- Complexity of involved interfaces, and
- Complexity of the transition project, for example degree of difficulty in the area of knowledge transfer

Area	Criteria	Out tasking / staff augmentation	BPO	Managed service
Approach	What the client procures	Staff	Process execution	Service provisioning
	Who is responsible for work results	Client	Provider	Provider
	Who owns the service operating model?	Client	Client	Provider, with interfaces to client
	IP/knowledge ownership	Client	Client	Provider
	Existence of service market	Low	Medium	High (ready service can be offered by several providers)
	IT ownership (typical)	Client	Client (typically, provider works on clients' IT)	Provider, interfaces to client
Re-sourcing	Staffing responsibility	Client requests / provider delivers	Provider based on skill profiles	Provider
	Who instructs the resources	Client	Provider	Provider
Charging	Charging principles (business run)	FTE based costing, day rates	FTE based or Unit pricing	Unit pricing
	Base-lining	Based on existing FTE	Based on FTE or business volume	Based on business volume
	Resource approach to deliver the service	FTE for what was needed onsite	Resources for required output	Resources for required output
Optimi-sation	Provider motivation to optimise the business	Low	Medium	High
	Who optimises the execution?	Client determines optimisation	Provider and client can optimise together	Provider can optimise service independently

2.6. Dual Setups (in-house + external solution)

Clients may decide to source part of the business but keep a duplicated setup in-house.

While such decision tends to compromise commercial outsourcing objectives, there may be good reasons including:

- Legal requirements to serve some clients via an in-house solution (e.g. in compliance with local law)
- Knowledge backup requirements
- As interim solution if several equal processes are outsourced in a staged approach
- Preferred Managed Service does not offer all functional or language features

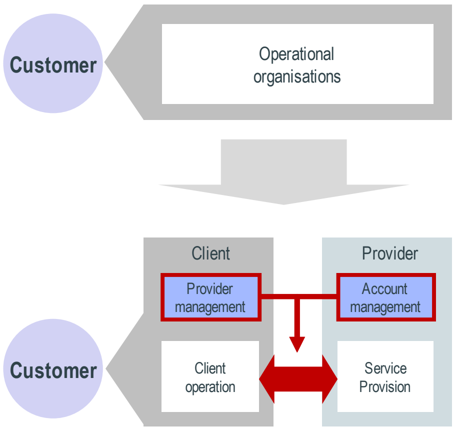
As a tendency, Out-Tasking and Managed Services are best suited if a dual approach is required.

Dual BPO approaches usually suffer from the fact that process interfaces between client and provider need duplicated IT interfaces to triage the business transactions.

3. Governance

3.1. Reason for Governance

Any production organisation needs to steer external service provisioning. The fact that parts of a service are produced outside the direct influence of the (former) production organisation has immediate structural effects:

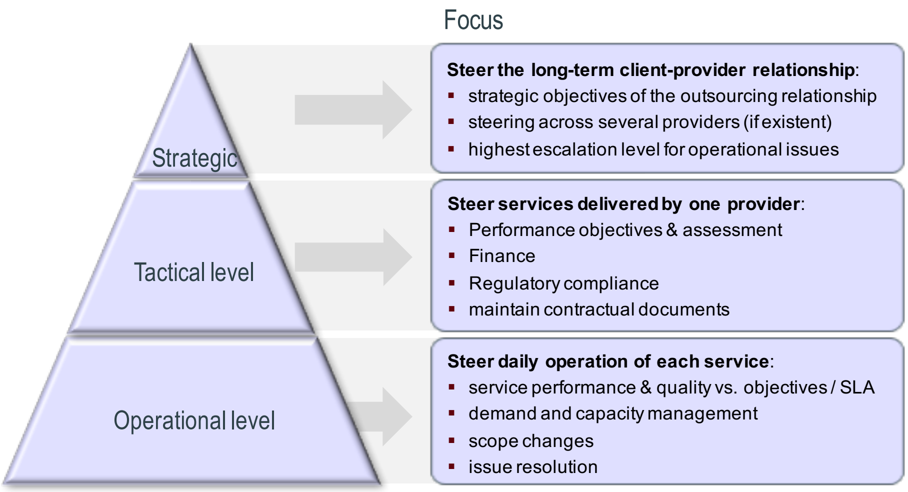


Effect of external provisioning	Examples
Externalisation of knowledge i.e. client operational knowledge becomes more formal and explicit	Process descriptions, knowledge / business rules
New relationship between operational units	collaboration agreements, contracts, interfaces
Relocation of contents	Move of work or processing
New control function to steer the relationship	Provider and account management, performance monitoring tools

