
Agile Sourcing

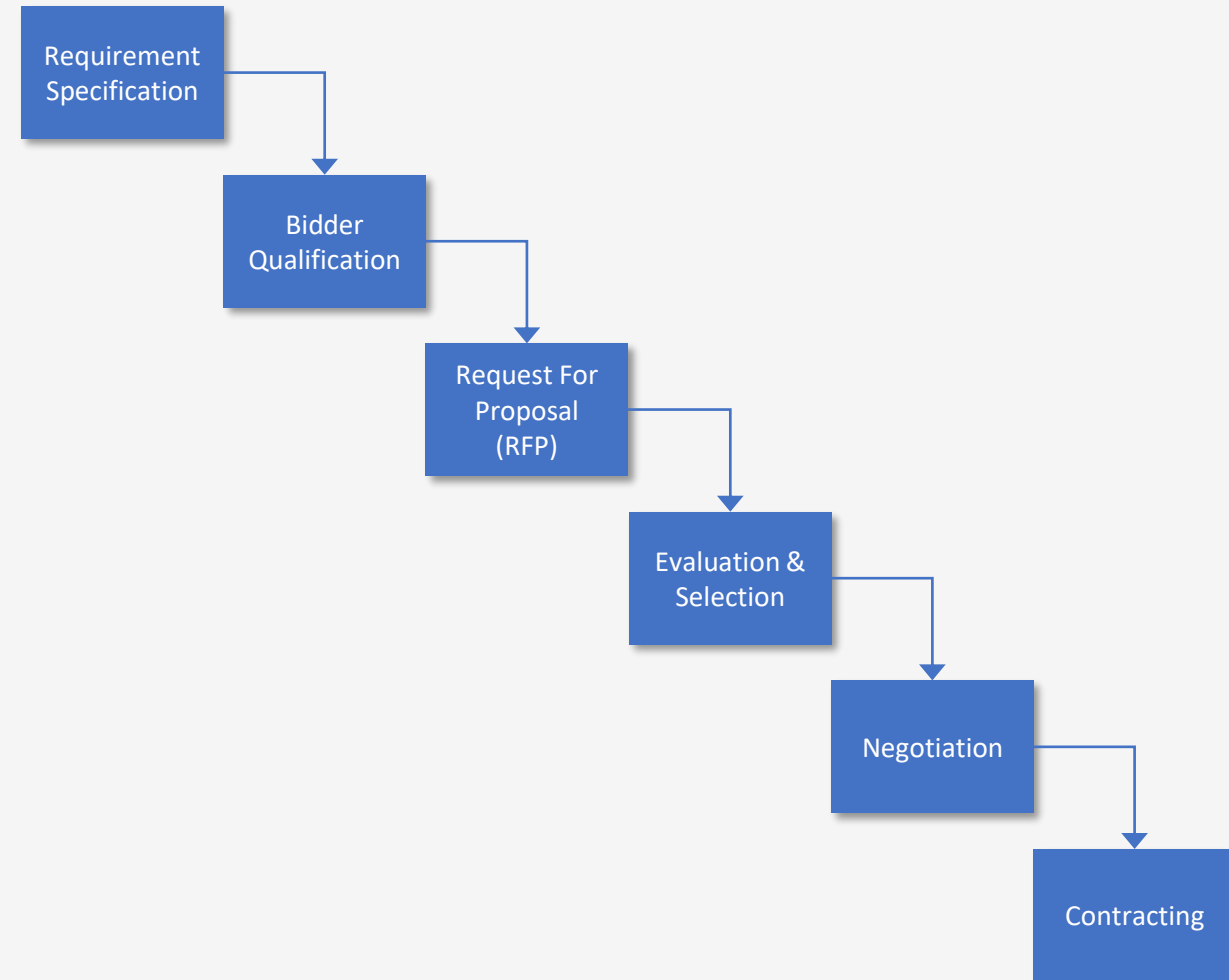
A Neo Point of View

GSA Strategic Sourcing Symposium
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BEYOND ADVICE TO OUTCOMES, SINCE 1999

