



Get SMART Fast

How to Transform your IT Operation and Achieve Savings Beginning in 2009

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February 18, 2009



Introduction

The concern facing most IT leaders in a slowing economy is how to achieve savings fast. There is more pressure than ever to not only produce results but to achieve them in shorter time frames. IT leaders are not in a position to embark on programs that will see return two years out - they need results within one year. While speed is a key factor, improvements need to be made without causing large-scale business disruption or compromising the security of their data.

Beyond the obvious option of stalling new projects, the biggest opportunity to reduce IT spending comes in the form of gains in operational efficiency - keeping the business and IT operation running, but finding a way to do it with a lower cost approach. Ninety percent of the total cost of ownership of an application is related to the operational costs of maintaining that system after development is completed. If an IT leader can significantly cut the cost of application maintenance, or do more maintenance with the same amount of resources, then the associated cost savings can directly and immediately impact the bottom line.

Sierra Systems is a focused services provider that has a proven track record of achieving significant savings for its clients in the area of Application Management Services. There are many vendors in the market that offer AMS services – Sierra’s differentiation centers on its approach to identifying and tracking AMS benefit opportunities, its unique approach to delivering AMS services, and its ability to help clients move quickly, and smartly, at the same time.

Identify, Target and Track AMS Benefit Opportunities

With more than 30 years experience as a specialist in Application Managed Services (AMS), Sierra has the methodology, tools and people in place to not only reduce costs but also provide better service to business users in terms of responsiveness, performance, and reliability.

So how does Sierra do it? Firstly, Sierra has leveraged its vast experience working with customers to lower operational costs and has developed an “AMS ROI and Maturity Assessment” tool and methodology. The approach enables Sierra to work with its customers and follow a step-by-step process that quickly assesses the maturity level of an organization’s IT support operation, determines its readiness to quickly move to AMS best practices, and calculates the near and long term ROI opportunity available to the organization. The tool is specifically calibrated to identify quick-hit savings opportunities and streamline the process of transitioning to AMS best practices.

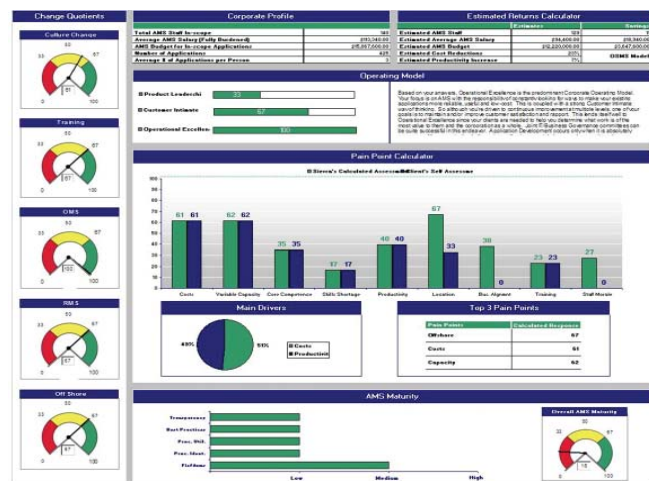


Figure 1: AMS ROI and Maturity Assessment Tool

Next, an organizational improvement roadmap is produced that maps to an organization’s specific ROI attainment and business improvement objectives. Sierra then injects best practices and rigor into the AMS processes. The final step is to develop and implement a governance model giving control to the client and explicitly aligning business and IT goals.

Once program objectives and plans are established, Sierra leverages a tried and tested method – its SMART Methodology – to coordinate, manage, and implement the AMS transformation. The SMART Methodology is a well-documented, ITIL-compliant framework, and all Sierra AMS specialists are certified in the implementation and use of the methodology and associated best practices. This organized approach to delivery gives Sierra the framework to realize your organizations goals fast.