3.2. The Governance Pyramid

The new control needs are implemented using a pyramid approach where the roles and responsibilities of managing the relationship are jointly installed in the service provider and in the client organisation. The pyramid typically installs three levels: strategic, tactical and operational. The levels differ in terms of manageable granularity and horizons:

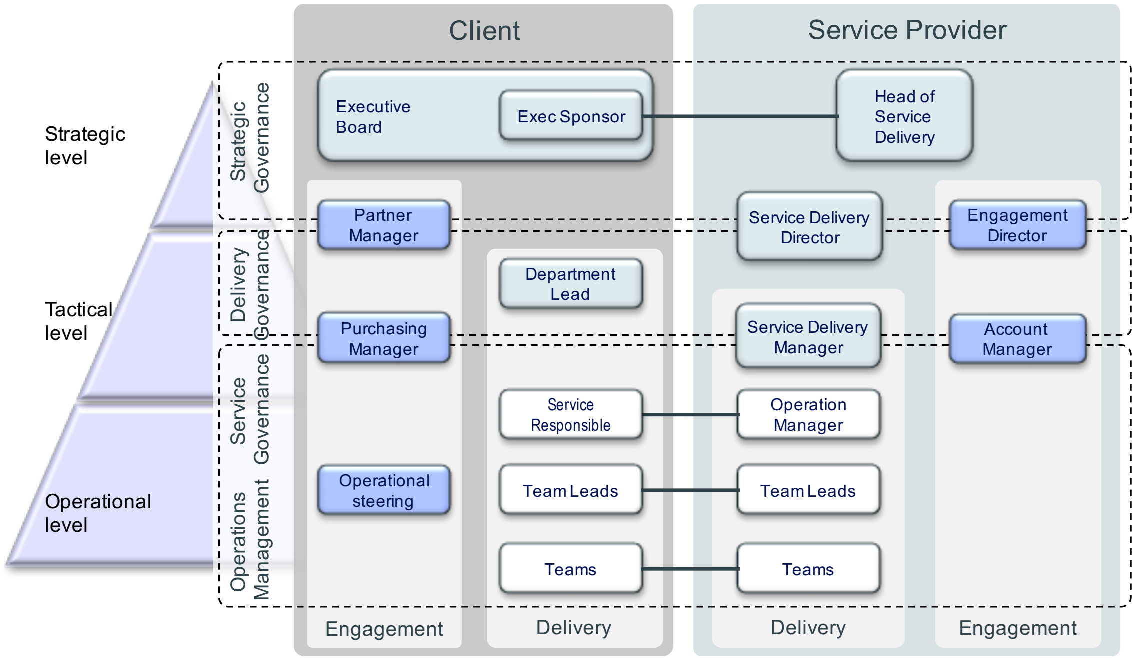
- Operational level: day-to-day operations management of one or more services
- Tactical level: monthly performance management across several or all services delivered by one provider, management of the financials, SLA and legal topics
- Strategic level: focusing on the long-term relationships, management of the overall objectives of the partnership model



Implementation formats of the levels can vary to a great extent and mainly depend on:

- Service size and complexity → small size solutions combine operational and tactical layer
  → big setups need multiple tactical roles to cover performance, finance, demand/capacity, etc.
- Service provider maturity → availability of ready-made roles to link with client
- Hierarchy and power culture → hierarchical organisations implement more layers

The following picture shows a real-life setup found in an IT company:



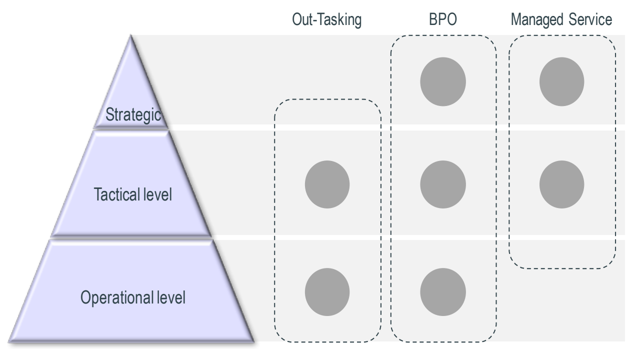
3.3. Governance for External Service Provisioning

The specific governance requirements depend on

a) the **approach/model** that is chosen → determines how to steer the relationship

b) the **service** that is externally produced → determines the performance indicators

The approach typically determines the layers of governance required:



Out-Tasking is very operational since the provider acts as the HR delivery pool and external staff is linked into the client's organisation. This in many cases does not require any strategic alignment.

