Case Study 1

Background:
Case Study 1 is a comprehensive assessment that highlights the preparation that will precede the procurement and contracting process. The scenario of outsourcing a corporate datacenter is one that is very current, and this decision is being made daily. You will prepare a document to be presented to the executives that will be comprehensive and easy to use to decide if the company will outsource or not. By the end of your analysis, you should have touched on all aspects of the contracting process, from plan purchases and acquisition stage, through the select sellers phase.

Please see Doc Sharing for Case Study #1.

Terminal Course Objectives (TCOs)
All terminal course objectives studied up through Week 3 are being addressed in Case Study 1.

1	Given a specific project scope, a set of legal and management requirements, and the availability of internal resources, evaluate optional contract structures and recommend and justify the preferred structure for that given situation.
2	Given a simple procurement need and a complex project that requires one or more procurement activities, compare and contrast the scope and functions of contract procurement/management versus project management.
3	Given a specific project and its anticipated contract administration and project management requirements, create a procurement division of the responsibilities matrix and a project division of responsibility matrix that consider the utilization of internal resources in order to define any external resources that will be required.
4	Given specific contract procurement conditions for a project, identify and evaluate the factors that influence a contract pricing strategy and recommend the strategy that is best suited for the given conditions.
6	Given the need to procure a major contract, select a set of management and commercial requirements that are appropriate for the size and complexity of the contract.
7	Given the need to solicit goods or services from external sources, consolidate all contract and, if applicable, project requirements into a checklist that will form the framework to guide the development of a Request for Proposals (RFP).

Resources
The weekly lectures and assigned readings serve as a starting point. Please be advised that considerable relevant material is also available on the Internet, so you might want to conduct a search for some materials that may yield insights into the procurement process that you will be undertaking. Remember to properly cite any outside information that you use.

Submittal Format
Case Study 1 should be prepared in MS Word format. Any resources used beyond the ebook need to be cited in your document--including links to relevant websites. Your document shall be written as an executive summary or bulleted list/tables clearly identifying your purpose, relevant data, decision-making/thought process, and conclusion. Your document will be your "go-to" plan for your outsourcing process. You need to quickly and succinctly understand the steps that you'll undertake for contracting. This means having minimal paragraph-style text, and instead, introducing a variety of tables, graphs, and charts.

While this report should be fashioned as an executive summary, it does encompass the entire contracting process. As such, it shall be between 5 and 8 single-sided pages in length, using 10-point Times New Roman font, and 1.5-inch line spacing. The page requirements do NOT include any cover sheets that you may include with your report.

Submission Details
See Syllabus section "Due Dates for Assignments & Exams" for due date information. A firm 5% per day penalty for late submissions will be assessed. The file name for your submitted assignments should be formatted as follows: "CS1-studentlastname".

Grading
Case Study 1 is worth a total of 60 points. These 60 points will be allocated in the following manner.

Points	Criteria
5	Correlation of the assessment with the TCOs outlined above and material covered through Week 3.
5	Compliance with format requirements outlined above.
20	Assessment of how each of the three (3) outsourcing alternatives impact your business decision and also whether or not it might be helpful or detrimental to your core business.
5	Assessment of any issues that may arise (both in the short-term and long-term) for each outsourcing alternative.
5	Assessment of the type of contract chosen for each outsourcing alternative. Provide a rationale for your choice.
5	Assessment of the evaluation criteria used to rank the proposals. Again, a rationale for your choice needs to be included.
5	Strength of argument on the number of vendors selected to provide the services.
10	Assessment/identification of the difference in timeline (if any) between the three outsourcing alternatives.
Total: 60	

Submit your assignment to the Dropbox located on the silver tab at the top of this page.

BPO and Cloud Computing (Due Week 3)

Bob Smith, CEO of Smith's Information Services, Inc., was studying the replacement of the company's data center by an outside service. Smith's Information Services, located in Lexington, Massachusetts, was in the midst of a corporate overhead reduction program. As part of this program, Bob had been assigned the task of reviewing opportunities in outside sourcing for data center services. He was expecting a report on this issue at the next executive meeting in three days.

Smith's Information Services Cost Reduction Program

Smith's Information Services is a $2 billion firm with sales in consumer information. It enjoyed high overall growth until fierce competition flattened sales and decreased profits sharply two years ago. Since then, corporate cost and overhead reduction efforts were widespread. The CIO was in charge of the data center and has been investigating the possibility of a business process outsourcing project that would move the data center to the cloud.

Data Center

The data center at Smith's Information Services was created in the mid-1980s and has grown very rapidly. Mainframes were installed first, followed by AS400s, and then servers that were rack mounted. Disk storage, at one time, was at a premium, but has since gone down in price. Cooling for the data center has gone up as more and more servers and disks were installed. This cost, along with the electricity cost to run all of the devices in the data center, has Bob Smith worried that the cost of doing business is getting out of control.

Along with the rising hardware and software costs, the number of employees needed to run this data center has grown considerably. The cost of running a data center 24/7 is becoming rather large, and this is another issue that Bob Smith is concerned about at the moment. The growth potential for the organization is very positive, which means that more data will be stored, which will result in higher costs in all areas of the data center unless cost savings are found.

Outside Services

The CIO has felt that this was coming sooner or later, and has already been quietly investigating the idea already. There are many options from which to choose, including: a local data center, a well-known data center, and a data center that is located overseas. Each of these solutions has pros and cons, and one big issue is the security of the data. Some of the other issues include service-level agreements that have to be hammered out, HR issues that will deal with the local and remote staff members, and other issues, such as informing or not informing the customer that Smith's Information Services will be outsourcing the data somewhere.

Deadline

The CIO's job is to gather as much data as possible from outside sources, analyze the data, and then come up with the best choice. The deadline will be the next executive monthly meeting, which meets in two weeks.

Your Assignment:

Assume that you are CIO. Prepare the analysis requested from Bob and be prepared to present it at the next executive monthly meeting.

Grading Rubric:

Points	Criteria
5	Correlation of the assessment with the TCOs outlined above and material covered through Week 3.
5	Compliance with format requirements outlined above.
20	Assessment of how each of the three (3) outsourcing alternatives impact your business decision and also whether or not it might be helpful or detrimental to your core business.
5	Assessment of any issues that may arise (both in the short-term and long-term) for each outsourcing alternative.
5	Assessment of the type of contract chosen for each outsourcing alternative. Provide a rationale for your choice.
5	Assessment of the evaluation criteria used to rank the proposals. Again, a rationale for your choice needs to be included.
5	Strength of argument on the number of vendors selected to provide the services.
10	Assessment/identification of the difference in timeline (if any) between the three outsourcing alternatives.
Total: 60	