

# ABN AMRO (Services NL IT)

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## IT Outsourcing Contracts (Testing)

Multi-sourcing: spreading risk and maximising value

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## Agenda

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- **Harvest & Symphony within AAB – context**
- **Introducing Test Management**
- **Introducing the Test Vendor (Test Factory)**
- **Understanding Multi vendor**
- **KPI's for 2006 and 2007**
- **Lessons learned**

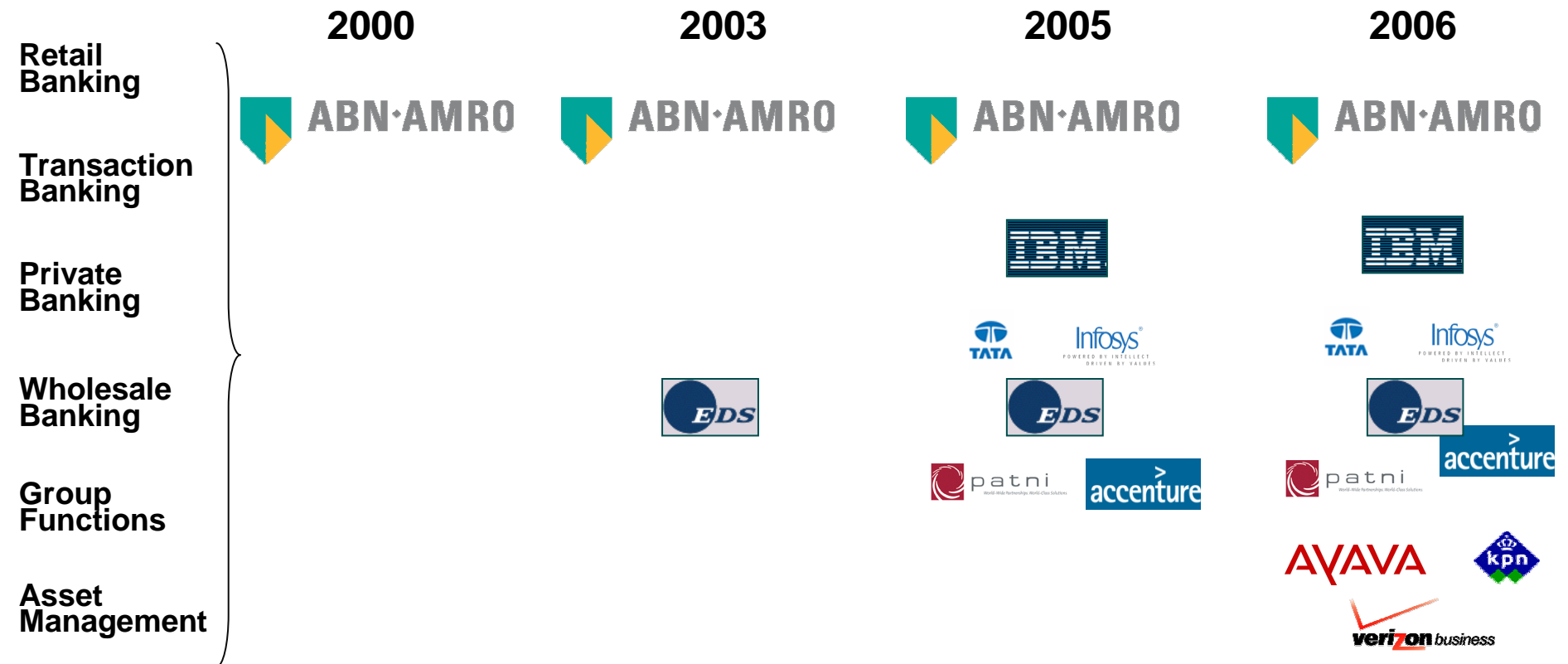
## Signed Contracts (2005): Harvest & Symphony

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- ABN AMRO Group Services IT announced on September 1<sup>st</sup> 2005, that it had signed global services agreements with the vendors it has been negotiating with.
- **Contracts have been signed with the selected vendors:**
  - IBM for IT Infrastructure
  - Infosys and Tata Consultancy Services (TCS) for Application Support and Enhancements
  - Five preferred vendors have been chosen for Application Development: Accenture, IBM, Infosys, Patni and TCS
- **Service Commencement / Transition dates in 2005:**
  - 1<sup>st</sup> November for Infrastructure
  - As of 1<sup>st</sup> September start planning for phased transition commencement dates for Application Support and Enhancement
  - 1<sup>st</sup> September for new work orders to be preferably granted to top 5 preferred vendors for Application Development

## Resulting Landscape of Primary Vendors for Services IT

- In 2003 ABN AMRO signed already a contract with EDS to outsource their Wholesale IT services. This effectively was the first experience with IT outsourcing.
- The result of all this is a multi-sourcing landscape with a number of Primary Vendors, with the aim of spreading risk and maximising value.