In contrast, Managed Services can link into the client's organization at a higher level and may not necessarily have an operational counterpart.

3.3.1. Staff Augmentation / Out-Tasking

For Out-Tasking, the governance is based on the fact that external staff is directly linked into the teams of the client organisation and managed like internal team members. In the following table, the areas where this service provisioning differs from other approaches are highlighted.

Layer	Governance Area	Responsible Role	Details
Operation	work allocation to provider staff	Client team lead	Directly handled within team (where external staff is part thereof)
Operation	Performance metrics	Client team lead	Individual team member performance of service provider evaluated like for internal team members
Operation	Demand / Capacity management	Client team lead	Directly handled in team meetings (where external staff is part thereof)
Operation	Issue resolution	Client team lead	Directly handled in team (where external staff is part thereof)
Operation	On-/Off-boarding	Client team lead or local HR support	If on-/off-boarding processes exist, then external staff members go through the same processes
Tactical	Performance KPI roll-up, service integration	n/a	Does not exist
Tactical	Service performance review	n/a	Does not exist
Tactical	Service cost and FTE review, Invoicing	Finance or Procurement	"Service costs" = FTE delivered * rate. Rates are defined in provider rate cards showing pricing per geography, work area, seniority (e.g. Senior Java programmer, India)
Tactical	Bonus & penalty	n/a	Does not exist
Tactical	SLA review	n/a	Does not exist
Tactical	Compliance	Provider manager or compliance officer	monitored as any team member complying with the standard corporate rules and policies.
Tactical	Business Continuity	Provider manager or BCM officer	BCM on provider side relates to team availability, knowledge retention and alternative office space.
Strategic	Provider review & strategic objectives	Client executives	Not per se required. Can exist for big staffing providers to discuss staffing profile and strategic geographies.

3.3.2. BPO

Business Process Outsourcing typically makes use of the full range of governance layers. In the following table, the areas where this service provisioning differs significantly from other approaches are highlighted.

Layer	Governance Area	Responsible Role	Details
Operation	work allocation to provider staff	Provider	Work allocation within the provider teams is only the task of the provider organization – there is no governance role to steer the relationship.
Operation	Performance metrics	Operational provider control	Performance metrics per industry, business area and process. Examples may include: - #Tasks or units processed - #Tasks or units processed without error - #Total turnaround times - #Calls answered - #Call pick-up time - #Incident resolution time - #Claims processed Metrics can be one of these categories: 1) Reports: performance value has no target 2) PI: performance value has target 3) KPI: performance value has target and is financially relevant (bonus/penalty)
Operation	Demand / Capacity management	Operational provider control	Operational provider control informs provider about future production volume changes
Operation	Issue resolution	Client Operational contact	handled by client operational organisation together with provider process teams
Operation	On-/Off-boarding	Operational provider control	Provider personnel who need access to clients' IT systems go through the same on-/off-boarding processes as client internal staff. For any other provider personnel, the provider on-/off-boarding procedures apply (transparent to client).

Layer	Governance Area	Responsible Role	Details
Tactical	Performance KPI roll-up, service integration	Operational provider control and provider manager	Ideally, the performance data from various provided service components are rolled up to form service performance indicators (SPI). These SPI again have a target value and can be contracted
Tactical	Service performance review	Provider manager	Typically, a monthly meeting to - Report provider performance - Agree corrective measures for performance deviations - Review effectiveness of past measures - Approve changes - Inform about new demands / capacity
Tactical	Service cost review, Invoicing	Finance or Procurement	Service costs as contractually agreed (can be per production unit, FTE or flat fee)
Tactical	Bonus & penalty	Provider Manager + Finance or Procurement	Can exist if contractually agreed. Bonus/penalty schemes are usually based on the service fee and associated performance metrics.
Tactical	SLA review	Provider Manager	Review of Service Level Agreements is typically an annual task
Tactical	Compliance	Provider manager or compliance officer	monitored as any service provider complying with the client's corporate rules and policies.
Tactical	Business Continuity	Provider manager or BCM officer	Business Continuity Management (BCM) on provider side relates to the ability to recover teams, IT access, IT systems and use alternative office space.
Strategic	Provider review & strategic objectives	Client executive	Typically, an annual meeting at exec level between the client and the service provider. Topics include: joint appraisal, strategic objectives, new business, etc.