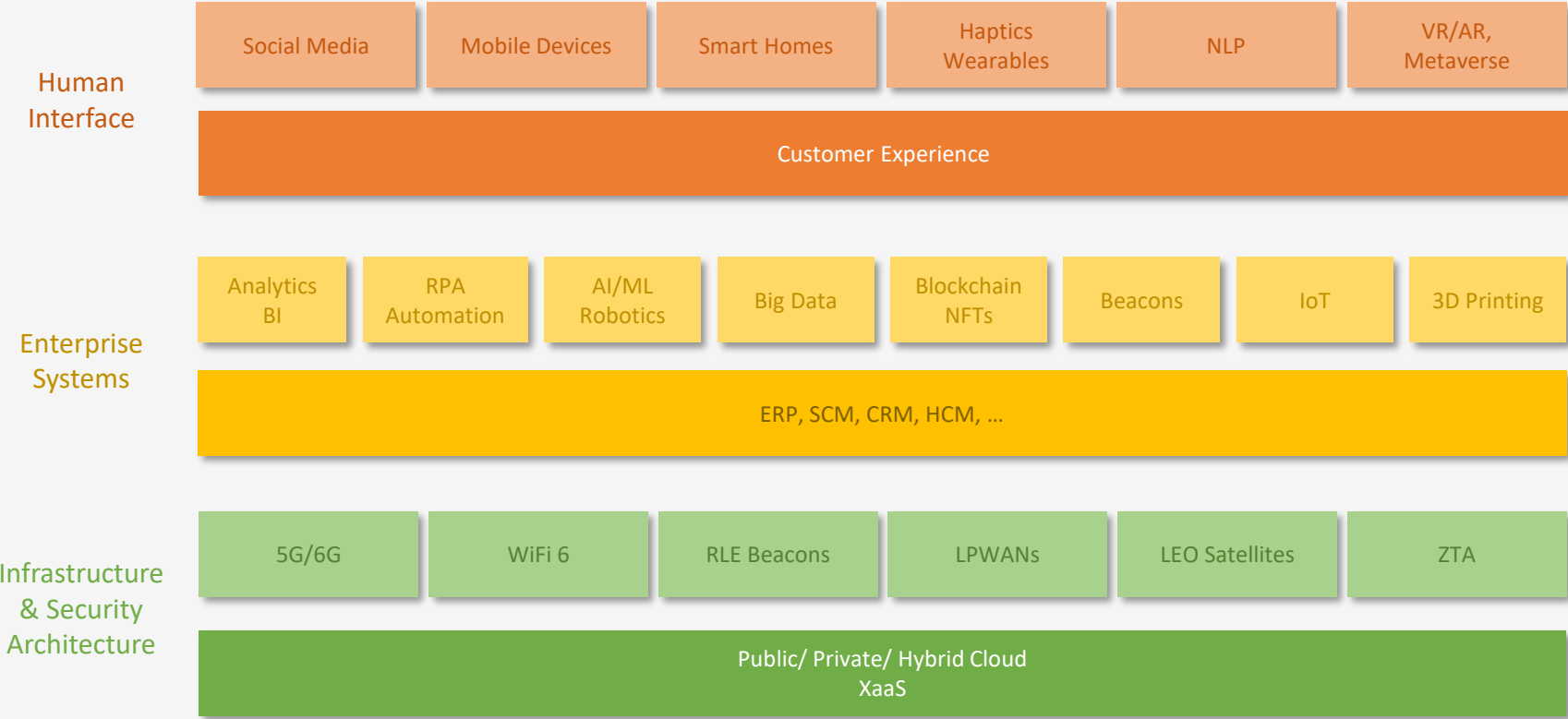
- Request For Proposals (RFPs) and Public Sector tendering processes typically follow a 'Waterfall Model', much like the traditional SDLC
- Sourcing process is linear, unidirectional (only moves forward) and based on competitive bidding
- Requirements are clearly specified up-front and fixed, with little-to-no room for change
 - Bidders must comply or potentially risk disqualification
- Innovation not encouraged – may even be actively discouraged, as it leads to heterogeneity across bids
- Bidders are scored on:
 - Quality of technical proposal (extent of compliance with ask)
 - Attractiveness of commercial terms
 - Customer references
- Long-term monolithic contracts, ideally suited for commodified and/ or standardized products and services aimed at improving operational efficiency



