



## FROM PERSONNEL LEASING TO OUTSOURCING MANAGED SERVICES

COMPANY: **Hewlett Packard Enterprise**

SECTOR: **IT**

①

### Requirements

- ✱ To establish stable local partner who will participate in the start-up of an Enterprise Solution Centre in Sofia for Sales Enablement and Solutioning supportive functions.
- ✱ To ensure recruitment process and overall flow of human resources.

②

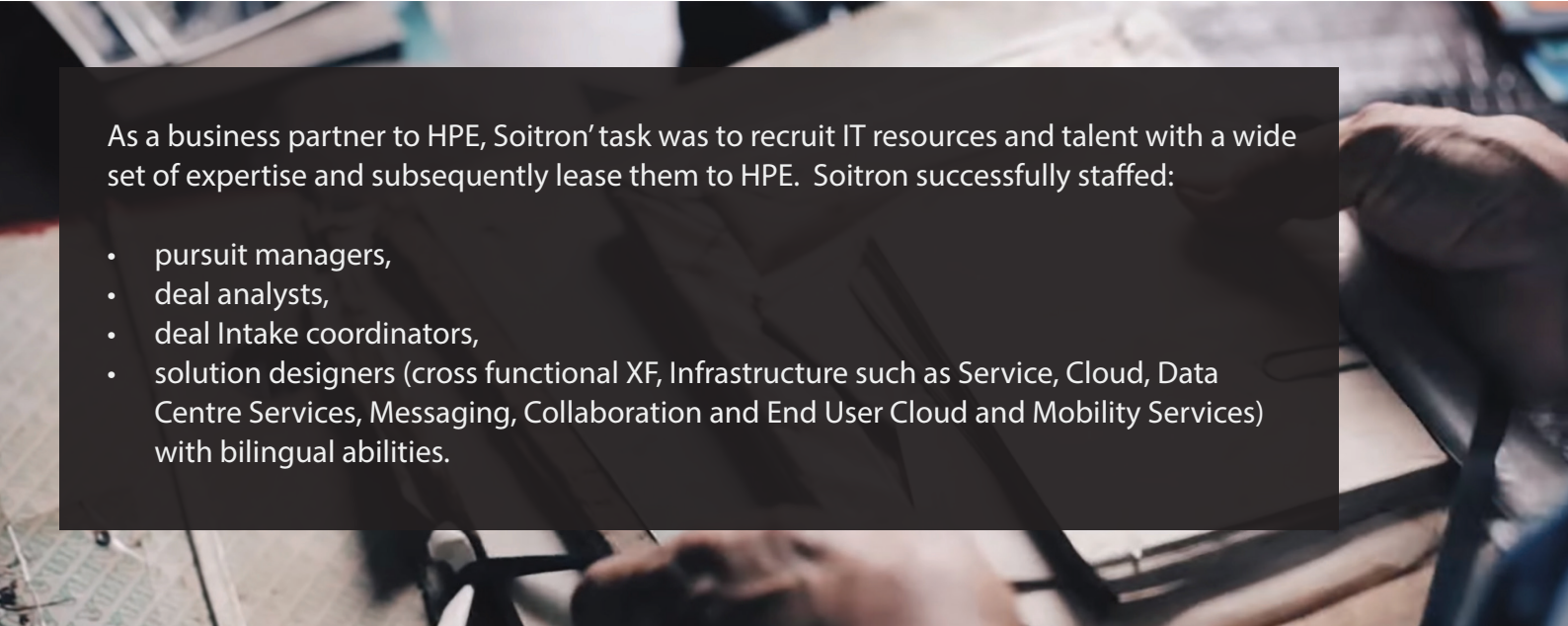
### Solution

- ✱ Managed Service model: changing the old-fashioned personnel leasing model into an innovative one – instead of paying for a FTE, HPE could now be charged for the operational hours spent on tasks.

③

### Outcome

- ✱ Increased volume of work.
- ✱ Reduction of the unit price up to 10% over the course of three years.
- ✱ Smoothly transition to managed service model.
- ✱ Improving of compliance with established quality criteria.
- ✱ Effective measurement and control by means of selected metrics.