3.3.3. Managed Service

Managed Services either use the full governance pyramid or start above the operational level. In the following table, the areas where this service provisioning differs significantly from other approaches are highlighted.

Layer	Governance Area	Responsible role	Details
Operation	work allocation to provider staff	(Provider)	Work allocation within the provider teams is only the task of the provider organization – it is no governance role to steer the relationship.
Operation or Tactical	Performance metrics	Operational provider control or Provider manager	Performance metrics per industry, business area and processes. Examples may include: - #Tasks or units processed - #Tasks or units processed without error - #Total turnaround times - #Calls answered - #Call pick-up time - #Incident resolution time - #Claims processed Metrics can be one of these categories 4) reports: performance value has no target 5) PI: performance value has target 6) KPI: performance value has target and is financially relevant (bonus/penalty)
Operation	Demand / Capacity management	Provider manager	provider manager informs provider about future production volume changes
Operation	Issue resolution	(Provider)	This is only the task of the provider organization – it is no function to steer the relationship.
Operation	On-/Off-boarding	(Provider)	This is only the task of the provider organization – it is no function to steer the relationship. Only provider personnel who need access to clients' IT systems need to go through the same on-/off-boarding processes as client internal staff.

Layer	Governance Area	Responsible role	Details
Tactical	Performance KPI roll-up, service integration	Provider manager	Ideally, the performance data from various provided service components is rolled up to form service performance indicators (SPI). These SPI again have a target value and can be contracted
Tactical	Service performance review	Provider manager	Typically, a monthly meeting to - Report provider performance - Agree corrective measures for performance deviations - Review effectiveness of past measures - Approve changes - Inform about new demands / capacity
Tactical	Service cost review, Invoicing	Finance or Procurement	Service costs as contractually agreed (can be per production unit, FTE or flat fee)
Tactical	Bonus & penalty	Provider Manager and Finance or Procurement	Can exist if contractually agreed. Bonus/penalty schemes are usually based on the service fee and associated performance metrics.
Tactical	SLA review	Provider Manager	Review of Service Level Agreements is typically an annual task
Tactical	Compliance	Provider manager or compliance officer	monitored as service provider compliance with the client's corporate rules and policies.
Tactical	Business Continuity	Provider manager or BCM officer	BCM on provider side relates to the ability to recover teams, IT access, IT systems and alternative office space.
Strategic	Provider review & strategic objectives	Client executive	Typically, an annual meeting at exec level between the client and the service provider. Topics include: joint appraisal, strategic objectives, new business, etc.

3.3.4. Summary

Chapter 3.3 lists typical governance areas per sourcing model chosen.

One key difference is the understanding of performance between Staff Augmentation / Out-Tasking on one side and BPO and Managed Service on the other: Staff Augmentation / Out-Tasking focuses on the individual as a team member. Therefore, all performance statements relate to individual person regardless of the process. In contrast, BPO and Managed Service focus on the output of a process or whole system, irrespective of the individual members of staff involved.

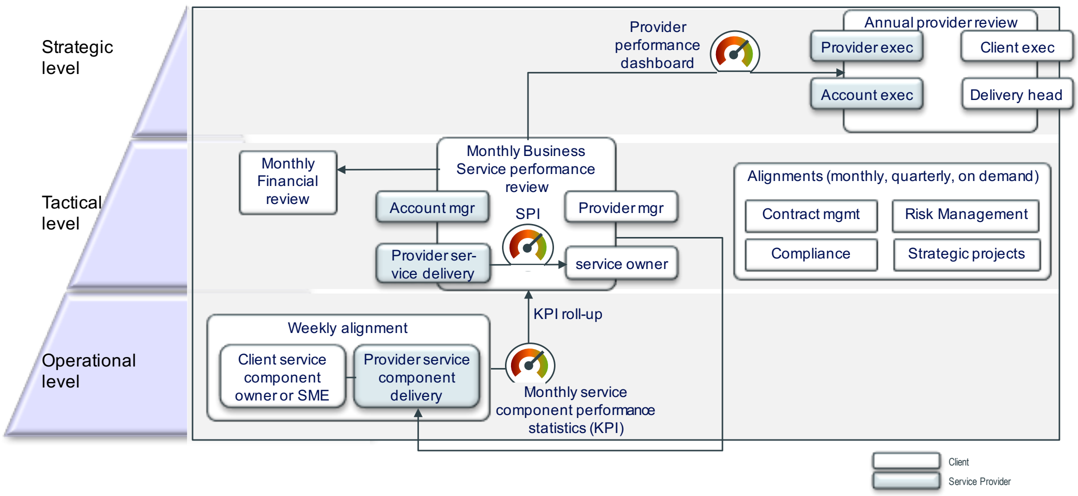
Managing a BPO or Managed Service provider via individual team members is a dilemma for the provider leadership organisation: Either the provider delivery managers have an HR role, providing the requested people (for Out-Tasking) or an operational management role (BPO, MS). Requesting both at the same time is typically a source of conflicts, since it essentially requires a different philosophy and different leadership profiles on the provider side.

