

## Benchmarking- Using Benchmark Data to Compare Suppliers

Barbara Beech  
AT&T Services, Inc. ■  
Senior Business Manager  
IT Sourcing Vendor Management  
908-824-9018  
bbeech@att.com



# Topics

- The Basics- What You Need in Place
- Factors that Influence a Benchmark
- Comparing Suppliers
- What to do with the Results
- Key Takeaways

# The Basics

- A size measure
- Industry Standard metric definitions
- A repository of data – at least a year’s worth
- Contract language that allows you to benchmark
  - and specifies how often
  - and what can be benchmarked
- Access to a benchmarker with a data base
  - Should contain industry data similar to your own company type of work
  - and many data points

# Industry Standard Metrics

- Quality
  - Defect Density (release and application)
    - Clarify Defects Included in Measure
- Cost
  - Project Cost
  - Maintenance Cost
    - Clarify Costs Included in Measures
- Productivity
  - Project Productivity
  - Maintenance Productivity
    - Clarify Effort Hours Included in Measures
- Project Cycle Time
  - Clarify Start and End Points

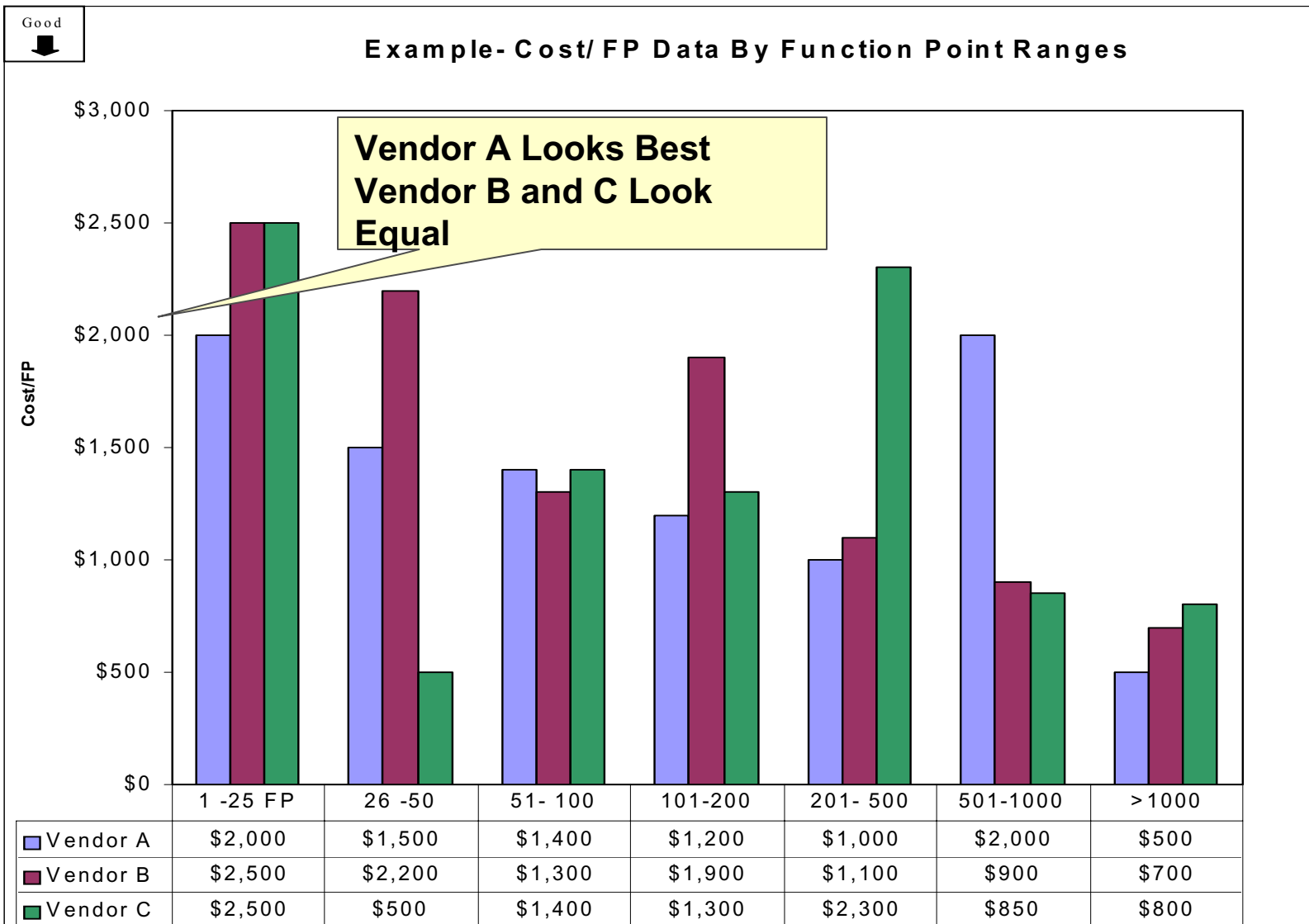
# Repository Data

- Project
  - Project Description
  - Type of Platform
  - Applications Impacted
  - FP Delivered
  - Cost or Effort Hours by Phase
  - Adjusted Cost (if needed)
  - Start date, End Date for Project
  - Number of Defects
- Application
  - Application Name
  - Age
  - Platform
  - Baseline Function Point Count
  - Number of Defects
  - Cost or Effort Hours for Maintenance Activities

