April 1998

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INSOURCING THE OUTSOURCED LIBRARY:
The Sun Story

By Cynthia Hill

Outsourcing may have become a hot topic in the special library world, but the trend is hardly inexorable. Indeed, after operating an outsourced library onsite for six years, last July the computer company Sun Microsystems converted the eight outsourced workers into full-time, regular staff.

The experience demonstrates that the oft-touted advantages of outsourcing, when tested against the real-world demands of business, may be more than matched by the value of a fully enabled, insourced library.

As library manager, I supported this transition. There were three fundamental arguments: the library had become a core competency of Sun; insourcing actually would save the company a hefty management fee; and insourcing would add value to our work, since our status as contract employees kept a glass wall between us and Sun, precluding top-notch service. A closer look at the library's history will help put this all in perspective.

Sun Opens a Library

Based in Palo Alto, California, in the heart of Silicon Valley, Sun Microsystems, Inc., a Fortune 500 company, designs and sells network computers in 150 countries. Sun established a philosophy of hiring staff within its core competencies and outsourcing the rest.

Sun's outsourcing strategies, however, are regularly reviewed. Sun has moved several services and staff in both directions: an internal marketing database was originally outsourced, then insourced; career services, an advisory service, was outsourced to ensure the confidentiality of the client.

Library services experienced its own transition. When it was founded in 1982, Sun didn't have a library. Though Sun had been using consultants to provide library services, in 1991, a critical mass within Sun--including engineering, R&D, and market research groups--decided that they needed a conventional library, offering a core collection of services and materials, among them basic reference and an online catalog. Since the library was not seen as one of Sun's core competencies, the company chose to outsource the management and daily activities of the library. Thus began what was then called Sun Corporate Library and Information Services, now SunLibrary.

As part of SunUniversity, the parent department, SunLibrary provides information and knowledge management to Sun employees. SunLibrary staff became involved in key projects that had high visibility and high impact throughout Sun. In 1993 SunLibrary Manager Wayne Reeves (my predecessor) helped develop SunWeb, Sun's intranet. A technical librarian was placed outside the library in Sun's R&D site to insure timely response to technical inquiries. The library answered complex inquiries from the market research group.

Library in Transition

I joined SunLibrary in May 1995 after managing a library at an engineering consulting firm. Reeves recruited me, seeking someone who could offer both vision and a marketing sense. However, I was hired solely by Adecco, the international temporary placement agency that ran
SunLibrary. Adecco operates no other corporate libraries but is committed to providing the services its clients need—and Sun is a longstanding client. During my interview process with Adecco, I had met the SunLibrary staff and the SunUniversity director. I wanted to explore how information could be effectively delivered to a world-wide enterprise through technology. And I was curious about the viability of outsourcing. How did it work at Sun? I thought that I might be a bridge between Sun, my client, and Adecco, my employer.

During the next two years, my Adecco manager, Kathleen Campbell, and I created a vision and management plan for SunLibrary. Despite her lack of library experience, Campbell understands strategic management issues. Although very aware of the bottom line and the financial impact on Adecco, her main aim was to provide the right level of services and staff to Sun.

The library did evolve. We brought the research and literature searching function back in-house. (What an irony, that an outsourced library would outsource a key competency, literature searching.) We actively marketed our services and resources by participating in the various career fairs and vendor fairs offered at Sun. New services were created, such as such as “SunSpots,” a targeted and electronically delivered media alert service. We also identified and licensed the appropriate web-based information services, delivering them worldwide to all Sun employees, and we increased our participation in the development of Sun's intranet.

The library’s unwieldy name, Sun Corporate Library and Information Services, was truncated. Sun has several “information services” departments. The name SunLibrary demonstrates a familiar, friendly, state-of-the-art department, its name--despite its low-tech connotation--a natural complement to such internal corporate names as SunSoft, SunService, and SunUniversity.