3.4. Implementation

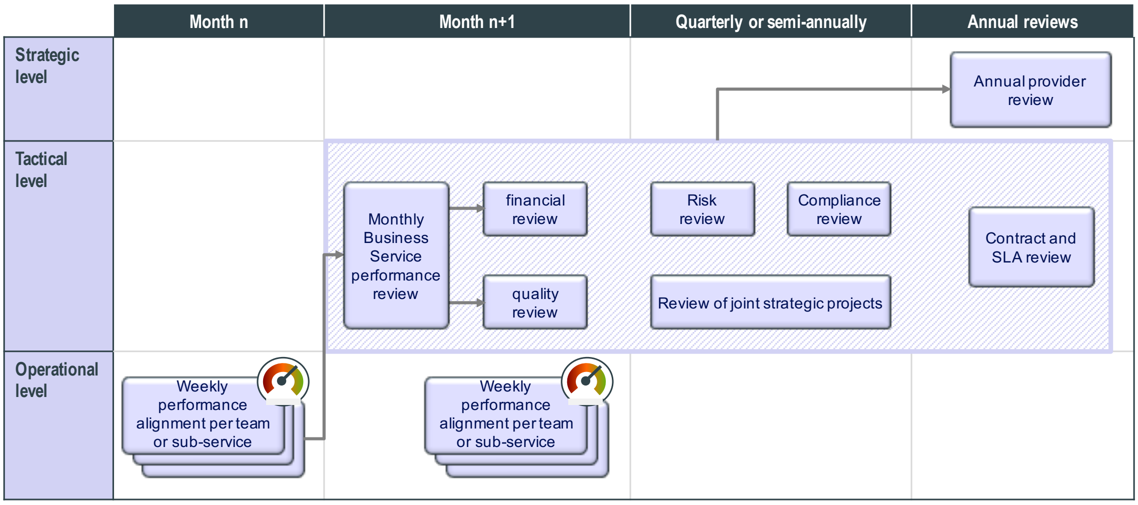
Implementation of a governance pyramid is a joint task between the service provider and the client. The governance must be in place before the first service goes life and is normally set up in parallel to establishing the contract. Typical steps may include:

1) Clarification of service provisioning approach
2) Clarification of the service component hierarchy and possible roll-up into business service(s)
3) Alignment on roles and responsibilities between client and service provider
4) Definition of the governance meetings
5) Definition of the information flow between roles and governance meetings and definition and implementation of needed functional enhancements to reporting, ticketing and workflow systems

A simplified overview of a governance sequence is illustrated in the following picture:

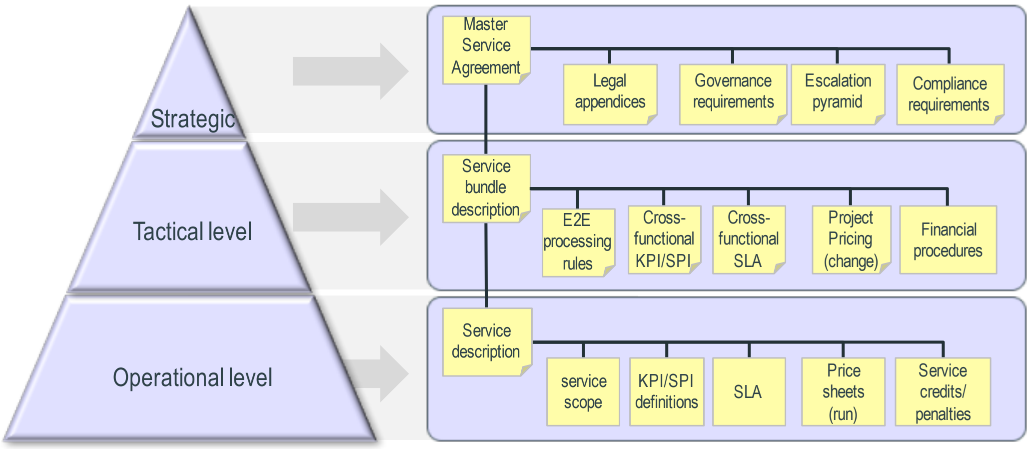


A more practical illustration, a calendar view, can better show the management and steering meetings sequence and their dependencies.



