

Distr.
GENERAL

Working Paper No.11
11 May 2009

ENGLISH ONLY

**UNITED NATIONS STATISTICAL COMMISSION and
ECONOMIC COMMISSION FOR EUROPE
CONFERENCE OF EUROPEAN STATISTICIANS**

**EUROPEAN COMMISSION
STATISTICAL OFFICE OF THE
EUROPEAN COMMUNITIES (EUROSTAT)**

**ORGANISATION FOR ECONOMIC COOPERATION
AND DEVELOPMENT (OECD)
STATISTICS DIRECTORATE**

Meeting on the Management of Statistical Information Systems (MSIS 2009)
(Oslo, Norway, 18-20 May 2009)

Topic (ii): Governance

**GLOBAL SOURCING OF IT
IMPLEMENTATION AT THE IMF**

Invited Paper

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I. INTRODUCTION

1. At the May 2007 MSIS meeting the IMF presented a paper and a presentation on its IT strategic sourcing initiative. At the May 2008 MSIS meeting, the IMF presented the further progress of the sourcing initiative during the panel discussion organized in Governance session. The initiative began in 2005 with the IMF's information technology department, the Technology and General Services Department (TGS), conducting extensive research into the opportunities presented by a global sourcing partnership. At the IMF primary responsibility for information technology resides with TGS. TGS is supported by strong partnerships with the IMF's business community. The different departments in the IMF work closely with TGS to select, design, deliver, deploy, and enhance tools for all the IT needs of the department. The applications cover a wide range of systems supporting the corporate systems such as Human resources/Payroll/Financials for the IMF to selective systems such as Member Financial Systems, systems to support the economists and the Statistics Department, and the Electronic Document Management System. Many of these are COTS (Commercial Off the Shelf) systems such as PeopleSoft HR and Financials (Oracle) or the OpenText DM5 (EDMS) while quite a few are developed in-house.

2. The objectives of the sourcing initiative were to improve the overall effectiveness of IT resource utilization in the IMF by adopting a global sourcing strategy and performance-based contracts for delivering IT services. The Tata Consulting Services (TCS) was selected as the IMF's global sourcing partner in 2005 after a through RFP process and the initial engagement was to transfer the application support and maintenance duties of 25 applications to TCS. These applications were supported by a staff augmentation contract on-site over the years and this model was becoming more and more untenable in the light of a tighter budget.

II. ESTABLISHING GOVERNANCE TEAMS

3. In order to oversee this initiative, proper governance teams were established up-front. These consisted of a senior management steering committee, a dedicated project manager, a Transition Planning/Progress Committees (TPC) consisting of TGS and TCS managers and group leaders and key business stakeholders, and a vendor relationship manager to specifically address all contract negotiations and other compliances. These teams met quite frequently to address any resource, schedule, and quality issues and to secure the necessary buy-in from all the parties.

4. In order to ensure a successful transition, the following tasks were undertaken by the different teams:

- TPC Monthly status meetings to address all issues in the different stages of transition;
- Frequent and timely communications to all TGS and TCS staff members in order to assure confidence in this undertaking and to mitigate any fears;
- Retain business analysis roles in TGS;
- Establish adequate QA for the TCS deliverables;
- Establish metrics and service level agreements (SLAs) to ensure timely, quality deliverables from TCS.

III. TRANSITIONING 28 APPLICATIONS

5. The IMF has moved forward by completing the transition of the application support and maintenance tasks of 28 applications to TCS by April, 2008. The transition of these applications was done by dividing these applications in four phases spanning one year (beginning May, 2007). Applications support and maintenance duties mainly include incident and problem solving (bug fixes, training issues, data and configuration problems) and new work requests – minor development work under 20 business days of effort. Other significant enhancements to these systems will also be done by TCS but by a separate task order. Some significant applications have been transitioned. Examples are:

- The PeopleSoft HR and Payroll System (customized extensively by TGS);
- The PeopleSoft Financial System;
- The Electronic Document Management System (OpenText DM5);
- The Dissemination Standards Bulletin Board (DSBB);
- The Integrated Correspondence System (ICS).