## Introducing Test Management in NL IT

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- As of November 1<sup>st</sup> 2005 Test Management was installed and became part of the MT IT
- A team of Test managers and Test Specialists was formed
  - To contribute to the objectives of the new IT organisation of Services NL / IT (and subsequently the BU NL business community) by providing, maintaining and managing a **cost-efficient, agile, transparent and effective test process** using the (offshore) test execution capacity of the different vendors for all test phases, including functional testing
  - To contribute to the objectives of Services by creating leverage by **sharing knowledge, tooling and processes** across the Global ABN AMRO organisation
  - These goals are further detailed in **four objectives**: value, quality, agility, and people.
- 13 Test Managers, 12 Test Specialists, covering around 350-400 projects
- Also including Test Methodology to secure use of AAB way of testing (Risk & Requirements Based Testing)

## Introducing Test Management in NL IT

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- Role of Test Manager became less content driven, more focussed on sub contracting
- Test Manager responsible for all test matter in a domain (portfolio)
- Dealing with Cultural gap, Training and courses held, including Inter Vision
- Focus was on deliverables, rather than on managing resources (old habits die hard!)
- Coaching needed to develop new behaviour (let go, building relationships)
- The relation with PM and Business (BAM) was to be defined and refined through 2006
- Test Specialists became important as keepers of the quality of all products delivered in the process (entry and exit criteria)
- Test Manager and Test Specialist teamed up for a specific domain to gain on performance and quality

## Introducing the Test Vendor within NL IT

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- **Target:**
  - Offshore the Test execution (including the UAT) using one of the Harvest vendors, preferably not the AM/AD preferred vendor (TCS)
- Phase 1: short list and selection of Test Vendor (completed March 2006)
- Phase 2: Installation of Test Vendor (governance and engagement model), and refining of contract for the Role of a test Vendor in relation to other vendors and AAB (completed April/May 2006)
- Phase 3: Knowledge Transfer for all domains (completed Jan 2007)
- Phase 4: involvement in Test Projects as independent tester (started June 2006)

## Introducing the Test Vendor (phase 1)

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### Short list and selection of Test Vendor

- Criteria were defined in terms of skills, experience, sizing, track record
- Scope fixed to current Harvest vendors
- Short list based on response and artefacts (out of harvest contract negotiation)
- Ruled TCS out as they were our main AD/AM vendor in BU/NL
- Infosys selected as the Test vendor (March 2006)



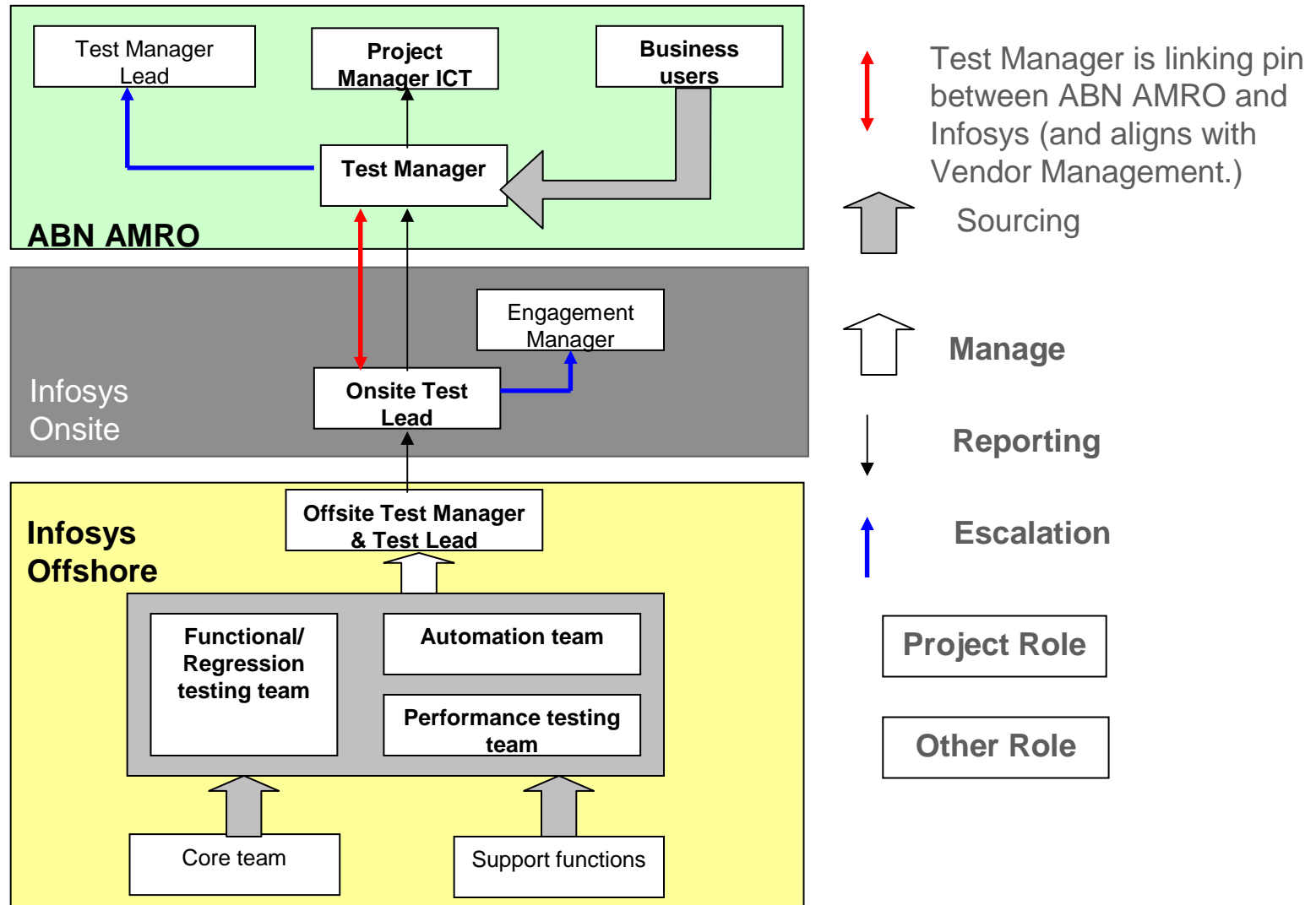
## Introducing the Test Vendor (phase 2)