The contractual framework established between client and service provider should also follow the layers of hierarchy: the strategic layer defines the master service agreement and legal appendices, whereas the operational layer defines service level agreements and key performance indicators depending on the type, size and complexity of the relationship.

The tactical layer, between the Strategic and Operational levels, typically defines cross-functional rules such as end-to-end processing requirements, cross-functional service level agreements (SLA) or over-arching pricing rules.

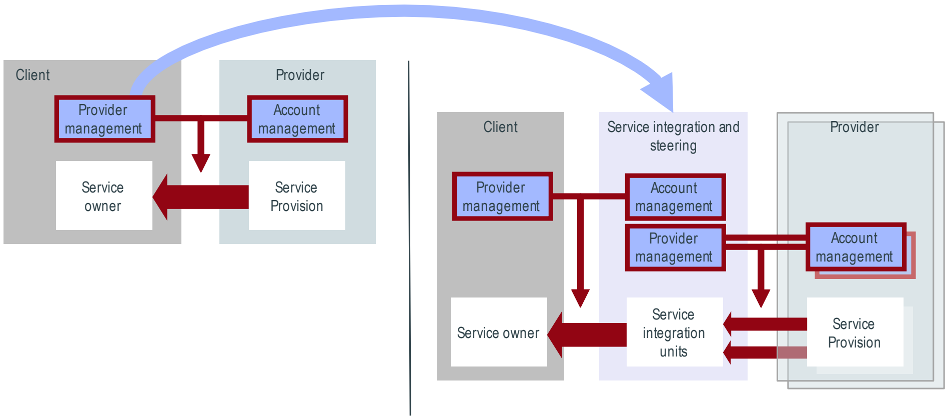


All of the above illustrations should be considered as examples. Any actual setup will depend on the industry, the service, its size and complexity and on existing governing bodies and corporate requirements. However, this chapter shows the potential topics and how they fit together.

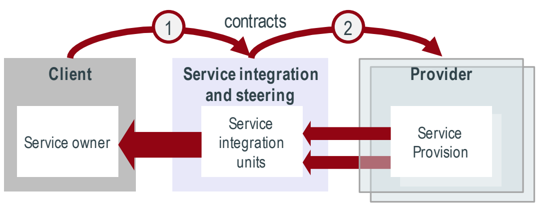
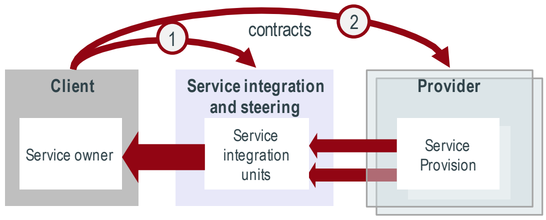
4. Production Chains and Multi-Layer Governance

All the setups defined till now in this document have assumed the client owns the provider management team. However, clients can also outsource the provider management into a service integration and steering organisation. If this is a separate entity or another service provider, it creates the need for an additional control mechanism to ensure that the interim entity performs their role.

Such organisations are found in scenarios, where several individual providers are geographically dispersed or produce differently and the client needs external knowledge to harmonise the service provisioning.



There are (at least) two key approaches to steer a multi-layer production chain. The difference is the designated relationships and contractual setup between the parties, as illustrated below in the Staged Approach and Direct Control models:

Staged Approach	Direct Control
In a staged approach, the client steers only the service integrator which in turn is entitled to sub-contract other underlying providers.	Under direct control, the client can steer each party individually and will establish individual contracts with each provider as well as with the service integrator.
	

The staged approach is relatively easy to implement, since each party only controls their direct next service provider(s). If the sub-products are standardised, each party can apply market unit prices per each individual contract. This approach is most commonly found in industries such as food, industrial goods, transportation or travel and tourism.

