



OAO TECHNOLOGY SOLUTIONS®

Transforming IT Operations using a Strategic Workforce Transition Methodology

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Controlling Resource Costs While Ensuring Continuity

Finding the right specialized or technical expertise is an integral part of every company's strategy. With increasing demands on company leaders for improved profitability, global competitiveness, and higher productivity, the decision to outsource Information Technology (IT) staff positions plays an important role in long-term business growth and success. When a transition of incumbent employees is carefully planned and orchestrated it will attract, retain and motivate a high-quality workforce.

So how do leaders mitigate the risk of losing institutional knowledge and still derive savings and increased value through outsourcing? By transitioning current IT employees to a Managed Service Model, businesses can achieve their strategic goals, reduce costs, improve customer satisfaction and gain other efficiency improvements.

When considering this option, look for a model that accommodates the dynamic requirements of each end-customer, maximizes employee retention, optimizes knowledge transfer and minimizes destabilization before, during and after the transition. A workforce transition can escalate business transformation strategies and achieve measurable performance improvements, such as:

- Reducing high IT department costs or managing expenditures under a new cost model
- Allowing the organization or business to focus on core competencies
- Gaining fresh technical skill sets in specific areas
- Enhancing the ability to remain competitive across the global landscape
- Achieving relief from financial pressures through immediate cost savings

Workforce Transition Management Life Cycle

The most effective way to achieve workforce transformation without service interruption is to transition IT employees to a Managed IT Services provider whose expertise *is* IT and to one that offers competitive compensation, benefits, training, and career development opportunities for the transitioning employees.

A long-term view of the workforce transition life cycle examines both business and personnel implications and focuses on employee retention well beyond the “re-badging stage.” This strategic approach results in improved employee satisfaction and, ultimately, greater productivity and efficiency. The key elements of a successful transition are as follows:

- Careful planning and implementation
- Proactive preparation prior to contract approval and transition
- Understanding and focus of business requirements (comprehensive due diligence process)
- Assignment of an experienced Transition Manager and Project Manager
- Consideration and respect for the incumbent employees

Workforce Transition Methodology

A solid workforce transition methodology combines formal policies, procedures and industry best practices into a systematic roadmap designed around five key stages: Preparation, Innovation, Communication, Implementation and Transformation (see Figure 1). Each stage represents detailed processes, financial investment, timelines and critical success factors.

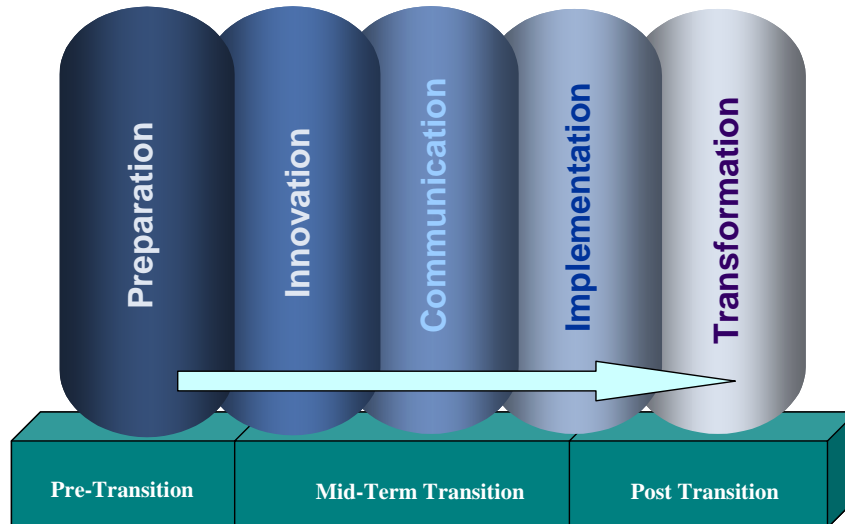


Figure 1: Five Key Stages of a Solid Workforce Transition Methodology

Preparation

Successful workforce transitions are attributed to carefully detailed plans tailored to the customer's culture, location and population. These plans are executed by workforce transition professionals who offer the requisite skill and knowledge in three distinct phases, including pre-transition, mid-term transition and post-transition.

Pre-Transition Phase. Assessing the current plans, strategy, goals and objectives with regard to the technical operations and determining the number of full-time employees (FTEs) required to perform the work is paramount. The Pre-Transition phase and communications are initiated between a company's transition representative and the Managed IT Services provider.

Mid-Term Transition Phase. Once the contract has been signed, the Workforce Transition Team moves swiftly to execute the transition plan and address any unique requirements and issues associated with each company's needs. An initial assessment is conducted by a small, targeted team consisting of experts from Human Resources, Operations, Finance and Sales organizations. These are the team members who review, research and develop the checklist that details each stage of the transition.