Aligned with the SMART Methodology, Sierra has developed AMS engagement management tools to help clients monitor the performance of the joint AMS team, providing complete transparency and a mechanism to drive continuous improvement opportunities to ensure that cost savings do not stop once the initial implementation has been completed. Sierra has also developed a time and ticket tracking system, known as SupportApps, that provides ongoing Stewardship Reporting to its clients.

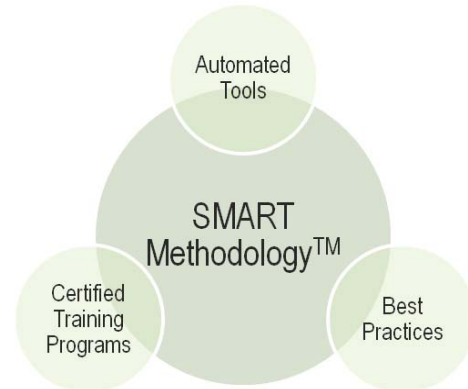


Figure 2: Sierra's SMART Methodology™

The Stewardship Reporting cycle enables Sierra to align with business goals as well as provide an opportunity to readjust focus on the pain points that arise as changes occur in the business environment. By following the structured Stewardship Reporting process, Sierra's management team is continually measuring and monitoring progress and making adjustments as needed to keep the team focused on achieving program performance and cost reduction goals.

Adopting a formal AMS operating model, as facilitated by the SMART Methodology and related tools, allows an organization to isolate, better understand, and more effectively manage operating costs – an approach that significantly departs from the traditional method of funding an IT group where there is no distinction between operating costs and investments in the future. Separating application support from application development also allows development teams to focus on delivering their projects without the distractions of day-to-day operations, thus improving the quality and timeliness of new initiatives. Once these support and development centers of excellence are formed, visionaries are free to work on next-generation systems that will grow the business of tomorrow, while problem solvers are able to focus on the efficient delivery of IT services required to keep today's operation up and running.

Unlike traditional outsourcing models where it can take eighteen months to two years to realize the desired savings, Sierra's approach to identifying benefit areas, addressing opportunity areas with an organized and efficient process, and tracking results enables savings to be realized in as little as six months. Sierra works closely with its clients to understand the operational environment and then isolates and resolves issues that are causing the greatest risk and cost impact.

For example, within a three month period with a multi-national client in Toronto, the implementation of Sierra's best practices reduced the number of outstanding system incidents by 90% as well as the number of outstanding problems by 60% while also significantly reducing the "time to respond" and "time to resolve" windows.

Sierra's approach to benefit identification, targeting, and tracking enables clients to do more with the same amount of resources, or alternately reduces the resources required to support a given application portfolio while maintaining or increasing service levels. Using Sierra's SMART tools and methodologies, ROI is defined up front, visibility is maintained throughout the transformation process, and results are measured over time to ensure that program objectives are achieved.

Flexible Delivery Models that Help you Get There Faster

Sierra leverages a number of delivery models to suit the needs of a given organization:

Sierra's Onsite Managed Services (OMS) make the realization of AMS painless and less disruptive by embedding Sierra's AMS specialists into a customer's organization. By working closely with other groups in the Application Support Service Chain and user base, Sierra can quickly and dynamically adjust to changing needs and scale the support requirements as needed.