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### Installation of Test Vendor

- (governance and engagement model), and refining of contract for the Role of a test Vendor in relation to other vendors and AAB (completed April/May 2006)
- Set up of Addendum (Testing Services doc.) to refine the contract in terms of roles and responsibilities
- Define the core team per domain and have them onsite (with LT work permit!!)
- Team up Test Manager, Test Lead and Test Specialist
- Build common KPI's
- Define reporting for all levels
- Get to know each other and understand the culture (both ways)!

# Team Organization



## Introducing the Test Vendor (phase 3)

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### Knowledge Transfer (KT) for all software components

- Fixed Price for complete KT, over 800 applications/components in 42 portfolio's
- Per portfolio a plan was approved explaining time and resources needed
- KT through interviews and documents reading, and hands-on use of test environment
- Knowledge from both IT and Business needed
- Approval from Business, portfolio mgt. and TM by means of
  - Signed of Portfolio Appreciation Document
  - Play back presentation by Infosys about functionality and test subjects
  - Short real live test execution based on test scenarios delivered by AAB
- 40% right first time, for the rest we gap's were defined and closed with next playback sessions
- Sometimes KT was arranged in projects if needed for scheduled projects

## Introducing the Test Vendor (phase 4)

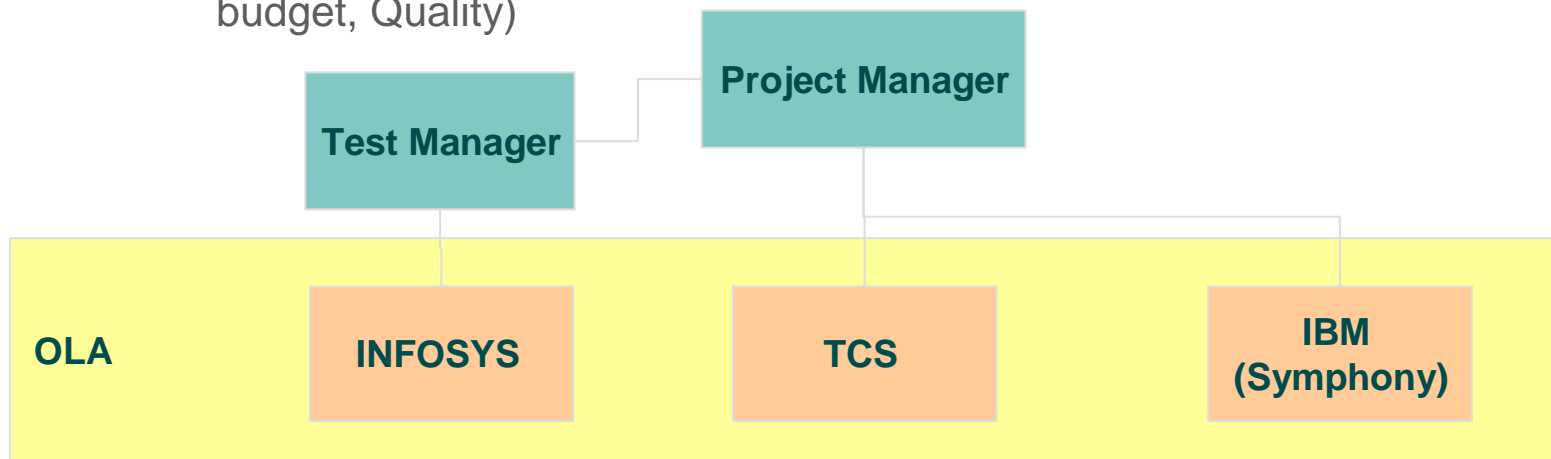
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### involvement in Test Projects as (in)dependent tester