6. TCS used a well tested and proven methodology in the successful transition of these applications. They followed a well established approach as follows:

- An extensive detailed portfolio analysis and due diligence of each application was conducted by TGS and TCS jointly. The steps included are: Plan/setup, Knowledge Transfer, Secondary/Shadow Support, Primary Support, and Steady State transition.
- Overview of the application was provided by the business owners to TCS.
- Detailed knowledge transfer sessions were conducted by the present supporting analysts to TCS transition team and software engineers and in many cases these presentations were recorded for playback and training of off-shore TCS staff.
- During secondary/shadow support, the TCS onsite staff watched the incumbent analyst in performing the necessary tasks and recorded the duties.
- During primary support, TCS staff addressed the user requests while consulting with the incumbent support analyst. All the tasks were performed by TCS.

- TCS assumed full responsibility once the application is in steady state.

7. The total transition period for each application was different based on the complexity of the application. The average number of weeks elapsed was between 6 and 12 weeks for many application. Some complex applications, such as the heavily customized PeopleSoft HR/Payroll application took 6 months for transition.

IV. CONTINUOUS PROCESS IMPROVEMENT AFTER THE TRANSITION

8. In order to sustain and continue the acceptable level of support from TCS for these applications, the following aspects have to be considered and accepted by the IMF as these are particularly important.

- The TCS culture is quite different from the Fund: virtually paperless offices; constantly expanding workforce; and an average age of staff in the 20's
- Heavy emphasis on documented procedures and controls (TCS is a CMMi Level 5 certified organization) and a comprehensive array of review and safeguards
- Highly disciplined approach to incidents and new service requests
- Highly impressive security arrangements at the TCS offshore delivery center (ODC) in Kochi, India, safeguarding IMF's assets
- In the process of supporting these applications, TCS will identify and implement efficiencies in the production support tasks
- Rotation of on-site and off-shore staff to strengthen knowledge transfer and retention in the teams
- Establishing a high-speed data line between the TCS ODC and IMF HQ for speedier access to technology resources (servers, databases, etc.)
- Taking advantage of the time zones between USA and India and thereby providing extended support

V. KEY ISSUES AND OTHER CONCERNS

9. Even though, the transition has been successful to a great extent, there are issues and concerns that have to be addressed.

10. The incumbent staff augmented vendors have acquired a significant amount of business knowledge over the many years of support. It has been a challenge for TCS analysts to reach this level of institutional expert role and their dependency on other TGS staff and vendors continue to be at a high level. Under the reduced IT budget each year, it has been a challenge for TGS to retain such expertise for these sourced applications.

11. As IT security is extremely important to the IMF, it has been challenging to provide the necessary access to the ODC TCS staff in Kochi, India to the IMF HQ Datacenter in a timely manner. Many standards and configurations have to be developed and deployed and this slows down the level of support.

12. The transfer of the backlog of service requests that existed prior to transition has resulted in significant amount of work for TCS and there has been some slippages to schedule for deliverables of enhancements under the application support and maintenance contract.

13. In some complex applications, despite a robust transition, it is clear that in-house expertise and management is still needed to augment TCS in providing quality support to business users in their applications.

VI. NEXT STEPS

14. The transition of several small scale applications that were not part of the above 28 applications is now under way as Wave 2 sourcing.

15. TGS, in conjunction with TCS, has developed a Service Request System (SRS), to track all service requests for the sourced applications. The SRS helps generate different metrics such as defects in the deliverables, backlog management, UAT issues, etc.

VII. CONCLUSION

16. Overall, the engagement with TCS as a global sourcing partner has helped IMF streamline production support tasks. Mission teams are impressed by the IT operations in TCS ODC in Kochi, India. Many steps are being undertaken to strengthen the relationship and commitment to ensure that the TCS engagement will be a complete success.