

Introduction

Do you find that operations support in global distributed environments today almost completely rely on a few key senior support personnel coupled with a certain amount of heroics? Do you find that the operations staff tends to be in a reactive position as opposed to that of a proactive one? Do you find that you are struggling with folding your third-party support providers into the overall operations framework?

Let's face it, operations in a global distributed environment is, relatively speaking, a new paradigm. Challenges exist with being able to clearly define the technical environment along with its associated portfolio of services. Few benchmarks exist to use as a guide for setting up a successful operation. There is no point in having the best network, or the best applications, or the best servers in the world if your users cannot use them to build the business.

Management, pushed to deliver increased productivity and new sources of competitive advantage, increasingly rely on the availability of information systems as a contributing factor to user productivity.

Users, empowered by the influx of information to their desktop, are becoming more technologically savvy and more demanding about the capabilities and performance they need from their systems.

This means that greater focus needs to be placed on making sure information systems are accessible anytime to anyone who needs them. Equally important is to ensure that users are trained properly to make full use of and gain maximum productivity from these systems.

This book presents an enterprise integrated service delivery approach, that solves the problems of today’s operations in global distributed environments by defining the scope of services and responsibilities that are a critical part of enterprise IT. The mission of integrated service delivery is to provide services and information that help users become even more productive.

This book focuses on the basic vision, processes, goals, and performance measures of an enterprise integrated service delivery operation, without limiting it to any particular delivery organization: internal or external, in-house, or outsourced. Learn how to set stretching goals, define a measurable set of services, and how to commit to delivering concrete benefits to the business!

► 1.1 Background

When we set out to develop an integrated service delivery (ISD) model to support a global distributed environment, little did we realize that the real power would be unleashed through tight integration, both from a services portfolio perspective as well as organizationally. It was only when we had finished defining our “customer requirements” and “benchmarking” (really more comparing and sharing than benchmarking), that we fully understood the keys to operational success.

We found that organizations, whether they were outsourced or not, were all experiencing similar trends: sagging levels of service (LOS) and rapidly increasing costs, both resulting in customer satisfaction woes. A common theme became fast apparent: the speed at which the business moved to a distributed environment, and associated application set, far outpaced the ability to manage them effectively, (see Figure 1–1).

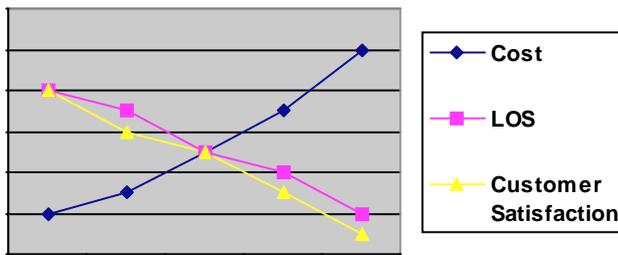


Figure 1–1 ISD trends.

It all points back to the fact that operations in a global distributed environment, being a new paradigm, is really only just maturing. Few benchmarks exist to use as a guide for setting up a successful operation, especially in larger organizations. In addition to not having “benchmark” organizations to model your operation, the appropriate technical tools do not exist to aid you in your quest to provide timely quality services at a manageable cost. Only now are the appropriate technical tools starting to become available.

Most of the frustrations associated with managing in this new paradigm stem from the successes that are enjoyed in the very stable legacy world. Legacy environments are normally predictable and centrally managed, and have had the benefit of 25 to 30 years of evolution and maturity, which makes them easily understood and managed. Variability drives change, change drives instability, and instability drives breakage, which drives cost and downtime, resulting in customer dissatisfaction. Those companies that have outsourced the operations of their distributed environments experience even further frustrations because this variability and instability only serves to decrease the ability of the service provider to respond to customer requirements in a timely fashion and usually translates into higher costs for the customer.

You are, however, not powerless in this world of ISD. We will show you ways to define your portfolio of services, and how to organize yourself to successfully deliver these services predictably, efficiently, and cost-effectively.

► 1.2 Sourcing from Within—Why Insource?

Interestingly enough, the companies that we visited in our quest for that all-elusive benchmark were all struggling with the outsourcing issue. Some companies had outsourced their entire operations piece and were struggling with the trends of decreasing LOS and increasing costs, as described earlier. Other companies were looking to outsource, citing that hardware and software operations were not a core competency. In either case, it is obvious that outsourcing is on everyone’s mind and will continue to be a viable alternative. The point we do want to drive home is that even though it is a viable option, it is only the correct one if certain factors are met. However, unless you have

truly defined and stabilized your requirements as well as your operation, you must lean toward insourcing.