Outside—Looking In

After I had been at Sun for a few months, it became evident that although Sun, through Adecco, had highly qualified and experienced staff, it couldn’t fully use its capabilities. In order to comply with state and federal regulations for contract staff, Sun had established procedures that defined and limited the scope of interaction between regular Sun staff and contract staff. We frequently could not participate in negotiations with information services vendors. Glass walls prevented us from input during Sun’s annual budget process and research on business decisions, such as merger and acquisitions. We had to rely on external media to keep up on Sun’s business strategy.

Although I was the library expert within the company, I could not represent Sun in client presentations to other library directors. Also, the part-time library researcher onsite at our R&D laboratory was not able to attend quarterly R&D demonstrations limited to Sun staff, though she was providing research support on those exact products.

Indeed, some Sun employees lacked confidence in our ability to handle proprietary information. Only after several meetings could I convince one department manager that our "loyalties" were with Sun and we could be trusted with highly proprietary and confidential inquiries. I discovered that some potential library clientele weren’t even willing to discuss our capabilities since we were not "part of the team."

Influencing the Decision

In March 1997, my Adecco manager and I, after much discussion with the SunLibrary staff, formally presented the situation to our SunU director. We discussed two solutions: 1) remove the barriers within Sun that were hindering our capacity to provide the right services; or 2) convert the staff from outsourced status to insourced status. The first option was impossible; the SunU director indicated that Sun needed the barriers to ensure that outsourced staff were truly outsourced. However he initiated an investigation of the viability of insourcing. A Sun business analyst was asked to evaluate the situation and make recommendations in a White Paper, which I helped draft.

We could show that the library had evolved in several important ways. During the first two years I was a contractor, the SunLibrary staff did many things to evaluate our position (many of these activities are ongoing) and to demonstrate our value. We began always to know the bottom line; we continually analyze the cost of keeping a service in-house vs. outsourcing it.

We had begun to measure the usefulness and strategic placement of our services. Instead of counting the number of books circulating, we identify and measure how that circulation (which equals use) helps the user. For example, the statistics we located in a market research report were used by a vice pres-
ident in delivering a keynote speech to an international conference. We regularly present such usage information to our management.

SunLibrary staff and I became more visible, attending Sun presentations and technical talks, participating in local Sun-sponsored community events, and exhibiting at company fairs. We met other Sun employees to find out what information and knowledge-sharing questions they might have.

Making the Case

By documenting "failures" of outsourcing, we created an argument for insourcing. I continued to report when we were blocked from key research and participation in company activities. (Today, I document our successes: being invited as a team member for the redesign of the intranet, participating in a Sun project with a major university executive MBA program, and creating a knowledge sharing database with a business unit partner.)

We got to know the internal and external competition. We compete with other outsourcing organizations in the region, as well as minilibraries and market researchers within Sun. We have studied their pricing models and services and remain conscious of what we can offer and when we might form partnerships.

We provide relevant, key services and products. We have dropped low-impact services like photocopying materials available on our intranet. And we have streamlined processes, for example, jettisoning extensive data on the receipt and tracking of periodicals. Thus, we’ve increased staff time available for more strategic projects.

Also, we’ve established good relations with potential financial supporters who run departments and business units. To show them we’re adding value to their daily and long-term operations, we regularly meet with their staff to discuss their information needs.

We continue to hire and develop good staff, adding new competencies to our skill sets. We are able to quickly identify and respond to new information needs in a highly competitive industry.

Moving In-house

The White Paper, "Should the Library Be Insourced?" contrasted the business risks associated with both insourcing and outsourcing, focusing on the key decision points: core competency, job performance, and financial impact. The SunU director was convinced that Sun would be better served by converting the SunLibrary staff to full-time, regular status.

In this case, Sun would save a significant amount of money. Sun would have to pay workers slightly higher salaries and would have to commit more resources to enhancing those employees’ career paths. However, Sun would save by eliminating the yearly management fee, which, calculated as a percentage, would have grown as salaries grew. Given the competitiveness of the library market in the Bay Area, Adecco could not have undercut Sun’s cost by hiring staffers at much lower rates. All full-time outsourced staff had full benefits, including medical, dental, vacation, and 401(k) choices.

