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Soitron proves to be crucial partner for setting the right course for nearshoring

"Soitron was key partner is the entire transition, they helped to shape our thinking process in terms of which direction we would be moving not only in terms of where to invest, but also how to form the entire operating model"

Bartosz Skalski
HPE, Project/Program Manager

1. REQUIREMENTS

- Create location strategy, and set **the right operating model for demanding sales opportunities** covering service provision in the areas of Messaging & Workplace, Datacentre & Cloud, Security, Networking, and Cross-functional IT services.
- Create a near-shore competence centre with aim to pursuit sales opportunities up to 50M EUR in revenue size/annum.
- Address **fast ramp-up** requirements for the Centre of Excellence with goal to be ready for first batch of operations take on - within 3 months from project initiation & kick-off.
- **Transfer knowledge from on-shore locations** (Western Europe) to nearshore competence centre without affecting sales targets and budget plans for the organisation.
- Introduce synergies by collocating business functions that were initially geographically fragmented
- Create contingence plan in case Centre ramp-up velocity and operational readiness would not meet the requirements from sub-regional stakeholders.
- **Save costs** and increase team efficiency

2. SOLUTIONS

1. Offering complex T&T (Transform and Transition) partnership model including:
   - a) Providing advisory services for setting-up ultimate location strategy including market maturity analysis, talent pool concentration, language coverage, infrastructure, Data Security & IP, GDPR compliance
   - b) Assistance in building feasibility studies around nearshore locations, and building Target Operating Model for Centre engagement
   - c) Agile approach to operations ramp-up involving complete project management, risk management
   - d) Creating risk response & mitigation strategies resulting in contingent plan should the selected location fail to meet the objectives
   - e) Synchronization of the (near-shore) ramp-up strategy with the (on-shore) ramp-down strategy
   - f) Accelerating Time-To-Market by introducing digital data exchange platform between customer & the supplier to speed-up selection and on-boarding processes
   - g) Relocating and consolidating processes from on-shore locations to the single competence centre, including the optimization of ineffective processes
   - h) Assistance with shaping the service delivery to enable performance driven (KPI) as opposed to Time & Material driven solution

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3. BENEFITS

- **Fast transfer** and launching of processes in the new location, mainly due to Soitron's experience with delivering projects in similar areas as the service scope of the Centre (ITO), clear focus on nearshore markets (CEE region), experience in ramping up similar projects, but most importantly a**gile approach to operations ramp-up** and eagerness to support the project.
- At least **30% staffing cost savings** compared to the previous solution
- Enabling better collaboration by c**ollocating several functions into single Centre location**
- Subsequent transition to managed service model with set Key Performance Indicators driving further service excellence for the centre.
- End-to-End partnership for addressing multiple aspects of Transforming & Transitioning (T&T) of the business.

The Key is in the name

Whilst very often the major driving factor for setting-up Shared Service Centres is cost saving, and support of back-office operations, Hewlett Packard Enterprise was analysing the potential of nearshore markets for establishing **Centre of Excellence,** which would be unique of its kind.

The name - Centre of Excellence - is a key to understand what Hewlett Packard Enterprise was looking to address by opening new operations HUB. The centre was supposed to add value to overall sales & presales process for HPE, by offering services and supporting multiple processes from key delivery location within Central & Eastern Europe. Cost efficiency was still one of the drivers for the project, however the key goal was to offer excellent quality and complex solution from one central location where greater business synergies can be built, and new ideas can be incubated.

The centre was to offer pursuit services for business opportunities from analysis of the sales pipeline (Deal Intake), through coordination of the entire bid-response process, creating excellence in terms of proposal quality, modelling and shaping the solution to meet customer requirements, finance modelling, and ultimately driving new business for HPE.

The selection was made for Sofia, Bulgaria due to several reasons including market maturity for finding IT specialist, cultural proximity, language coverage, fit with HPE's delivery centres locations for IT services, IP & Data Security Compliance, Educational System & Infrastructure etc.

Solution

There has been several benefits set by HPE that the project should deliver including process excellence and stability, cost, assisting on-shore locations with resource issues etc.

