Co-Sourcing Lab Services – Maximizing Service Partners in a Lab Environment
Agenda

- What is the Co-Sourcing Continuum
- Benefits of a Collaborative Partnership
- How do you effectively develop a program
  - Identify Opportunities
  - Evaluating Suppliers
  - Implementing Effectively
  - Keep the Partnership Robust
- Case Studies
- Questions
Thinking of Making a Change – What Now?

A Successful Service Experience Requires Creating the Right Partnership

Where do we start?

- What should I outsource?
- Can we really save money?
- Can we keep our people?
- What would it mean to my personnel?
- Will we lose control?
- What is the cost of change?
- We want to keep our options open.
- How will we work together?
- We have tracking software already?
- Can a provider know our business better than we do?
- How do we minimize disruptions?
- Will we really get results?
What is Co-Sourcing?

**Co-Sourcing** is the combining of services, resources, and expertise from *within and outside* a customer’s business to achieve the same goals. Co-sourcing means:

- Partnership Approach
- Shared strategic goals for business improvement
- Shared business metrics

**Out-Tasking** is a transactional relationship. Relies on customer management and external sources for labor.

**Complete Outsourcing** is where Service Provider owns end results using processes, technologies, and people.

*Co-sourcing is about striking the right “Balance” with your Service Provider*
Balancing Risk vs. Value

Out-Tasking ↔ Co-Sourcing → Outsourcing

- Less disruption to bring back in house
- Less risk of intellectual property loss
- More flexibility to change directions
- More visibility into costs – FTE driven

- Reduced management distractions
- Leverage of outside expertise
- Leveraging of costs and/or technologies
- Alignment of goals
- Controlled FTE training, coverage, replacement costs – included in fees
- Reduced service provider employee turnover or service disruptions
- Added risk if relationship falters
## Partnership Continuum

<table>
<thead>
<tr>
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<th>Out-Tasking</th>
<th>Co-Sourcing</th>
<th>Complete Outsourcing</th>
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<tbody>
<tr>
<td><strong>Quality &amp; Control</strong></td>
<td>• Temporary support with less long term commitment</td>
<td>• Dedicated teams connected by steering committees</td>
<td>• Quality &amp; control responsibility of service provider</td>
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<td></td>
<td>• Variable quality</td>
<td>• Shared quality standards</td>
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<tr>
<td><strong>Organizational Knowledge</strong></td>
<td>• Lower provider expertise</td>
<td>• Industry expertise</td>
<td>• Industry expertise</td>
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<td></td>
<td>• Competing goals</td>
<td>• Common goals</td>
<td>• Need clear goals</td>
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<td></td>
<td>• Longer organizational learning curve</td>
<td>• Leverages organizational knowledge</td>
<td>• Potential loss of legacy information</td>
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<tr>
<td><strong>Accountability &amp; Metrics</strong></td>
<td>• Provider accountability for activity, customer must guide resources</td>
<td>• Shared goals / shared accountability / shared results</td>
<td>• Provider owns results and metrics</td>
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<td></td>
<td>• Metrics activity based</td>
<td>• Customer/provider interconnected metrics</td>
<td></td>
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<tr>
<td><strong>Process &amp; Standards</strong></td>
<td>• Provider follows customer processes &amp; standards</td>
<td>• Internal &amp; external resources share processes and standards</td>
<td>• Provider uses their processes, technologies, and people</td>
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<td></td>
<td>• Limited leverage of innovative best practices</td>
<td>• Best practice sharing results in increased efficiencies</td>
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**Balanced Internal/External Expertise - Optimized Value & Productivity - Aligned goals using SLA, KPI & Metrics - Selective Access to People, Processes and Tools - More Control/Collaboration in Relationship, Activities and Results**
How to Create a Co-Sourcing Partnership

Co-Sourcing – Shared goals – collaborative management – leveraged best practices

Identify Non-Core Laboratory and Support Activities

Engage Service Providers to Leverage Approach and Expertise

Implement the Program

Collaborate with Provider to Create Co-Sourcing Environment
Identify the Potential Laboratory Co-Sourcing Opportunities

- OVERALL INSTRUMENT AND EQUIPMENT SERVICE MANAGEMENT
- LAB CONSUMABLES MANAGEMENT
- INSTRUMENT REPAIRS
- EQUIPMENT REPAIRS
- GARMENT MANAGEMENT
- GLASSWARE MANAGEMENT
- CHEMICAL TRACKING & INVENTORY
- MEDIA PREP
- CHEMICAL WASTE MANAGEMENT
- MANAGING SERVICE PROVIDERS
- CALIBRATION & COMPLIANCE MANAGEMENT