Navigating The VUCA World: Volatile, Uncertain, Complex, Ambiguous

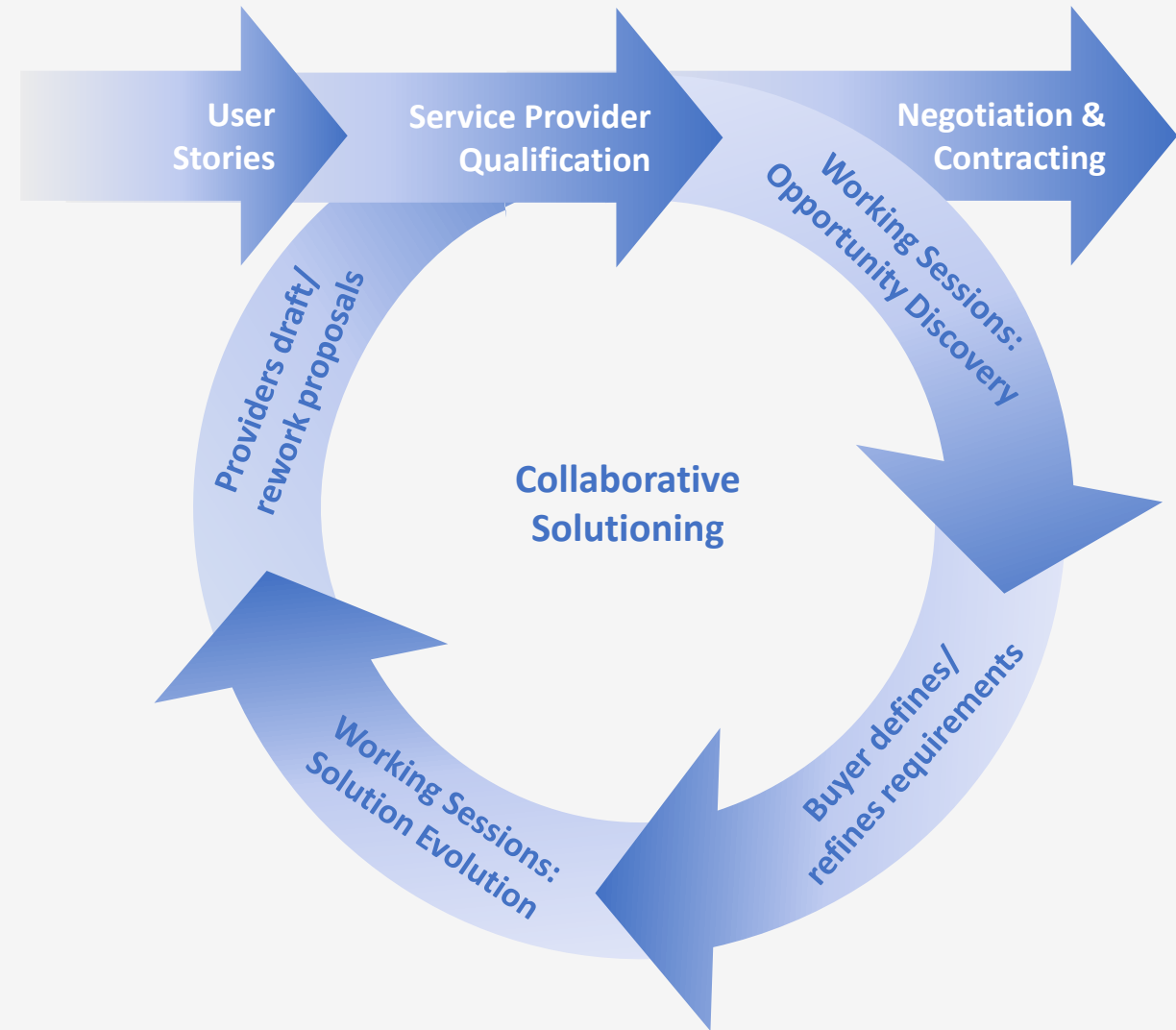


- Continuous innovation disrupts the marketplace for technology and business services
 - New players
 - New offerings
 - New business models
 - New ways of working
- Buyers are excited by various possibilities but unsure about what to ask for
 - “kid in a candy store”
- Challenge: balance technology debt/ backlog with strategic initiatives to boost competitive advantage
 - FOMO looms large



The Agile Sourcing Cycle, Unpacked

- Buyers have a general idea about what they believe they want, but lack clarity and depth of insight needed to produce a clear requirement specification
 - “We don’t know what we don’t know”
- Qualified Service Providers bring knowledge and experience
 - Help identify opportunities and shape requirements
 - Are encouraged to innovate and propose alternatives
- Sourcing process is circular and iterative
 - Goal is to create a “marketplace of ideas” within broad contours, as different from a competitive sports arena with rigid rules
- Contenders are assessed on:
 - Ability to drive innovative solutions and/or engagement models
 - Commercial terms commensurate with value proposition
 - Extent of cultural fit
- Ideally suited for finding strategic partners on transformative initiatives



What Collaborative Sourcing Is & What It Is Not

- ✓ **Iterative working sessions**
 - Buyer teams work with different Service Providers' teams
 - Learn from Service Providers' experiences with other buyers
 - Jointly discover opportunities
 - Cross-pollinate ideas across other Provider solutions
 - Co-create a unique solution
 - Repeat, refine
- ✓ **Freedom to innovate, rethink, reimagine**
 - Diversity of opinions is a feature, not a bug
 - Heterogeneity enhances richness of final outcome
 - Room for Service Providers to differentiate themselves and stand out
- ✓ **Opportunity to assess cultural compatibility and team chemistry**
- ✓ **Multiple small, short, flexible projects**
 - Avoid long-term lock-in on greenfield projects
 - Separate Work Orders/ Statements of Work for:
 - Proof of Concept
 - Pilot project
 - Prototyping
 - Incubator
 - Ease of exit enables "fail fast"

- ✗ **Anything goes/ free for all**
 - ✗ "If you don't know where you're going any road will take you there"
- ✗ **A solution in search of a problem**
 - ✗ "The tail wags the dog"
- ✗ **Unfair competition**
 - ✗ "Comparing apples to oranges"
- ✗ **Universally applicable sourcing methodology**
 - ✗ "Silver bullet"



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