There are many factors that come into play when deciding whether or not to outsource a specific functional area or business. There are entire books dedicated to this subject that go into much further detail than will be addressed in this chapter. It is, however, a very important piece of the overall ISD model, with regard to implementation, and will be addressed in this context.

Some of the more “important” factors to be considered are:

- Customer Satisfaction
- Financial Savings
- Delivery
- Quality
- Scalability
- Variability
- Measurability
- Predictability
- Definability
- Competency
- Staffing Capability/Retention
- Velocity (reaction to change)
- Stability

As you can see, the decision to insource or outsource is not purely one of economic consideration; the ability to react to changes in the business with timely delivery of quality services and the Q and D of the quality, cost, delivery, and value (QCDV) equation, plays a very big role. QCDV, defined in detail in Chapter 5, plays a very big role in customer satisfaction, which is probably the biggest factor to consider. Therefore, in order to determine whether or not it makes sense to insource, it is important to understand what makes for a successful outsourcing partnership. The thought here is that if you cannot establish a successful partnership, then you should look to keep these services in-house.

Let’s look a little deeper into a few of these factors and our rationale behind them:

1.2.1 Customer Satisfaction

This is the single most important factor to consider. You could argue that all the other factors listed above are a means to achieving customer satisfaction. This is why you see the list beginning and ending with customer satisfaction. To emphasize the point: How many times have you been willing to pay more for a good or a service because your level of satisfaction was so high? If the customer is not satisfied with the goods or services you provide, you can be sure they will either be looking elsewhere or escalating their concerns. It is for this reason that you must take a customer approach.

1.2.2 Definability and Measurability

Key factors to successfully outsource a specific functional area or business is dependent upon not only how well you define your customer requirements, but how well you can measure how they are being met. This may sound pretty basic and somewhat obvious; however, the fact remains that if you cannot clearly define what you need and are unable to put the appropriate measurements in place, then how can you expect your outsourcing partner to meet, let alone exceed, customer expectation? It cannot be stressed enough that you must be able to put the appropriate metrics in place. In addition to measuring your outsource partner, it allows your outsource partner the ability to measure themselves and to be proactive.

1.2.3 Stability and Variability

These, too, are among the most important factors to consider. Some of the most successful outsourcing ventures are with pieces of the business that are very stable, mature, definable, and measurable. This is why legacy operations are a perfect example of how to be successful with outsourcing. Legacy operations usually have very little variability associated with them. When we say variability we refer to changing requirements, changing functionality, dynamic customer base, etc. As stated before, variability drives change, change drives instability, and instability drives breakage, which drives cost and downtime, resulting in customer dissatisfaction. Think about the different pieces of your

operation; those with the least amount of variability are those that are most manageable both from a delivery and a financial perspective.

1.2.4 Predictability

Predictability of quality, delivery, and cost of service also has a direct effect on customer satisfaction. A perfect example of this is the fast food industry. How many times have you gone to your favorite fast food franchise expecting to get predictable quality, service, and price, regardless of the town in which you are. It is the same with any good or service: Customers expect predictability.

Other factors and observations to consider:

- You may be able to outsource specific functions or areas with the core competencies listed above, but what you cannot outsource is a common goal. The goals of any ISD organization should be to increase level of service and to reduce cost, both of which will increase customer satisfaction. These goals can conflict with those of an outsource partner whose main goal is to increase revenues. It must be treated as a partnership if success is to be achieved.
- Outsourcing has an increase in “formality” associated with it that manifests itself in the form of “red tape.” Therefore, if your business requirements are changing frequently, the ability for your outsource partner to respond with the same velocity may be hindered.

The message that should be coming across is that outsourcing makes the most sense in an environment, business area, or set of services that is definable, stable, and measurable. If these factors are lacking, then your outsource partner will not be able to provide the timely delivery of quality and predictable services in a cost-effective manner. In addition, you can be assured that customer satisfaction will be negatively impacted. The appeal of insourcing is that it allows you to experience the day-to-day operation of your business to better define your portfolio of services, the metrics by which to measure the delivery of these services, and provide for a chance to stabilize the operation. Once these factors have been defined, then the issue of outsourcing can be revisited.