Post-Transition Phase. A comprehensive set of milestones and actions are deployed to achieve proposed staffing levels and seamlessly transition the work before the end of the scheduled phase-in period. Adjustments are made as necessary to ensure a stable workforce and technical environment and to maintain continuity of services.

Innovation

In addition to innovative transformation of IT operations, the Managed IT Services provider must have the flexibility to address transitions of any size and type, while retaining institutional knowledge. This includes transitions ranging from one employee to hundreds of employees.

Organizational Structure and Management. An effective Managed Services Model has an organizational structure that is responsive and flexible at each level of functional responsibility. On-site Project Managers who are well-rounded, and multi-disciplined, such as strong program managers, technical experts, and HR specialists are authorized to identify employees who can rapidly become a member of the transition team.

Comprehensive Documentation. Specialized technical writers rapidly document the technical processes of a complex operation for the entire spectrum of IT positions, including steady-state operations, disaster recovery tests, contingent operating plans and transitions.

Communication

An effective communication roadmap, fundamental to every workforce transition, must reflect the proper emphasis on effectively managing people and the retention of institutional knowledge. Successful communication begins well before contract signing and requires well-integrated and parallel tracks, including communication within the transition team, with the current employer and with affected employees.

Transition Communication. Prior to the start of the transition, the transitioning employer announces the selection of the Managed IT Services provider. Shortly after the contract award, meetings are held with incumbent management and members of the incumbent staff, followed by appropriate group meetings and individual meetings with employees. When an employment agreement is reached, the Managed IT Services provider sends a formal offer letter outlining the offer and employment details to each employee who transitions.

Proven Communication Techniques. At the start of the transition, face-to-face meetings and open houses are conducted to ensure all employee questions and concerns are addressed. Employees receive an introduction and orientation packet containing information regarding benefits, compensation, job opportunities, career advancement and available education and training. An effective orientation process produces a well-informed, motivated and productive workforce.

Implementation

Team dynamics are critical to a successful workforce transition implementation. Transitioning core team members and incumbent employees, as well as recruiting for any unfilled positions, takes place during this stage.

Staff Stabilization. Staff stabilization begins by identifying core staff members that possess critical institutional and business operations knowledge in order to mitigate risk during transition. These team members work with the transition management to develop transition and contingency plans, and they also play an important role in ongoing communications with incumbent employees throughout the transition life cycle.

Recruiting. The Managed IT Services provider must have an established recruiting engine for identifying and hiring highly qualified individuals for all required positions, as well as the capability to recruit at all levels. In order to successfully support customer programs, the recruitment strategy must include offers that attract incumbent employees and, if necessary, new hires to refresh technical skills.

Transformation

Through the use of an effective and proven transition framework, it is possible to retain highly qualified employees while addressing individual needs by means of well-defined policies. In the post-transition phase, it is important to maintain an open door policy and to promote an employee suggestion program for the purpose of encouraging employees to engage with the Managed IT Services provider regarding their career interests.

Skills Assessment, Mentoring and Training. Upon employment, an assessment is conducted on each employee's skills, education, training, certifications, experience and ability to deliver on Service Level Agreements (SLAs). This review addresses his/her current position, as well as short- and long-term goals and his/her capabilities and potential. Team meetings are used to communicate and reinforce information to improve quality, service delivery and employee development and to share operational experiences for problem avoidance. By participating in mentoring and training programs, the employee attains the required knowledge to achieve a desired skill level, such as completing a formal certification process or meeting the requirements for advancement within the organization.

Technical and Management Progression. Employees who assume greater responsibility through technical and management progression are tracked by the Managed IT Services provider as candidates for leadership or supervisory positions. A training program that educates and prepares new managers enhances service provided to the customer and also effectively incentivizes employees. In addition, individuals and groups may be rewarded based on job performance, allowing for additional compensation for individuals, groups, teams or departments that consistently exceed established SLA metrics.

Overcoming Workforce Transition Obstacles

The Managed IT Services provider must work closely with the client to determine possible risks or concerns and gauge the "employee atmosphere" prior to the transition. The incumbent's employer is a major influence on an employee transition and when framed in a positive light, morale and satisfaction will, in most instances, remain upbeat. If an employee elects to pursue other opportunities, the Managed IT Services provider will provide a highly skilled candidate to fill the position.

All incumbent employee concerns about their benefit plans, including insurance, retirement and scheduled and accrued vacation time will be resolved during the employment offer process. The Managed IT Services provider must have proven past performance for meeting all SLAs during transition or steady-state operations. Productivity is maintained by hiring incumbent staff, beginning with the most critical employees.