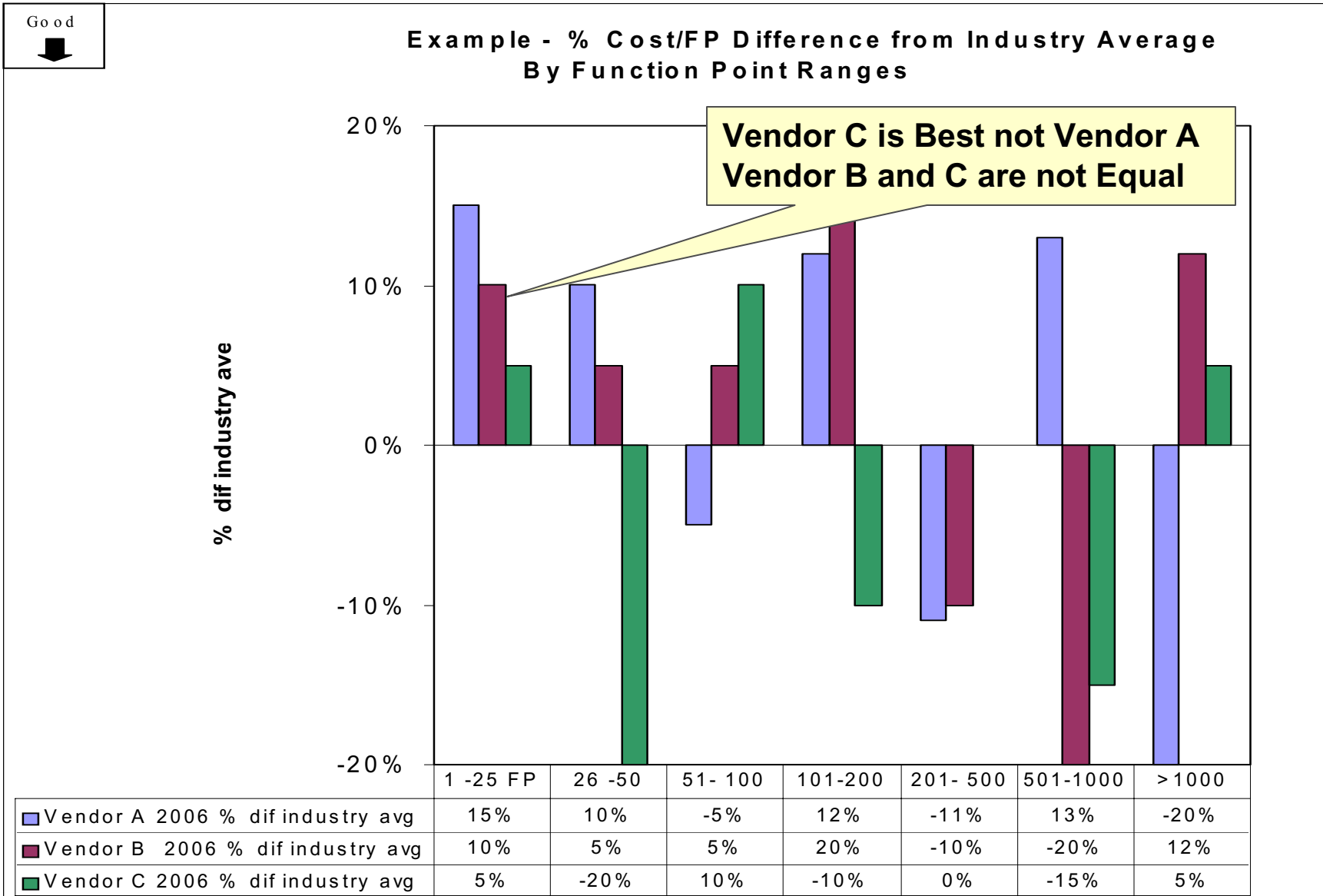
# Factors that Influence a Benchmark

- Type of Business (e.g. Telecom, Insurance)
- Type of Platform for Projects and Applications  
(Mainframe, Client/Server, Web)
- Phases of Development Included
- Type of Work Included (specific tasks)
- Type of Contract and Terms with Supplier
- Labor Rates
- On-shore/Off-shore mix

# Comparing Suppliers - Example 1 (illustration only)



# Comparing Suppliers- Example 2 (illustration only)





# What to do with the Results

- Understand Results and Need for Change
- Develop and Manage an Action Plan
- Establish Metrics with Committed Improvements
- Do Further Analysis on Process or Projects
- Monitor Improvements
- Benchmark Again to Ensure Continuous Improvement

# Key Takeaways

- All Suppliers are Different Based on Type of Work and Contract Terms
- Cannot Compare Absolute Cost/FP Data
- Industry Averages for Suppliers will be Different
- Size Measure is Necessary
- Standard Definitions of Metrics are Necessary