However, finances were only one part of the issue. Our concerns had been heard, and Sun’s management recognized that our status as contractors prevented us from adding full value. Also, they recognized that outsourced staff would be more likely lured away by other offers and Sun would lose some corporate history.

Core Competency

Most importantly, the director was convinced that, as the company and library had changed, SunLibrary’s services had become part of Sun’s core competencies. Sun’s vision is to "enable organizations to integrate and leverage information resources across the enterprise and around the world." Because Sun staff were constantly requiring information and knowledge in order to meet their goals, SunLibrary had become a core competency.

It took about four months to negotiate the transition. Several groups of stakeholders had to be consulted and informed. They included SunLibrary staff (who were comfortable under Adecco with their total compensation and working environment, if not the scope of their duties); the Adecco manager and Adecco management (they stood to lose a sizable annual management fee); the SunU director (how would eight additional staffers affect his bottom line?); SunU managers and staff (how would SunLibrary staff be integrated into the group?); and Sun employees (was insourcing the best way to offer information services?). During the process, we actually identified possible new business areas and customers that would find our services relevant.

I supported the changes. I knew we could offer new services and products critical to Sun if outsourced. When the company announced the decision to insource the library, some 200 staffers were invited to a champagne reception. No one
questioned the decision. Rather, they expressed satisfaction that the company had recognized the worth of the library and the value of information as a core competency.

Keeping It In-house

During the conversion process, we had to cover our existing salaries, benefits, collections, and services budget without negatively impacting Sun’s financial projections. Because we saved the management fee, we were able to propose a new budget that was less than the existing budget.

Since moving in-house, we have been able to become more effective in pricing and supporting the costs of SunLibrary’s services. Now we not only get transactional financing, charging for individual inquiries or document requests, but we can also get project financing, as we join teams and are compensated on a cost-sharing or total recovery basis. We have increased our research time available each day as we reduced or eliminated the time necessary to administrate the daily running of the department. As outsourced staff, we had to spend many hours on issues such as security (keeping our access to Sun open) and Information Resources support. As outsourced staff, every six months we had to complete a survey justifying our need to have access to Sun equipment and Sun’s intranet. Since not all outsourced services need this access, Sun requires that it be regularly reviewed—a time-consuming process—to prevent unauthorized access to proprietary and confidential information.

Today the library—which still includes three staff who started with the original team eight years ago—continues to use some contract staff. We continually assess whether that staff function or other functions should be converted to a regular employee. For example, the SunLibrary staff regularly identifies and evaluates the key electronic resources, periodicals, books, and videos that are required to support our business units, and we outsource the routine administration of them. Periodicals are handled by a contract staff person who daily checks them in, shelves, creates the electronic table of contents, and claims missing or damaged issues.

Our research inquiry service offers another example. Research is provided by our technical and market researchers, and document delivery is fulfilled by our outsourced vendors.

Just because today we are Sun employees doesn’t mean that the decision won’t be reevaluated. As with all services within Sun, ours will be reviewed for its alignment to our parent organization’s core competencies.

It continues to make good business sense for Sun to outsource competencies that are not critical to its business. As we evolved from standard, conventional library services to state-of-the-art, in-demand services, we became a critical factor to Sun’s vision. It was not enough to offer the best book-ordering and circulation services. We had to provide timely, high-level service in research and knowledge sharing and become a critical component in the information and knowledge management initiatives at Sun.

SunLibrary’s evolution is hardly typical. It began as an outsourced library, and it was managed by a company with more interest in maintaining its relationship with Sun than in expanding its library business. However, the basic issues raised by the Sun story—of core competencies, cost savings, and value added—should be considered by anyone reckoning with outsourcing or insourcing library services.

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