Due to several constraints, and high
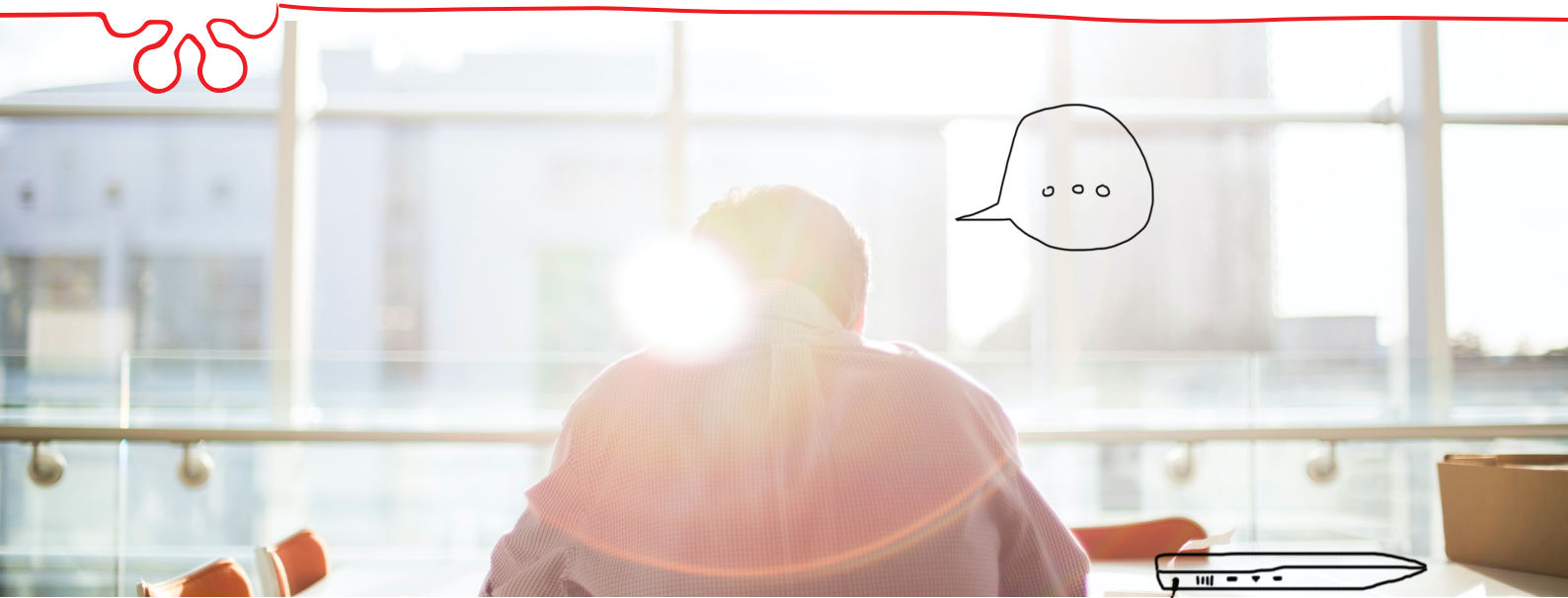
expectations to realize benefits, HPE management decided to establish partnership with external company to deliver this program. The first phase of the project had to be completed within three months, which was extremely difficult having in mind the Centre was to deliver high quality, value add processes.

HPE UK's management eventually entrusted Soitron, despite the fact that company had opened its branch in Sofia just a few months earlier. The reason for that was Soitron's understanding of ITO services environment, focus on EMEA near-shore locations & Emerging Markets (e.g. Slovakia, Czech Rep, Romania etc.), Sensible Ramp-up schedule & ability to stand-up as partner to discuss overall outsourcing strategy and further modifications to delivery model & transition towards managed service.

Mr Skalski says that Soitron succeeded in the tender, in which the company competed against fierce competition, mainly because of its experience in building outsourcing centres and implementing solutions similar to those that the HPE pre-sales centre was supposed to specialize in (such as messaging, workplace collaboration, cloud, data centres, and networking).

"When you are building a centre which you want to transfer a group of processes to, you need a partner who rather than looking at the project only through the lens of staffing would also understand the rationale behind it, and the benefits you are trying to bring to your organisation. This gives flexibility in terms of which areas of transformation you can address, and only mature and high quality partners like Soitron can support you with that" says Skalski.

Finally yet importantly, Soitron also built contingency plans to support service growth from other locations, such as Slovakia and Romania, if necessary. This helped to reduce risks for the entire programme.

Results and benefits

Thanks to its extensive experience in building and operating delivery centres, Soitron was able to ramp-up the operations within agreed timelines and achieving milestones to be operational within three months from kick-off. Within one year, Soitron was providing around 50 specialists for HPE's pre-sales activities in Sofia. Naturally, any projects and change faces some resistance. That is why it was important for the success of the project that Soitron was a reliable partner we could turn to, and that gradually we could build trust with our on-shore stakeholders by providing high quality services.

"One of the key elements that drove us to success was to ensure that UK managers were overseeing the project at all times, which allow them to better control the transition," recalls Tomáš Turkovič, the Outsourcing Director at Soitron. This was a main reason for introducing specific reporting platform during the ramp-up phase of the project. In addition to reporting, the platform functioned as a collaboration and workflow tool. As a result, HPE managers in Western Europe had a perfect overview of the process, with the ability to intervene and provide feedback. Soitron was also in charge of moving activities from one of the other vendors in Barcelona, Spain to the newly opened Centre of Excellence - which consisted of process consolidation, process optimisation and redesigning. This transfer secured 40% efficiency gain.

Compared with an incumbent vendor, HPE saved at least one third of their costs, according to Skalski.

However, as he stresses, the nature of the relationship, gradually gained trust between us and the supplier, and partnership was equally important in bringing the overall success of the project.

Benefit

Since improving efficiency is a never-

ending process, Soitron's collaboration with HPE transformed overtime to managed service with clearly defined measurable parameters. "Utilization in service centres is always important, and the added value of Soitron is that it can take ownership of the processes, which may not be as crucial to your business model, and run it more efficiently. Going even further, some of the activities can be delivered without human- touch by applying Robotics Process Automation, which Soitron can offer. This is something that cannot be expected from pure team augmentation providers," says Skalski.

Although location strategy advisory was included in the initial scope of the project in Sofia, Soitron, with broad presence on Central & Eastern European market provided constant advice as to which approach would be the most optimal for acquiring certain competences and skills required by HPE.

"When developing an outsourcing strategy, we take into account not only the cost

factor which obviously is important, but at the same time equally important are other microeconomic and macroeconomic factors. Those are market maturity, workforce availability and sustainability, infrastructure, governmental support, economic stability, educational and cultural alignment with Western European standards, language coverage, and potential of applying Robotics Process Automation. To ensure Return on Capital - all of this should be taken into account when making an investment decision to build a new Centre (no matter if its focus should be Excelling in certain competences or if it should be providing Shared Service)." explains Turkovič.

A company with no facilities in Central and Eastern Europe can achieve savings up to thirty percent just through relocation; however, this is not where the journey should finish. Additional efficiency gains can be achieved by ensuring process excellence, moving to managed service, and by applying RPA, similar to what we did with HPE," concludes Turkovič.

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Tomáš Turkovič
Soitron, Outsourcing Director

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