In contrast, the direct control approach is more challenging, since the client must

- Understand the full production chain before moving responsibility to the integration and steering unit
- Understand and price the added value of the integration and steering unit
- Facilitate collaboration between the entities
- Establish and negotiate individual contracts for all involved parties

On the benefit side, this model offers more client autonomy that may be required for the:

- Implementation of end-to-end performance standards alongside the production chain such as total throughput time for perishable goods or time-critical deliveries
- Enforcement of regulatory and compliance rule sets or social and behavioural standards across the service provider chain
- Re-arrangement of the production chain: with the contractual freedom and knowledge preserved in the client company, the client can choose other underlying service providers or rearrange the production as and when necessary
- Implementation of tax optimised production geography

The following summarises the key characteristics of each model:

	Staged Approach	Direct Control
Contract Characteristics	Client has a service provisioning contract only with integration & steering unit and delegates the right to sub-contract providers	Client has service provisioning contracts with providers and a separate contract with the integration & steering unit
Steering Requirements	▪ Ensure the customer receives what was specified	▪ Ensure the customer receives what was specified ▪ Ensure the service integrator performs as defined
Contractual Implementation	▪ Contract 1: specifies the service (incl. KPI/SPI and pricing). ▪ Contract 2: specifies how service integration & steering unit receives service components from sub-contracted providers (incl. KPI/SPI and pricing).	▪ Contract 1: specifies integration, steering, monitoring and support duties (incl. SPI and pricing) ▪ Contract 2: specifies the delivery of all service components (incl. KPI and pricing)
Production chain control	Limited (each party can only steer their direct provider(s)	Full control
Examples	VW 🡐 Bosch 🡐 IT suppliers / AXA 🡐 AXA Tech 🡐 IT suppliers	Nokia 🡐 Atos 🡐Telco providers

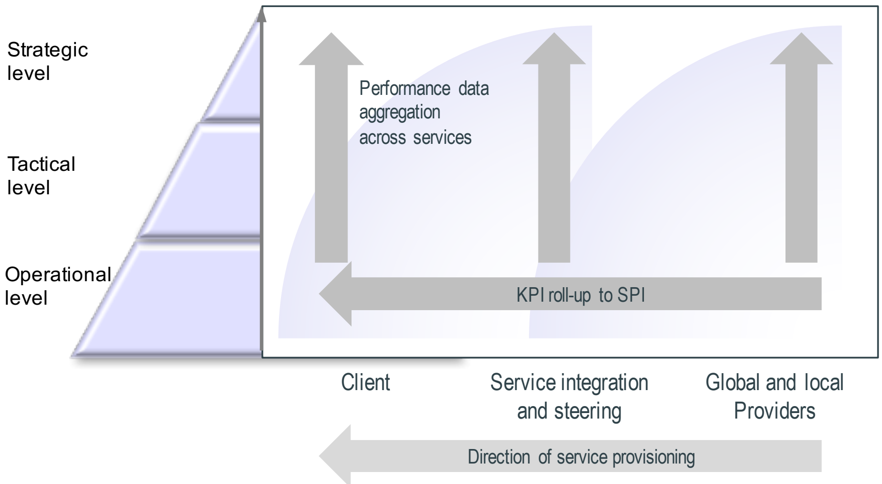
5. KPIs and Aggregation to Service and Provider Performance

The chapters so far mentioned performance metrics without further detailing them. In a governance setup, each service or service component is described by client relevant parameters that can vary per industry, business area, service and process. Typical examples may include number of tasks or units processed, turnaround times, calls answered, incident resolution time or claims processed correctly.

In a governance setup, the granularity of performance parameters should align with:

- the service governance layers
- the position of service components in a production chain

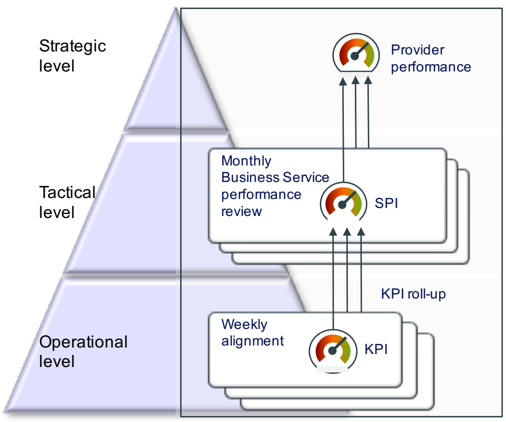
This can create a 2-dimensional hierarchy with aggregation radiuses: The horizontal dimension describes the composition of Service Performance Indicators (SPI) based on the underlying Key Performance Indicators (KPI) per service component. The vertical dimension can use the same aggregation to describe the service performance for the different governance layers.