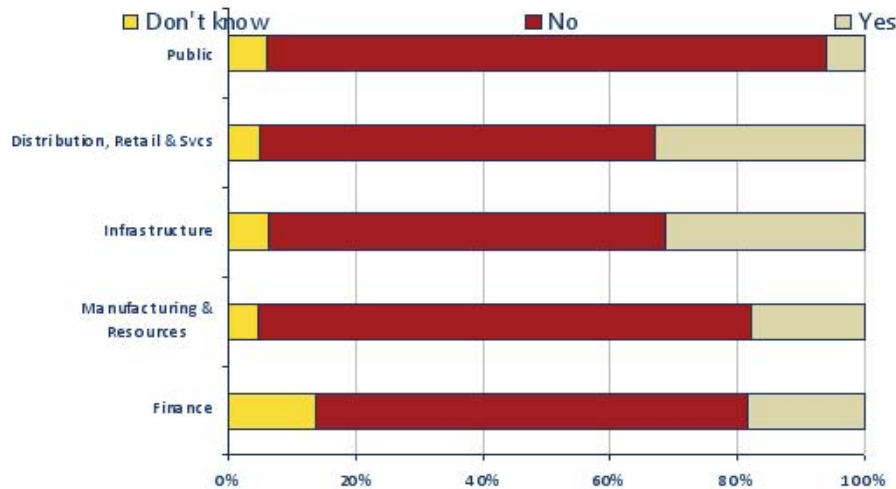
Sierra's Remote Managed Service (RMS) provides the option of hosting your AMS services at one of Sierra's Solution Centres thereby reducing space requirements and producing further savings. The onshore solution takes away the challenges of time zone, cultural and language difficulties and provides AMS specialists who are focused on specific needs. Sierra also offers an offshore operating model that is based in Romania. Romania was specifically chosen due to its proximity to North America, its cultural stability and its highly trained professional workforce. Being offshore can also provide significantly lower rates that can be attractive to clients.

Sierra's Project Delivery Service is unique in that it offers clients the option to achieve AMS best practices by following a consulting engagement model, whereby Sierra AMS specialists work with a client to transform its IT support operation to one that embraces AMS best practices and methods.

There are also options to have a mix of onsite, offshore and project delivery models that allow your organization to reap the benefits of all three constructs. The "mixed model" approach to delivery allows customers to embrace the transformation method that is best suited to each part of their business, rather than following a "one size fits all" approach that might work in one area of the business, but might be far less appropriate in another.

According to Nigel Wallis, Research Director at IDC, "Our research shows that 88 percent of public companies and 68 percent of commercial companies have not and will not use off shore resources for IT-related purposes. Customers are looking for creative approaches to application outsourcing that involve more than simply off shoring functions."

Unlike large outsourcing contracts where the entire IT operation is relocated to the service provider, the Sierra model encourages a "right-sized" approach where custodianship of portions of the IT portfolio are transferred, or "Rolled In", one application at a time. This approach allows clients to address given application challenges incrementally, smooth the effort and resource impact over time, and isolate the risk and cost reduction of specific applications. The phased approach to AMS transformation mitigates risks and disruption of a big bang roll-out and enables IT to zero in on the areas of greatest pain in the organization with a much faster turnaround time.



N=194: QB15. Has your company used any offshore resources for IT-related purposes?
 Figure 3: IDC Research, 2009

The “show me” aspect of the phased transformation approach has been very popular with Sierra’s clients as it gives them an opportunity to see, first hand, the benefits of Sierra’s methodology. Many clients quickly realize that there are benefits to having Sierra provide Application Management Services to more or all of their applications.

Sierra’s Project Delivery model engages AMS specialists in specific initiatives to improve the maturity of the Application Support Team. Many clients are also concerned about the intellectual capital they have invested in their existing employees. Sierra can address this by re-badging existing support staff, co-locating them with experienced AMS practitioners, and then facilitating cross-fertilization of skills and knowledge to alleviate resource back-up constraints and improve the performance of the team during periods of peak performance.

With your people and Sierra’s process, you can realize compelling results fast without losing your investment in intellectual capital.

Move Fast Along the Path to Best Practices

For over thirty years Sierra Systems has focused on a methodology for application management services, the SMART Methodology. Originally developed by Dr. Peter Thompson, SMART Methodology continues to define the industry best practices for AMS. The SMART Methodology goes beyond ITIL’s framework to provide a consistent and measurable service delivery model that focuses on Operational Excellence.

