

Feb. 16, 2005 Issue 7, Vol.2

3 QUESTIONS: Optimal IT Outsourcing in the Public Sector

With Sam Sliman, executive vice president for Optimal Solutions Integration.

Question: Thanks to Optimal Solutions' success in the government and public sector markets, Federal Computing recently named Optimal as one of the five companies to watch in Washington, D.C. What makes Optimal so strong in this sector?

Sliman: The primary driver for Optimal's success in the public sector markets is our extensive experience with complex, global ERP and SCM implementations. Beginning in the mid-90s, we were tapped to do work of this sort for numerous Fortune 500 companies. The success of these engagements helped us to gain a reputation as a firm that was not afraid of complexity, that could tackle global enterprise architecture issues, mitigate risks and make expensive technology investments pay off. This reputation served us well as a calling card to federal agencies and public sector enterprises that began embarking on similar, large-scale initiatives around 2000.

Equally important is our deep business process domain knowledge. We are as much business process experts as accomplished technologists, which distinguishes us in the market. We're often thought of as the expert's experts, particularly when it comes to architecting or re-architecting core enterprise IT infrastructure for global operations.

Finally, and this point should be underscored, Optimal has worked hard to gain the trust and respect of large consulting firms. Typically, these firms, and I'm referring to the big-five types, serve as the prime contractor in large government and public sector engagements. Competition for this work is fierce. The review process is lengthy and rigorous. These big firms need subcontractors who bring genuine value to the table, team players that not only can work the business but also have a major impact in winning the business. Optimal's proven track record in the government and public sector — the experience and contacts that accompany this success — makes us a valuable asset to large firms looking to tip the scales in their favor.

CONTINUED >>>

Question: What are some of the biggest challenges in outsourcing IT to government agencies?

Sliman: Probably the greatest challenge is getting on the appropriate radar screens. Identifying and building rapport with the right people at the right agencies takes a lot of time and hard work — research, attending conferences, networking, that sort of thing. And there is rarely one "right person," which means meeting a lot of people in order to cover all of the bases. Also, it's important that these people understand what differentiates you from the host of companies doing IT work for the government. Making sure they understand the specific skills and advantages your company offers requires constant effort.

Another big challenge is the long sales cycles. Keep in mind that many of these deals can be extremely large, dwarfing anything in the commercial sector. It takes quite a bit of commitment, patience and perseverance to see things through from start to finish. We've worked on deals for 18 months or more before a contract was awarded.

Working in a multi-sourced environment is another challenge. Again, because these deals are often very large, there are usually quite a few outsourcing companies involved. Many times, some of those companies are your competitors. It's very important to have a workable, realistic partnering model.

Question: How do you see this niche market growing over the next five to 10 years?

Sliman: We anticipate significant growth over the next five to 10 years because, in general, the government's stance on outsourcing has been changing dramatically. At the beginning of 2000, the federal government really started to concentrate on modernizing the IT systems used to conduct business. The Defense Department, in particular, has intensified its focus on streamlining operations and becoming more efficient. As a result, more and more government agencies and public sector enterprises are following suit.

The changing demographics of the government IT workforce also may spur market growth. In the near future, a large percentage of government workers will be retiring. There's also been quite a bit of brain drain over the past several years as workers leave for opportunities in the private sector. It is becoming increasingly difficult for the government to hold on to skilled employees who can manage the complexities of government IT — and yet someone still has to do the work.