Service Performance Indicators (SPI) use the underlying KPI to show an aggregated form of bundled KPI performance. This is required, since

- KPI can be very fine-granular and a service performance may be best described by a combination of several KPIs
- KPI may be technical and too low-level and do not translate to business users

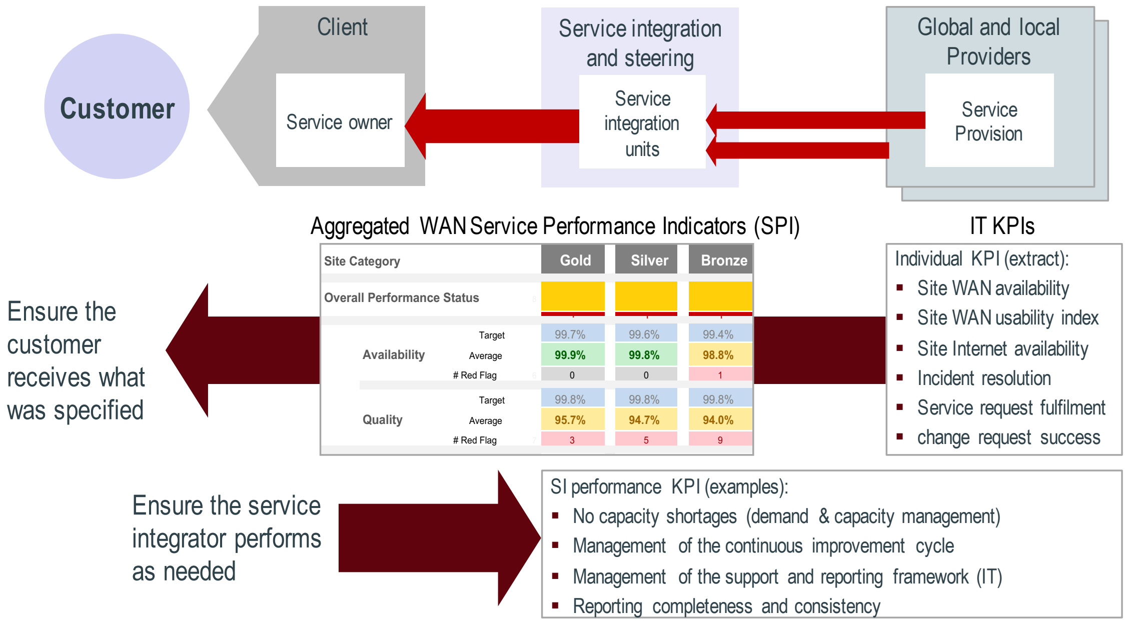
SPI can be composed as weighted mix of the underlying KPI to describe the service performance.



The following example was established by an IT infrastructure service provider. In this scenario, the production of a WAN service used global and local telco providers as well as a Service Integration and Steering entity. Whereas WAN KPI are typically latency, line availability, jitter, etc. the newly formed Service Performance Indicator for WAN performance was composed as weighted average of availability and quality parameters.

An illustrative extract of the KPI roll-up tree is shown in the below figure:

In this example, the Service integration and steering entity was responsible for the KPI roll-up to SPI. Since the production chain used a direct control approach, the integration and steering entity was additionally governed using their own KPI set based on CobIT as illustrated below:



The implementation of this roll-up gave the client sufficient visibility over a range of services. The KPI roll-up to SPI translated technical KPIs into service performance information that represented the service quality perception of both, the client and customers.

6. Summary

Governance of external service provisioning implements the client's service accountability, when external parties are responsible for service production or for components thereof.

That form of governance implementation comprises four key areas and a client needs to establish the right mix to ensure:

- The governance mechanisms match the service provisioning **model**
- The governance implementation utilises required **steering hierarchies**
- Granularity of **KPI and SPI** metrics measured and reported match the **service tree**
- The control setup supports the client's steering requirements of the **production chain**

That setup determines the efficiency and effectiveness of how clients are able to steer their external service provision for the benefit of the customers.

7. About the author

Stefan Koehler has over 20 years of cross-industry experience consulting global financial service firms, logistics and IT companies. Career steps included senior roles in Tieto, Mummert Consulting, Winterthur Insurance, AXA and – since 2012 – in Trestle.

Stefan Koehler led various change organisations focusing on the improvement of business structures and processes and implemented strategic cost savings as well as quality initiatives.

He is specialized in business excellence, operating models, business transformation and sourcing governance. Stefan Koehler is based in Switzerland, holds a degree in Information Technology from the Technical University of Chemnitz, Germany, and is a Lean Six Sigma Master Black Belt from AXA, France.

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Trestle [tres-uh l] – a frame used as a support, especially referring to a bridge composed of a number of short spans supported by such frames

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