Identify Non-Core Laboratory and Support Activities

- Consider biggest pain areas first that impact research or costs
- Evaluate the scope of processes, technologies, and people
- Evaluate components best kept internal, like an existing technology platform
Engage Service Providers

- What you should be prepared to do to get the most from the process
  - Provide your expectations and goals
  - Provide pre-visit data, scope depends on nature of activities
  - Provide site & process tours
  - Arrange for key stakeholders to meet with providers
  - Participate in an evaluation report out

- What to expect from a service provider
  - Willingness to “invest” in the evaluation
  - Detailed process and technology reviews
  - Comparisons of current state to future potential
  - Evaluation of the benefits, costs, and risks
  - Broad experience in lab and scientific operations
Evaluating the Potential Program

- Focus on your goals not activities
- Ensure Clear View of Process & Supporting Technology
- Evaluate Improvements and Implementation Expertise
- Evaluate Benefits, Costs, and Risks

Typical Results
- Increase researcher productivity
- Eliminate unnecessary service contract expenses
- Reduce of asset service cost
- Reduce asset purchases from improved utilization
- Reduce excess on-hand inventory
- Reduce lab stockpiling – free up lab space
- Reduce chemical costs
- Improve chemical regulatory compliance
Keys to Implementing a Program

- Planning, planning, and more planning
- Identify Critical Milestones & Timeline
- Identify Key Implementation Personnel
- Identify Risks and Outline Mitigations
Keeping the Partnership Robust

- Co-Executive support and regular guidance
- Routine operational reviews and communications
- Clear service levels, key performance indicators & detailed metrics
- Collaborative process improvement projects
- Periodic business reviews
- Broader Involvement in the Community
Case Study: Service Partnership

Situation Analysis

**Customer:** Fortune 500 pharmaceutical company aimed to consolidate multiple laboratory services and a consumables program under one umbrella.

- Supporting four sites
  - Glassware washing
  - Mail services
  - Dock management
  - Media prep
  - Inventory management
  - Chemical management
  - Other laboratory support functions

**Challenge:** Develop a customized service solution that delivered cost savings, improved service quality and maximized technician productivity.

- Managing expectations of existing service providers and the Company’s employees
- Aligning with the incumbent service providers contract expiration dates.

The New On-site Service Model

**Partnership Approach:**

- **Seamless transition**, site autonomy supported, company’s established processes and tools maintained
- **Four week quiet/planning period** — set up project resources, harmonized project plan and aligned with key stakeholders.
- **Leverage best practices** knowledge and a Project Management Office (PMO) structure led by six site-specific Project Managers. Additional functional support built into PMO including: HR, Finance, Communication, Service model
- **Implemented rigorous project management** methodologies including: Risk Management, Communication Plan, Project Charter and Project Plan/Report

Customer Results

- **Customer Program Savings of $3.0M to date**
- **Improved researcher productivity**; over +5,000 program hours/month time back to scientists
- **Recycling and Redeployment of assets** saving over $900K annually
- **Collaborative partnership** resulting in continuous process improvements measured by joint key performance indicators
Case Study: Service Partnership

**Situation Analysis**

**Customer:** Rapidly expanding clinical diagnostics partner required maximum instrument uptime:
- Proactive service management, immediate on-site emergency response
- Decreased costs and instrument downtime
- Consistent sample turnaround time to clients

**Challenge:** Develop a customized service solution that delivered cost savings, improved service quality and maximized technician productivity in a 24/7 high throughput lab environment

**The New On-site Service Model**

**Partnership Approach:**
- **Added dedicated MVS engineers on-site** to improve response time (< 2 hours) and first time fix rate (> 80%)
- **Provided on-site technical training** to internal customer engineering and support staff
- **Common repair and PM kit inventory housed on-site**
- **Proactive scheduling** and completion of planned maintenance, including instruments under warranty

**Customer Results**

- **Significant dollar savings** (~ 35%) on maintenance costs based on service delivery
- **Improved service response** (response time 72 hrs -> 2 hrs), instrument availability and researcher productivity
- **Trained internal resources** to assist in instrument triage outside of normal business hours
- **Managed inventory of stocked parts** with preferred pricing
The Co-Sourcing Partnership for Research Labs

Research Lab Environment Presents Unique Opportunities for Co-Sourcing

Determining the Right Balance Allows You to Manage Risk & Return

A Partner with Broad Technical Expertise in the Lab is Critical

Implementing & Maintaining the Program Effectively can Deliver Long Lasting Results

Ultimately it comes down to a robust partnership that provides innovative results at the best overall costs
Questions?

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