- Infosys was initially involved only in test execution (including test cases preparation),
- Per project a work order was defined for the deliverables by Infosys, preferably fixed price
- Experience Transfer: even after successful KT Infosys was not always able to conduct testing independently due to lack of technical And functional knowledge, some KT's were extended/expanded
- In due course of 2006 we focused more on the role of the Infosys Onsite Test Lead to take ownership of projects
- Lot's of discussions about estimations, test strategy and resourcing; learning to work in the new model

## Understanding Multi Vendor

- For Services NL IT there are generally 3 vendors in each project:
  - TCS as AD/AM Vendor , also Lead Vendor from start till PIP
  - IBM as infrastructure Vendor, including support and acceptance
  - Infosys as Test Vendor
- Work orders per project with each of them, those with Infosys managed by TM
- Underlining OLA's to enable co-operation
- TCS and INFOSYS managed through SLA's on performance (time, budget, Quality)



## KPI's 2006

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- Work Volume to India
- % offshore
- Elapse Time testing (FAT + PPT/PAT + BAT)
- Test costs in Euros as % of total project costs
- Conformance to original test schedule
- Test project change elapse time (5 days)

## KPI's 2007

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### Quality

- Defects found in Production
- Defect removal effectiveness per project
- Core team retention percentage

*More Quality*

### Agility

- % test automation per domain
- Elapse time per domain
- Conformance to original test schedule
- Test project change elapse time (5 days)

*... but stay flexibel*

### Cost

- Offshore / Onshore target
- Test Costs Infosys versus total Indian vendors
- Test Costs per function point
- Function points per week

*... and cheap!*

## Lessons learned

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- Cultural gap
- OLA's and contract
- Deliverables versus managing resources
- Methodology
- Knowledge versus experience



## Lessons learned (culture)

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- We are different, so are they
- Build a relationship
- Invest in each other (work and personal life are the same)
- Ask the right questions and look for proper confirmation
- appreciate their view on the world (India has the future)
- Agree on cultural training on both sides, with proper follow up
- JIT v. SIT, and IST
- Confronting discussions are not effective, listen and looking for solutions are
- Avoid haste and impatience
- Avoid loss of face
- 'Help' them to find the proper onsite candidates

## Lessons learned (OLA's and contract)

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- Due to the multi vendor concept underlying OLA's are essential, including penalties
- OLA's should be linked to SLA
- A contract will never be specific enough to deal with day2day operational questions, attitude comes in play
- Give all vendors their own responsibility to perform, and have them managing the dependency themselves (with proper reporting)
- Manage the behaviour of escalation, or that will become your daily task
- Have a detailed definition of roles and responsibilities, as well as what you pay for and what not (idle time!? FP or NOT? )

## Lessons learned (deliverables v. resources)

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- Old habit is to manage people (test team)
- Focus must be on deliverables and productivity
- If well chosen it also enables you to manage progress and, with FP, need for extended effort
- Prevent discussions on idle time and dependencies with other vendors (depends on you contract), which forces you into resource management
- Make the vendor responsible for the whole test project, manage the exception requests and escalations
- Go for Fixed Price, but within reason and define the exceptions you will grant upfront (scope, dependency not manageable)

## Lessons learned (methodology)

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- We have our way, but they are most effective when using their method (and often negotiated in the contract)
- Define the link and exchanges between own (Product Risks use in Test cases) and their process.
- Have proper training on both sides to understand how the 2 worlds come together
- Ensure enough seniority in the team to understand concepts of methods and how to manage this
- Enforce use of tools that prevent vendor lock in

## Lessons learned (knowledge v. experience)

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- KT should focus on all aspects for a tester, including:
  - Functionality high and low level
  - Understand main testing points
  - Know the testware
  - Know the test environments and the specifics with it (interfaces)
- Get proof of extensive knowledge by pilots in projects
- Take the three steps approach:
  1. Have them test with you managing it as KT extension
  2. Next time have them in control but work with them closely
  3. Let them test independently, but always with enough check points
- Involve Business in verification of results and agree on when ET is completed and manage that timeline

## Agenda

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**Questions?**

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