Although the benefits of Sierra’s AMS offering can produce results quickly, it does not stop there. The SMART Methodology is a cyclical process that forces continuous improvement and improved efficiency. This is fundamentally different from Application Development, which has a linear life cycle with a defined beginning and end. This allows those using the SMART methodology to repeatedly assess the operation of their applications and make adjustments where necessary, as business needs change. It allows those managing the companies operations to make informed decisions on the level of service required to achieve their business objectives and only fund to the level required.

At the foundation of SMART Methodology are 12 best practices for the effective operation of application support. The level of adoption of these 12 best practices determines your organizations AMS Maturity Level called Smart Maturity Level (SML).

AMS Maturity Levels & Best Practices

We work with clients to :

•Determine the Organization's position on the AMS Maturity Curve

•Enable the Organization to continuously improve and grow

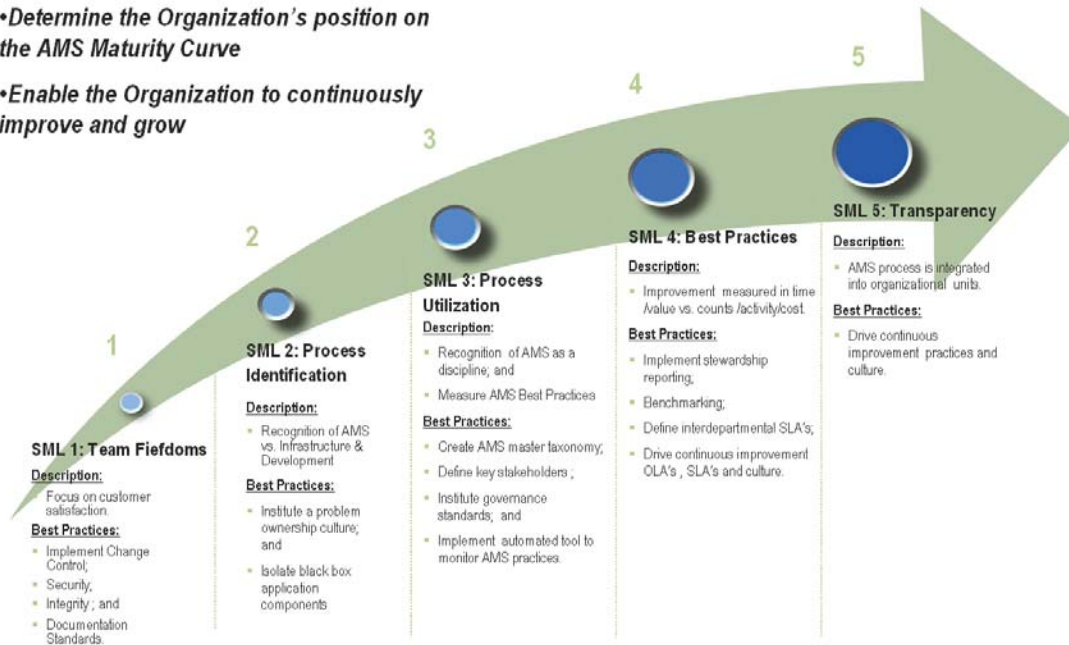


Figure 4: AMS Maturity Levels & Best Practices

SML is similar to CMM but focused specifically on Application Support practices. Sierra Systems works with their clients to determine the desired maturity level which fits their organization's size and culture and implements SML only what is needed to achieve the desired state.

It's important to move fast, but it is also important to move smartly – Sierra is focused on helping clients achieve results quickly, while also setting a course for the achievement of AMS best practices over the long run.

About the Author:

Tony Denford is an AMS and ITIL certified Application Support Solution Manager. With twenty years of IT experience, he has spent the last fifteen years specializing in AMS best practices and is currently an instructor of the AMS certification courses available through Sierra Systems. He has consulted for many industry leaders including Royal Trust, CIBC Mellon, Foresters and Toyota Canada.