As a business partner to HPE, Soitron' task was to recruit IT resources and talent with a wide set of expertise and subsequently lease them to HPE. Soitron successfully staffed:

- pursuit managers,
- deal analysts,
- deal Intake coordinators,
- solution designers (cross functional XF, Infrastructure such as Service, Cloud, Data Centre Services, Messaging, Collaboration and End User Cloud and Mobility Services) with bilingual abilities.

## Overview

In 2013, the Hewlett-Packard Technology Group (HP) (now HPE; hereinafter "HPE") decided to set up an Enterprise Solution Centre in Sofia for Sales Enablement and Solution supportive functions. At that time, managers were challenged to hit very ambitious growth objectives, to establish Sales and Solutioning Services in Enterprise Solution Centre, which was due to the highly-qualified and affordable workforce in Bulgaria. The support provided by Soitron also contributed to the centre's success.

The evolution of this outsourcing project is a demonstration of relationship between a customer that needed to have IT specialists available for various projects in the short as well as long term, and a supplier, who provides such people.

## At first, employee leasing

After the decision to build an Enterprise Solution Centre in Bulgaria, HPE decided to acquire human resources through a personnel leasing model. HPE chose Soitron as its partner, and tasked the company to recruit resources across a number of different areas, who will be part of the teams that are involved in all stages of the pursuit process and subsequently lease them to HP. Soitron staffed Pursuit Managers, Deal Analysts, Deal Intake coordinators, Solution Designers (cross functional XF, Infrastructure as a Service, Cloud, Data Centre Services, Messaging, Collaboration and End User Cloud and Mobility Services), with bilingual abilities.

After the initial phase, HPE and Soitron began the streamlining process in order to reduce costs and increase efficiencies. Soitron's management discovered several possibilities to make the provided service more efficient. The number and structure of employees was initially determined by HP managers on the basis of their own criteria. "We realised that we had a better overview of the staff workload and of what was going on in the workplace. Therefore, we suggested changing this model so that the amount of work and the number of people would be managed by us," commented Tomas Turkovič. Director of Outsourcing at Soitron Group

From there, the next step was to create a definition of a measuring unit for the amount of work completed, which would allow accurate invoicing according to used services instead of billing based on the number of people on the project. So the idea was born to change the outdated personnel leasing into a model in which the client would not pay for people but for server management. Soitron proposed to that, instead of billing on FTE bases to charge to the operational hours delivered by resources, also following agreed budget with HPE, Soitron gradually to provide a larger volume of services, optimising resource capacity and utilisation – i.e. unit would decrease. Along with the provided price erosion, within two years, the customer would pay 10 % less for unit services.

## New incentives

The transition from personnel leasing to provision of outsourcing was challenging. HP's managers were particularly concerned about losing control of the centre, security and quality compliance. A seemingly simple change of the operation and billing model has had a significant impact on both contractual parties. Now Soitron is not paid according to the number of people employed at the centre but by the number of actual work delivered, quantified by billable hours. Moreover, in line with its commitment, it reduced unit prices, which was a strong incentive for Soitron to implement further efficiencies. As a result, HP began introducing automation, developed and fine-tuned an incentive and assessment model that not only increased productivity, but also improved engagement and satisfaction.

## Measurable benefits

The new service operation model could not depend just on price, but also on the quality of services delivered. A condition for the transition of a part of the Sales and Solutioning center (SSC) from personnel leasing to outsourcing was that the quality measured by various parameters would be at a required level. Due to the streamlining and quality improvement implemented by Soitron, HP is now getting more service and value-add for the same budget.

Another benefit of the new model is the fact that HP managers are no longer concerned with how many people they had at the centre or the structures of individual teams. HP not only obtained higher efficiency levels, but also simplified the management of Soitron. Finally, HP acquired greater flexibility and transferred many of the risks to Soitron. For example, in case of an abrupt drop in demand for services, HP would not have to worry about costs associated with reducing the staffing level (compliance with notice periods, severance payment).

“ We realised that we had a better overview of the staff workload and of what was going on in the workplace. Therefore, we suggested changing this model so that the amount of the work and the number of people would be managed by Soitron. ”

**Tomáš Turkovič**  
Director of Outsourcing at Soitron