▶ 1.3 Planning for Success

Success is not something that just happens. In order to be achieved, success must be planned for. There are certain factors, principles, and disciplines that will have a direct effect on the success of the outcome:

- Understand and Define Your Problem Set
- Define Your Scope
- Establish Guiding Principles
- Make Fact-Based Decisions
- Benchmark
- Understand Your Goal/Define Your End State
- Establish Coalitions/Gain Buy-In
- Exercise Quality
- Develop a Plan and Stick To It

1.3.1 Understand and Define Your Problem Set

Common sense, right? You would be surprised at the number of teams who find themselves significantly down the road and cannot remember or clearly articulate what the problem set is or what they are trying to address. The problem set should be understood, well defined, and documented. If you cannot clearly articulate the problem set, I can almost guarantee that it is not understood or defined. If you don't know what your problems are, then you will not know where to focus your portfolio of services.

1.3.2 Define Your Scope

Defining scope is one of those activities that you may find yourself revisiting a few times before the end of the project. However, do not let this dissuade you from developing an initial scope upfront. As you uncover facts, review results from “benchmark” visits, and in general become educated in the ISD world, you will find yourself adjusting your scope to incorporate “new” services or aspects into your model, or removing some “old” ones. The scope will help keep you on track.

1.3.3 Establish Guiding Principles

It is essential to establish guiding principles as a team. They provide the framework by which the team will approach all strategy and problem solving. They give the team a common perspective, based on those principles that are most valued. To better understand their importance, it is best to illustrate with the following example:

- Maximize Customer Satisfaction
- Maximize Level of Service
- Optimize Cost
- Optimize for Scalability and Provide for Reusability

Any output or decision should satisfy part or all of these criteria. Once the principles are agreed to, they should be referred to often, especially if the team is divided on a decision or direction to take.

1.3.4 Make Fact-Based Decisions

It is very easy to fall into the trap of making anecdotal-based decisions. It is human nature to yield to emotion, experience, “gut feel,” and perception. You will find that if you gather, organize, and analyze the facts, the outcome may be surprisingly different from that originally predicted. This is why any decision or approach should be supported by sufficient data, not so much to be able to defend or explain your position, but to provide assurance that you have truly thought things through objectively. Objectivity is the key.

1.3.5 Benchmark

Much can be said for the benefits of benchmarking. Its main purpose is to provide an exemplar, a high “watermark,” so to speak, after which you look to model your specific functional area or business. Two challenges exist with a successful benchmarking exercise. The first challenge is to effectively collect and organize benchmark data so that you are making an “apples to apples” comparison of the operations you are studying. This can be more easily facilitated by developing an outline of the information you are trying to gather and developing an asso-

ciated “questionnaire” to help you in your efforts to be consistent in your fact collection. The second challenge is finding a business, similar to your business, which truly has what is considered a “benchmark” operation. The whole benchmarking process, along with these challenges, is addressed in detail in a later chapter.

1.3.6 Understand Your Goal/Define Your End State

You are probably thinking to yourself that is ridiculously obvious, and we did too when we started out. However, our fact-finding left us “swimming” in so much data that we really found ourselves thrashing about, and when you are “wading” around in this much data you can find yourself losing sight of where it is you are trying to get to. The message here is to not only understand your goal and define your end state, but to refer to it regularly, use it as a guide, and, most importantly, modify it if necessary. Knowing where you are going and where you want to be is more than half the battle.

1.3.7 Establish Coalitions/Gain Buy-In

Developing an ISD model is not without its challenges; however, once it is completed the real work begins: the work of selling the model and gaining concurrence from management. This is why establishing coalitions is so important: gain buy-in early on and continue to sell your ideas throughout the entire project life cycle. An approach we took was to actually pull the management team into the development of the proposal, therefore, it was tailored exactly to how they like to be sold to. Certainly not a new approach, but a very effective one. You will find that when it comes time for final sign-off to move forward it will be a rather simple event if you have done a good job of selling early on.

1.3.8 Exercise Quality

Total quality management—an 80s and early 90s concept, right? Wrong! You will find that throughout this entire book we will refer to over a dozen “quality tools” that we used to develop our overall ISD

model. Quality really plays heavily into making fact-based decisions, root cause analysis, and in organizing your thoughts in general. It was the basis for most of our work processes and was integral in helping us achieve our ISD model. You will see specific examples of how we used quality tools in later chapters. We are happy to be able to say that quality is alive and well.

1.3.9 Develop a Plan and Stick To It

This book is not meant to be a Project Management 101 course; however, having said that, I do want to stress that it is very difficult to successfully deliver without a solid plan that is followed and updated continuously. Tenacity is probably the most important quality of a good project team.