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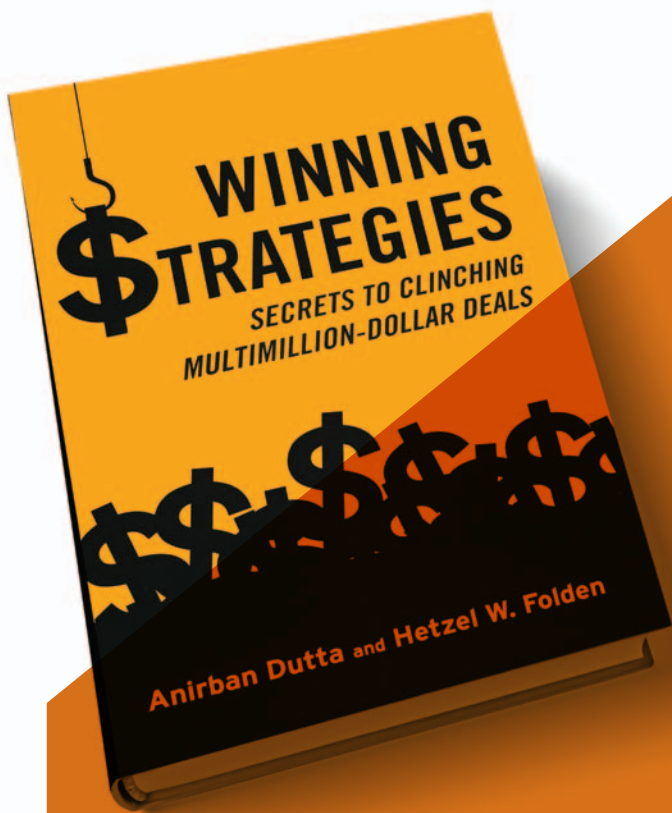
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FIRST HAND

The Closers: New Book Unveils Secrets
to Clinching Deals



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THE CLOSERS: NEW BOOK UNVEILS SECRETS TO CLINCHING DEALS

Deal making is as much art as science. A new book contends that although the devil is in the details, true success can only be found by taking the time to build relationships. In *Winning Strategies: Secrets to Clinching Multimillion-Dollar Deals* (John Wiley & Sons, 2010), CSC's Anirban Dutta and Hetzel W. Folden draw upon their years of experience to provide a comprehensive guide to pursuing, negotiating and closing large outsourcing contracts. *CSC World* spoke with the authors about the state of the industry and what it takes to land a big deal.

Who is the audience for this book?

Dutta: There are four broad categories of who this book is for. One is people like us who are active deal makers who can really understand what happens on the ground and may or may not agree with our approach. The second is delivery folks who want to be deal makers and need to learn what it takes to do large strategic deals. The third is the students, MBAs, who want to look at deals from a financial or sales standpoint. And the last category is the general layman who is not part of IT and wants to know how large deals play out.

Folden: We did not see any books that cover the full process from business development, finding an opportunity, all the way to closing a deal, including the transition. You see business books, selling books and negotiation books, but you don't see a book that takes you through the whole process.

What are some of the recent trends in large outsourcing deals?

Folden: The industry is certainly getting more complex, with people who specialize in certain aspects of the deal, for example lawyers, consultants and buyers, as opposed to smaller deals, where fewer people are involved. The industry is also getting more global and more competitive. There are more and more providers that can offer the talent and skills that are necessary to perform these kinds of transactions.

Dutta: We also see an active push toward utility-based pricing, where there is more emphasis on virtualization and pricing based on usage.

What are some of the most important strategies for structuring a deal?

Folden: First, the financial aspects are certainly key to structuring and winning a deal. The second structuring piece is the solution — what objectives are you trying to solve for the client? And the third, and often overlooked, aspect is the relationship.

You can't underestimate the solution itself. Although many customers will say price is not an object, they are looking for a robust solution, a technical solution, a competitive solution, and at the end of the day, it's all about best value. What they get for how much, is really the issue. You've got to make it something they want and something that's good for them. You can be higher priced than the competition and still win. But you have to convince them they are getting good value from your offer.

Dutta: Developing networks and building strong relationships truly matter. Whether you are already an incumbent doing business with them or you've never seen them before, there's a relationship you need to build upon, and you need to make that relationship work so they can trust you.

How does analyzing the customer's sourcing model influence your pricing strategy?

Folden: The general trend in the industry has been moving the pricing curve from time and material orders to a fixed pricing model. The seller needs to keep in mind there may be many sourcing strategies and many pricing strategies that go into one deal. For example, one piece of the business is the resource staffing model — such as an hourly wage — that's a certain part of the deal. Then there might be a different pricing structure for managed services that's a fixed price deal.

Although pricing is key, it is also important to understand what the client is looking for. They might be only looking for fixed pricing, or for a multitude of pricing strategies. The process is very strategic and you need to take into consideration the customer's wishes to have low risks and predictable pricing.

Dutta: As the economy begins to recover and companies start to become more aggressive and add viable services, much of the time their problem is coming up with the cash to pay for the services. So we envision employing pricing models that are traditionally financial industry models, such as using financial arbitrage. We expect to see this play out over the next couple of years as service providers become more like financiers while delivering services.

What role do Third Party Advisors (TPAs) play in the deal making process?

Folden: There are more TPAs now, and they are becoming specialized, leading initiatives in different areas — becoming sourcing consultants.

On the buying side, the service the sourcing consultant provides is invaluable. But on the other side, they become a business development market channel for the seller — because when the TPAs come to the market, they bring expertise and associations, forming a bridge between the buyer and the seller. TPAs are therefore a valuable add to companies that have not done outsourcing before and are looking for ways to form a strategic alliance with a provider or to see who fits their needs.

Dutta: We are seeing traction among TPAs, who are refocusing back on the mid-market area. They are going to be a very critical partner for any vendor that wants to be successful in getting into the customer's mind set.

What best practices can be employed in the negotiation process?

Dutta: Without getting into specific negotiation strategies, for commercial negotiations, building a strong relationship is key, and also building trust that aligns the customer with you.

Folden: Internal versus external negotiation is an often overlooked and misunderstood aspect of the process. Negotiating with yourself is a lot more difficult than negotiating with the customer. Some of the toughest negotiations I've ever had are internal. This means trying to get the objectives of your customer understood by those who are providing you the authority to negotiate on your company's behalf. You have to understand the true value of the relationship.

What are some of the most important aspects of post-deal closing around managing transitions and service delivery?

Folden: There is no closing the deal until you have two signatures on a contract. Until the deal is finally closed, there is nothing to transition. Many times, the team will begin contractual activities prior to the deal closing. That's a big mistake. You can't do that, and if you do, you have to do it very carefully so you don't end up giving something away when the deal's not yet sold.

Dutta: There are a couple of points to add coming from the delivery perspective. The transition continues as you move from stage to stage. Every deal makes way for a new deal with the customer. Transition is crucial, and it's extremely important to engage in the right time of the process some of those folks who are going to be involved in transition and delivery. So it is important to get the program managers and the solution architects involved early. If you get them there early, things will go more smoothly. ■

 To order the book from Amazon, visit <http://tinyurl.com/winningstrategies>.



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