When dealing with a non-compete agreement, a pre-selected team of the Managed IT Services provider's employees perform the work and, in tandem, actively target pre-selected external candidates for positions. All new hires go through a rigorous training, cross-training and certification process to learn the processes and procedures for each position and shift. This approach better prepares new hires for the eventual staff turnover and ensures continuity of operations.

Summary

The total value of an outsourced IT and workforce transition solution is significantly improved by aligning business, financial and IT objectives with defined organizational goals. When an organization's core business is not IT-related, a Managed IT Services provider enables you to focus on critical business functions, such as deriving revenue, remaining competitive and increasing profitability.

A more centralized IT solution also allows your organization to access best practices, gain process efficiencies, reduce financial impact and exposure and improve operations by leveraging the Managed IT Services company's experience. The benefits of IT outsourcing and workforce transition are:

- The organization can focus exclusively on its core business functions
- Incumbent employees have the opportunity to work in a global, IT-specific organization, receiving on-going and job-related training, while applying broader IT-related skills
- The organization achieves an IT solution built on industry best practices and repeatable processes with a predictable recurring cost model and access to critical skill sets

Whether your organizational goals are to reduce costs, improve your IT operations, or focus the organization on core business opportunities, a strategic workforce transition can derive additional value for your organization.

Contact Us For More Information

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Allen Price

Director of Human Resources, OAO Technology Solutions, Inc.

Allen Price, Director of Human Resources for OAO Technology Solutions, has global responsibility for human resources, including employment and recruitment, benefits administration, compensation, labor relations, employee relations, Human Resource Information System (HRIS), and new business transitions. He works closely with the senior and executive management teams to integrate the human resources function with the Company's strategic business plan. His team provides human resources support to all levels and business units of the Company.

Beginning his career with OAOT in 1999, over the last 10 years Allen has held the positions of Affirmative Action Manager, HRIS Manager, and Manager of Human Resource Operations. In 2005, he assumed his current position as Director of Human Resources.

Allen has achieved his Professional in Human Resources (PHR) certification and is a member of the Society for Human Resource Management (SHRM), as well as the International Foundation of Employee Benefits Plans (IFEBP).

Cameron Chehreh

Senior Vice President/General Manager, Strategic Business Solutions and CTO

Cameron Chehreh joined OAO Technology Solutions, Inc. (OAOT) in October 2007 as Chief Technology Officer and is also the President, Strategic Business Solutions. He is responsible for leading the company's Application Outsourcing expertise and providing a full complement of application, architecture and IT alignment services for our customers. In addition, he manages the expansion of the company's Global Managed Information Technology (IT) Services and Solutions portfolio that solve a wider range of customer challenges. His technical and business expertise establishes him as an IT Industry thought leader, and he was a guest speaker at the Gartner Government Conference (GCON) on the topic of Case Management and Service-Oriented Architecture (SOA) strategies.

Cameron began his career in the staffing industry as an Account Manager for the Maxim Group. At Tek Systems, an Aerotek, Inc. company, he provided helpdesk and field location support and was the PeopleSoft technical lead. Following this, he held positions as Senior Applications Engineer at USinternetworking and Enterprise Architect for COTS solutions at Digex, Inc.

Immediately before joining OAOT, Cameron was the acting Chief Technology Officer and Enterprise Solutions Architect for Northrop Grumman Information Technology's Enterprise Resource Planning (ERP)\Customer Relationship Management (CRM) division of the Civilian Agencies group. As Technical Director, he designed and implemented an application-focused Center of Excellence with core technologies from Oracle, PeopleSoft, Siebel, SAP, and Microsoft that supported rapid prototyping solutions to support the business development efforts of the corporation. Cameron holds a Bachelor of Science degree in Audio Engineering and Mass Communications from Middle Tennessee State University.

About OAOT

OAOT (www.aoat.com) is a global leader in Managed IT Services and Solutions to Fortune 500 corporations, global outsourcers and government agencies. The Company's core competencies include applications outsourcing, data center and infrastructure management and staffing solutions. Headquartered in Greenbelt, Maryland, our 1,600 worldwide employees are located throughout the United States, Canada and Europe.

OAOT Workforce Transition Expertise

Workforce Transition is the core of our business success and we are recognized for our ability to provide a competitive benefits package, hire the right people, ensure superior productivity and provide cost savings from day one. OAOT has typically saved customers an average of 15-20 percent in resource costs on an annual basis.

Below are a few examples highlighting our workforce transition achievements:

- Transitioned 40 employees in two separate locations within four days, with a 100% hire rate.
- Migrated legacy IT support resources, enabling our customer to focus highly competitive and profitable resources on technology expansion efforts.
- Hired a new staff at the rate of 23 per month for the first year and 400 employees over a two-year period.
- Hired a new staff of 200 employees to manage a complex data center in multiple work locations.
- Transferred union employees and have since successfully renegotiated their contracts every three years.